



MEMORANDUM

TO: Members of the Authority

FROM: Melissa Orsen
Chief Executive Officer

DATE: July 9, 2015

SUBJECT: Agenda for Board Meeting of the Authority July 9, 2015

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Incentive Programs

Bond Projects

Loans/Grants/Guarantees

Office of Recovery

Board Memorandums

Real Estate

Authority Matters

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

June 9, 2015

Waterfront Technology Center, Camden, NJ

MINUTES OF THE MEETING

Members of the Authority present: Al Koepp, Chairman; Steve Petrecca representing State Treasurer Andrew Sidamon-Eristoff; Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Public Members: Joseph McNamara, Vice Chairman; Larry Downes, Fred B. Dumont, Philip B. Alagia, David R. Huber; First Alternate Public Member; William J. Albanese, Sr.; Patrick Delle Cava, Second Alternate Public Member; Harold Imperatore, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Members of the Authority present via conference call: Commissioner Hal Wirths of the Department of Labor and Workforce Development; and Patrick Mullen representing the Commissioner of the Department of Banking and Insurance; and Public Members Charles Sarlo and Massiel Medina Ferrara.

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

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

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the May 15, 2015 regular minutes, and the May 29, 2015 special Meeting minutes. A motion was made to approve the minutes by Mr. Albanese, seconded by Mr. McNamara, and was approved by the 16 voting members present.

Chairman Koepp read a proclamation congratulating Margie Piliere on her retirement after 26 years of service to the Economic Development Authority.

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

INCENTIVE PROGRAMS

ITEM: Adoption of Rule Amendments – Economic Opportunity Act of 2014, Part 3
This matter was withheld from consideration.

ITEM: Revisions to Incentive Programs

Proposed Rule Amendments – Grow NJ/Atlantic City

REQUEST: To approve proposed rule amendments revising the Grow New Jersey Assistance (Grow NJ) Program to clarify the administration of certain statutory elements that pertain to Atlantic City, including the concept of a tourism destination project, and the definition of a “retained full-time job.”

MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. McNamara **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Grow New Jersey Program

Revision to Methodology for Due Diligence on Certain Projects in Excess of \$4,000,000/year

REQUEST: To approve a revision to existing policy to use an internal rate of return analysis to determine the amount necessary to complete a tourism destination project, associated with a casino, that applies for tax credits in excess of \$4,000,000/year.

MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Downes **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

Economic Redevelopment and Growth Grant Program

ITEM: GS FC Jersey City Pep 1 Urban Renewal, LLC

APPL.#40590

REQUEST: To approve the application of GS FC Jersey City Pep 1 Urban Renewal, LLC for a project located in Jersey City, Hudson County for the issuance of tax credits. The recommendation is to award 19.64% of actual eligible costs, not to exceed \$40,000,000, in tax credits, based on the budget submitted.

MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Downes **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: North 25 Urban Renewal Preservation, LP

APPL.#40265

REQUEST: To approve the application of North 25 Urban Renewal Preservation, LP for a project located in Trenton, Mercer County for the issuance of tax credits. The recommendation is to give up to 40% of actual eligible costs, not to exceed \$8,820,974, in tax credits, based on the budget submitted.

MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. McNamara **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Prospect Park Apartments Urban Renewal, LLC APPL.#40552
REQUEST: To approve the application of Prospect Park Apartments Urban Renewal, LLC for a project located in East Orange, Essex County for the issuance of tax credits. The recommendation is to give up to 30% of actual eligible costs, not to exceed \$7,977,055, in tax credits, based on the budget submitted.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5
Mr. Alagia recused himself because Essex County has invested in the properties.

Grow New Jersey Assistance Program

ITEM: Adare Pharmaceuticals, Inc. APPL.#41048
REQUEST: To approve the application of Adare Pharmaceuticals, Inc. for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Lawrence Township, NJ. Project location of Lawrence Township in Mercer County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Jobs with Salary in Excess of County Average and Targeted Industry (Life Sciences). The estimated annual award is \$190,000 for a 10-year term.
MOTION TO APPROVE: Mr. Petrecca **SECOND:** Mr. Downes **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ITEM: American Water Works Company, Inc. APPL.#40756
REQUEST: To approve the application of American Water Works Company and affiliates for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Camden, NJ.
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Alagia **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: American Water Works Company, Inc. APPL.#40756
REQUEST: To approve the application of American Water Works Company, Inc. and affiliates for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Camden, NJ. The estimated annual award is \$16,418,773 for a 10-year term. Project location of Camden, Camden County qualifies as a Garden State Growth Zone under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18.
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Imperatore **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

ITEM: Atlantic City Contact Center, LLC APPL.#41071
This matter was withheld from consideration.

ITEM: Cummins Power Systems, LLC APPL.#40463
REQUEST: To approve the finding of jobs at risk.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Albanese **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ITEM: Cummins Power Systems, LLC

APPL.#40463

REQUEST: To approve the application of Cummins Power Systems, LLC for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Kearny Township, NJ. Project location of Kearny Township, Hudson County qualifies as a Distressed Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Jobs with Salary in Excess of County Average and Substantial Environmental Remediation. The estimated annual award is \$319,500 for a 10-year term.

MOTION TO APPROVE: Mr. Delle Cava **SECOND:** Mr. Downes **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

ITEM: Frederick Goldman, Inc.

APPL.#41049

REQUEST: To approve the application of Frederick Goldman, Inc. for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Secaucus Town, NJ. Project location of Secaucus Town, Hudson County qualifies as a Distressed Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Capital Investment in Excess of Minimum (Non Mega) and Targeted Industry (Manufacturing). The estimated annual award is \$1,605,000 for a 10-year term.

MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Petrecca **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

ITEM: SSB Manufacturing Company

APPL.#41044

REQUEST: To approve the application of SSB Manufacturing Company for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Carteret, NJ. Project location of Carteret Borough, Middlesex County qualifies as a Mega Project under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Large Number of New Full-Time Jobs, Targeted Industry (Manufacturing), and Mega Industrial Project with Capital Investment in Excess of Minimum. The estimated annual award is \$2,761,000 for a 10-year term.

MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Stoller **AYES:** 15

RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

Mr. Imperatore recused himself because a family member is involved in the project.

BOND PROJECTS

ITEM: NJEDA/Motor Vehicle Commission

APPL.#14947

REQUEST: To approve the execution by an Authorized Officer of the Authority of a depositary agreement with the Bank of New York Mellon, in its capacity as the Trustee for the 2003 Series Bonds, for the deposit and application of all remaining Project Fund monies on July 1, 2015, into a depositary account.

MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Delle Cava **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

ITEM: NJEDA/School Facilities Construction Refunding Bonds and Termination of Outstanding Interest Rate Swap Agreements

REQUEST: To approve the adoption of the Thirty-Fourth Supplemental School Facilities Construction Bond Resolution authorizing the issuance of one or more series of 2015 Refunding Bonds in an amount not to exceed \$600 million.

MOTION TO APPROVE: Mr. Petrecca **SECOND:** Mr. McNamara **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

ITEM: NJEDA/State Appropriation-Backed Bonds, including, without limitation, School Facilities Construction Bond Portfolio

REQUEST: To approve the appointment of PFM Swap Advisors as Swap Monitor and Swap Consultant for the Authority's existing swaps associated with the School Facilities Construction Bond Portfolio and any additional swaps that the Authority may enter into with respect to State appropriation-backed bonds it issues during the engagement and to authorize Authority staff to enter into agreements with PFM Swap Advisors memorializing the terms of the contracts, subject to the review and approval of the terms of the contract by the Attorney General's Office, and to take all necessary actions incidental to such appointments.

MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Delle Cava **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

Amended Bond Resolutions

ITEM: Wyckoff Family YMCA

APPL.#40913

LOCATION: Wyckoff Township/Bergen

PROCEEDS FOR: Refinancing

FINANCING: up to \$3,500,000 Tax-exempt Bond

MOTION TO APPROVE: Mr. Alagia **SECOND:** Ms. Kokas **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

PUBLIC HEARING: Yes

PUBLIC COMMENT: None

CAMDEN ECONOMIC RECOVERY BOARD

ITEM: Modifications and Extensions Request for Previously Approved Economic Recovery Board Projects

REQUEST: Approve the amended scopes of work, reallocations of funding, extensions, and dissolutions of the subject grants.

MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Delle Cava **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

ITEM: Rutgers, The State University of New Jersey APPL.#16526
Camden, NJ
\$1,235,617 ERB Loan
REQUEST: Approve the release, the note, mortgage and other supporting documents for the subject loan and write the ERB loan off without recourse, to support the transfer of Campbell's Field stadium from Rutgers University to the Camden County Improvement Authority. This transfer is integral to keep the facility open for both the current season and to support its long term operation in Camden.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Imperatore **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

ITEM: Settlement Music School of Philadelphia, Inc. APPL.#15511
Camden, NJ
REQUEST: Approve the release of EDA's mortgage without repayment of the grant to facilitate the sale of the property and relocation of the School to appropriately-sized facilities at The Creative Arts Morgan Village Academy located at 990 Morgan Blvd, Camden.
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. McNamara **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

OFFICE OF RECOVERY

Energy Resilience Bank

ITEM: Energy Resilience Bank (ERB)
REQUEST: To approve the First Amendment to the Subrecipient Agreement between the New Jersey Board of Public Utilities and the Authority relating to the operations of the Energy Resilience Bank.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. McNamara **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

Stronger New Jersey Business Program (Appeals)

ITEM: Stronger NJ Business Grant Program Appeal – Wholesale Products and Entertainment LLC
REQUEST: To approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Grant for Wholesale Products and Entertainment LLC.
MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Downes **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

ITEM: Stronger NJ Business Grant Program Appeal – Office Dimensions Inc.
REQUEST: To approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Grant for Office Dimensions Inc.
MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Downes **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

Stronger New Jersey Business Loan Program

ITEM: The Dutchman's Brau Haus Inc. APPL.#40367
LOCATION: Stafford Township/Ocean
PROCEEDS FOR: Working Capital
LOAN AMOUNT: \$1,382,030
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Downes **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

BOARD MEMORANDUMS

ITEM: Rowan University/Rutgers – Camden Board of Governors
Biomedical Facilities Funding Application for the Joint Health Sciences Center
REQUEST: To preliminarily approve the Joint Health Sciences Center under P.L. 2006 c. 102,
which provides \$50 million for biomedical research facilities in Camden.
MOTION TO APPROVE: Mr. Petrecca **SECOND:** Ms. Kokas **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 24

ITEM: Respond, Inc. APPL.#24031
\$270,314 Statewide Loan Pool Participation Loan
REQUEST: To approve the extension of EDA's \$270,314 participation in a Sun National Bank
loan for one (1) year to May 1, 2016.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 25

FOR INFORMATION ONLY: Projects approved under Delegated Authority

New Jersey Business Growth Fund: Boychuck LLC (P41097)

Premier Lender Program: A & H Holdings LLC (P40798); C & A Marketing
Inc. or Nominee (P40997)

Stronger NJ Business Loan Program: Compounding Engineering Solutions, Inc.
(P39192 & P39682); Susskind & Almailah Eye Associates, P.A. (P40681)

New Jersey Business Growth Fund (Modification): Jersey GM Stevens
Enterprises LLC and Table Top (P40740)

Small Business Fund Direct Loan Program (Modification): BUF Health and
Human Services Corporation, Inc. (P40410)

REAL ESTATE

- ITEM:** Bid Challenge
Offer on the Technology Centre Expansion Site In North Brunswick, NJ
- REQUEST:** To accept the findings in the Hearing Officer Report regarding a Bid Challenge submitted by the Silverman Group, LLC to EDA's decision to enter into exclusive negotiations with KTR Capital Partners, LP Pursuant to a solicitation by the Authority for offers to purchase the Technology Centre Expansion Site in North Brunswick, NJ.
- MOTION TO APPROVE:** Ms. Kokas **SECOND:** Mr. Dumont **AYES:** 16
- RESOLUTION ATTACHED AND MARKED EXHIBIT: 26**

- ITEM:** Property Access Agreement
Technology Centre of New Jersey
Tech Expansion Site - North Brunswick, New Jersey
- REQUEST:** To approve entering into a Property Access Agreement with Avery Dennison for a two (2) year term in order to continue to perform its environmental remedial monitoring of Authority-owned property at the Technology Centre of New Jersey and Tech Expansion sites with the option to extend the Property Access Agreement, if necessary, for two (2) one year extension periods.
- MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Delle Cava **AYES:** 16
- RESOLUTION ATTACHED AND MARKED EXHIBIT: 27**

PUBLIC COMMENT

Mr. Colandus "Kelly" Francis, President NAACP of Camden, and member of Camden County Taxpayers stated that he has witnessed many businesses be approved for tax incentives for coming to Camden, but to date, he has never seen any data about the number of entry level jobs being created. He asked how many jobs are entry level. He noted the Camden has been designated the poorest city in the United States, and the reason is lack of jobs. He also stated that some businesses are on State owned properties and therefore no tax dollars will come into the City of Camden. Chairman Koeppel stated that he and those around the table share Mr. Francis' point of view. He pointed out today's approval of American Water Works Company, Inc., and how it will house a training center which would likely be filled with entry level jobs. He also noted the recent approval of Subaru and how it will provide mechanics training, which is entry level as well.

Mr. Eduardo Guzman, President of DCM, stated that his company has benefited from the board's actions. He leases space at the Waterfront Technology Center and that 40% of his staff are Camden residents.

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to discuss legal matters and a real estate contract matter. The minutes will be made public when the need for confidentiality no longer exists.

- MOTION TO APPROVE:** Mr. Downs **SECOND:** Ms. Kokas **AYES:** 16
- RESOLUTION ATTACHED AND MARKED EXHIBIT: 28**

The Board returned to Public Session.

The next item was to approve consent to the Borrower's request for the Authority to request a closing agreement under the Internal Revenue Service's Tax Exempt Bonds Voluntary Closing Agreement Program to remedy a tax compliance issue.

MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Alagia **AYES: 16**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 29

The next item was to approve the authorization of (i) the settlement of the Greystone litigation as outlined above; (ii) the payment of all final litigations costs; and (iii) the execution of any and all documents required to effectuate this settlement, on final terms acceptable to the Attorney General's Office, the Chief Executive Officer, and the President/Chief Operating Officer.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Alagia **AYES: 15**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 30

Mr. Delle Cava recused himself because he is a former employee of S.M. Electric.

The next item was to approve (1), the execution of an Agreement for Sale of Property with KTR NJ IV LLC; and (2) to execute any and all other documents required to effectuate this transaction, on final terms acceptable to the Attorney General's Office, the Chief Executive Officer and the President/Chief Operating Officer.

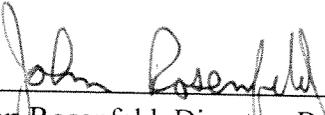
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. McNamara **AYES: 16**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 31

There being no further business, on a motion by Mr. Downes, and seconded by Mr. McNamara, the meeting was adjourned at 11:45pm.

Certification:

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



John Rosenfeld, Director, Bonds and Incentives
Assistant Secretary



MEMORANDUM

TO: Members of the Authority

FROM: Melissa J. Orsen
Chief Executive Officer

DATE: July 9, 2015

RE: Monthly Report to the Board

EDA PROGRAMS HELP SMALL BUSINESSES OVERCOME BARRIERS

As part of its commitment to supporting companies of all sizes and stages of growth, the EDA assists small businesses through a variety of programs designed to increase access to capital, a key barrier to success. Through these programs the state is able to extend its reach to underserved communities and businesses and support those entities that may not qualify for traditional bank financing.

The Small Business Fund provides financial assistance to qualified minority- or women-owned businesses through direct loans, participations or guarantees with fixed interest rates. Since 2010, the Fund has supported more than 50 businesses with over \$12 million in financing.

Through the Loans to Lenders Program, the EDA makes capital available to financial intermediary organizations that have the ability to offer term loans and lines of credit to small companies not qualified for traditional bank financing. Since 2010, the EDA has approved a total of \$5.5 million to support five Community Development Financial Organizations (CDFIs). Of the \$3.4 million EDA has disbursed to these entities to date, over \$1.7 million in loans have helped to support 43 businesses - from a daycare center in Camden County to a bridal boutique in Bergen County. Notably, more than 50 percent of these businesses are minority- or women-owned.

NEWARK, CAMDEN CELEBRATE CONTINUED REVIVAL

Last month, EDA was on hand to celebrate the groundbreaking for the \$170 rehabilitation of the former Hahne & Company building in Newark. Approved for assistance under the residential Economic Redevelopment and Growth program, the project will transform the property into a mixed-use development featuring a Whole Foods Market and a new home for Rutgers University's Department of Arts, Culture, and Media.

In Camden, Holtec Corporation recently broke ground on its new \$260 million, 600,000-square-foot manufacturing and design facility on the waterfront. The company, approved for tax credits under the Grow New Jersey Assistance Program, expects the facility will ultimately house 3,000 workers.

PARTNERSHIP FOR ACTION SHOWCASES NEW JERSEY AT BIO INTERNATIONAL

The New Jersey Partnership for Action was a dynamic and visible presence at last month's BIO International Conference in Philadelphia. Representatives from EDA, Choose NJ, the Business Action Center and the Department of Higher Education staffed the impressive, two-story New Jersey Pavilion on the convention center floor, helping to showcase why businesses should choose to locate and grow in the Garden State.

Led by Choose New Jersey, the State introduced a new concept this year at the Pavilion - the BIO Innovation Theater. The theater featured a series of panels and presentations by some of the industry's top executives and researchers, including representatives from New Jersey's acclaimed universities, leading businesses, and trade groups. In addition to remarks by Lt. Governor Guadagno, visitors also heard from a panel of businesses that have taken advantage of state resources, which was led by EDA Director of Technology and Life Sciences Kathleen Coviello.

CLOSED PROJECTS

Through June 2015, EDA provided more than \$622 million in assistance to 139 projects, supporting the creation of an estimated 2,900 new jobs and more than 1,800 construction jobs and leveraging over \$849 million in public/private assistance.

EVENTS

EDA representatives participated as speakers, attendees or exhibitors at 30 events in June. These included the 2015 NJ Sustainability Summit in Ewing, the NJTC CFO Awards Breakfast in Monroe, and the Newark CEDC's 2015 Developer's Finance Forum.



INCENTIVE PROGRAMS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: July 9, 2015

RE: Proposed Rule Amendments
Urban Transit Hub Tax Credit Program/Grow NJ Program

Request:

The members are asked to approve proposed rule amendments to clarify certain deadlines for application and reporting pursuant to statutory provisions under the Urban Transit Hub Tax Credit (UTHTC) Program; and, to clarify the administration of certain statutory elements of the Grow New Jersey Assistance (Grow NJ) Program.

Background:

The proposed amendments, if approved, will be incorporated into a single rule proposal with the proposal approved by the Board on June 9th which revise the Grow NJ rules pertaining to Atlantic City, including the concept of a tourism destination project, and the definition of a “retained full-time job.”

Urban Transit Hub Tax Credit Program

The proposed amendments modify provisions relating to deadlines for the application for tax credits and submittal of documentation to support the amount of capital investment required for qualified residential projects to conform to the revised statutory dates.

Specifically, the deadline for developers to apply for a credit for their capital investment in a qualified residential project is revised from July 28, 2014 to December 21, 2012; and, the requirement that developers satisfy the capital investment conditions for award of credits by July 28, 2017 is replaced with the requirement to submit their documentation to support the amount of their capital investment no later than April 26, 2017.

In addition, the proposed amendments also provide that the credit amount for any tax period during which the documentation of the business’s credit amount remains uncertified after July 28, 2017 shall be forfeited, although credit amounts for the remainder of the years shall remain available to it.

Grow New Jersey Assistance Program

The proposed amendments revise general provisions of the rules implementing the Grow NJ Program to conform to existing EDA policy, as follows:

- Currently, the Grow NJ rules allow a qualified business facility to include a complex of buildings, defined as “buildings that are part of the same financing plan and operational plan,” and need not be adjacent or in close proximity to each other. Because the statutory calculation for the award depends on the geographic location of each job, an award for jobs located in a complex of buildings may encompass jobs in geographic locations with different calculated awards (e.g., jobs at one location may qualify for a different base credit than the other locations; and, jobs in one location may qualify for a particular bonus while the other locations do not). The proposed amendments add to the rules the approach that the Board has approved for such projects, i.e., in projects where buildings in a complex of buildings are located in geographical locations that would have different tax credit calculations, the set of buildings located in each geographical location must separately meet the capital investment and job eligibility requirements and that the tax credit amount for jobs at the set of buildings located in each geographical location shall be calculated separately. Additionally, in a project with both new and retained full-time jobs, the rules currently require that new jobs be counted as retained jobs to the extent that the business is short of the retained jobs approved as part of the award. The proposed amendments clarify this requirement for a complex of buildings with buildings in geographical locations having different tax credit calculations so that any new full-time job that must be included as a retained full-time job shall be included at the lower of the per retained full-time job tax credit for the geographical locations.
- Clarifies that retail jobs are not included in the business’s Statewide workforce.

Finally, the proposed amendments replace the requirement that a certified public accountant must certify the employment-related certifications with the requirement that the certifications be made by the business’s Chief Financial Officer.

Recommendation:

The Members are asked to approve the proposed rule amendments to clarify certain deadlines for application and reporting pursuant to statutory provisions under the Urban Transit Hub Tax Credit (UTHTC) Program; and, to clarify the administration of certain statutory elements of the Grow New Jersey Assistance (Grow NJ) Program. The Members are also asked to authorize staff to submit the proposed amendments, along with the previously approved rule amendments to clarify the administration of certain statutory elements that pertain to Atlantic City, for promulgation in the August 17, 2015 edition of the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law (OAL). The Authority will operate with the proposed rule amendments upon submission to OAL, with risk to the applicant if changes are not adopted as proposed.



Timothy Lizura

Attachment
Prepared by: Jacob Genovay

DRAFT

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Proposed Amendments: N.J.A.C. 19:31-9.1, 9.2, 9.4, 9.7, 18.2, 18.3, 18.4, 18.7, 18.11, and 18.15

Authority Assistance Programs

Urban Transit Hub Tax Credit Program; and Grow New Jersey Assistance Program

Authorized By: New Jersey Economic Development Authority, Melissa Orsen, Chief Executive Officer.

Authority: P.L. 2007, c. 346 and P.L. 2011, c. 149.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2015- .

Submit written comments by October 16, 2015, to:

Jacob Genovay, Senior Legislative and Regulatory Officer
New Jersey Economic Development Authority
PO Box 990
Trenton, NJ 08625-0990
jgenovay@njeda.com

The agency proposal follows:

Summary

The New Jersey Economic Development Authority (“EDA” of “Authority”) is proposing amendments to the rules implementing the Urban Transit Hub Tax Credit (UTHTC) Program to clarify certain deadlines for application and reporting; and, the Grow New Jersey Assistance (Grow NJ) Program to clarify the administration of certain statutory elements of the program, particularly as relates to Atlantic City.

Subchapter 9. Urban Transit Hub Tax Credit Program

The proposed amendments at N.J.A.C. 19:31-9.1, 9.2, 9.4 and 9.7 conform provisions relating to deadlines for the application for tax credits and submittal of documentation to support the amount of capital investment required for qualified residential projects, as established

pursuant to N.J.S.A. 34:1B-209.3. Specifically, the deadline for developers to apply for a credit for their capital investment in a qualified residential project is revised from July 28, 2014 to December 21, 2012; and, the requirement that developers satisfy the capital investment conditions for award of credits by July 28, 2017 is replaced with the requirement to submit their documentation to support the amount of their capital investment no later than April 26, 2017. In addition, the proposed amendments also provide that the credit amount for any tax period during which the documentation of the business's credit amount remains uncertified after July 28, 2017 shall be forfeited, although credit amounts for the remainder of the years shall remain available to it.

Subchapter 18. Grow New Jersey Assistance Program

Under the Economic Opportunity Act of 2014, Part 3, P.L. 2014, c. 63, a municipality which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority was designated as an additional Garden State Growth Zone (GSGZ) eligible for enhanced incentives under the Economic Redevelopment and Growth (ERG) Program and Grow NJ Program, to help attract new economic development and job growth in Atlantic City.

Pursuant to the Grow New Jersey Assistance Act, P.L. 2011, c. 149 (N.J.S.A. 34:1B-242 et seq.), a "tourism destination project" is defined as a qualified non-gaming business facility that will be among the most visited privately owned or operated tourism or recreation sites in the State, and which is located within the qualified incentive area and has been determined by the authority to be in an area appropriate for development and in need of economic development incentive assistance, including a non-gaming business within an established Tourism District with a significant impact on the economic viability of that District, i.e. Atlantic City.

In order to clarify and administer the revised parts of the statutory definition that address Atlantic City tourism destination projects, the proposed amendments at N.J.A.C. 19:31-18.2 establish a new definition for "non-gaming business" to mean any business, or portion of any business, which is not engaged in the operation of casino gambling or other gaming operations; and to clarify that for projects which contain both gaming and non-gaming operations, the number of jobs and amounts of eligible capital shall be apportioned based on the proportionate revenue from all non-gaming revenue compared to total revenue, i.e. if gaming revenue is 40 percent of total revenue, then 60 percent of the employees would be deemed non-gaming and in an eligible position for the program.

The proposed amendments also revise the definition of "retained full-time job" at N.J.A.C. 19:31-18.2 to include any employee previously employed in New Jersey and transferred to the new location in the GSGZ which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority.

Currently, the Grow New Jersey Assistance Act requires the same chief executive officer (CEO) certification and Authority factual finding for a GSGZ that qualifies for the "Municipal

Rehabilitation and Economic Recovery Act,” (MRERA) P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et al.) – currently the City of Camden – and Atlantic City. For a project in the GSGZ that qualifies for MRERA, i.e. in the City of Camden, or in Atlantic City, the CEO must certify that the grant of tax credits is a material factor in the business decision to make a capital investment and locate in the respective municipality. Similarly, the EDA Board’s factual finding for projects in those municipalities is to verify and confirm the business’s assertion that the grant of tax credits is a material factor in the business decision to make a capital investment and locate in the municipality. Accordingly, the proposed amendment would treat jobs relocated to projects in either municipality the same, that is, as retained full-time jobs.

In addition, proposed new N.J.A.C. 19:31-18.3(a)3iv establishes requirements for the determination, pursuant to the definition of “tourism destination project” in P.L. 2014, c. 63, that a tourism destination project, including a non-gaming facility within an established Tourism District, has a significant impact on the viability of that District. Specifically, the project shall have a capital investment in excess of \$50,000,000, excluding any capital investment for site acquisition, at which more than 250 full-time employees of a business are created or retained; and demonstrate a combination of at least two of the following: a positive financial benefit to the District, a net increase in visitors to the District, an increase in marketing dollars spent on the District or the addition of unique amenities or services to the existing project or District.

The proposed amendments at N.J.A.C. 19:31-18.4 and 18.15 revise general provisions of the rules implementing the Grow NJ Program to conform to EDA policy, as follows:

Proposed new N.J.A.C. 19:31-18.4(c) – Establishes requirements in instances where buildings in a complex of buildings are located in geographical locations that would have different tax credit calculations under N.J.A.C. 19:31-19.8. i.e., the set of buildings located in each geographical location must separately meet the capital investment and job eligibility requirements in N.J.A.C. 19:31-18.3(a)1 and (a)2; and, the tax credit amount for jobs at the set of buildings located in each geographical location shall be calculated separately. In addition, for the purposes of the certifications and annual reports required pursuant to the incentive agreement, N.J.S.A. 34:1B-245.e or 247.b(2), any new eligible position that is filled by a full-time employee that must be included as a retained full-time job shall be included at the lower of the per retained full-time job tax credit for the geographical locations.

N.J.A.C. 19:31-18.15 – Clarifies that retail jobs are not included in the business’s Statewide workforce.

Finally, the proposed amendments at N.J.A.C. 19:31-18.7(f) and 18.11(a) replace the requirement of certain certifications from a certified public accountant with certifications from the business’s Chief Financial Officer, as follows: 1) the proposed amendments to N.J.A.C. 19:31-18.7(f) delete the reference to certifications of a certified public accountant, which may be made pursuant to an “agreed upon procedures letter” acceptable to the Authority, pertaining to satisfaction of capital investment and employment requirements, which is replaced in 18.7(f)1 to require certification of a certified public accountant which may be made pursuant to an “agreed upon procedures” letter acceptable to the Authority, relating to the capital investment; and in

18.7(f)2 to require certification of the Chief Financial Officer of the business, which shall be acceptable to the Authority, relating to any employment requirements; and, 2) the proposed amendment to N.J.A.C. 19:31-18.11(a) deletes and replaces the reference to a certified public accountant with the Chief Financial Officer of the business pertaining to the required certified annual report.

As the Authority has provided a 60-day comment period in this notice of proposal, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The proposed amendments to the rules implementing the Grow NJ Program, which will help attract new economic development and job growth in Atlantic City, are intended to have a positive social impact. The proposed amendments to the rules implementing the UTHTC Program conform certain application and reporting deadlines for existing qualified residential projects, therefore the EDA does not anticipate any social impact.

Economic Impact

The proposed amendments to the rules implementing the Grow NJ Program are intended to help bolster the economy of Atlantic City and Atlantic County by stimulating new economic development. The amendments clarify that jobs relocated to Atlantic City from other locations in the State may count as retained full-time jobs and that awards are authorized in Atlantic City for a non-gaming business with a tourism destination project that supports the economic viability of the Tourism District, with increased capital investment of at least \$50 million and 250 new or retained full-time jobs, and in addition shall demonstrate several of the following: a positive financial benefit to the District, a net increase in visitors to the District, an increase in marketing dollars spent on the District, and the addition of unique amenities or services to the existing project or District.

Federal Standards Statement

A Federal standards analysis is not required because the proposed amendments are not subject to any Federal requirements or standards.

Jobs Impact

The Authority believes that the proposed amendments to the rules implementing the Grow NJ Program will result in retaining existing private sector jobs and stimulating the creation of new private sector jobs in Atlantic City, as well as supporting job growth in the construction industry due to the capital investment requirements of the program.

Agriculture Industry Impact

The proposed amendments will have no impact on the agriculture industry of the State of New Jersey.

Regulatory Flexibility Statement

The Grow NJ Program provides tax credits to eligible businesses that create a minimum of 10 to 35 new, and 25 to 50 retained full-time jobs. The proposed amendments, as discussed in the Summary above, may indirectly benefit small businesses and do not impose any additional compliance requirements as outlined in N.J.S.A. 52:14B-16 et seq. Specifically, eligible businesses will be required to comply with the EDA's standard, on-line application process and regular incentive compliance requirements, however, any costs due to reporting, recordkeeping, or other compliance requirements on qualifying businesses will be fully offset by the amount of financial assistance received and the only professional services required for such purposes are fully offset by the amount of financial assistance received; and the only professional services required for such purposes are from a certified public accountant. However, the proposed amendments eliminate the requirement to utilize a certified public accountant for purposes of submitting certain certifications pertaining to capital investment and employment in N.J.A.C. 19:31-18.7(f) and 18.11(a).

The UTHTC Program provides tax credits to developers of qualified residential projects, which are invariably large- and medium-sized businesses; therefore, a regulatory flexibility analysis is not required for proposed amendments to N.J.A.C. 19:31-9.1, 9.2, 9.4, and 9.7.

Housing Affordability Impact Analysis

The proposed new rules and amendments will not impact the amount or cost of housing units, including multi-family rental housing and for sale housing in the State. The proposed amendments clarify certain deadlines for application and reporting by existing eligible developers under the UTHTC Program and the administration of certain statutory elements of the Grow NJ program, particularly as relates to Atlantic City, which provides incentives for businesses to create a minimum of 100 new or retained full-time jobs as well as making capital investments of at least \$20 million in certain incentive areas.

Smart Growth Development Impact Analysis

The proposed new rules and amendments will not impact the number of housing units or result in any increase or decrease in the average cost of housing in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan. The proposed amendments clarify certain deadlines for application and reporting by existing eligible developers under the UTHTC Program and the administration of certain statutory elements of the Grow NJ program, particularly as relates to Atlantic City, which provides incentives for businesses to create a minimum of 100 new or retained full-time jobs as well as making capital investments of at least \$20 million in certain incentive areas.

Full text of the proposal follows (additions indicated in boldface **thus**; deletions in brackets [thus]):

SUBCHAPTER 9. URBAN TRANSIT HUB TAX CREDIT PROGRAM

19:31-9.1 Applicability and scope

These rules are promulgated by the New Jersey Economic Development Authority (the "Authority") to implement the Urban Transit Hub Tax Credit Act, P.L. 2007, c. 346 (the "Act"), as amended by P.L. 2009, c. 90. The Act establishes a tax credit program for capital investment and increased employment in targeted urban rail transit hubs to catalyze economic development in those transit hubs. The Act further provides that the Urban Transit Hub Tax Credit Program (the "Program") is to be administered by the New Jersey Economic Development Authority and that the Authority consults with the Director of the Division of Taxation in the Department of the Treasury when adopting rules for the Program. The Program provides that businesses making at least \$50,000,000 in new capital investments in a qualified business facility in an "urban transit hub" and employing at least 250 full-time employees at that facility may be eligible for tax credits in order to catalyze economic development in those urban areas. Businesses may apply for the tax credits by January 13, 2013 and satisfy the capital investment and employment conditions for award of the credits by January 13, 2016, subject to the rules in this subchapter. The tax credits are equal to 100 percent of the claimants' qualified capital investments made, and taxpayers may apply 10 percent of the total credit amount per year over a 10-year period against their corporation business tax, insurance premiums tax or gross income tax liability. Tenants in qualified business facilities may also receive tax credits, if they occupy space in a qualified business facility that proportionally represents at least \$17,500,000 of the capital investment in the facility and employ at least 250 full-time employees in that facility. Developers may apply for a credit of up to 35 percent of their capital investment in a qualified residential project by [July 28, 2014] **December 21, 2012** and [satisfy the capital investment conditions for award of credits by July 28, 2017,] **shall submit their documentation to support the amount of their capital investment no later than April 26, 2017** subject to the rules in this subchapter; **and the credit amount for any tax period during which the documentation of the business's credit amount remains uncertified after July 28, 2017 shall be forfeited, although credit amounts for the remainder of the years shall remain available to it** [.and developers]. **Developers** that previously applied for the 20 percent credit of their capital investment in a qualified residential project may reapply provided the project meets the statutory criteria that it is likely to be realized with the provision of tax credits at the level requested, but is not likely to be accomplished by private enterprise without the tax credits. Finally, businesses may apply for a credit for their capital investment in a qualified business facility that is part of a mixed use project and developers may apply for a credit for their capital investment in a qualified residential project that includes a mixed use project, but not for both a residential project and mixed use project separately. The tax credits are reduced to 80 percent if 200 new jobs (to the State) are not created, or forfeited if certain facility and Statewide employment levels are not maintained. The program is limited to municipalities that are eligible for urban aid, that had at least 30 percent of their real property value exempt from property taxes during 2006, and that have a specified commuter rail station, excluding any rail station located at an international airport.

19:31-9.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

...

“Capital investment” in a qualified business facility and a qualified residential project means expenses incurred for the site preparation and construction, repair, renovation, improvement, equipping, or furnishing of a building, structure, facility or improvement to real property, including associated soft costs. Capital investment includes obtaining and installing furnishings and machinery, apparatus or equipment for the operation of a business in a building, structure, facility or improvement to real property, site-related utility and transportation infrastructure improvements, plantings or other environmental components required to attain the level of silver rating or above in the LEED building rating system, but only to the extent that such capital investments have not received any grant financial assistance from any other State funding source including N.J.S.A. 52:27H-80 et seq. (The United States Green Building Council has developed the Leadership in Energy & Environmental Design (LEED) Green Building Rating System for measuring the energy efficiency and environmental sustainability of buildings. The LEED Rating System is a third party certification program and the nationally accepted benchmark for the design, construction and operation of high performance buildings.) Vehicles and heavy equipment not permanently located in the building, structure, facility or improvement shall not constitute a capital investment. Also included is remediation of the qualified business facility or qualified residential project site, but only to the extent that such remediation has not received financial assistance from any other Federal, State, or local funding source. With respect to commercial development, to be included the capital investment must be commenced after the January 13, 2008 effective date of the Act and the applicant submits its documentation for approval of its credit amount by the eighth anniversary of that date. With respect to residential development, to be included the capital investment must be commenced after July 28, 2009, the effective date of P.L. 2009, c. 90, and [the applicant submits its documentation for approval of its credit amount by the eighth anniversary of that date, that is, by July 28, 2017] **developers shall submit their documentation to support the amount of their capital investment no later than April 26, 2017.** For purposes of this subchapter, “commenced” shall mean that the project consisting of construction of a new building shall not have progressed beyond site preparation; the project consisting of acquisition of an existing building shall not have closed title; and the project consisting of renovation or reconstruction of an existing building shall not have commenced construction.

19:31-9.4 Restrictions

(a)-(c) (No change.)

(d) Capital investments in a qualified business facility must be incurred after the effective date of P.L. 2007, c. 346, which is January 13, 2008, and must be submitted within five years of

January 13, 2008. An approved business must submit its documentation for approval of its credit amount before the end of the eighth year after the effective date, and thus, before January 13, 2016. The credit amount allowed for a tax period ending after January 16, 2016 during which documentation of a business's credit amount remains unapproved shall be forfeited, although credit amounts for the remainder of the 10 years shall remain available to it. This eighth year limit is expected to afford businesses applying toward the end of the five-year application period at least three years to complete the project. Capital investments in a qualified residential facility must be incurred after the effective date of P.L. 2009, c. 90, which is July 28, 2009, [and be applied for within five years of July 28, 2009. A residential developer must submit its documentation for approval of its credit amount within eight years after July 28, 2009. The credit amount allowed for a tax period ending after July 28, 2017 during which documentation of a business's credit amount remains unapproved shall be forfeited, although credit amounts for the remainder of the 10 years shall remain available to it.] **and developers shall submit their documentation to support the amount of their capital investment no later than April 26, 2017. Other documentation may be submitted after that date, but the credit amount for any tax period during which the documentation of the business's credit amount remains uncertified after July 28, 2017 shall be forfeited, although credit amounts for the remainder of the years shall remain available to it.** This eight-year limit is expected to afford businesses applying toward the end of the five-year application period at least three years to complete the project.

(e) (No change.)

19:31-9.7 Review of application and certification of project completion

(a) A business seeking an approval of tax credits for a qualified business facility may apply for tax credits for a qualified business facility that was commenced after January 13, 2008 within five years after January 13, 2008, the effective date of the Act. A residential developer may apply for tax credits for a qualified residential facility that was commenced after July 28, 2009 [within five years after July 28, 2009, the effective date of P.L. 2009, c. 90 (that is, by July 28, 2014)] **by December 21, 2012.**

(b)-(f) (No change.)

(g) Upon completion of the capital investment and employment requirements of the program, the business shall submit a certification of a certified public accountant which may be made pursuant to an "agreed upon procedures" letter acceptable to the Authority evidencing that the business has satisfied the conditions relating to capital investment and any employment requirements.

1.-2. (No change.)

3. For project applications for a qualified business facility approved in the fifth year that the Act is in effect, the certification shall be submitted no later than eight years after the effective date of the Act (that is, by January 13, 2016). For developer applications approved in the fifth

year that the Act is in effect, any tenant's application and certification relating to a qualified business facility so approved shall be submitted no later than eight years after the effective date of the Act (that is, by January 13, 2016). [For residential] **Residential** developers [approved in the fifth year that P.L. 2009, c. 90 is in effect, any certification relating to a qualified residential project so approved shall be submitted no later than eight years after the effective date of the Act (that is, by July 28, 2017).] shall submit their documentation to support the amount of their capital investment no later than April 26, 2017. Other documentation may be submitted after that date, but the credit amount for any tax period during which the documentation of the business's credit amount remains uncertified after July 28, 2017 shall be forfeited, although credit amounts for the remainder of the years shall remain available to it.

4. (No change.)

(h) (No change.)

SUBCHAPTER 18. GROW NEW JERSEY ASSISTANCE PROGRAM

19:31-18.2

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

...

“Non-gaming business” means any business, or portion of any business, which is not engaged in the operation of casino gambling or other gaming as defined in N.J.S.A. 5:12-218. For projects which contain both gaming and non-gaming operations, the number of full-time jobs and amounts of eligible capital investment shall be apportioned based on the proportionate revenue from all non-gaming revenue compared to total revenue, i.e. if gaming revenue is 40 percent of total revenue, then 60 percent of the full-time employees would be deemed non-gaming and in an eligible position for the program.

...

“Retained full-time job” means an eligible position that currently exists in New Jersey and is filled by a full-time employee but which, because of a potential relocation by the business, is at risk of being lost to another state or country, or eliminated. For the purposes of determining a number of retained full-time jobs, the eligible positions of an affiliate shall be considered eligible positions of the business. For a project located in a Garden State Growth Zone which qualified for the “Municipal Rehabilitation and Economic Recovery Act,” P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et al.) or a project located in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority, “retained full-time job” shall include any employee previously employed in New Jersey and transferred to the new location in the Garden State Growth Zone which qualified for the “Municipal Rehabilitation and

Economic Recovery Act,” P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et al.) **or in the Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority.** For the purposes of the certifications and annual reports required pursuant to the incentive agreement, N.J.S.A. 34:1B-245.e or 247.b(2), to the extent an eligible position that was the basis of the award no longer exists, a business shall include as a retained full-time job a new eligible position that is filled by a full-time employee provided that the position is included in the order of date of hire and is not the basis for any other incentive award.

...

19:31-18.3 Eligibility criteria

(a) In order to be considered for a Grow New Jersey tax credit, the chief executive officer of a business shall demonstrate at the time of application that the business, expressly including its landlord or seller, will make, acquire, or lease a capital investment equal to or greater than, the applicable capital investment required in (a)1 below at which it will retain full-time jobs and/or create new full-time jobs in an amount equal to or greater than, the applicable number in (a)2 below.

1.-2. (No change.)

3. The business shall also demonstrate to the Authority that:

i.-iii. (No change.)

iv. For a non-gaming business facility within an established Tourism District to qualify as a tourism destination project, the facility will have a significant impact on the economic viability of the Tourism District within which it is located by satisfying the following:

(1) Having a capital investment in excess of \$50,000,000, excluding any capital investment for site acquisition;

(2) At which more than 250 full-time employees of a business are created or retained; and

(3) Demonstrating to the satisfaction of the Authority a combination of two or more of:

(A) Positive financial benefit to the District;

(B) A net increase in visitors to the District;

(C) An increase in marketing dollars spent on the District; or

(D) The addition of unique amenities or services to the existing project or District.

(b)-(d) (No change in text.)

19:31-18.4 Restrictions

(a)-(b) (No change.)

(c) If buildings in a complex of buildings are located in geographical locations that would have different total tax credit calculations under N.J.A.C. 19:31-18.8, the set of buildings located in each geographical location must separately meet the capital investment and job eligibility requirements in N.J.A.C. 19:31-18.3(a)1 and (a)2. The tax credit amount for jobs at the set of buildings located in each geographical location shall be calculated separately. For the purposes of the certifications and annual reports required pursuant to the incentive agreement, N.J.S.A. 34:1B-245.e or 247.b(2), any new eligible position that is filled by a full-time employee that must be included as a retained full-time job shall be included at the lower of the per retained full-time job tax credit for the geographical locations.

19:31-18.7 Review of application of application and certification of project completion

(a)-(e) (No change.)

(f) Upon completion of the capital investment and employment requirements of the program, the business shall submit certifications [of a certified public accountant, which may be made pursuant to an “agreed upon procedures” letter acceptable to the Authority] evidencing that the business has satisfied the conditions relating to capital investment and any employment requirements with supporting evidence satisfactory to the Authority.

1. The business shall submit a certification of a certified public accountant, which may be made pursuant to an “agreed upon procedures” letter acceptable to the Authority, relating to the capital investment. The amount of the capital investment in the certification that has been approved by the Authority shall not be increased regardless of additional capital investment in the qualified business facility, provided, however, that in no event will the amount of capital investment exceed the amount of capital investment previously approved by the Board. In the event the capital investment is reduced below the capital investment in the approval of the incentive grant, the Authority may reevaluate the net positive economic benefit and reduce the size of the grant accordingly. If the certification indicates that the capital investment is less than the minimum eligibility requirement, the business shall no longer be eligible for tax credits.

2. The business shall submit a certification of the Chief Financial Officer of the business, which certification shall be acceptable to the Authority, evidencing that the business has satisfied the conditions relating to any employment requirements. The number of new and retained full-time jobs in the certification shall be utilized by the Authority in the calculation of tax credits and shall not be increased regardless of additional jobs located at the qualified business facility, and, except as set forth in N.J.A.C. 19:31-18.11(e), in no event will

the number of jobs exceed the number of jobs previously approved by the Board. To the extent a business has received an award, for both new and retained full-time jobs, the business shall meet the employment requirements related to the retained full-time jobs before receiving benefits for new full-time jobs. In the event the number of new and/or retained full-time jobs is reduced below the number of new and/or retained full-time jobs in the approval of the incentive grant, the Authority may reevaluate the net positive economic benefit and reduce the size of the grant accordingly. If the certification indicates that the employment is less than the minimum eligibility requirement, the business shall no longer be eligible for tax credits.

3-4. (No change.)

(g) (No change.)

19:31-18.11 Reporting requirements and annual reports

(a) After notification pursuant to N.J.A.C. 19:31-18.7(g), the business shall furnish to the Authority an annual report certified by [a certified public accountant] **the Chief Financial Officer of the business** in a format as may be determined by the Authority, which shall contain the following information:

1. The number of full-time employees and new or retained full-time positions employed at the qualified business facility, the number of full-time employees in its Statewide workforce, total lease payments, and information on any change or anticipated change in the identity of the entities comprising the business elected to claim all or a portion of the credit. This certified report is due 120 days after the end of the business's tax privilege period; and failure to submit the certified report within 120 days, absent extenuating circumstances and the written approval of the Authority, will result in forfeiture of the tax credit for that privilege period. To the extent a business has received an award for both new and retained full-time jobs, the business shall meet the employment requirements related to the retained full-time jobs before receiving benefits for new full-time jobs; and

2. (No change.)

(b)-(f) (No change.)

19:31-18.15 Reduction and forfeiture of tax credits

(a) If, in any tax period during the eligibility period, the business reduces the total number of full-time employees in its Statewide workforce by more than 20 percent from the number of full-time employees in its Statewide workforce in the last tax period prior to the credit amount approval, then the business shall forfeit its credit amount for that tax period and each subsequent tax period, until the first tax period for which documentation demonstrating the restoration of the business's Statewide workforce to the threshold levels required by this paragraph has been reviewed and approved by the Authority, for which tax period and each subsequent tax period the full amount of the credit shall be allowed. **The Statewide workforce shall not include full-**

time employees at any point-of-final-purchase retail facilities unless the award includes full-time employees engaged in final point of sale retail.

(b)-(d) (No change.)



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: July 9, 2015

RE: Adoption of Rule Amendments – Economic Opportunity Act of 2014, Part 3

Request:

The Members are requested to approve the adoption of amendments to the rules implementing the Economic Redevelopment and Growth (ERG) Program, Grow New Jersey Assistance (Grow NJ) Program and Urban Transit Hub Tax Credit (UTHTC) Program, pursuant to statutory revisions enacted in the Economic Opportunity Act of 2014, Part 3, P.L. 2014, c. 63.

The attached draft notice of adoption, without substantial change, addresses comments by three (3) individuals and is summarized, along with the Authority's responses, therein. However, the proposed amendments pertaining to revisions in the EDA's net benefit analysis at N.J.A.C. 19:31-18.3(a)3ii, as indicated in the notice of adoption, are not adopted but still pending to provide for further consideration thereof.

Background:

The Economic Opportunity Act of 2014, Part 3, enacted as P.L. 2014, c. 63 on October 24, 2014, designated a municipality which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority (CRDA) as the fifth Garden State Growth Zone (GSGZ) eligible for maximum incentives under the ERG and Grow NJ programs, to help attract new economic development and job growth in Atlantic City. The Economic Opportunity Act of 2014, Part 3 also revised certain other key benefits for the continued success of EDA-administered incentives, including the ERG and Grow NJ programs. In response, at its December 9, 2015 meeting the Board approved proposed rule amendments to implement the related statutory revisions on January 20, 2015 at 47 NJR 258(a), for which the comment period ended on March 21, 2015.

Recommendation:

The Members are asked to approve the attached adoption, without change, of proposed amendments to the rules implementing the ERG, Grow NJ and UTHTC programs, pursuant to statutory revisions enacted in the Economic Opportunity Act of 2014, Part 3, P.L. 2014, c. 63.

The Members are also asked to authorize staff to submit the notice of adoption for promulgation in the July 20, 2015 edition of the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law (OAL).

Handwritten signature of Timothy Lizura in black ink, consisting of stylized initials 'TL' followed by 'MHA'.

Timothy Lizura

Attachment

Prepared by: Jacob Genovay

DRAFT

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Authority Assistance Programs

Economic Redevelopment and Growth Program; Urban Transit Hub Tax Credit Program; and Grow New Jersey Assistance Program

Adopted Amendments: N.J.A.C. 19:31-4.2, 4.6, 4.8, 4.9, 4.11, 9.10, 18.2, 18.3, 18.4, 18.5, 18.7, 18.8, 18.9, 18.10, 18.11, 18.13, and 18.16

Proposed: January 20, 2015 at 47 N.J.R. 258(a).

Adopted: July __, 2015 by the New Jersey Economic Development Authority, Melissa Orsen, Chief Executive Officer.

Filed: July __, 2015 at R.2015 d. __, **with a non-substantial change** not requiring additional public notice and comment (see N.J.A.C. 1:30-6.3), but with the proposed amendments at N.J.A.C. 19:31-18.3(a)3ii not adopted but still pending.

Authority: P.L. 2013, c. 161 and P.L. 2014, c. 63.

Effective Date: August 17, 2015.

Expiration Date: November 9, 2017.

Summary of Public Comments and Agency Responses:

Charles B. Liebling, Windels Marx Lane & Mittendorf, LLP.

COMMENT: In order to attract other highly impactful industrial-scale operations that would generate a substantial economic benefit to the State, the definition for “industrial premises” should be revised to give access to bonus tax credits awarded for extra capital investment in “industrial premises for industrial use,” i.e. for the operations of a regional distribution or logistics center which qualifies as a mega project and satisfies at least four the following categories: a) project is located in a port district; b) project is located in an area in need of redevelopment pursuant to N.J.S.A. 40A:12A-1 et seq., or other State statute; c) business(es) located at the project create(s) at least 1,000 full-time employees the average salary of which is two times the State minimum wage; d) project has a capital investment in excess of \$50 million; e) project consists of new construction; and/or f) project or property or complex of properties of

which the project constitutes all or a portion requires or has required environmental remediation at a cost in excess of \$50 million.

RESPONSE: The EDA declines the proposed revision, which would provide a bonus increase through a change in definition rather than a revision to the bonus provisions. At this time, the EDA is not revising the bonus provisions but is comprehensively reviewing all such bonus increases “in response to evolving or market conditions,” pursuant to N.J.A.C. 19:31-18.8(c).

Jeffrey H. Oakman, Director of Project Development, Community Investment Strategies, Inc.

COMMENT: The proposed amendment to the definition for “qualified residential project” contained in N.J.A.C. 19:31-4.2 should be rescinded. However, to the extent it is determined that such amendments should be adopted, additional language should be added to clarify that the prohibition is intended to cover only housing units that are intended to provide only temporary housing for homeless or transient populations – permanent housing for formerly-homeless persons should remain eligible for tax credit awards under the residential ERG Program.

RESPONSE: The EDA does not concur with the revision, as proposed, due to the existence of other programs, which are better suited to serve transitional or homeless housing needs.

Stephen M. Rosario, CAE, Senior Director, Northeast Region, American Chemistry Council.

COMMENT: The definition of “capital investment” should be amended to include, along with Leadership in Energy & Environmental Design (LEED), other nationally recognized energy efficient rating systems, including, but not limited to the energy efficiency standards for commercial building under ASHRAE 90.1-2013 (The American Society of Heating, Refrigerating and Air-Conditioning Engineers) as well as the 2015 International Energy Conservation Code (IECC) for both residential and commercial buildings.

RESPONSE: The existing definition of “capital investment” specifies the expenses that qualify toward the minimum capital investment requirements for eligibility under the Grow NJ Program. While the definition specifically recognizes certain capital investment required to attain the level of silver rating or above in the Leadership in Energy & Environmental Design (LEED) Green Building Rating System, the definition does not exclude otherwise eligible capital investment expended to comply with other environmental standards. Additionally, pursuant to the provision at N.J.A.C. 19:31-18.5(a)2v relating to the requirement that eligible projects meet minimum environmental standards, the Authority has adopted a policy available at www.njeda.com that incorporates various standards to apply the principles of the New Jersey Green Building Manual depending on project type.

Summary of Agency-Initiated Change:

The reference to “real estate commissions” is corrected in the definition for “soft costs” at N.J.A.C. 19:31-18.2.

Federal Standards Statement

The adopted amendments are not subject to any Federal standards or requirements; therefore, a Federal standards analysis is not required.

Full text of the adoption follows (addition to proposal indicated in boldface with asterisks ***thus***; deletion from proposal indicated in brackets with asterisks ***[thus]***):

19:31-18.2 Definitions

“Soft costs” means all costs associated with financing, design, engineering, legal, ***or*** real estate ***[or]*** commissions, [furniture, or office equipment with a useful life of less than five years,] provided they do not exceed 20 percent of total capital investment.

**ECONOMIC REDEVELOPMENT AND GROWTH (ERG)
GRANT PROGRAM**

The following summary is provided for information only. Full eligibility and review criteria can be found in the program's rules.

ECONOMIC REDEVELOPMENT AND GROWTH (ERG) PROGRAM

Created by law in 2012, and revised through P.L. 2013, c. 161, and the "Economic Opportunity Act of 2014, Part 3," P.L. 2014, c. 63 the intent of this program is to provide State incentive grants to a developer, or non-profit organization on behalf of a qualified developer, to capture new State incremental taxes derived from a project's development to address a financing gap, with \$600 million authorized for qualified residential projects.

Per N.J.S.A. 34:1B-207 et seq. / N.J.A.C. 19:31-4 and the program's rules, the applicant must:

- Have a redevelopment project that is located in a qualifying area and not have begun any construction at the project site prior to submitting an application, except: if the EDA determines the project would not be completed otherwise; or if the project is undertaken in phases, a developer may apply for phases which construction has not yet commenced.
- Demonstrate to the EDA that: 1) the project shall be constructed in accordance with certain minimum environmental standards; 2) except with regards to a qualified residential project, the project will yield a net positive benefit equaling no less than 110% of the grant assistance, not to exceed 20 years; and 3) the project has a financing gap.
- Meet a 20% equity requirement.

Staff Review:

- A comprehensive net benefit analysis is conducted to ensure the project has a positive net benefit to the State of no less than 110%. The economic impact model used by the EDA includes multipliers from the RIMS II data base, published by the US Department of Commerce, along with internal econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation.

Amount of award based upon:

- Up to 75% of annual incremental State tax revenues or 85% in a Garden State Growth Zone (GSGZ) generated by the project over a term of up to 20 years, provided the combined amount of reimbursements do exceed 20% of total project cost, or 30% in a GSGZ.
- The maximum amount of any grant, including any increase in the amount of reimbursement, shall be up to 30% of total project cost, except for projects in a GSGZ, which may be up to 40%.
- Bonus amounts of up to 10% of total project cost are available if the project is: In distressed municipality which lacks adequate access to nutritious food and will include a supermarket, grocery store or prepared food establishment; In distressed municipality which lacks adequate access to health care/services and will include a health care and services center; Transit project; Qualified residential project with at least 10% of residential units reserved for moderate income housing; In highlands development credit receiving area or redevelopment area; Disaster recovery project; Aviation project; Tourism destination project; or Substantial rehabilitation or renovation of an existing structure(s).

Qualified Residential Projects:

The law authorizes \$600 million in incentives for qualified residential projects, excluding transitional or homeless units, that the EDA administers as tax credits as follows: 1) \$250 million for projects within 8 southernmost counties, of which: \$175 million for projects in Camden/Atlantic City; \$75 million for projects in municipalities with a 2007 MRI Index of 400 or higher; and \$250 million for projects in: Urban Transit Hubs that are commuter rail in nature, GSGZ, Disaster recovery projects, and SDA municipalities located in Hudson County that were awarded State Aid in FY 2013 through the Transitional Aid to Localities Program; 2) \$75 million for projects in distressed municipalities, deep poverty pockets, highlands development credit receiving areas or redevelopment areas; and 3) \$25 million for projects located within a qualifying ERG incentive area.



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: July 9, 2015

SUBJECT: Economic Redevelopment Growth Grant (ERGG)
Urban Hub Tax Credit (HUB)
Policy Implementation

Request:

In order to provide greater applicant and investor certainty in the ERGG and HUB programs, the Board is asked to consider several administrative policies that reflect dialogue with portfolio grantees and input from the Division of Law. The members are asked to approve: 1) the establishment of new review guidelines and associated staff delegations in relation to the participation of non-profit entities in residential ERGG projects; 2) the application of a standard net present value (“NPV”) review in staffs’ determination of whether HUB and ERGG tax credit buy-sell agreements meet the \$.75 sales standard as set forth in the law; and 3) authorize staff to designate newly created entities as Recipients of HUB tax credits, where those entities were contemplated but not created or named at the time of approval and update Recipient designation to reflect immaterial changes to approved business structures in HUB and ERGG projects.

Background:

1. Co-applicant Approach

In the implementation of the residential ERGG program that utilizes LIHTCs, staff has found that it is standard for an applicant to include a non-profit in its ownership structure. The non-profit often creates single member, special-purpose entity to serve as a partner or a member of the limited liability company in order to isolate liability and cash flow relating to the projects.

When the ERGG incentive is awarded to a partnership, the law provides that the partners receive the tax credits in accordance with partnership ownership or amongst the partners as per agreement. The law does not support an allocation beyond the first partnership tier. *See N.J.S.A. 52:27D-489f(b)(3)*. The result of this limitation is that the tax credit may be allocated to the special purpose entity that the non-profit has created, but it cannot be allocated to the non-profit

itself.

In addition to other benefits discussed below, one benefit of a non-profit's participation in residential ERGGs is the non-profit's ability to sell tax credits without having to pay income tax on the sale proceeds. The non-profit can then use all sales proceeds (without subtracting a tax liability) to support a soft loan or capital contribution to the project. This cannot happen if the non-profit cannot be allocated the tax credit because it is not in the first tier of partnership ownership.

In order to arrive at the same result, it is recommended that the EDA allow the non-profit to be a co-applicant with the developer, under certain limited circumstances. The Division of Taxation has advised that if the non-profit is a co-applicant it will be possible to allocate all the credits to the non-profit, which it will then sell and contribute or loan to the project.

It should be noted that the law in several other states allows non-profits that do not have an integral participation in a transaction to receive tax credits as a "donation" from a developer. The non-profit then sells the credits and lends the proceeds back to the applicant. That is not allowed under the HUB or ERGG laws and it is not what is proposed below.

On a going-forward basis, staff would apply review guidelines in determining whether the co-applicant approach is necessary and appropriate before presenting the project to the board.. Staff will not allow the participation of a non-profit entity that is formed, utilized, or otherwise added to a business structure for the purpose of avoiding income tax obligations.

Proposed Review Guidelines;

Co-applicant Approach

To ensure that the co-applicant approach is necessary and appropriate, staff will evaluate the proposal to include non-profits with attention to the following:

Purposes of the non-profit. Organizing documents of the non-profit will be requested as well as a narrative regarding the activities of the non-profit generally, in the State and in the municipality to verify that the non-profit is in a position to provide the material participation to the project discussed below.

The law expressly states that a "non-profit organization with a mission dedicated to attracting investment and completing development and redevelopment projects in a Garden State Growth Zone" may apply on behalf of a qualified developer(s). Non-profits with such a mission shall be deemed co-applicants or may also operate as the applicant without the additional review below. See N.J.S.A.52:27D-489f.

Material participation. A long-term material participation agreement must be shared illustrating how the non-profit is taking an active role in the partnership.

Level of contribution. The parties must demonstrate evidence that the non-profit will contribute capital, real property or services related to the project that directly affect and serve the

anticipated resident population.

Necessity of co-applicant approach. The need for use of the co-applicant approach is to make available the ability for the non-profit to receive the tax credits without the requirement of a buy-sell agreement. The co-applicant approach is not appropriate or necessary for partnerships that have already been approved without the need for a non-profit in the structure.

For approved ERGG awards, staff is requesting delegated authority to evaluate projects for this treatment upon request and add the co-applicant as a modification if the ownership structure adheres to the standards outlined above.

2.NPV Discount Pricing

The 2014 EOA amended the requirement that the sale of HUB and ERGG tax credits be at least \$.75 of face value by authorizing the application of a discount in a sales agreement that captures the ten year term of credit issuance. See N.J.S.A. 34:1B-209.1 and N.J.S.A. 52:27D-489f(b)(3). ERGG credits are issued in tenths and require an annual review before the approval of each year's credit. However, the marketplace currently supports the conditional sale of multiple years of credits upfront. As such, buy-sell agreements which address the purchase of all ten years have become routine. The authorization of discounting based on NPV illustrates recognition of this trend.

In order to make a determination that the NPV pricing outlined by the parties is reasonable, and to ensure that this provision of the law is applied uniformly throughout the organization, a standard must be established as to calculation and documentary support.

Staff reviewing buy-sell agreements will request an explanation indicating a commercially reasonable discount amount, not to exceed 400 basis points over the 10 year treasury 400 basis points over the 10 year treasury rate. The buy-sell agreement must state that the sale is for an amount of \$.75 or more and include a detailed schedule that will indicate the discounted value of each year based on the applied NPV discount and the resulting consideration paid.

3.Changes to HUB and ERGG Tax Credit Recipient Designation

The Urban Hub Act was enacted in January 2008 (P.L. 2007, c.346) and currently the EDA has 26 active projects in the portfolio. Staff management of the portfolio and associated certification processes has revealed that HUB applications were often brought to the Board by developers with the intention to later form a new special purpose entity (SPE) that would be the true recipient of the tax credit. Staff has been interacting with the Division of Taxation at the point of certification and agrees that administrative clarity would be enhanced by the delegation to staff to approve the new entity after determining that the change is immaterial to the structure previously approved by the Board.

Going forward, applicants will be expected to notify the Authority at application if they intend to create an SPE as the project progresses and provide formation documents as soon as possible after the formation of the entity. The Approval Letter will authorize the possible formation of an

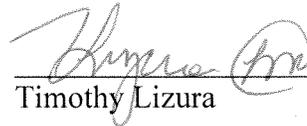
SPE.

Similarly, staff has been working with project owners whose ownership structure of HUB and ERGG projects have been modified since approval. These changes relate to the ownership percentage or function amongst the previously named partners and do not include the introduction of any new entities to the structure. Staff would be delegated the ability to recognize these immaterial changes and update the Recipient designation where appropriate.

Staff will update internal records and documents to reflect the name of the newly created or designated entity and send a letter of acknowledgement to the recipient. It is anticipated that this update will occur prior to the presentation of the project to Taxation. Where Taxation has already been made aware of the award, Taxation will be forwarded a copy of the acknowledgement to update its records.

Recommendation:

It is recommended that the Committee approve these policies as presented to provide clarity to applicants and administrative process enhancements in the EDA's implementation of tax credits.



Timothy Lizura

Prepared by Susan Greitz



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: July 9, 2015

RE: **Mt. Laurel Development, LLC**
P37441 - Economic Redevelopment and Growth Grant Program (“ERG”)

Request

Mt. Laurel Development, LLC (“MLD”) seeks an extension of time from June 30, 2015 to December 31, 2015 to submit the required documentation in order to execute the ERG agreement.

Background

On April 10, 2012, the Members of the Authority approved an ERG for 20% of the eligible costs (which were estimated at \$53,960,197), not to exceed \$10,792,039 for a commercial and retail development located in Mount Laurel, Burlington County, New Jersey.

The Authority issued a commitment letter to the subject on June 19, 2012 which they subsequently executed and certain conditions were to be met by June 19, 2013 in order for the ERG grant agreement to be executed.

The prime user of the 40 acre site of the proposed project is Lifetime Fitness (“LF”) who is proposing to build a 102,442 square foot facility and upon completion would buy the land from MLD. There are three other components of the project including a parcel being sold to Walmart (which will be the site a new 90,733 square foot store), a bank pad of 4,145 square feet and another pad site of 6,000 square feet.

The Authority was informed in late 2012 that LF withdrew from the project. MLD continued with site work hopeful to restart the project with LF in the near future.

LF returned to the project in April of 2014 and the EDA re-approved the project setting the date to sign the ERG to December 31, 2014 which was further extended in December of 2014 to June 30, 2015.

Based on revisions approved by EDA in June of 2014, the uses are as follows:

<i>Uses</i>	<i>Total Project Costs</i>	<i>ERG Eligible Project Costs</i>
Acquisition & Land	\$ 12,164,500	\$ 12,164,500
Hard Costs	37,357,412	37,357,412
Development Fee	0	0
Financing and Other Costs	1,626,000	923,805
Professional Services	2,736,000	2,736,000
TOTAL USES	\$ 53,884,612	\$ 53,182,417

Project Sources

The Applicant will be utilizing the following sources to complete the project:

<i>Sources</i>	<i>Amount</i>
Debt Union Center Bank	\$ 3,878,002
LF Investment	31,296,702
Proceeds from Sale to LF	4,900,000
Proceeds from Sale of Large Retailer	10,450,000
Investment by MLD	3,359,908
TOTAL SOURCES	\$ 53,884,612

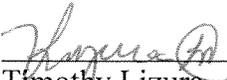
The reimbursement of eligible costs remains at 20% as per the original board approval but the maximum ERG was reduced at the time of the June 2014 EDA approval to \$10,636,483 from the \$10,792,039 originally approved in April of 2012. The IRR was 2.18% at time of board approval and is 7.02% in June of 2014 which remains well below the JLL threshold.

For statutory purposes, equity aggregates \$14.8 million and is comprised of the two land sales (\$4.9 million from LF and \$10.45 million from Large Retailer), the \$3.4 million investment by MLD less the existing loan of \$3.9 million. The 20% equity requirement for the Project is \$10.8 million. From an IRR perspective, the project costs of \$53.9 million are funded by the project revenues of \$46.7 million (LF investment \$31 million, the LF sales proceeds \$4.9 million and the larger retailer proceeds of \$10.45 million) which results in a gap of \$7.2 million with the ERG representing the source of return to the Applicant.

The LF facility continues to proceed on schedule and completion is expected in October. Site work is complete, exterior requires only detail work and interior build out is ongoing. The remaining item to be provided in order to sign the ERG is the proceeds from the sale of the parcel to Walmart. Two ongoing items have been holding up this sale; NJDOT Highway Access Permit and resolution of access/signage with adjacent property owner (Red Roof Inn). The latter has been settled per agreement April 27, 2015. The DOT approval is anticipated within the next 60 days. The closing with Walmart is expected to occur in the fall and to allow flexibility given their size and structure of this entity, the extension until December 31, 2015 is prudent.

Recommendation

Given the progress made by the Applicant on the project and situation regarding the sale of the parcel to Walmart to complete the funding sources needing additional time, it is recommended to provide an extension until December 31, 2015, to deliver the remaining documentation and execute the ERG agreement.



Timothy Lizura

Prepared by: Michael A. Conte



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: July 9, 2015

SUBJECT: **Carrino Plaza Apartments, LLC**
Residential Economic Redevelopment and Growth Grant Program (“RES ERG”)
P #39030

Request:

This memorandum will approve the addition of The Greater Newark Housing Partnership Inc. as the co-applicant to Carrino Plaza Apartments, LLC. Under the proposed structure, The Greater Newark Housing Partnership as the co-applicant would be the recipient of the ERG tax credits. The Greater Newark Housing Partnership has a .01% interest in the ownership entity. The Greater Newark Housing Partnership will provide services to the tenants of Carrino Plaza Apartments, LLC including debt counseling, assistance in obtaining proper health care, well balanced meals and appropriate clothing.

Background:

On April 15, 2014, the Members of the Authority approved the application of Carrino Plaza Apartments, LLC (“the Applicant”), for a project located in Newark, Essex County for the issuance of tax credits pursuant to the RES ERG program set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 (“Act”).

The total costs of the Project are estimated to be \$20,370,547 and of this amount \$17,511,739 are eligible costs under the RES ERG program. The recommendation is to give 30% of eligible costs, not to exceed \$5,253,522.

Regan Development Corporation, the developer of Carrino Plaza Apartments, has extensive experience in the development of affordable housing with NJHMFA including special needs housing, having created over 1,800 units throughout New Jersey, New York, and Connecticut.

Project Description

Carrino Plaza Apartments will be the new construction of 60 units of affordable housing located at 416-426 Broadway in the North Ward of the City of Newark. The project will have a total of four stories, containing a ground level with retail and residential space, and three residential floors above. Currently there is a vacant building on the site that will be demolished as part of the project.

The project will provide a spacious community room for the tenants use; there will also be an onsite manager's office. The three residential floors will contain nine one bedroom units, 38 two bedroom units, and 13 three bedroom units.

The current owner of the property is the City of Newark. There is a long-term lease on the Subject that is held by the Boys & Girls Club of Newark ("B&GC"). The B&GC club owns the vacant commercial building that currently occupies the site. The property has not been transferred in the past three years. There is a pending purchase agreement between the B&GC's of Newark and the Applicant, for \$1.23 million. According to the Applicant, this amount will be allocated between the B&GC (\$432,000) and the City of Newark (\$800,000). Per the appraisal report prepared by a Novogradac & Company LLP dated August 19, 2014, the "as is" value of the property is \$1.17 million. In accordance with EDA's proposed rules for the RES ERG Program \$1.23 million (the purchase price of the property) is reflected in total project cost however \$1.17 million (the "as is" value of the property) is reflected in the eligible basis for the calculation of the award.

The property is located within a Smart Growth Area and an Urban Coordinating Council (UCC) Target Area. This Project will comply with the New Jersey Housing and Mortgage Finance Agency's ("NJHMFA") Energy Star Equivalency Program. An estimated completion date for the rehabilitation of the project complies with the RES ERG deadline of July 1, 2018.

Although applicants for the RES ERG program are not required to maintain certain employment levels, it is estimated that this Project, per the Applicant, will create approximately 80 temporary construction jobs during rehabilitation and retain three full time positions at the project site as a result of the ERG subsidy.

Project Ownership

The co-applicants of this project are Greater Newark Housing Partnership Inc. and Carrino Plaza Apartments, LLC. Carrino Plaza Apartments, LLC is a single purpose entity that will be 99.98% owned by Raymond James Housing Opportunities Fund 38 LLC. Carrino Plaza Special, LLC, and Carrino Plaza Apartments Manager, LLC will both hold a .01% ownership interest in the Applicant entity. Carrino Plaza Special, LLC's members consist of Lawrence Regan and Kenneth Regan who both respectively hold 50% ownership interest. Carrino Plaza Apartments Manager, LLC is 100% owned by Greater Newark Housing Partnership Inc. NJEDA received a certification from the highest ranking officer of the General Partner as to the accuracy of the information submitted for the project.

Co-applicant Evaluation

To ensure that the co-applicant entity structure is necessary and appropriate, staff evaluated Carrino Plaza’s proposal to include the Greater Newark Housing Partnership Inc. not limited to but with a focus on the following:

Organizing documents of the non-profit will be requested as well as a narrative regarding the activities of the non-profit generally, in the State and in the municipality to verify that the non-profit is in a position to provide the material participation to the project.

The Greater Newark Housing Partnership Inc.’s mission is to create affordable and workforce housing and revitalize neighborhoods through community development by promoting a dynamic partnership involving the public and private sectors. They act as leaders in leveraging financial support, transforming neighborhoods and advancing homeownership opportunities.

A long-term material participation agreement must be shared illustrating how the non-profit is taking an active role in the partnership.

Per the participation agreement, it is anticipated that Carrino Plaza Apartments Manager, LLC will pay the Greater Newark Housing Partnership \$75,000 at permanent loan closing and approximately \$5,000 annually subsequent to approval of the project audit by NJHMFA.

The parties must demonstrate evidence that the non-profit will contribute capital, real property or services related to the project that directly affect and serve the anticipated resident population.

The Greater Newark Housing Partnership will provide services to the tenants of Carrino Plaza Apartments, LLC including debt counseling, assistance in obtaining proper health care, well balanced meals and appropriate clothing.

Recommendation:

The requested change in ownership to add Greater Newark Housing Partnership Inc. as the co-applicant for the RES ERG Incentive has no impact on the ability of the project to get financed or completed.

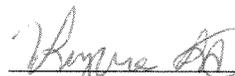
Issuance of the RES ERG tax credits are contingent upon the Applicant meeting the following conditions:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant to the Authority for the RES ERG; and
2. Evidence of site control and site plan approval for the Project; and
3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project.
4. Evidence that the Project complies with N.J.A.C. 19:31-4.3(a) (3).
5. Executed Participation Agreement between Carrino Plaza Apartments Manager, LLC and the Greater Newark Housing Partnership, Inc.

Tax Credits shall be issued upon:

1. Completion of construction and issuance of a Certificate of Occupancy (no later than July 1, 2018; and
2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and satisfactory to the NJEDA; and
3. Evidence that eligible project costs are in excess of \$17.5 million certified by a CPA.

It is recommended that the members authorize the CEO of the EDA to execute any assignment agreements necessary to effectuate this transaction



Timothy Lizura

Prepared by: Matthew Boyle



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: July 9, 2015

RE: **KRE Hamilton Urban Renewal, LLC**
Residential Economic Redevelopment and Growth Grant Program (“RES ERG”)
P #41104

Request

As created by statute, the Economic Redevelopment and Growth (ERG) Program offers state incentive grants to finance development projects that demonstrate a financing gap. Applications to the ERG Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 52 :27D-489a et seq. / N.J.A.C. 19:31-4 and the program’s rules, developers or non-profit organizations on behalf of a qualified developer, must have a redevelopment project located in a qualifying area, demonstrate that the project has a financing gap, meet minimum environmental standards, meet a 20% equity requirement, and, except with regards to a qualified residential project, yield a net positive benefit to the state. With the exception of residential ERG projects, grants are made annually based on the incremental eligible taxes actually generated as a result of the project.

The Members are asked to approve the application of KRE Hamilton Urban Renewal, LLC (the “Applicant”) for a Project located at 431 Marin Boulevard Jersey City, Hudson County (the “Project”), for the issuance of tax credits pursuant to the RES ERG program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 (“Act”).

The total costs of the Project are estimated to be \$163,633,706 and of this amount \$157,053,974 are the estimated eligible costs under the RES ERG program. The recommendation is to award 25.5% of actual eligible costs, not to exceed \$40 million. Note that once actual eligible project costs have been certified by the CPA, the maximum RES ERG tax credits are capped at this 25.5% figure. The Applicant is eligible for a bonus of an additional 10% (for a total of 30%) as they meet two of the possible criteria; A] plan to reserve 20% of the residential units for moderate

income housing and B] project is deemed a transit project as it is located one quarter mile west of the Newport Center PATH station (90 Pavonia Avenue) and one half mile north of the Grove Street PATH station.

Project Description

The project is the construction of a 17 story 397 unit apartment building located at 431 Marin Avenue in Jersey City. The project will also include 261 interior parking spaces, 18,000 square feet of indoor and outdoor amenity space, 21,000 square feet of office space and 2,000 square feet of ground floor retail space. A 37,000 square foot public park and children's playground will blend the site into the green streetscape of the community. The anticipated unit mix of the apartments is 74 studio units, 201 one-bedroom units, 120 two-bedroom units, and 2 three-bedroom units. The project will anchor the Hamilton Park neighborhood through the redevelopment of an underutilized parking area on the neighborhood's northeastern edge.

The subject property encompasses surplus land previously owned by 500 Manila Ave., LLC, owners of the adjacent Unico Towers, a privately owned affordable senior citizen apartment complex. The eastern-most portion of the Unico Towers property was previously improved with a surface parking lot and open space; both were, however, severely underutilized because of the low demand generated by the senior citizen use. This 1.36 acre portion of the subject was sold to KRE Hamilton Urban Renewal LLC on December 10, 2014 for \$13.2 million. An independent third party appraisal was prepared by Welsh Chester Galiney Matone, Inc. which reported an "as is" value of the land at \$28.8 million as of May 18, 2015.

The building will have a contemporary glass and brick exterior. Monolithic residential floors five through seven will contain 21 units per floor above the four-story parking deck podium. The building initially divides into north and south towers. The towers will have asymmetrical setbacks which will maximize the project's partial Hudson River and Manhattan views above Newport Center Mall and between Newport Center office and apartment high-rise towers for both 431 Marin and Unico Tower. The parking deck (5th floor) will contain the outdoor pool and surrounding terrace deck along with a fitness center and community room that will face the 37,000 square foot park. Interior finish will include strip wood flooring throughout all living space, low maintenance quartz countertops, modern wood cabinetry, stainless steel appliances, and full size washer and dryers. Amenities include a full-size outdoor pool, landscaped outdoor roof deck, fitness center, community garden, and 24-hour concierge and children's playground.

The project will also align with and comply with the EDA's green building requirements by utilizing the New Jersey Board of Public Utilities Pay for Performance Program by incorporating a sustainably designed, eco-friendly building envelope (energy efficient windows, wall and roof insulation, SRI 80 reflective roof), high efficiency HVAC equipment, ENERGY STAR lighting in the residential units and corridors, High Efficiency lighting in the parking garage, ENERGY STAR kitchen appliances, and high performance, water-efficient plumbing fixtures.

As of 6/15/15, the applicant has 90% of the project's construction documents completed with expectation to reach 100% by early July with bids and contract award anticipated by the end of July. Construction is expected to begin in August of 2015, along with the closing on financing with an anticipated completion of the project by August of 2017. This date is consistent with the July 28, 2018 required date of construction completion and issuance of certificate of occupancy.

Although applicants for the RES ERG program are not required to maintain certain employment levels, it is estimated that this Project, per the Applicant, will create approximately 280 temporary construction jobs during rehabilitation and 13 full time positions created at the project site.

Project Ownership

The Applicant is 100% owned by S/K Route 88 Associates, LLC. S/K Route 88 Associates, LLC is owned 26% by Murray Kushner. Aryeh Kushner Trust II, Jonathan Kushner Trust II, Marc S. Serwith Kushner Trust II, and Melissa L. Serwith Kushner Trust II each owns 13% interest in S/K Route 88 Associates.

SK Properties, the predecessor company to KRE Group, was founded in 1979 by Murray Kushner and Eugene Schenkman. The Company is now a vertically integrated, full-service real estate investment and management firm with over 30 years of real estate investment, development and property management experience. KRE Group employs 100 full-time employees with in-house capabilities in acquisitions, development, financing, leasing, property management, construction, zoning, and legal.

KRE Group has broad expertise in multifamily, office, industrial and retail real estate. The Company’s investment and portfolio includes over 9,700 apartment units (including units currently under development) and 4.3 million square feet of office and industrial property. KRE Group has developed more than 3,000 residential units in Jersey City, through projects like Grand LHN and Journal Squared Associates. Grand LHN and Journal Squared Associates were approved HUB tax credits in the respective amounts of \$42 million and \$33 million. The Project will be managed by KRE Property Management Company who is one of the business units of the KRE Group.

Project Uses

The Applicant proposes the following uses for the Project:

<i>Uses</i>	<i>Total Project Costs</i>	<i>RES ERG Eligible Amount</i>
Acquisition of Land and Buildings	\$ 13,200,000	\$ 13,200,000
Construction & Site Improvements	116,839,190	116,839,190
Professional Services	6,791,003	6,791,003
Financing & Other Costs	17,169,915	15,285,779
Contingency	4,938,002	4,938,002
Development Fee	4,695,596	
TOTAL USES	\$ 163,633,706	\$ 157,053,974

ERG eligible project costs exclude ineligible costs aggregating \$6,579,732, which includes the developer fee of \$4,695,596, Pre-operational expenses of \$250,000, and Marketing costs of \$1,634,137.

<i>Sources of Financing</i>	<i>Amount</i>
JPM Construction Loan	\$ 100,000,000
JPM ERG Bridge Loan	26,000,000
Equity:	
Applicant Equity	37,633,706
Total	\$ 163,633,706

The Applicant has received an LOI for construction and ERG Bridge loan financing from J.P. Morgan, Inc. The construction loan in the amount of \$100 million will have a 3 year term which will consist of interest only payments at an estimated interest rate of 3.25%. The ERG Bridge loan will pay interest only during construction at an estimated interest rate of 3.25% for three years. At construction completion both the construction loan and ERG Bridge loan is anticipated to be paid off with permanent financing which is yet to be identified. RES ERG projects are required to have a minimum of 20% equity in the project based on the total projects costs. The applicant has demonstrated to EDA staff the capacity to contribute the \$37.6 million of equity which represents 23% of total project costs required to complete the project.

Gap Analysis

EDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this project. Staff analyzed the pro forma and projections of the project and compared the returns with and without the RES ERG over 12 years (two years to build and 10 years of cash flow).

Without ERG	With ERG
Equity IRR 4.26%	Equity IRR 10.34%

As indicated in the chart above, the project would not otherwise be completed without the benefit of the ERG. **With the benefit of the ERG, the Equity IRR is 10.34% which is moderately below the Hurdle Rate Model provided by EDA’s contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 11.18% for a residential project located in Jersey City.**

Other Statutory Criteria

In order to be eligible for the program, the Authority is required to consider the following items:

The economic feasibility and the need of the redevelopment incentive agreement to the viability of the project.

As per the Residential Market Study and Appraisal dated May 18, 2015 prepared by Welsh Chester Galiney Matone, Inc., the existing competitive housing set, the key planned additions to the market located proximate to the proposed development, the vacancy/occupancy trends, rental rates and anticipated growth, and absorption rates have been analyzed and incorporated into the pro-forma submitted for the proposed project. While there has been a substantial amount of new construction in Jersey City since 2000, the proportion of housing stock that was built prior to

1940, still remains higher than that of new construction. The Northern New Jersey and Hudson Waterfront apartment markets remain very strong with occupancies rates of competing properties in the 96% to 99% range. In addition, the average effective rent in Manhattan is approximately \$4,090 per month. KRE's average rent at 431 Marin is \$2,697 per month representing substantial value in relation to Manhattan. As a result, the Northern New Jersey and Hudson Waterfront apartment markets are considered to be among the most attractive asset classes for investors in the United States.

431 is located at the corner of 9th Street and Marin Boulevard two blocks west of Hamilton Park, a six-acre Victorian style green that was created in 1848 and substantially renovated in 2010. The project is located within close proximity to surrounding restaurants, grocers, and retailers. The construction of housing on the land will improve the social distress by building upon the city's redevelopment goals and social objectives.

Hamilton Park is in the process of on-going development. The Hamilton Park and Park Foundry are older industrial buildings that have been converted into residential condominiums/apartments in the Hamilton Park neighborhood which is adjacent to the Newport Mall. The former St. Francis Hospital property, located on the east side of Hamilton Park has been renovated into 125 residential condominiums and 55,000 square feet of ground floor retail space facing Hamilton Park.

The project also aligns with the State's planning goals and in fact meets a number of the Economic Opportunity Act of 2014's residential bonus goals. It is located in one of the State's Urban Transit Hub municipalities, a focus of recent economic development legislation. The project will include 20% of the units for moderate income households, i.e., those households that make between 50-80% of the area's median income. The project has an excellent transportation-accessible location while being situated in one of Jersey City's most desirable, moderate density, mixed-use neighborhoods. 431 Marin is located one quarter mile west of the Newport Center PATH station (90 Pavonia Avenue) and one half mile north of the Grove Street PATH station. Jersey City is the state's fastest growing large city and this project will not only help foster increased urban growth and stability in one of New Jersey's largest urban centers, but will do so while providing housing for moderate income renters for whom there are fewer housing options.

Per the project's financial returns as mentioned earlier and to obtain the funding necessary to develop this project, there is a demonstrated need for the RES ERG tax credit incentive.

The Project appears to be economically feasible based on the track record of the applicant and their development team as well as the funding sources for the entire cost budget which is available to this project.

The degree to which the redevelopment project within a municipality which exhibits economic and social distress, will advance State, regional, local development and planning strategies, promote job creation and economic development and have a relationship to other major projects undertaken within the municipality.

Jersey City is the largest municipality in Hudson County with a population of 262,146 (2014 U.S. Census Bureau Population Estimate). This represents a 17% growth over the 2010 US Census Bureau data making the municipality the fastest growing in New Jersey and a symbol of the state's reinvigorated urban core. Jersey City is located on the South Eastern section of Hudson

County; the city's proximity and convenient access to and from Manhattan (NY) continues to make Jersey City an attractive location for corporations relocating business operations in the greater metropolitan area. Jersey City can be characterized as a well-developed, urban community with mixed type uses.

Jersey City contains approximately 19.2 square miles and is surrounded by Hoboken, Union City and North Bergen to the north, Secaucus and Newark Bay to the west, Bayonne to the south and the Hudson River and New York City to the east. Currently, Jersey City is the second largest city in the state. In recent years, the city has steadily narrowed the gap in population between itself and Newark, giving rise to the likelihood that Jersey City will soon become the largest city in New Jersey. Historically, Jersey City has been a major industrial center. Manufacturers include pharmaceuticals, electrical equipment, iron products, chemicals and processed food.

In recent years industrial development has waned and a transition to office and residential uses has occurred. Residential development has been the primary form of new construction in the past 10 years especially in Hamilton Park, the subject's neighborhood. While a significant amount of development is taking place along the Hudson River, 431 Marin Hamilton Park neighborhood is being rediscovered by families deciding to remain in the waterfront market rather than moving to raise children in the suburbs. The Jersey City and Hoboken waterfronts have established themselves as the most desirable high density urban-oriented, mixed-use neighborhood after Brooklyn in the New York/New Jersey/ Connecticut tri-state area. In addition to residential high-density created by recently constructed apartment buildings, New Jersey's largest concentration of office buildings are near the subject. The development of 431 Marin will enhance and continue the redevelopment of the Hamilton Park neighborhood. The project is conformance with Jersey City's redevelopment goals of revitalizing land and industrial sites into residential neighborhoods, commercial and office space. The project is designed to support local and regional planning goals, as evidenced most clearly in the project's alignment with Jersey City's Block 10102 Redevelopment Plan. This plan, an outgrowth of the 1975 Marin Redevelopment Area Plan, encompasses the entire Block 10102 and is based on a number of Jersey City's policy objectives, specifically including redevelopment of underutilized parking areas, activation of such spaces with mixed-use residential projects, the further enhancement of pedestrian environments, and a reconfiguration of public space to permit general, public access to the area. The 431 Marin project is a direct response to and is designed to specifically align with the Block 10102 Redevelopment Plan.

Authority staff has reviewed the application for KRE Hamilton Urban Renewal, LLC and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue an approval letter to the Applicant.

Issuance of the RES ERG tax credits are contingent upon the Applicant meeting the following conditions:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant to the Authority for the RES ERG; and
2. Evidence of site control and site plan approval for the Project; and
3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project.
4. Evidence that the Project complies with N.J.A.C. 19:31-4.3(a) (3).

Tax Credits shall be issued upon:

1. Completion of construction and issuance of a Certificate of Occupancy (no later than July 28, 2018; and
2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and satisfactory to the NJEDA;

It is recommended that the members authorize the CEO of the EDA to execute any assignment agreements necessary to effectuate this transaction

The New Jersey Economic Opportunity Act of 2013 provides a total of \$600 million in tax credits to be utilized towards eligible residential based projects. This allocation is further separated into five additional allocations to assist projects meeting certain geographic and/or economic criteria. This project site is within one half mile of a transit station in Jersey City, Hudson County, thereby qualifying to be funded under the allocation for projects which are urban transit hubs that are commuter rail in nature. The initial total of this allocation was \$250 million. After subtracting this project's tax credit award which is being approved at the board meeting dated July 9, 2015 a balance of \$17.2 million in tax credits remains in the allocation.

Total Estimated Eligible Project Costs: \$ 157,053,974.

Eligible Tax Credits and Recommended Award: 25.5% of actual eligible costs, not to exceed \$40,000,000 to be paid over ten years.



Timothy Lizura

Prepared by: Matthew Boyle

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

The following summary is provided for information only. Full eligibility and review criteria can be found in the program's rules.

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

Created by law in 2012, and revised through P.L. 2013, c. 161 and the "Economic Opportunity Act of 2014, Part 3," the intent of this program is to provide tax credits to eligible businesses which make, acquire or lease a capital investment equal to or greater than certain minimum capital investment amounts at a qualified business facility at which it will employ certain numbers of employees in retained and/or new full-time jobs.

Per N.J.S.A. 34:1B-242 et seq. / N.J.A.C. 19:31-18 and the program's rules, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, i.e.: Industrial, Warehousing, Logistics and R&D/Rehabilitation Projects -\$20 sq. ft.; Industrial, Warehousing, Logistics and R&D/New Construction Projects-\$60 sq. ft.; Other/Rehabilitation Projects-\$40 sq. ft.; and Other/New Construction-\$120 sq. ft.
Minimum capital investment amounts lowered to 2/3 in GSGZs and in eight southernmost counties
- Retain full-time jobs and/or create new full-time jobs in an amount equal to or greater than, the applicable minimum requirements, as follows: Tech start ups and manufacturing businesses - 10 new/25 retained FT jobs; Other targeted industries - 25 new/35 retained FT jobs; All other businesses/industries - 35 new/50 retained FT jobs.
Minimum employment numbers lowered to 3/4 in GSGZs and in eight southernmost counties
- Demonstrate that: 1) the qualified business facility is constructed to certain minimum environmental / sustainability standards; 2) the proposed capital investment and resultant retention and creation of eligible positions will yield a net positive benefit equaling at least 110% of requested tax credit allocation amount prior to taking into account the value of requested tax credit, and shall be based on benefits generated during the initial years following project completion (Mega Project or GSGZ – up to 30 years; GSGZ-Camden up to 35 years and equal to 100% of requested allocation; all other projects up to 20 years); and, the award of tax credits will be a material factor in the business's decision to create or retain the minimum number of full-time jobs with evidence relating to viable alternatives to the site and ability to dispose of or carry the costs of the site, if the business moves to the alternate site.

Staff Review:

- A comprehensive net benefit analysis is conducted to ensure the project has a positive net benefit to the State of at least 110%. The economic impact model used by the EDA includes multipliers from the RIMS II data base, published by the US Department of Commerce, along with internal econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation.
- For material factor, staff reviews cost benefit analyses provided by the company regarding other out-of-state sites under consideration and cost of rent, property taxes, and utility costs; and, also investigates any existing labor contracts or real estate ownership that would render a re-location out of New Jersey impractical or cost prohibitive.
- For intra-State job transfers, EDA Board shall make a separate determination to verify and confirm that the jobs are at risk of leaving the state, the date(s) at which the EDA expects that those jobs would actually leave, or with respect to projects in a GSGZ-Camden/Atlantic City, that the provision of tax credits under the program is a material factor in the businesses decision to make a capital investment and locate there, as attested to in a CEO certification.
- If the business reduces the total number of its full-time employees in the State by more than 20% from the tax period prior to approval, then the business shall forfeit its credit for that tax period and going forward until such time as its full-time employment in the State has increased to the 80% level.

Amount of award based upon:

- Base, gross and maximum amounts of tax credits for each new or retained full-time job, follows:

Project Type	Base Amount Per Job/Per Year	Gross Amount Per Job/Per Year	Maximum Amount To be Applied Annually
Mega Project	\$5,000	\$15,000	\$30 million
GSGZ Project	\$5,000	\$15,000	\$30 million/\$35 million-Camden/Atlantic City
UTHTC Municipality	\$5,000	\$12,000	\$10 million
Distressed Municipality	\$4,000	\$11,000	\$8 million
Priority Area	\$3,000	\$10,500	\$4 million (Not more than 90% of withholdings)
Other Eligible Area	\$500	\$6,000	\$2.5 million (Not more than 90% of withholdings)
Disaster Recovery Project	\$2,000	\$2,000	

- Bonus – The amount of tax credit shall be increased if the qualified business facility meets any of the following priority criteria or other additional or replacement criteria determined by EDA from time to time in response to evolving economic or market conditions:

Bonus Type	Bonus Amount
Deep poverty pocket or Choice Neighborhoods Transportation Plan area	\$1,500
Qualified incubator facility	\$500
Mixed-use development with sufficient moderate income housing on site to accommodate 20% of full-time employees	\$500
Transit oriented development	\$2,000
Excess capital investment in industrial site for industrial use (<i>excludes mega projects</i>)	\$3,000 maximum
Excess capital investment in industrial site for industrial use (<i>mega projects or GSGZ projects</i>)	\$5,000 maximum
Average salary in excess of county's existing average or in excess of average for GSGZ	\$1,500 maximum
Large numbers of new and retained full-time jobs	
251 to 400	\$500
401 to 600	\$750
601 to 800	\$1,000
801 to 1,000	\$1,250
1,001+	\$1,500
Business in a targeted industry	\$500
Exceeds LEED "Silver" or completes substantial environmental remediation	\$250
Located in municipality in eight southernmost counties with a MRI Index greater than 465	\$1,000
Located within a half-mile of any new light rail station	\$1,000
Projects generating solar energy for onsite use	\$250
Vacant commercial building with over 1 million sq. ft. of lab space/1 year occupancy	\$1,000

- Final Total Tax Credit Amount – Except for in GSGZs, the final total amount of tax credit, following the determination by EDA of the gross amount of tax credits, shall equal to 100% of the gross amount of tax credits for each new full-time job; and the lesser of 50% for each retained full-time job or the capital investment made by the applicant, per employee.
- For tax credits in excess of \$40 million, the amount available to be applied by the business annually shall be the lesser of the permitted statutory maximum amount or an amount determined by EDA necessary to complete the project, determined through staff analysis of all locations under consideration and all lease agreements, ownership documents, or substantially similar documentation for the business's current in-State locations and potential out-of State location alternatives.
- Limits on Annual Tax Credits – The amount of tax credits available to be applied by the business annually shall not exceed: GSGZ/Camden/Atlantic City - \$35,000,000; Mega Project/GSGZ - \$30,000,000; Urban Transit Hub - \$10,000,000; Distressed Municipality - \$8,000,000; Priority Areas - \$4,000,000 (not more than 90% of withholdings); and Other Eligible Areas - \$2,500,000 (not more than 90% of withholdings).



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: July 9, 2015

SUBJECT: Grow New Jersey Assistance Program

Request:

The Board is asked to consent to a policy that allows previously approved applicants who are subject to the 90% income tax withholding limit on award amounts to select a methodology that will determine the amount and timing of fee payments to the Authority; and to delegate to staff the approval of applicant requests to select this methodology.

Background:

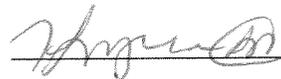
Under the Grow NJ program, projects located in a designated priority area or other eligible area are capped at a statutorily set annual award amount (\$4,000,000 for priority area and \$2,500,000 for other eligible area) or 90% of their annual income tax withholdings for all jobs at the qualified business facility, whichever is less. Among the fees required for the program are those for approval (due upon execution of the incentive agreement) and for the issuance of the tax credit. Currently, the approval and tax credit issuance fees are calculated as .5% of the maximum calculated award based on the per employee calculation dictated by the statute, however due to the 90% percent limitation, some applicants may not receive the full amount of the tax credit. As EDA has gained experience administering the program, we have been asked by applicants to review the reasonableness of the application of this specific fee structure. As a result of that review, staff suggests a policy that will allow the applicant to utilize a fee calculation structure tied to the applicant's own anticipated tax withholdings (based on job growth and related growth in salaries) for the project over the duration of the grant period. At application, applicants will be directed to select one of two options for calculating the fee:

1. Fee Based on Maximum Calculated Award: For applicants that believe that the business will experience job growth and increased withholdings over the grant period and desire the flexibility to achieve the maximum award amount, the applicant will be able to select the calculated per employee award prior to approval (including all eligible bonuses) and pay the fee based on the maximum calculated award; or
2. Fee Based on Withholdings: For applicants desirous of a lower fee at the time of the approval letter, the applicant will be able to select an anticipated amount of withholding as a cap on the award amount prior to board approval. This will allow an applicant who is not anticipating significant job growth (and related growth in salaries/income tax withholdings) to reduce its fees for the project. The approval and tax credit issuance fees (each .5% of award) will be based on the withholding cap. This withholding cap will remain fixed and will be utilized as the maximum annual award over the life of their grant; however, the annual amount of the tax credit that the business may use remains limited to 90% of the actual withholdings for the relevant tax period.

The members are asked to approve this policy and delegate approval of any resets to staff (Level Three: Officer with Director and Managing Director) as these changes are ministerial in nature and will be applied consistently across the grantees impacted by this provision who have not yet executed their approval letter or submitted their certification for project completion. No fees already paid will be refunded, but the applicant that has already paid the approval fee will be allowed to elect into this calculation before project certification.

Recommendation:

Consent to a new policy that allows grantees who are subject to the 90% withholding limit to choose between two fee calculation options prior to board approval 1) select the calculated per employee award with the eligible bonuses; 2) select the anticipated income withholding cap. The members are also asked to delegate these approvals to staff under Level 3 signature (Officer with Director and Managing Director) as these actions are ministerial in nature and will be applied consistently across the portfolio of impacted customers.



Prepared by: Lisa Petrizzi

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Atlantic City Contact Center, LLC P41071

PROJECT LOCATION: 112 Park Place Atlantic City Atlantic County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Atlantic City Contact Center, LLC, founded in 2015 for the sole purpose of this venture, is a subsidiary of Hollygold Associates, Inc., a provider of contact center services, including customer service, sales, customer acquisition, technical support and back office processing, to North American companies. The parent company, through subsidiaries, operates multiple similar contact centers in the Philippines, and on the west coast of the United States. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:

The applicant has submitted an economic analysis detailing the cost differential between locating this project in Atlantic City, NJ or Las Vegas, NV. The applicant would lease 7,859 SF of office space in Atlantic City, NJ, or 7,590 SF in an office building located in Las Vegas, NV. At either location, the applicant would install a 200 seat contact center, and hire 332 new full-time employees to staff the location 24/7/365.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Atlantic City Contact Center, LLC has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Warren H. Golden, the CEO of Atlantic City Contact Center, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$3.2 million over the 30 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other business in Atlantic County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$209,574	\$667,500
New Jobs	27	332
Retained Jobs	38	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Garden State Growth Zone	Base award of \$5,000 per year for projects located in a Garden State Growth Zone	Atlantic City is a Garden State Growth Zone
Increase(s) Criteria		
Deep Poverty Pocket or Choice Neighborhood	An increase of \$1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood	112 Park Place is located in a Deep Poverty Pocket.

Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	112 Park Place is located in a Transit Oriented Development by virtue of being 1 mile (GSGZ project) of the midpoint of a New Jersey Transit Corporation rail station.
Large Number of New/Retained Full-Time Jobs	An increase of \$500 per job for 251-400 new or retained jobs, \$750 per job for 401-600 new or retained jobs, \$1,000 for 601-800 new or retained jobs, \$1,250 for 801-1,000 new or retained jobs and \$1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 332 Full-Time Jobs at the project location resulting in an increase of \$500.
2007 Revit. Index > 465 in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, Salem	An increase of \$1,000 per job for locating in a municipality with a 2007 Revitalization Index greater than 465	Atlantic City has a 2007 Revitalization Index of 559

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - $\frac{1}{2}$ of the Grant Calculation for New Full-Time Jobs ($\frac{1}{2} * \\$10,000 = \\$5,000$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$667,500 / 10 / (332 + 0) = \\201) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

Grant Calculation**BASE GRANT PER EMPLOYEE:**

Garden State Growth Zone	\$ 5,000
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INCREASES PER EMPLOYEE:

Deep Poverty Pocket:	\$ 1,500
Transit Oriented Development:	\$ 2,000
Large Number of New/Retained F/T Jobs:	\$ 500
2007 Revit. Index > 465 in Atlantic:	\$ 1,000

INCREASE PER EMPLOYEE:

\$ <u>5,000</u>

PER EMPLOYEE LIMIT:

Garden State Growth Zone	\$ 15,000
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:

\$ 10,000

AWARD:

New Jobs:	332 Jobs X \$10,000 X 100% =	\$ 3,320,000
Retained Jobs:	0 Jobs X \$10,000 X 100% =	<u>\$ 0</u>
Total:		\$ 3,320,000

ANNUAL LIMITS:

Garden State Growth Zone	\$ 30,000,000
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TOTAL ANNUAL AWARD (CALCULATED):

\$ 3,320,000

TOTAL ANNUAL AWARD BASED ON THE BENEFIT TO THE STATE (OVER 30 YEARS, PRIOR TO AWARD) BEING 110% OF THE AWARD:

New Jobs:	332 Jobs X \$9,861 X 100% =	\$ 3,274,080
Retained Jobs:	0 Jobs X \$9,861 X 100% =	<u>\$ 0</u>
Total:		\$ 3,274,080

TOTAL ANNUAL AWARD (APPROVED):

<u>\$ 3,274,080</u>

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 667,500
NEW FULL-TIME JOBS:	332
RETAINED FULL-TIME JOBS:	0

GROSS BENEFIT TO THE STATE (OVER 30 YEARS, PRIOR TO AWARD):	\$ 36,014,885
NET BENEFIT TO THE STATE (OVER 30 YEARS, NET OF AWARD):	\$ 3,274,080
TOTAL AMOUNT OF AWARD:	\$ 32,740,805
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 27,040
SIZE OF PROJECT LOCATION:	7,859 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
STATEWIDE BASE EMPLOYMENT:	0
PROJECT IS: (X) Expansion () Relocation	
CONSTRUCTION: (X) Yes () No	

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. Due to the Net Benefit to the State being less than 10% of the Grow NJ award amount, the Net Benefit to the State will be recalculated if the CPA certification shows a 10% or more reduction of the number of eligible jobs, capital investment, or payroll from the amounts approved by the board. If the Net Benefit analysis does not support awarding a tax credit for the entire amount of the capital investment, then the amount of the award will be reduced accordingly.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Atlantic City Contact Center, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: J. Kenyon**APPROVAL OFFICER:** D. Poane

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Jaguar Land Rover North America, LLC P41059

PROJECT LOCATION: 10 Sharp Plaza Mahwah Township Bergen County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Jaguar Land Rover North America, LLC (“JLRNA”) is a distributor of luxury cars and sport utility vehicles in the U.S. market. JLRNA is a wholly owned subsidiary of Jaguar Land Rover Ltd, a British multinational automotive company headquartered in Whitley, Coventry, United Kingdom. The ultimate parent is Tata Motors Limited, registered and domiciled in India. Jaguar Land Rover Ltd.’s principal activity is the design, development, manufacture and sale of vehicles bearing the Jaguar and Land Rover (including Range Rover) brands. The origins of Jaguar can be traced back to a company that began by making motorcycle sidecars in 1922, and the development of an all-terrain vehicle inspired by the American Jeep. Jaguar and Land Rover first came together in 1968 and later existed independently of each other as subsidiaries of BMW (Land Rover) and Ford Motor Co. (Jaguar). Ford later acquired Land Rover from BMW in 2000. JLRNA has been a subsidiary of Tata Motors since 2008. Jaguar’s presence in New Jersey dates back to 1970 and the company has occupied the current Jaguar Land Rover North America headquarters at 555 MacArthur Boulevard, Mahwah since 1985. The applicant has demonstrated the financial ability to undertake the project.

JLRNA closed on a BEIP grant in 2009 when the company moved its corporate headquarters from California to the current location in Mahwah and created 65 jobs. The company currently has 252 employees at the MacArthur Boulevard building. The company will terminate the existing grant upon approval of the Grow NJ grant award.

MATERIAL FACTOR/NET BENEFIT:

Jaguar Land Rover North America, LLC is seeking to relocate the North American headquarters to enhance its workspace design and advancements in technology, since the current headquarters dates back to 1985. The company is considering relocating to an approximately 147,000 sq. ft. facility in Mahwah or a 144,000 sq. ft. facility in Pearl River, NY. The project would result in the retention of 252 full-time employees and creation of 61 new full-time employees. The company is also seeking a benefit under the Sales & Use Tax Exemption program that would reduce the rehabilitation costs associated with the project.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Jaguar Land Rover North America, LLC has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Joachim Eberhardt, the CEO of Jaguar Land Rover North America, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$111 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 252 New Jersey jobs listed in the application are at risk of being located outside the State on or before January 31, 2017, when the renovation of the New York building is expected to be completed. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As an Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for a manufacturing business in Bergen County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$5,883,080	\$42,000,000
New Jobs	10	61
Retained Jobs	25	252

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Mega Project	Base award of \$5,000 per year for projects designated as a Mega Project	A Qualified Business Facility located in an Priority Area that qualifies as a Mega Project by virtue of being in a priority area housing the U.S. headquarters and related facilities of an automobile manufacturer having either capital investment in excess of \$20,000,000 and more than 250 full-time employees created or retained or having more than 1,000 employees created or retained.
Increase(s) Criteria		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	10 Sharp Plaza is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$108,000 exceeds the Bergen County median salary by 78% resulting in an increase of \$500 per year.
Large Number of New/Retained Full-Time Jobs	An increase of \$500 per job for 251-400 new or retained jobs, \$750 per job for 401-600 new or retained jobs, \$1,000 for 601-800 new or retained jobs, \$1,250 for 801-1,000 new or retained jobs and \$1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 313 Full-Time Jobs at the project location resulting in an increase of \$500.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life	The applicant is a Manufacturing business.

	Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	
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The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$8,000 = \\$4,000$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$42,000,000 / 10 / (61 + 252) = \\$13,418$) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

<u>Grant Calculation</u>		
BASE GRANT PER EMPLOYEE:		
Mega Project		\$5,000
INCREASES PER EMPLOYEE:		
Transit Oriented Development:	\$2,000	
Jobs with Salary in Excess of County Average:	\$ 500	
Large Number of New/Retained F/T Jobs:	\$ 500	
Targeted Industry (Manufacturing):	\$ 500	
INCREASE PER EMPLOYEE:		<u>\$3,500</u>
PER EMPLOYEE LIMIT:		
Mega Project	\$15,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		\$8,500
AWARD:		
New Jobs:	61 Jobs X \$8,500 X 100% =	\$ 518,500
Retained Jobs:	252 Jobs X \$8,500 X 100% =	<u>\$2,142,000</u>
	Total:	\$2,660,500
ANNUAL LIMITS:		
Mega Project	\$30,000,000	
TOTAL ANNUAL AWARD		<u>\$2,660,500</u>

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 42,000,000
NEW FULL-TIME JOBS: 61
RETAINED FULL-TIME JOBS: 252

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$138,984,631
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF GROW AWARD & STX AWARD of \$1,420,020): \$110,959,611
TOTAL AMOUNT OF AWARD: \$ 26,605,000
ELIGIBILITY PERIOD: 10 years
MEDIAN WAGES: \$ 108,000
SIZE OF PROJECT LOCATION: 147,077 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: Mahwah
STATEWIDE BASE EMPLOYMENT: 252
PROJECT IS: (X) Expansion () Relocation
CONSTRUCTION: (X) Yes () No

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before January 31, 2017; 2) approve the proposed Grow New Jersey grant to encourage Jaguar Land Rover North America, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: T. Wells

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – SALES & USE TAX EXEMPTION (STX)**

APPLICANT: Jaguar Land Rover North America, LLC P41509

COMPANY ADDRESS: 555 MacArthur Boulevard Mahwah Bergen County

PROJECT LOCATION: 10 Sharp Plaza Mahwah Bergen County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Jaguar Land Rover North America, LLC (“JLRNA”) is a distributor of luxury cars and sport utility vehicles in the U.S. market. JLRNA is a wholly owned subsidiary of Jaguar Land Rover Ltd, a British multinational automotive company headquartered in Whitley, Coventry, United Kingdom. The ultimate parent is Tata Motors Limited, registered and domiciled in India. Jaguar Land Rover Ltd.’s principal activity is the design, development, manufacture and sale of vehicles bearing the Jaguar and Land Rover (including Range Rover) brands. The origins of Jaguar can be traced back to a company that began by making motorcycle sidecars in 1922, and the development of an all-terrain vehicle inspired by the American Jeep. Jaguar and Land Rover first came together in 1968 and later existed independently of each other as subsidiaries of BMW (Land Rover) and Ford Motor Co. (Jaguar). Ford later acquired Land Rover from BMW in 2000. JLRNA has been a subsidiary of Tata Motors since 2008. Jaguar’s presence in New Jersey dates back to 1970 and the company has occupied the current Jaguar Land Rover North America headquarters at 555 MacArthur Boulevard Mahwah, since 1985.

JLRNA closed on a BEIP grant in 2009 when the company moved its corporate headquarters from California to the current location in Mahwah and created 65 jobs. The company currently has 252 employees at the MacArthur Blvd. building. The company will terminate the existing grant upon approval of the Grow NJ grant award.

PROJECT DESCRIPTION:

Jaguar Land Rover North America, LLC is seeking to relocate the North American headquarters to enhance its workspace design and advancements in technology, since the current headquarters dates back to 1985. The company is considering relocating to an approximately 147,000 sq. ft. facility in Mahwah or a 140,000 sq. ft. facility in Pearl River, NY. The renovations in NJ are expected to require a capital investment of approximately \$42 million. The project would result in the retention of 252 full-time employees and creation of 61 new full-time employees. The company is seeking approval of a Grow New Jersey award as an incentive to locate the project in NJ and is also seeking a benefit under the Sales & Use Tax Exemption program that would reduce the renovation costs associated with the project. The company is eligible for the Sales Tax Exemption because the company is a manufacturing business that is relocating its headquarters to a facility with new construction and will retain at least 250 full-time jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Jaguar Land Rover North America, LLC has indicated that the incentives are a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification signed by Joachim Eberhardt, the CEO of Jaguar Land Rover North America, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate.

SCOPE OF STX BENEFITS:

Authority assistance will induce the applicant to maintain its North American headquarters within New Jersey by leasing a 147,077 sq. ft. facility in Mahwah. The business will be exempt from sales and use tax for eligible property located or placed at the eligible business location(s) for the renovation project pursuant to the terms and conditions of a project agreement. The sales tax exemption certificate applies only to property purchased for installation at the approved project site(s) and will allow the business to purchase machinery, equipment, furniture and furnishings, fixtures, and building materials, other than tools and supplies, without the imposition of sales and use tax. The sales tax exemption (STX) is administered pro rata to reflect the eligible scope of the project, based on the number of retained STX eligible full-time jobs, increased no more than 20 percent, relative to the sum of all of jobs/employees located at the approved project site(s) during the commitment duration period, subject to the Act, Regulations, and the terms of the Project Agreement. The recommended benefit is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended benefit amount. If the criteria met by the company differs from that shown herein, the benefit amount will be lowered to reflect the benefit amount that corresponds to the actual criteria that have been met.

APPROVAL REQUEST:

STX COMMITMENT DURATION: 5 years

The Applicant has represented that the availability of this financial assistance will be an important inducement to undertake this project and to relocate full-time jobs within the State. The Authority staff recommends the award of the proposed Sales and Use Tax Exemption benefit.

ESTIMATED ELIGIBLE EXPENSES:	\$	\$21,000,000
ESTIMATED VALUE OF STX:	\$	\$1,420,020
STX ELIGIBLE EMPLOYEES:		252
TOTAL JOBS TO BE LOCATED AT THE PROJECT SITE:		313
MEDIAN WAGES:	\$	108,000
PROJECT LOCATION IN PLANNING AREA 1 OR 2:		PA-1
OPERATED IN NEW JERSEY SINCE:		2009
PROJECT IS: () Expansion		(X) Relocation
CONSTRUCTION/RENOVATION: (X) Yes		() No
DEVELOPMENT OFFICER: M. Abraham		APPROVAL OFFICER: T. Wells

STX benefit calculation formula:

Estimated Eligible Property x Sales Tax Rate = Estimated Gross Sales Tax Liability	$\$21,000,000 \times 0.07 = \$1,470,000$
(Retained Full-Time Jobs (STX Eligible Jobs) / Estimated Total Occupants of the Facility) x Regulatory 20% Automatic Increase for All STX Projects = Proportionate Value (Pro Rata Eligible Scope) with 20% Increase	$252/313 = 0.80 \times 1.2 = 0.966$ (max = 1.00)
Adjusted Proportionate Value x Estimated Gross Sales Tax Liability = Estimated Amount of the Sales and Use Tax Exemption Certificate	$0.966 \times \$1,470,000 = \$1,420,020$



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and Chief Operating Officer

DATE: July 9, 2015

SUBJECT: JP Morgan Chase & Co.

Purpose:

This memorandum addresses the legal matters of JP Morgan Chase & Co. (JP Morgan) related to the company's pending Grow New Jersey application.

Background:

JP Morgan Chase & Co., founded in 1799 and based in New York, employs approximately 241,000 employees and provides various financial services worldwide. The company operates through four segments: Consumer & Community Banking, Corporate & Investment Bank, Commercial Banking, and Asset Management.

Analysis of Litigation as Grounds for Possible Disqualification:

Pursuant to the Authority's regulations, N.J.A.C. 19:30-2-1 et seq., criminal convictions, violations of certain laws and guilty pleas can serve as the basis for disqualification or debarment.

Listed below are the relevant actions relating to the applicant and the fines assessed and paid as reviewed by staff with guidance from the Attorney General's Office:

Plea to One Count Felony Charge Relating to Foreign Exchange Price Fixing:

On May 20, 2015, JP Morgan, along with several other banks, agreed to plead guilty to a one-count felony charge of conspiring to fix prices and rig bids for U.S. dollars and Euros exchanged in the foreign exchange (FX) spot market in the United States and elsewhere. Each bank has agreed to pay a criminal fine proportional to its involvement in the conspiracy with JP Morgan agreeing to a fine of \$550 million.

This settlement is in addition to agreements announced in November 2014 related to this matter. Those were with the U.K. Financial Conduct Authority, the U.S. Commodity Futures Trading Commission and the U.S. Office of the Comptroller of the Currency.

According to plea agreements yet to be filed in the District of Connecticut, between December 2007 and January 2013, euro-dollar traders at JP Morgan (involvement beginning July 2010) and other banks – self-described members of “The Cartel” – used an exclusive electronic chat room and coded language to manipulate benchmark exchange rates. As FX is a 24 hour market, it is difficult to see how much the market is worth on a given day. As such, institutions find it useful to take a “snapshot” of how much is being bought and sold.

Those snapshots are derived from two major daily “fixes,” the 1:15 p.m. European Central Bank fix and the 4:00 p.m. World Markets/Reuters fix. Third parties collect trading data at these times to calculate and publish a daily “fix rate,” which in turn is used to price orders for many large customers. “The Cartel” traders coordinated their trading of U.S. dollars and Euros to manipulate the benchmark rates set at the 1:15 p.m. and 4:00 p.m. fixes in an effort to increase their profits.

As detailed in the plea agreements, these traders also used their exclusive electronic chats to manipulate the euro-dollar exchange rate by agreeing to withhold bids or offers for Euros or dollars to avoid moving the exchange rate in a direction adverse to open positions held by co-conspirators. By agreeing not to buy or sell at certain times, the traders protected each other’s trading positions by withholding supply of or demand for currency and suppressing competition in the FX market.

Each bank agreed to a three-year period of corporate probation, which, if approved by the court, will be overseen by the court and require regular reporting to authorities as well as cessation of all criminal activity. All five banks will continue cooperating with the government’s ongoing criminal investigations

Mitigating Factors:

Several mitigating factors provided by the applicant regarding the conduct described in this memorandum are worthy of consideration. They are as follows:

- The antitrust violation referenced in the plea agreement arises principally from the conduct of one trader between July 2010 and January 2013.
- The Department of Justice (DOJ) has alleged that the JPMorgan trader was already a part of the conspiracy when he joined the firm in 2010. That trader has been dismissed from the firm.
- Senior management was not involved.
- JPMorgan is being held responsible for the conduct of its employee, as are the other financial institutions settling with DOJ. This is consistent with the approach frequently taken by the DOJ’s Antitrust Division, which often resolves criminal matters through a guilty plea lodged at the parent/holding company level.

- The firm has strengthened its controls over the past several years, including improving monitoring and surveillance; increasing training; adding staff; and limiting electronic chatroom participation.

Recommendation:

Staff has performed a review of these actions with guidance from the Attorney General's office and weighed the seriousness of the offenses in conjunction with the mitigating factors. Staff does not believe disqualification is warranted.



Timothy J. Lizura, President and COO

Prepared by: Marcus Saldutti

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: JPMorgan Chase Bank, N.A. P41066

PROJECT LOCATION: 545 Washington Boulevard Jersey City Hudson County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

JPMorgan Chase Bank, N.A., (“JPMorgan” or “Company”) is a wholly owned principal banking subsidiary of JPMorgan Chase & Co., with national and international operations. JPMorgan Chase & Co. is a leading global financial services firm with assets of \$2.5 trillion and operations worldwide. It is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing, asset management and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

JPMorgan Chase Bank, N.A. is the recipient of a BEIP grant which closed in 2000 for the shared services operations located at the Jersey City location and the creation of 1,000 jobs. The BEIP project is currently in its compliance period until 2017 and the 1,000 jobs subject to the existing BEIP are not counted as part of this Grow NJ project. The Company also received a Grow Award in 2014 of approximately \$224 million, based on 1,000 new and 2,612 retained positions.

MATERIAL FACTOR/NET BENEFIT:

JPMorgan Chase Bank, N.A. is considering a further expansion of its Technology & Operations (“T&O”) hub strategy, which it established and has been growing on a regional basis. These hubs serve as centers of excellence for multiple enterprise support activities. JPMC initiated a review of positions that could be relocated out of the region following the termination of its negotiations on the Hudson Yards Project in Oct 2014. The specific positions were identified in Jan/Feb of 2015. Specifically, the Company has identified approximately 2,150 technology related positions currently located in multiple facilities throughout New York City which have been targeted for relocation to one or more of its T&O Hubs. The Company is evaluating two primary relocation scenarios:

New Jersey Relocation: Relocation of the full 2,150 positions to its expanding Jersey City, NJ campus. Under this scenario the Company would further expand its Jersey City campus by leasing 305,069 square feet at 545 Washington Boulevard, the facility immediately adjacent to its owned 575 Washington Boulevard facility. JPMC became aware of the Jersey City opportunity from its real estate broker in December 2014.

Delaware / Ohio Split Relocation: Relocate 1,150 positions to the Wilmington Market where JPMorgan Chase Bank, N.A. would build on one of three development sites, dedicating approximately 150,000 square feet of the new building to the relocation. The remaining 1,000 positions would be relocated to the Columbus, OH market where the Company maintains its largest presence outside of New York with a workforce of over 21,000. Columbus has been an extremely successful and competitively priced location for the Company and would allow the Company to maximize payroll savings. The Company would lease a 164,900 square foot facility in Dublin, OH that would accommodate the remaining 1,000 positions.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of JPMorgan Chase Bank, N.A. has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Marianne Lake, the CEO of JPMorgan Chase Bank, N.A., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$666.5 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120
<i>Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem</i>	

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50
<i>Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem</i>	

As a Non-Industrial/Warehouse/Logistics/R&D–Rehabilitation Project, for an other targeted industry business, in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$12,202,760	\$68,286,579
New Jobs	25	2,150
Retained Jobs	35	0

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Mega Project	Base award of \$5,000 per year for projects designated as a Mega Project	A Qualified Business Facility located in an Urban Transit Hub Municipality; that qualifies as a Mega Project by virtue of being in a Urban Transit HUB housing a business of any kind having a capital investment in excess of \$50,000,000 and having more than 250 employees created or retained
Increase(s) Criteria		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	545 Washington Boulevard is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation light rail station
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$163,915 exceeds the Hudson County median salary by 239.5% resulting in an increase of \$1,500 per year.
Large Number of New/Retained Full-Time Jobs	An increase of \$500 per job for 251-400 new or retained jobs, \$750 per job for 401-600 new or retained jobs, \$1,000 for 601-800 new or retained jobs, \$1,250 for 801-1,000 new or retained jobs and \$1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 2,150 Full-Time Jobs at the project location resulting in an increase of \$1,500.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation,	The applicant is a Finance business.

	Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	
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The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	The Retained Full-Time Jobs will receive the lesser of: <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$10,500 = \\$5,250$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$68,286,579 / 10 / (2,150 + 0) = \\$3,176$) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

Grant Calculation

BASE GRANT PER EMPLOYEE:
 Mega Project \$5,000

INCREASES PER EMPLOYEE:
 Transit Oriented Development: \$2,000
 Jobs with Salary in Excess of County Average: \$1,500
 Large Number of New/Retained F/T Jobs: \$1,500
 Targeted Industry (Finance): \$ 500

INCREASE PER EMPLOYEE: \$5,500

PER EMPLOYEE LIMIT:
 Mega Project \$15,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: \$10,500

AWARD:

	New Jobs: 2,150 Jobs X \$10,500 X 100% =	\$22,575,000
	Retained Jobs: 0 Jobs X \$ 3,176 X 50% =	<u>\$0,000</u>
	Total:	\$22,575,000

ANNUAL LIMITS:
 Mega Project \$30,000,000

TOTAL ANNUAL AWARD (CALCULATED): **\$22,575,000**

MAXIMUM AWARD IN EXCESS OF \$4,000,000 PER YEAR (\$22,575,000)* :

ANNUAL AMOUNT DETERMINED AS NECESSARY TO COMPLETE THE PROJECT = \$18,778,100 (\$8,734 PER NEW JOB / \$0 PER RETAINED JOB)

* Projects seeking an award amount in excess of \$4,000,000 per year receive the lesser of the statutorily calculated award amount or the amount the Authority determines as necessary to complete the project. The annual amount determined as necessary to complete the project was derived via the Board approved policy for projects seeking an award in excess of \$4,000,000 per year and was lower than the statutorily calculated award amount.

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 68,286,579
NEW FULL-TIME JOBS:	2,150
RETAINED FULL-TIME JOBS:	0
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD	\$ 854,322,613
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 666,541,613
TOTAL AMOUNT OF AWARD:	\$ 187,781,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 163,915
SIZE OF PROJECT LOCATION:	305,069 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
STATEWIDE BASE EMPLOYMENT:	5,377
PROJECT IS: (X) Expansion () Relocation	
CONSTRUCTION: (X) Yes () No	

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. The applicant will have 4,612 employees counting as new and retained full-time jobs for the Grow NJ award approved on May 16, 2014 before any employees filling new full-time jobs at the project site will be counted for this Grow NJ award.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage JPMorgan Chase Bank, N.A. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: Mathew Abraham

APPROVAL OFFICER: Mark Chierici

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	(\$/Square Foot of Gross Leasable Area)
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other business in Somerset County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$320,480	\$332,000
New Jobs	35	50
Retained Jobs	50	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of \$3,000 per year for projects located in a designated Priority Area	Bridgewater Township is a designated Priority Area

he Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$3,000 = \\$1,500$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$332,000 / 10 / (50 + 0) = \\664) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

Grant Calculation

BASE GRANT PER EMPLOYEE:

Priority Area \$ 3,000

PER EMPLOYEE LIMIT:

Priority Area \$ 10,500

LESSER OF BASE OR PER EMPLOYEE LIMIT:

\$ 3,000

AWARD:

New Jobs:	50 Jobs X \$3,000 X 100% =	\$150,000
Retained Jobs:	0 Jobs X \$ 664 X 100% =	<u>\$ 0,000</u>

Total: \$150,000

ANNUAL LIMITS:

Priority Area (Est. 90% Withholding Limit) \$ 4,000,000/(\$197,570)

TOTAL ANNUAL AWARD

\$150,000

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 332,000
NEW FULL-TIME JOBS:	50
RETAINED FULL-TIME JOBS:	0

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 16,541,431
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 15,041,431
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	\$ 1,500,000

ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 72,600
SIZE OF PROJECT LOCATION:	8,012 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
STATEWIDE BASE EMPLOYMENT:	0
PROJECT IS: (X) Expansion () Relocation	
CONSTRUCTION: (X) Yes () No	

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Kering Eyewear USA, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: D. Ubinger**APPROVAL OFFICER:** D. Poane

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Nestle HealthCare Nutrition Inc. and Nestle Nutrition R&D Center Inc. P41050

PROJECT LOCATION: 1041 Route 202-206 Bridgewater Township Somerset County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Nestle HealthCare Nutrition Inc., established in Delaware in 1972, is a subsidiary of the Nestle Group, whose ultimate parent is Nestle SA, a Swiss multinational food and beverage company. Nestle’s products include baby food, bottled water, cereals, dairy food, coffee, chocolate and confectionery, pet foods and snacks. Nestle HealthCare Nutrition offers nutritional solutions for people with specific dietary needs related to various illnesses, diseases or special challenges in different life stages. The company has a particular focus on science-based, targeted nutritional solutions to protect health and manage chronic diseases. Nestle HealthCare Nutrition is currently headquartered in Florham Park, NJ with 59 employees. Nestle Nutrition R&D Centers Inc., currently operating in Michigan and Minnesota, is part of the food production process, from research on ingredients, to food sciences and technology, quality and safety and consumer research for this product line of nutritional solutions. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:

Nestle HealthCare Nutrition Inc. and Nestle Nutrition R&D Center Inc. are proposing to create a state-of-the-art research and development and manufacturing facility for the growth of its nutritional healthcare food products. The company is considering leasing approx. 179,000 sq. ft. facility in Bridgewater, New Jersey or 185,000 sq. ft. in Oakdale, Minnesota, where Nestle has a large research and development facility. The project will retain 59 full-time jobs and create an additional 177 full-time jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Nestle HealthCare Nutrition Inc. has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by David Yates the CEO of Nestle Healthcare Nutrition Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$77 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 59 New Jersey jobs listed in the application are at risk of being located outside the State on or before May 1, 2016, which is the expected date of completion of the renovations to the Minnesota facility. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	(\$/Square Foot of Gross Leasable Area)
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As an Industrial/Warehouse/Logistics/R&D - Rehabilitation Project for an other targeted industry business, in Somerset County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$3,585,400	\$60,000,000
New Jobs	10	177
Retained Jobs	25	59

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of \$3,000 per year	Bridgewater Township is a

	for projects located in a designated Priority Area	designated Priority Area
Increase(s) Criteria		
Capital Investment in Excess of Minimum (non-Mega)	An increase of \$1,000 per job for each additional amount of capital investment in an industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$3,000	The proposed capital investment of \$60,000,000 is 1,573% above the minimum capital investment resulting in an increase of \$3,000 per year.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$128,000 exceeds the Somerset County median salary by 98% resulting in an increase of \$500 per year.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	The Retained Full-Time Jobs will receive the lesser of: <ul style="list-style-type: none"> - $\frac{1}{2}$ of the Grant Calculation for New Full-Time Jobs ($\frac{1}{2} * \\$7,000 = \\$3,500$) or - The estimated eligible Capital Investment divided by 10

divided by the total New and Retained Full-Time Jobs
 (\$60,000,000/ 10 / (177 + 59) = \$25,423)

In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:

Priority Area \$3,000

INCREASES PER EMPLOYEE:

Capital Investment in Excess of Minimum (non-Mega): \$3,000
 Jobs with Salary in Excess of County Average: \$ 500
 Targeted Industry (Manufacturing): \$ 500

INCREASE PER EMPLOYEE: \$4,000

PER EMPLOYEE LIMIT:

Priority Area \$10,500

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: \$7,000

AWARD:

New Jobs: 177 Jobs X \$7,000 X 100% = \$1,239,000
 Retained Jobs: 59 Jobs X \$7,000 X 50% = \$ 206,500

Total: \$1,445,500

ANNUAL LIMITS:

Priority Area (Est. 90% Withholding Limit) \$ 4,000,000/(\$1,561,943)

TOTAL ANNUAL AWARD \$1,445,500

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 60,000,000
NEW FULL-TIME JOBS:	177
RETAINED FULL-TIME JOBS:	59

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 91,623,888
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 77,168,888
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	\$ 14,455,000

ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 128,000
SIZE OF PROJECT LOCATION:	179,270 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	Florham Park
STATEWIDE BASE EMPLOYMENT:	59
PROJECT IS: (X) Expansion () Relocation	
CONSTRUCTION: (X) Yes () No	

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before May 1, 2016; 2) approve the proposed Grow New Jersey grant to encourage Nestle Healthcare Nutrition Inc. and Nestle Nutrition R&D Center Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: D. Ubinger

APPROVAL OFFICER: T. Wells

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	(\$/Square Foot of Gross Leasable Area)
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As an Industrial Rehabilitation Project for a manufacturing business in Bergen County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$1,168,000	\$1,407,798
New Jobs	10	110
Retained Jobs	25	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of \$3,000 per year for projects located in a designated Priority Area	Carlstadt is a designated Priority Area
Increase(s) Criteria		
Capital Investment in Excess of Minimum (non-Mega)	An increase of \$1,000 per job for each additional amount of capital investment in an industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$3,000	The proposed capital investment of \$1,407,798 is 20% above the minimum capital investment resulting in an increase of \$1,000 per year.

Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.
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The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$4,500 = \\$2,250$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$1,407,798 / 10 / (110 + 0) = \\$1,279$) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

Grant Calculation

BASE GRANT PER EMPLOYEE:

Priority Area	\$3,000
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INCREASES PER EMPLOYEE:

Targeted Industry (Manufacturing):	\$ 500	
Capital Investment in Excess of Minimum (non-Mega):	\$ 1,000	

INCREASE PER EMPLOYEE:	<u>\$1,500</u>
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PER EMPLOYEE LIMIT:

Priority Area	\$10,500
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$4,500
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AWARD:

New Jobs:	110 Jobs X \$4,500 X 100% =	\$495,000
Retained Jobs:	0 Jobs X \$1,279 X 100% =	<u>\$ 0</u>

Total:	\$495,000
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ANNUAL LIMITS:

Priority Area (Est. 90% Withholding Limit)	\$ 4,000,000/(\$201,218)
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TOTAL ANNUAL AWARD	<u>\$ 495,000</u>
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ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 1,407,798
NEW FULL-TIME JOBS:	110
RETAINED FULL-TIME JOBS:	0
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 37,261,741
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 32,311,741
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	\$ 4,950,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 73,900
SIZE OF PROJECT LOCATION:	58,400 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
STATEWIDE BASE EMPLOYMENT:	0
PROJECT IS: (X) Expansion () Relocation	
CONSTRUCTION: (X) Yes () No	

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Peeq Imaging LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: D. Poane

GROW NEW JERSEY ASSISTANCE PROGRAM - MODIFICATIONS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: July 9, 2015

SUBJECT: Grow New Jersey Extension Request for Subaru of America, Inc.
Application P40170

MODIFICATION REQUEST

The Board approved Subaru of America, Inc. (“Subaru”) for a \$117,832,868 Grow New Jersey Grant Award on December 9, 2014. Due to a number of factors affecting the project schedule, the company is requesting an extension of its deadline to complete its project and the issuance of the accompanying tax credits from December 9, 2017 to December 9, 2018.

BACKGROUND:

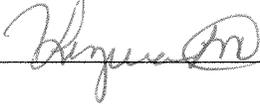
On December 9, 2014, Subaru was approved for a Grow New Jersey Award to relocate its headquarters to Camden from Cherry Hill, NJ. The project is new construction of a 250,000 sq. ft. facility, plus a new 70,755 sq. ft. Service Engineering Center, the retention of 500 full-time employees and the creation of 100 full-time employees.

The Grow New Jersey program calls for projects to be completed and the accompanying tax credits issued within three years of the Authority’s approval of the project. In extenuating circumstances, the Authority may grant two six-month extensions of the deadline, however, in no event shall the tax credit issuance date occur later than four years following the date of approval by the Authority.

The project has fallen behind its original schedule and the project will require additional diligence, including acquiring the parcels for the Service Engineering Center and possible environmental remediation. Due to this additional due diligence and the complexity involved in constructing and equipping the facility, Subaru has requested for the Authority to grant the two six-month extensions. Staff approved the first six-month extension on June 16, 2015 and requests the Members to approve the second extension to December 9, 2018.

RECOMMENDATION:

Based on the above, staff recommends the Modification Request allowing Subaru the additional six month extension to complete the project and submit the certified public accountant certificate for the issuance of the tax certificate.



Prepared by: T. Wells

**BROWNFIELD REDEVELOPMENT INITIATIVE
PROGRAM**



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: July 9, 2015

Subject: **Application for Brownfield Reimbursement Agreement
Pennview Partners, LLC**

Request

The Members are asked to approve the application for a Brownfield Redevelopment Agreement for Pennview Partners LLC (the “Applicant” or “PP”), for reimbursement of clean-up costs for a Pennsauken, Camden County redevelopment project under a Brownfield Reimbursement Agreement with the New Jersey Economic Development Authority (“Authority”) and the State Treasurer, pursuant to the Brownfield and Contaminated Site Remediation Act, P.L. 1997, c. 278 (N.J.S.A. 58:10B-1 et seq.) (the “Act”). The total remediation expenses for the site are estimated to be \$1,281,008. The total qualified costs under the Brownfield and Contaminated Site Remediation Act are \$1,281,008. The recommended reimbursement is **75% of the actual reimbursable remediation costs, not to exceed \$960,756.**

Project Description

The property or “site” is approximately 8 acres located at 1550 Route 73 in Pennsauken and presently the site is vacant land. The property has never been developed. The site had been used for storage of fill materials imported from various offsite locations and staged and / or placed at the site. The Applicant purchased the site at Sherriff sale from Third Federal Bank/Dennis Friedman in 2009 and was previously owned by Pennsauken Township. The owner has indicated that sometime between 1958 and 1962 the property was used as a waste dump from unidentified sources and eventually when Route 73 was widened the site was filled over with some of the road bed that was discharged. The current owner paid \$1,060,000 for the property. Approval of the Brownfield Redevelopment Agreement is necessary as remediation of the premises will enable the property to ultimately be improved by development conducted by third parties. The Applicant will not have any rentals or interest in the cash flow of the businesses that purchase the parcels once remediation has been completed.

The Applicant proposes remediation and development of a 125 room hotel, 145 seat restaurant and 85,000 square foot self-storage facility. The Applicant has a purchase agreement with DC Properties (the operator which presently has 9 existing franchises within the 600 property chain called Value Place Hotel) for \$1.25 million. The Applicant anticipates selling the site in three parcels as each would be dedicated separate uses. The Applicant has received final site plan for the project development as indicated as well as subdivision approval and has secured all necessary permits and approvals. The Project is projected to create approximately 75 new full time jobs from the three segments and 50 new construction jobs. In addition, once the project is fully developed, it will generate new property taxes for the City, as well as new corporate business tax revenue for the State of New Jersey.

Project Ownership

The Applicant is a NJ limited liability company with sole member being Brian Barr. Mr. Barr also formed Crossroads Urban Renewal, LLC in order to enter a financial agreement with the municipality with respect to property taxes. Mr. Barr is providing site work supervision and management which has been his background for the past thirty years. Mr. Barr has built single family homes in Chester County and Delaware and was formerly an advisor to Trinity Capital Advisors which provides commercial real estate services and develops projects in Gloucester and Salem Counties. Mr. Barr has also engaged Eric Dull as a consultant on the Project. Mr. Dull has over forty years of real estate development and construction experience.

Description of Contamination and Remedial Action Work Plan:

Contamination came to exist at the site as fill materials were imported from various offsite locations and staged and / or placed at the site. A Remedial Action Workplan Addendum was submitted to NJDEP on January 23, 2015 by Dennis Libenson, the licensed site remediation professional (“LSRP”) for the site. Contaminants found at the site are historic fill consisting of polychlorinated biphenyls, polynuclear aromatic hydrocarbons and metals. Groundwater contamination includes metals. The LSRP has determined that a remedial action in the form of engineering controls (capping) under a deed notice is required in order to protect human health and environment.

Reimbursement Request:

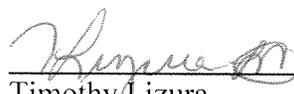
Anticipated Reimbursable Remediation Costs:	\$1,281,008
Recommended Reimbursement:	75% of the actual remediation costs, not to exceed \$960,756

In accordance with the Act, approval of the application by the Authority and the State Treasurer requires finding that the site, the redevelopment project and the clean-up meet statutory economic development and fiscal requirements. Reimbursement under the Redevelopment Agreement is contingent upon the Department of the Treasury (“Treasury”) finding that the Project generates sufficient tax revenue to exceed the reimbursement amount and upon the NJDEP determination that the remediation costs are eligible under the Act and the Agreement. NJ Treasury has found that the project developer and tenants will generate sufficient tax revenues to provide for reimbursement under this program.

Reimbursement starts once the project has been constructed on the remediated site, only after eligible costs have been approved by NJDEP and new tax revenues have been generated. Treasury annually tracks taxes received from job sites and remits reimbursement equal to a percentage of funds collected during the year.

Recommendation:

Authority staff has reviewed the application and finds that it is consistent with eligibility requirements of the Act. Treasury, in reviewing the application, has notified the Authority of the adequacy of the Project's estimated tax revenues and specified the percentage reimbursement of remediation costs. Therefore, it is recommended that the Members approve the application and authorize the CEO of the Authority to execute a Brownfield Reimbursement Agreement with the Applicant and the State Treasurer.



Timothy Lizura
President and Chief Operating Officer

Prepared by: Michael Conte

BOND RESOLUTIONS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

SUBJECT: NJEDA/School Facilities Construction Refunding Obligations; School Facilities Construction Bonds

DATE: July 9, 2015

SUMMARY OF PROPOSED FINANCING

The Authority is currently being asked to approve the issuance of one or more series of the 2015 School Facilities Construction Refunding Bonds (the “2015 Refunding Bonds”), one or more series of the 2015 School Facilities Construction Refunding Notes (the “2015 Refunding Notes”, together with the 2015 Refunding Bonds, the “2015 Refunding Obligations”), one or more series of the 2015 School Facilities Construction Bonds (the “2015 New Money Bonds”) and various related actions described below. The 2015 Refunding Obligations (to be issued in an amount not to exceed \$2.25 billion), will be used to (i) refund or pay the principal of and/or interest on a portion of certain currently outstanding School Facilities Construction Bonds or Notes (“Prior Obligations”)(in particular, the 2015 Refunding Notes will be used to refinance the \$242 million 2011 Series E-1 Notes), (ii) pay the termination payment in connection with the Authority’s since-terminated School Facilities Construction Program interest rate swap agreement with Merrill Lynch Capital Services and (iii) pay the costs of issuance of the 2015 Refunding Obligations. The proceeds of the 2015 Refunding Obligations will be used for refunding purposes within the meaning of the Act (as defined below) and will not count against the statutory debt issuance limitation placed on the School Facilities Construction Program. The 2015 New Money Bonds (to be issued in an amount not to exceed \$700 million), will be used to finance authorized projects and to pay the costs of issuance of the 2015 New Money Bonds.

BACKGROUND

Since April 2001, the Authority has issued prior series of tax-exempt and taxable School Facilities Construction Bonds and Notes in the aggregate principal amount of \$9,608,954,000 for new money projects under the Educational Facilities Construction and Financing Act, L. 2000, c. 72, as amended and supplemented by L. 2007, c. 137 and L. 2008, c. 39 (the “Act”). Additionally, the Authority has issued prior series of refunding bonds in the aggregate principal amount of \$11,182,430,000 that restructured and refunded all or a portion of several Series of tax-exempt and taxable bonds and notes, previously issued under the Act.

In 2003 and 2004, the Authority entered into \$3.9 billion of interest rate swap agreements in connection with the School Facilities Construction Program (“School Program”). Following several modifications and restructurings, in 2008 the School Program had \$3.6 billion of interest rate swap agreements. In 2011, the Authority successfully terminated \$1.27 billion of its School Program interest rate swap agreements. In 2013, the Authority successfully terminated an additional \$1.13 billion of its School Program interest rate swap agreements. On June 30, 2015 the Authority terminated all of the Authority’s remaining \$1.146 billion notional amount of School Program interest rate swap agreements. Termination payments to counterparties in connection with \$967 million notional amount of these School Program interest rate swap agreements were paid on June 30, 2015, as described below. The termination payment on the final \$179 million notional amount of School Program interest rate swap agreement which was terminated on June 30, 2015 will be paid with proceeds of the 2015 Refunding Obligations as described below.

PLAN OF FINANCE

The current request for approval represents the second and final phase of a proposed two-phase comprehensive plan of finance (the “Comprehensive Plan”).

The first phase of the Comprehensive Plan consisted of the issuance of fixed rate federally taxable refunding bonds that were sold to Bank of America, N.A. (“Bank of America”), pursuant to a Taxable Term Loan Agreement, dated as of June 24, 2015 (the “Loan Agreement”), between the Authority and Bank of America to refund or pay all or a portion of the principal and/or interest payments on one or more Series of Prior Obligations and pay the termination payments in connection with the termination of \$967 million notional amount of the Authority’s School Program interest rate swap agreements. Due to time constraints in preparing the State’s public disclosure document, the second phase of the Comprehensive Plan could not be implemented on the same timeline as the first phase.

The second phase of the Comprehensive Plan will consist of the issuance of the 2015 Refunding Obligations and the 2015 New Money Bonds. Proceeds from the 2015 Refunding Obligations will be used to: (i) refund or pay the principal of and/or interest on a portion of certain currently outstanding Prior Obligations; (ii) pay the termination payment in connection with the Authority’s since-terminated School Program interest rate swap agreement with Merrill Lynch Capital Services and (iii) pay the costs of issuance of the 2015 Refunding Obligations. The 2015 New Money Bonds will be used to: (i) finance authorized projects; and (ii) pay the costs of issuance of the 2015 New Money Bonds.

A list of the Prior Obligations can be found in the attached Appendix A. The transaction is expected to close in September 2015. For a more detailed explanation of the currently proposed Comprehensive Plan, please see the attached Appendix B from Bank of America Merrill Lynch.

It is expected that when both phases of the Comprehensive Plan are implemented in full, the transactions in the aggregate will meet the Treasurer’s three-pronged test of: (i) generating net present value savings; (ii) generating cumulative savings; and (iii) having no extension of the final maturity of the bonds being refunded.

APPROVAL REQUEST

The Authority is being requested to approve the adoption of the Thirty-Fifth Supplemental School Facilities Construction Bond Resolution (the “Thirty-Fifth Supplemental Resolution”) authorizing the issuance of one or more series of 2015 Refunding Obligations in an amount not to exceed \$2.25 billion, and the issuance of one or more series of 2015 New Money Bonds in an amount not to exceed \$700 million. The 2015 Refunding Obligations and 2015 New Money Bonds will be issued for the purposes described above. The 2015 Refunding Obligations and 2015 New Money Bonds will be secured by the State Contract with the Treasurer, as amended by Amendment No.1 to the State Contract dated April 22, 2010, to implement the funding provisions of the 2008 Amendment to the Act (the “State Contract”).

The 2015 Refunding Bonds are expected to be issued as fixed rate taxable and fixed rate tax-exempt bonds, and subject to the following parameters, all as determined by an Authorized Officer of the Authority, in consultation with the Treasurer, Office of Public Finance, Attorney General’s Office and Bond Counsel:

1. The final maturity of any 2015 Refunding Bonds issued as tax-exempt Bonds will not exceed the final maturity of the Bonds or Notes to be refunded or paid;
2. The final maturity of any 2015 Refunding Bonds issued as taxable Bonds will not exceed 25 years from the date of issuance;
3. The true interest cost of the 2015 Refunding Bonds issued as tax-exempt Bonds will not exceed 8%;
4. The true interest cost of the 2015 Refunding Bonds issued as taxable Bonds will not exceed 10%;

The 2015 Refunding Notes are expected to be issued as floating rate tax-exempt notes, and subject to the following parameters, all as determined by an Authorized Officer of the Authority, in consultation with the Treasurer, Office of Public Finance, Attorney General’s Office and Bond Counsel:

1. The final maturity of any 2015 Refunding Notes issued as tax-exempt Notes will not exceed 25 years from the date of issuance;
2. The final maturity of any 2015 Refunding Notes issued as taxable Notes will not exceed 25 years from the date of issuance;
3. The maximum rate payable on the 2015 Refunding Notes issued as floating rate notes will not exceed 12%.

The 2015 New Money Bonds are expected to be issued as fixed rate tax-exempt bonds, and subject to the following parameters, all as determined by an Authorized Officer of the Authority, in consultation with the Treasurer, Office of Public Finance, Attorney General’s Office and Bond

Counsel:

1. The final maturity of any 2015 New Money Bonds will not exceed 30 years from the date of issuance;
2. The true interest cost of the 2015 New Money Bonds will not exceed 8%;

The Authority is also being asked to approve certain actions of, and delegation of actions to, an Authorized Officer of the Authority with information provided by the Treasurer, Bond Counsel, and the Attorney General and in consultation with, the Office of Public Finance, Bond Counsel and the Attorney General's Office, as applicable, and as approved by the Treasurer, which actions are more fully set forth in the Thirty-Fifth Supplemental Resolution, which is incorporated herein by reference, and will be memorialized in one or more Series Certificates, and may include, without limitation:

1. To determine the date of issuance, sale and delivery, the maturity dates, the principal amount and the redemption provisions of each series of 2015 Refunding Obligations and 2015 New Money Bonds in accordance with the parameters set forth above;
2. To determine whether each series of the 2015 Refunding Obligations and 2015 New Money Bonds shall be issued as tax-exempt or taxable bonds and/or notes;
3. To select and appoint any additional co-managers and/or underwriters upon recommendation of the State Treasurer, utilizing Treasury's RFQ/RFP process in accordance with Executive Order No. 26 and Executive Order No. 37;
4. To select and appoint a firm to serve as bidding agent, upon recommendation of the Treasurer based on Treasury's competitive RFP/RFQ process, to solicit bids and to enter into or purchase Defeasance Securities (as defined in Sections 101 and 1201(2) of the Resolution) with proceeds of any Series 2015 Refunding Bonds issued to refund the Prior Obligations, in the event that such Authorized Officer of the Authority determines that it is advantageous to the Authority to invest any such proceeds in Defeasance Securities;

In exercising the Authority's discretion to approve specific transactions authorized under the Thirty-Fifth Supplemental Resolution, it is anticipated that the Authorized Officers of the Authority will make decisions on behalf of the Authority in consultation with the Treasurer. The Board will be updated upon completion of the transaction.

Professionals for the Comprehensive Plan were selected in compliance with Executive Order No. 26. Chiesa, Shahinian & Giantomasi P.C. was selected as Bond Counsel through a competitive RFQ/RFP process performed by the Attorney General's Office on behalf of Treasury for State appropriation-backed transactions. Through Treasury's competitive RFP/RFQ process the following professionals were chosen for the Comprehensive Plan: Bank of America Merrill Lynch as senior managing underwriter and U.S. Bank National Association as Trustee, Paying Agent, Registrar, and Escrow Agent. The Thirty-Fifth Supplemental Resolution will also authorize Authority staff to take

all necessary actions incidental to the issuance of the 2015 Refunding Obligations and 2015 New Money Bonds, including without limitation, the selection of additional professionals, if any, pursuant to a competitive process utilizing Treasury's RFP/RFQ process in accordance with Executive Order No. 26 and Executive Order No. 37.

RECOMMENDATION

Based upon the above description, and subject to the criteria set forth above, the Authority is requested to: (i) approve the adoption of the Thirty-Fifth Supplemental Resolution authorizing the issuance of the 2015 Refunding Obligations in the total aggregate principal amount not to exceed \$2.25 billion, the issuance of the 2015 New Money Bonds in the total aggregate principal amount not to exceed \$700 million as well as other matters in connection with the issuance and sale thereof and otherwise described above; (ii) approve the several actions and delegation of actions to an Authorized Officer of the Authority as may be necessary or advisable in order to issue the 2015 Refunding Obligations and 2015 New Money Bonds and to undertake the other transactions described in (i) above on terms which are in the best interest of the State; (ii) authorize the use of the aforementioned professionals; and (iii) authorize Authority staff to take all necessary actions incidental to the issuance of the 2015 Refunding Obligations and 2015 New Money Bonds; subject to final review and approval of all terms and documentation by Bond Counsel and the Attorney General's Office.



Prepared by: Teresa Wells

Appendix A – List of Prior Obligations*

School Facilities	Original Par	Dated Date
Construction Bonds & Notes	Amount	Dated Date
2004 Series I	250,000,000	8/31/2004
2004 Series J4	116,750,000	8/31/2004
2005 Series K	700,000,000	1/27/2005
2005 Series N	677,465,000	5/23/2005
2006 Series S	100,000,000	11/2/2006
2007 Series U	300,000,000	10/4/2007
2008 Series W	455,940,000	4/30/2008
2008 Series Y	200,000,000	6/3/2008
2009 Series Z	175,000,000	1/29/2009
2009 Series AA	183,670,000	6/4/2009
2009 Series BB	200,000,000	8/20/2009
2010 Series CC-1	104,115,000	5/17/2010
2010 Series CC-2	48,910,000	5/17/2010
2010 Series DD-1	667,420,000	5/17/2010
2010 Series DD-2	35,740,000	5/17/2010
2011 Series C- SIFMA Notes	65,620,000	1/20/2011
2011 Series D- LIBOR Notes	150,000,000	1/20/2011
2011 Series EE	777,260,000	1/20/2011
2011 Series FF	123,220,000	1/20/2011
2011 Series E- SIFMA Notes	267,495,000	2/22/2011
2011 Series F- LIBOR Notes	45,000,000	2/22/2011
2011 Series GG	498,035,000	2/22/2011
2012 Series II	407,135,000	5/2/2012
2012 Series H- SIFMA Notes	119,060,000	10/3/2012
2012 Series KK	136,880,000	10/3/2012
2012 Series MM	24,365,000	10/3/2012
2013 Series I-SIFMA Notes	380,515,000	1/31/2013
2013 Series NN	1,629,710,000	1/31/2013
2013 Series OO	243,270,000	1/31/2013
2014 Series PP	553,845,000	5/6/2014
2014 Series QQ (Taxable)	615,465,000	5/6/2014
2014 Series RR	60,000,000	5/6/2014
2014 Series SS	197,140,000	5/6/2014
2014 Series TT	52,860,000	5/6/2014
2014 Series K - SIFMA Notes	119,060,000	10/17/2014
2014 Series UU	525,000,000	10/17/2014

**This list of Prior Obligations does not include the Authority's \$597,455,000 School Facilities Construction Refunding Bonds, 2015 Series VV, which is not a candidate for refunding by the 2015 Refunding Obligations.*

Appendix B – Summary of Comprehensive Plan

New Jersey Economic Development Authority School Facilities Construction Program 2015 Comprehensive Plan of Finance

Background

The New Jersey Economic Development Authority (the “Authority”) in connection with the School Facilities Construction Program (the “School Program”) entered into \$3.9 billion of forward-starting interest rate swap agreements with 9 different counterparties between 2003 and 2004 to protect its future new money bonding needs against projected interest rate increases. Reflecting all modifications and restructurings of debt and interest rate swap agreement portfolios through 2008, the School Program had \$3.6 billion of interest rate swap agreements and \$1.8 billion of variable rate demand bonds (“VRDBs”) backed by bank letters of credit.

In 2011, the Authority took advantage of market dynamics and successfully terminated \$1.27 billion of its School Program interest rate swap agreement portfolio and refinanced all \$1.8 billion of its VRDB program into fixed rate bonds or floating rate notes (“FRNs”) that did not require associated bank letters of credit. The 2011 transaction was accomplished while meeting the Treasurer’s three-pronged test of: (i) generating net present value savings; (ii) generating cumulative savings; and (iii) no extension of the final maturity of the bonds being refunded.

In 2013, the Authority again took advantage of market dynamics and successfully terminated another \$1.13 billion of its School Program’s interest rate swap agreement portfolio and reduced the roll-over requirements of its variable rate portfolio through the use of longer term FRNs. The 2013 transaction also met the Treasurer’s three-pronged test.

As of June 29, 2015, the Authority remained a party to approximately \$1.15 billion of notional amount of interest rate swap agreements relating to the School Program among eight different counterparties. To compliment this interest rate swap agreement portfolio, the School Program has a matched \$1.15 billion of FRNs outstanding. During Fiscal Year 2016, \$242 million of these FRNs (Series 2011E-1) are scheduled to mature (“roll over”) on February 1, 2016 and are callable at par on or after August 1, 2015. Currently, the Authority’s School Program has approximately \$9.0 billion of debt outstanding.

2015 Comprehensive Plan of Finance

As designed, the comprehensive plan of finance uses savings from refunding School Program debt to i) terminate all of the School Program’s \$1.15 billion interest rate swap agreements portfolio; and ii) to generate a more level debt service structure from FY17 through FY25. In addition, under the proposed comprehensive plan of finance, debt service of all refunding debt will be structured with principal payment dates of June 15th, thereby generating significant intra-fiscal year cash flow relief by better aligning the timing of debt repayments with the State’s General Fund and Property Tax Relief Fund receipts.

Phase I. The first phase of the comprehensive plan of finance was completed on June 30, 2015 with the closing of the 2015 Series VV Bonds. The 2015 Series VV Bonds were issued as fixed rate federally taxable refunding bonds direct purchase bonds that were sold to Bank of America, N.A. (“Bank of America”), pursuant to a bank Taxable Term Loan Agreement, dated as of June 24, 2015 (the “Loan Agreement”), between the Authority and Bank of America, to refund \$263.055 million of outstanding School Program debt and pay the termination payments in connection with the termination of \$967 million of notional amount of the Authority’s School Program interest rate swap agreements. In addition, as part of the first phase, the Authority

executed a termination confirmation, effective June 30, 2015, for the remaining \$179 million of notional amount of the Authority's School Program interest rate swap agreements to be funded as part of the second phase as described below.

Phase II. The second phase of the comprehensive plan of finance is comprised of three primary components: i) the issuance of tax-exempt and taxable fixed rate publicly offered bonds to accomplish the refunding of outstanding bonds for debt service and budgetary savings and to fund the termination of the remaining \$179 million of notional amount of the School Program's derivatives portfolio; ii) the issuance of approximately \$500 million in par amount of tax-exempt fixed rate bonds to fund new money projects; and iii) the issuance of approximately \$242 million of tax-exempt FRNs to refinance the maturing 2011E-1 FRNs. Due to time constraints in preparing the State's public disclosure document, the second phase of the comprehensive plan of finance could not be implemented on the same timeline as the first phase.

Under current market conditions, the second phase of the proposed comprehensive plan of finance would be structured as follows*:

- \$497 million tax-exempt, fixed rate, publicly offered refunding bonds amortizing from 2025-2027;
- \$689 million taxable, fixed rate, publicly offered refunding bonds amortizing from 2017 – 2022
- \$500 million tax-exempt, fixed rate, publicly offered new money bonds amortizing from 2029 – 2040; and
- \$242 million tax-exempt, floating rate, publicly offered notes amortizing in 2020.

Should market conditions shift, the composition of the transaction may change. Under current market conditions, both phases of the comprehensive plan of finance are structured in aggregate to meet the following financing objectives:

- Meet the Treasurer's three-pronged test related to refundings:
 - Generate net present value savings;
 - Generate gross savings; and
 - No extension of final maturity of the bonds being refunded.
- Eliminate all of the School Program's interest rate swap agreements without using statutory bonding authority
- Generate a more level debt service structure from FY17 – FY25 Achieve intra-fiscal year cashflow savings from FY16-FY18
- Fund \$500 million in new money
- Roll \$242 million 2011E-1 FRNs

** All amounts and amortization dates are subject to change.*

AMENDED BOND RESOLUTIONS

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM**

APPLICANT: The Peddie School

P41168

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 201 South Main Street Hightstown Borough (N) Mercer

GOVERNOR'S INITIATIVES: () Urban () Edison (X) Core () Clean Energy

APPLICANT BACKGROUND:

The Peddie School founded in 1864, is a not-for-profit independent college preparatory high school with 550 students enrolled in grades 9-12, including 16 postgraduate students. The student body represents 23 states and the District of Columbia, as well as 23 foreign countries. Average class size is 12 students, with a 6:1 student-to-faculty ratio. The campus includes 55 buildings that overlook approximately 230 acres. The applicant is accredited by the Commission on Secondary Schools. Peter Quinn is the Headmaster and Christopher Acito is the Chair of the Board of Trustees.

In 2008, the Authority closed on a \$25,145,000 tax-exempt bond (Appl. P22637 & P22801), the proceeds of which were used to renovate its existing 80,000 sq. ft. athletic complex and add a new 29,500 sq. ft. pool, turf playing surface and a parking lot together with the refunding of several of its prior tax-exempt bond issues from 1996, 1999 and 2004. The 2008 Bonds were underwritten by Morgan Stanley & Co. for 30 years as serial and term bonds with fixed rates ranging from 3% to 5.75%.

The applicant is a not-for-profit 501(c)(3) entity for which the Authority may issue tax-exempt bonds as permitted under Section 103 and Section 145 of the 1986 Internal Revenue as amended, and is not subject to the State Volume Cap limitation, pursuant to Section 146(g) of the Code.

REFUNDING REQUEST:

Authority assistance will enable the Applicant to advance refund the \$9,700,000 outstanding principal of the term bonds maturing in 2023 and 2028, plus pay for costs of issuance. The savings relating to the refunding of the callable portion of the 2008 Bonds are currently estimated at over \$980,000. After the refunding, \$6,890,000 of the 2008 Bonds will remain outstanding.

FINANCING SUMMARY:

BOND PURCHASER: TD Bank, N.A. (Direct Purchase)

AMOUNT OF BOND: \$11,475,000 Tax-exempt bond

TERMS OF BOND: Fixed interest rate for 13 years; indicative rate as of 6/17/15 is 2.11%

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	\$9,700,000
Escrow	\$1,636,500
Finance fees	\$71,000
Legal fees	\$67,500
TOTAL COSTS	\$11,475,000

PUBLIC HEARING: 07/09/15 (Published 06/25/15) **BOND COUNSEL:** McManimon, Scotland & Baumar
DEVELOPMENT OFFICER: D. Bennis **APPROVAL OFFICER:** T. Wells

PUBLIC HEARING ONLY

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM**

APPLICANT: NJEDA/Liberty State Park Refunding Bonds

P41239

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: Liberty State Park

Jersey City (T/UA)

Hudson

GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

The Liberty Science Center (the "Center"), is a 300,000 sq. ft. science and technology center used to educate the general public and students, in particular, located on Liberty State Park (the "Park") in Jersey City, New Jersey. The Center is owned and operated by Liberty Science Center, Inc. ("LSC"), a New Jersey 501(c)(3) non-profit corporation. The Center houses twelve (12) museum exhibition halls, a live animal collection, giant aquariums, a 3D theater, IMAX Dome Theater, simulators, classrooms and labs and teacher development programs.

The Authority has been involved in this project since 1992, issuing tax-exempt bonds for the benefit of LSC and the Park and also the Authority's Real Estate Division managed the construction and renovation of the improvements to the Center and the Park. The first series of tax-exempt bonds were issued in 1992 in the amount of \$13,683,767.50 (the "1992 Bonds") for the construction of two parking lots, installation of a shuttle system and general landscaping and improvements to the Park (the "1992 Project"). In 1996, the 1992 Bonds were refunded with the proceeds of a \$13,545,000 tax-exempt bond financing (the "1996 Bonds"). The 1996 Bonds were underwritten by Paine Webber Inc. and currently several term bonds remain outstanding with interest rates of 5.7% and 5.75% that mature in March of 2016, 2020 and 2022.

In 2003, the Authority issued \$14,200,000 of its tax-exempt State Lease Revenue Bonds (Liberty State Park Project), Series A (the "2003 Series A Bonds") on behalf of the Center. Later, in 2005, it issued \$43,825,000 of its tax-exempt State Lease Revenue Bonds (Liberty State Park Project), Series B (the "2005 Series B Bonds"). The proceeds from the 2003 Series A Bonds and the 2005 Series B Bonds were used to finance (i) the design and the renovation of the existing facility of 194,000 sq. ft. building, (ii) the construction of a 100,000 sq. ft. addition to the existing facility, (iii) improvements and expansion of the exhibits for the Center, (iv) the renovation and improvement of a 1,000 surface parking lot adjacent to the Center (the "Parking Lot Project") and (v) the improvement of the Central Railroad of New Jersey Terminal at Liberty State Park (the "Terminal Project") located in another area of the Park (collectively the "Center Project"). The 2003 A Bonds proceeds were used primarily for initial planning and design costs. The 2005 Series B Bonds proceeds were also used to pay capitalized interest and costs of issuance of the 2005 Series B Bonds.

The 2003 Series A Bonds were underwritten by Goldman Sachs & Co. and NW Capital as serial and term bonds with interest rates ranging from 2.5% to 5% and final maturity in 2024. The 2005 Series B Bonds were underwritten by Goldman, Sachs & Co. also as serial and term bonds with interest rates between 4% and 5% and final maturity in 2027.

Further, in 2005, the Authority issued its tax-exempt \$39,425,000 State Lease Revenue Bonds (Liberty State Park Project), Series C (the "2005 Series C Bonds") to complete the Center Project described above, as well as pay capitalized interest and costs of issuance of the 2005 Series C Bonds. The 2005 Series C Bonds were underwritten by Goldman, Sachs & Co. and NW Capital as serial and a term bond with interest rates ranging from 3% to 5% and final maturity in 2027.

The 1,777 acres of land of the Park (the "LSC Land") is owned by the New Jersey Department of Environmental Protection (the "DEP") and leased to the Authority, along with certain adjacent ground, pursuant to a certain Ground Lease dated as of December 17, 2003 (the "Ground Lease"). The Authority in

turn subleased the LSC Land plus such adjacent ground (the "Leased Premises") back to the DEP pursuant to a certain Agreement and Sublease dated as of December 17, 2003 (the "Sublease"). Both the Ground Lease and Sublease are subject to an existing lease between DEP and LSC dated November 6, 1989, as amended by an Assignment and Assumption Agreement dated as of May 15, 2003 (collectively the "LSC Lease"), pursuant to which LSC has a leasehold interest in the LSC Land on which the Center is located.

The Sublease provides for lease rental payments from the DEP at least equal to the amount necessary to pay debt service on the 2003 Series A Bonds, 2005 Series B Bonds and the 2005 Series C Bonds and any Refunding Bonds or Additional Bonds.

REFUNDING REQUEST:

Authority assistance will enable the applicant to refund in whole or in part the \$81,640,000 outstanding balance of the 1996 Bonds, 2003 Series A Bonds, 2003 Series B Bonds and 2005 Series C Bonds, plus pay costs of issuance for a total bond amount not to exceed \$86 million. The refunding of outstanding bonds for the prior bonds is part of the State's ongoing financial management of its overall portfolio of State appropriation-backed bonds.

This project is being presented at the July 9, 2015 Board meeting for a PUBLIC HEARING ONLY.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	\$81,640,000
Cost of Issuance	\$4,360,000
TOTAL COSTS	\$86,000,000

PUBLIC HEARING: 07/09/15 (Published 06/22/15) **BOND COUNSEL:** McManimon,Scotland & Baumar

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: T. Wells

BOND RESOLUTIONS WITH AUTHORITY EXPOSURE

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM**

APPLICANT: East Park Street Hospitality Urban Renewal Inc.

P39805

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 24 East Park Street

Newark City (T/UA)

Essex

GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

In November 1998, The City of Newark approved a redevelopment plan and a redevelopment area pursuant to the Local Redevelopment and Housing Law (NJSA 40:12A-1) as amended and supplemented. Included in this area is the project site at 22-34 East Park Street in Newark that will be developed by Berger Organization.

East Park Street Hospitality Urban Renewal Inc. (the "Applicant") was formed in 1981 as a real estate holding company to purchase the residential and transient hotel known as the Carlton Hotel. The CEO of East Park Street Hospitality Urban Renewal is Miles Berger of the Berger Organization. The Berger Organization is a privately owned diversified real estate company involved in the development and management of residential, commercial and hospitality properties throughout Northern New Jersey and New York City.

The project is the proposed redevelopment of the existing and vacant Carlton Hotel in Newark. The existing 150 room hotel initially commenced in 1920 and was acquired by Miles Berger in 1981. The hotel is a seven-story building with a basement that was most recently operated as an emergency housing shelter until April 30, 2013. The current structure will be transformed into a 100 guest room TRYP hotel by Wyndham Hotel Group. TRYP Hotel Brand is one of Wyndham Hotel Group's many hotel brands, which also includes the Wyndham, Wyndham Garden, Wingate, Ramanda Inn, Super 8 and Howard Johnson Brands, among others. TRYP by Wyndham is a select-service urban hotel brand that encourages guests to visit and enjoy the city during their stay.

The applicant is also seeking Authority approval for LDFF and Direct loans at July 9, 2015 Board meeting.

APPROVAL REQUEST:

At the request of the City of Newark, Authority assistance will enable the applicant to finance a portion of the development of the TRYP Hotel Project through Redevelopment Area Bonds ("RAB"). The bonds will be repaid from Payments-In-Lieu-Of-Taxes ("PILOT" payments) to be made by the developer under a finance agreement with the City of Newark, pursuant to the Redevelopment Area Bond Financing Law. The Applicant's RAB application was approved by the Local Finance Board on June 10, 2015.

Other sources of funds include conventional debt, the Applicant's equity and Authority's LDFF and Direct Loans.

FINANCING SUMMARY:

BOND PURCHASER: Prudential Insurance Company of America (Direct Purchase)
AMOUNT OF BOND: \$420,000 (Taxable)
TERMS OF BOND: 30 years (max.) Fixed interest rate of 5%.
ENHANCEMENT: N/A

PROJECT COSTS:

Renovation of existing building	\$10,363,926
Acquisition of existing building	\$9,500,000
Purchase of equipment & machinery	\$2,594,068
Finance fees	\$1,866,757
Renovation of existing equipment & machi	\$1,390,985
Interest during construction	\$1,156,125
TOTAL COSTS	\$26,871,861 *

JOBS: At Application	<u>0</u>	Within 2 years	Maintained	<u>0</u>	Construction	<u>0</u>
Jobs on Related P038704	<u>0</u>		<u>48</u>	<u>0</u>		<u>87</u>

PUBLIC HEARING: N/A

BOND COUNSEL: Pearlman and Miranda, LLC.

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: T. Wells

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - DIRECT LOAN PROGRAM**

APPLICANT: East Park Street Hospitality Urban Renewal Inc. P38705

PROJECT USER(S): Same as applicant * - indicates relation to applicant

PROJECT LOCATION: 24 East Park Street Newark City (T/UA) Essex

GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

East Park Street Hospitality Urban Renewal Inc. ("East Park" or the "Applicant") is a company initially formed in 1981 however in 2013 the name of the entity changed for the purpose of renovating a vacant hotel into a proposed 102- room boutique hotel designated as part of the Redevelopment Plan in the City of Newark.

East Park is a family owned business, with two of the primary members each having an 18% vested interest in the business and the remaining 64% is owned by 16 other family member's each having less than 5% ownership interest that is listed in the name of a trust. The hotel operated from 1982-2003 as an independently operated franchise Carlton Hotel (no relation to The Carlton Hotel Brand). The hotel was also utilized as an emergency housing shelter for homeless individuals from 2003-2013, however, the excess rooms that were vacant were still being booked on a daily and weekly basis. The property has been vacant for approximately two years.

This project is related to P38704 which is concurrently seeking approval for a \$2.0 million LDFF Loan, in addition to P#39805 seeking approval for a Redevelopment Area Bond "RAB" in the amount of \$420,000.

APPROVAL REQUEST:

A \$1,250,000 loan under the Direct Loan Program is requested.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: 1,250,000

TERMS OF LOAN: Fixed at closing at the 5 year US treasury or 2%, whichever is greater plus 200 basis points. Rate reset at end of year 5 at the same index and spread for an additional five years. 10 year term, 20 year amortization.

PROJECT COSTS:

TOTAL COSTS

\$0 *

* - Indicates that there are project costs reported on a related application.

JOBS: At Application 0 Within 2 years 48 Maintained 0 Construction 0

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: J. Johnson

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - LOCAL DEVELOPMENT FINANCING FUND PROGRAM**

APPLICANT: East Park Street Hospitality Urban Renewal Inc.

P38704

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 24 East Park Street

Newark City (T/UA)

Essex

GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

East Park Street Hospitality Urban Renewal Inc. ("East Park" or the "Applicant") is a company initially formed in 1981 however in 2013 the name of the entity changed for the purpose of renovating a vacant hotel into a proposed 102- room boutique hotel designated as part of the Redevelopment Plan in the City of Newark.

East Park is a family owned business, with two of the primary members each having an 18% vested interest in the business and the remaining 64% is owned by 16 other family member's each having less than 5% ownership interest that is listed in the name of a trust. The hotel operated from 1982-2003 as an independently operated franchise Carlton Hotel (no relation to The Carlton Hotel Brand). The hotel was also utilized as an emergency housing shelter for homeless individuals from 2003-2013, however, the excess rooms that were vacant were still being booked on a daily and weekly basis. The property has been vacant for approximately two years.

This project is related to P38705 which is concurrently seeking approval for a \$1.25 million Direct Loan, in addition to P#39805 seeking approval for a Redevelopment Area Bond "RAB" in the amount of \$420,000.

APPROVAL REQUEST:

A \$2,000,000 LDFF Loan is requested.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$2,000,000

TERMS OF LOAN: Fixed at closing at the 5 year US Treasury or 2% whichever is greater, plus 200 basis points. Rate reset at end of year 5 at the same index and spread for an additional 5 years. 10 year term, 20 year amortization.

PROJECT COSTS:

Renovation of existing building	\$10,363,926
Acquisition of existing building	\$9,500,000
Purchase of equipment & machinery	\$2,594,068
Finance fees	\$1,866,757
Renovation of existing equipment & machi	\$1,390,985
Interest during construction	\$1,156,125
TOTAL COSTS	<u><u>\$26,871,861</u></u>

JOBS: At Application 0 Within 2 years 48 Maintained 0 Construction 87

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: J. Johnson

LOANS/GRANTS/GUARANTEES

**PETROLEUM UNDERGROUND STORAGE
TANK PROGRAM**



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President/Chief Operating Officer
DATE: July 9, 2015
SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

The following residential and commercial grant projects have been approved by the Department of Environmental Protection to perform upgrade, closure and site remediation activities. The scope of work is described on the attached project summaries:

UST Commercial Grant:

Bildee Corporation \$ 97,308

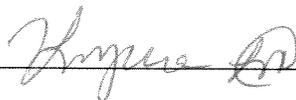
UST Residential Grants:

Estate of Thomas McAllister \$ 232,516

Veronica R. Mastroiacovo \$ 105,196

\$ 337,712

Total UST Funding – July 2015 \$ 435,020



Prepared by: Kathy Junghans

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT**

APPLICANT: Bildee Corporation

P40633

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 65 Leonardville Rd.

Middletown Township (N) Monmouth

GOVERNOR'S INITIATIVES: () Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

Between June 2008 and October 2011, Bildee Corporation, a/k/a Dressler's Citgo, a service station owned by Dolores Dressler, received an initial grant in the amount of \$98,724 under P20032 and supplemental grants in an aggregate amount of \$312,341 under P35765 and \$33,846 under P38129 to perform additional soil and groundwater remediation. The tanks were decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

Financial statements provided by the applicant demonstrate that the applicant's financial condition conforms to the financial hardship test for a conditional hardship grant.

APPROVAL REQUEST:

The applicant is requesting an additional supplemental grant in the amount of \$97,308 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is \$409,649, it exceeds the maximum staff delegation approval of \$100,000, and therefore requires EDA's board approval. Aggregate funding including this approval is \$508,373. The project is located in Metropolitan Planning Area 1 and therefore eligible for grant funding up to \$1,000,000.

The NJDEP oversight fee of \$9,731 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: \$97,308

TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act.

PROJECT COSTS:

Remediation	\$97,308
NJDEP oversight cost	\$9,731
EDA administrative cost	\$500
TOTAL COSTS	<hr/> \$107,539 <hr/>

APPROVAL OFFICER: K. Junghans

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT**

APPLICANT: Estate of Thomas McAllister

P40117

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 39 Aggington Lane

Washington Township (N) Gloucester

GOVERNOR'S INITIATIVES: () Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

In July 2013, the Estate of Thomas McAllister, received an initial grant in the amount of \$30,577 under P38211 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) which was located at the single family dwelling of the decedent at the time of his passing. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform remediation and site restoration.

Financial statements provided by the applicant demonstrate that the applicant's financial condition conforms to the financial hardship test for a conditional hardship grant.

APPROVAL REQUEST:

The applicant is requesting a supplemental grant in the amount of \$232,516 to perform the approved scope of work at the project site. Because the supplemental funding request exceeds the maximum staff delegation approval of \$100,000, it requires EDA's board approval. Total grant funding including this approval is \$263,093.

The NJDEP oversight fee of \$23,252 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: \$232,516

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation	\$232,516
NJDEP oversight cost	\$23,252
EDA administrative cost	\$250
TOTAL COSTS	<hr/> \$256,018 <hr/>

APPROVAL OFFICER: K. Junghans

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT**

APPLICANT: Veronica R. Mastroiacovo

P40051

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 8 Heather Dr.

East Hanover Township (N) Morris

GOVERNOR'S INITIATIVES: () Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

Veronica R. Mastroiacovo is a homeowner seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible to perform extensive soil remediation and site restoration.

Financial statements provided by the applicant demonstrate that the applicant's financial condition conforms to the financial hardship test for a conditional hardship grant.

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of \$105,196 to perform the approved scope of work at the project site. The amount of this request exceeds the \$100,000 maximum staff delegation approval and therefore requires board approval.

The NJDEP oversight fee of \$10,520 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: \$105,196

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation	\$105,196
NJDEP oversight cost	\$10,520
EDA administrative cost	\$250
TOTAL COSTS	<hr/> \$115,966 <hr/>

APPROVAL OFFICER: K. Junghans

**HAZARDOUS DISCHARGE SITE REMEDIATION
FUND PROGRAM**

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: July 9, 2015

SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

The following municipal grant and private loan have been approved by the Department of Environmental Protection to perform Remedial Action and Remedial Investigation activities. The scope of work is described on the attached project summaries.

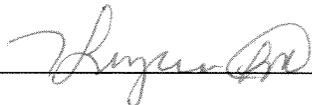
HDSRF Municipal Grant:

Borough of High Bridge (Lake Solitude Dam) \$ 440,188

HDSRF Loan

Edward R. Freed \$ 62,327

Total HDSRF Funding – July 2015 \$ 502,515



Prepared by: Kathy Junghans

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT**

APPLICANT: Borough of High Bridge (Lake Solitude Dam)

P39887

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 7-9 River Road

High Bridge Borough (N)

Hunterdon

GOVERNOR'S INITIATIVES: () Urban () Edison (X) Core () Clean Energy

APPLICANT BACKGROUND:

In March 2008, the Borough of High Bridge received an initial grant in the amount of \$92,460 under P20992, to conduct Preliminary Assessment and Site Investigation at the project site. The site, identified as Block 4.07, Lot 1 is a dam which has potential environmental areas of concern (AOCs). The Borough currently owns the project site and has satisfied proof of site control. It is the Borough's intent, upon completion of the environmental investigation activities to redevelop the project site for recreation/conservation.

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of Remedial Action (RA) for projects involving the redevelopment of contaminated property for recreation and conservation purposes, provided that the use of the property for recreation and conservation purposes is included in the redevelopment plan and is conveyed by a development easement, deed restriction for development or conservation easement for recreation and conservation purposes. The grant is awarded based on a calculation equal to 75% of the RA costs (\$440,188). The applicant will use funds from a Green Acres/Dam Restoration Loan from DEP for the balance of the costs (\$146,729).

NJDEP has approved this request for RA grant funding on the above-referenced project site and finds the project technically eligible under the HDSRF program, Category 2, Series A.

APPROVAL REQUEST:

The Borough of High Bridge is requesting supplemental grant funding to perform RA in the amount of \$440,188 at the Lake Solitude Dam project site. Total grant funding to date for this project including this approval is \$532,648.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$440,188 (75% Matching Grant)

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Action	\$586,917
EDA administrative cost	\$500
TOTAL COSTS	\$587,417

APPROVAL OFFICER: K. Junghans

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS DISCHARGE SITE REMEDIAT'N PROG PROGRAM**

APPLICANT: Edward R. Freed

P39497

PROJECT USER(S): Lexington Service Garage

* - indicates relation to applicant

PROJECT LOCATION: 384-388 Lexington Ave

Clifton City (T/UA)

Passaic

GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

Edward Freed ("Owner" or "Applicant") owns a commercial property located at 388 Lexington Avenue, Clifton, NJ that is independently leased to Lexington Service Garage ("Lexington"), an automotive repair business. The Owner along with his partner, William Imperato, purchased the property on May 1, 1985 and operated an air conditioning repair and installation business under the name Action Air Inc. ("Action Air") until 1999 when Action Air ceased operation. The Owners over the ensuing years have leased the property to a number of automotive repair businesses with Lexington being the latest. Lexington's primary place of business is located across the street from the project site which is currently being used to park cars for Lexington's business. The property is currently in the process of being remediated.

APPROVAL REQUEST:

Approval of a \$62,327 HDSRF term loan is recommended.

FINANCING SUMMARY:

LENDER:

Hazardous Discharge Site Remediation Fund

AMOUNT OF LOAN:

\$62,327

TERMS OF LOAN:

Monthly principal and interest payments based on 5 year term and 5 year amortization.

Federal Discount Rate set at time of approval or closing, whichever is lower, with a floor of 5%.

PROJECT COSTS:

Remedial investigation	\$62,327
EDA administrative cost	\$6,233
Finance fees	\$1,575

TOTAL COSTS

\$70,135

APPROVAL OFFICER: T. Bossert

OFFICE OF RECOVERY

ENERGY RESILIENCE BANK



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: July 9, 2015

RE: Energy Resilience Bank Program Documents

Request:

The Members are requested to approve changes to the Energy Resilience Bank (“ERB”) Financing Program Guide; the ERB Funding Round 1: Water and Wastewater Treatment Facilities Program Guide; and the Challenge/Appeals Process, which are attached in substantially final form.

Background:

In July, 2014, the Members approved the creation of the Energy Resilience Bank, initially capitalized with \$200 million of Community Development Block Grant Disaster Recovery (“CDBG-DR”) funds, to address statewide energy resilience needs.

In August, 2014, EDA executed a Subrecipient Agreement (“SRA”) with the New Jersey Board of Public Utilities (“BPU”) which established the roles and responsibilities for the administration of ERB.

In October, 2014, both the Members and the BPU board approved the ERB Financing Program Guide, the ERB Funding Round 1: Water and Wastewater Treatment Facilities (“W/WWTF”) Program Guide, and a Challenge Process.

Both the Members and the BPU Board approved amending the SRA at their respective June, 2015 meetings to modify the ERB governance structure to increase operational efficiency and clarify BPU’s role in solely providing technical and regulatory consulting support to the ERB.

Over the past several months, the ERB has conducted additional significant research and market analysis to identify the need for resilient energy assets and financing incentives at critical facilities in the State. With the revised governance structure approved in June

2015 and based on increased understanding of programmatic requirements and market analysis, staff are now proposing changes to the ERB documents as noted below.

The ERB Financing Program Guide and the Round 1W/WWTF Guide contain several general changes and clarifications including: (1) references to clarify BPU role in accordance with the amended SRA; (2) addressing a HUD concern to clarify that ERB program funding is for distributed energy resource (DER) systems and fixtures which are permanently installed and not for equipment; (3) technical language changes relating to battery storage; (4) reference changes to clarify that projects should be consistent with the general state program performance requirements and policy priorities as administered by BPU of 15% energy efficiency or energy savings and not necessarily be connected with specific BPU programs. Additionally, in the ERB Financing Program Guide, clarifying language regarding procurement requirements and project construction start have been inserted.

After further review and analysis among EDA staff and program partners such as the Governor's Office of Recovery and DCA, and discussions with stakeholders, EDA staff proposes keeping the seven scoring categories outlined within the Round 1 W/WWTF Guide the same but significantly revising the points per and within categories as noted below. Additionally, the minimum total point score has been decreased from 55 to 50 points to expand the potential applicant pool.

- The Technology Efficiency/Economic Cost Effectiveness point criteria originally established was very aggressive and have been revised to better reflect current understanding of the market and the cost benefit parameters and what might be achievable results.
- The scoring breakdown within the Low Moderate Income category has been expanded and the overall points increased to meet HUD's requirements to prioritize low and moderate income service areas.
- No changes to the Most Impacted Communities category.
- Minor change within the Readiness to Proceed category to revise and expand the eligible time periods within the point categories recognizing this as a key program element in utilizing the CDBG-DR funds.
- Increase in points for Criticality to stress the importance of addressing the energy resilience needs of critical facilities throughout the state.
- Decrease in points for Microgrid, as these potential projects will by design take longer to plan for and are not yet ready to proceed.
- Clarification made to the Facility Energy Efficiency category for consistency with general state performance requirements and policy priorities, and not reference to specific BPU programs.

Additionally, the financial product terms for ERB Funding Round 1 have been slightly revised. ERB Funding will now be provided in the form of all loans. Instead of 20% of the unmet funding need provided as a grant, 20% of the unmet funding need will be in the form of a non-interest bearing Incentive Loan with principal forgiveness upon project completion. The other financial product terms remain the same: 20% provided as a Performance Loan with principal forgiveness based on performance standards over a five year period, and 60% as an amortizing, interest bearing loan.

Note that the changes to the Round 1 W/WWTF Guide and scoring criteria will be made prior to EDA's acceptance of any Full Application by any applicant. With the announcement of Funding Round 1 in October, 2014, an ERB Intake Form was posted and made available for completion on ERB/EDA's website.

The Challenge Process approved in October, 2014 outlined a joint administrative process including EDA and BPU. EDA will follow the attached Appeal Process which is substantially the same as the existing EDA Appeals Processes for other CDBG-DR funded programs.

Recommendation:

The Members are requested to approve changes to the Energy Resilience Bank ("ERB") Financing Program Guide; the ERB Funding Round 1: Water and Wastewater Treatment Facilities Program Guide; and the Challenge/Appeals Process, which are attached in substantially final form.

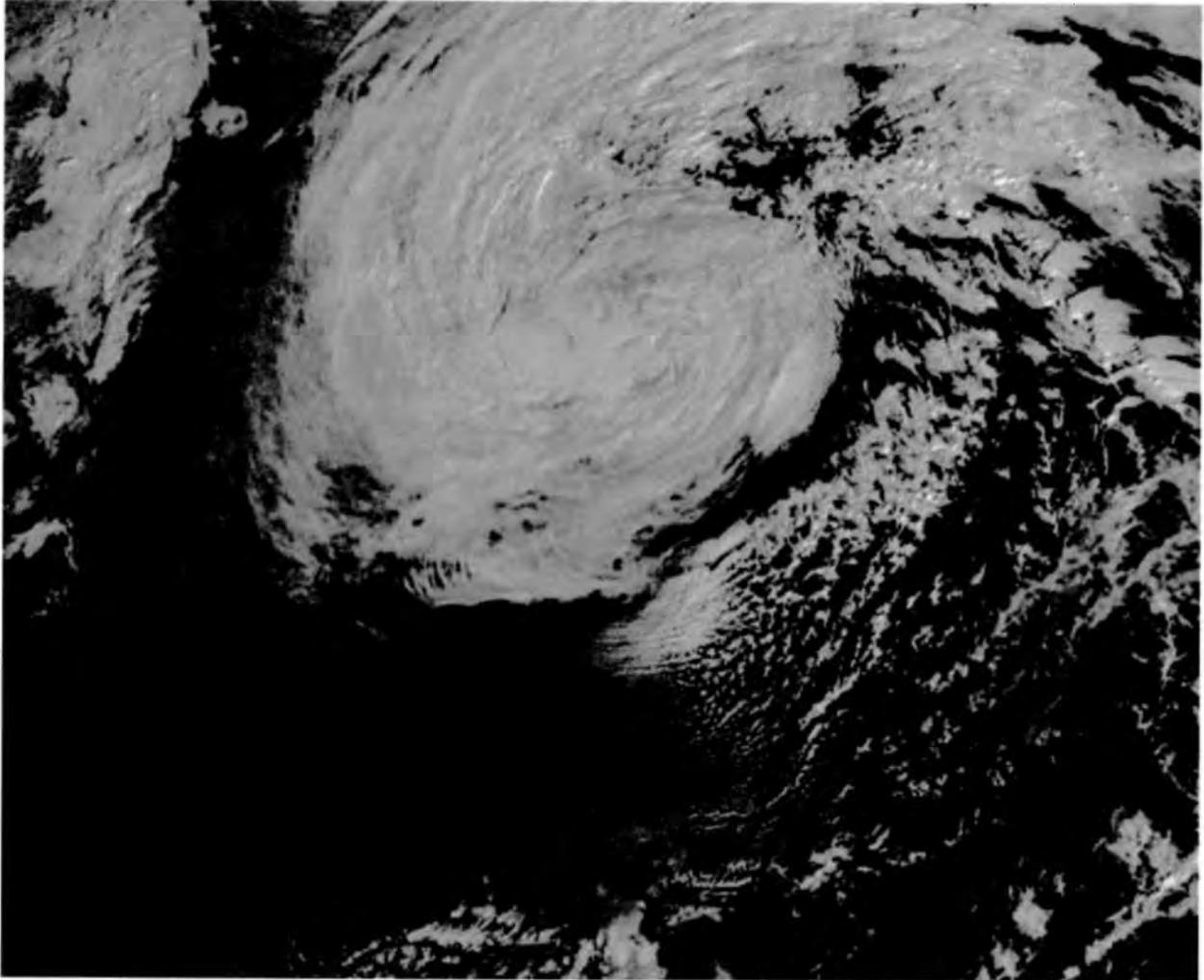
A handwritten signature in cursive, appearing to read "Liza Nolan", is written over a horizontal line.

Attached:

- ERB Financing Program Guide
- ERB Funding Round 1: Water and Wastewater Treatment Facilities Program Guide
- ERB Appeals Process

Prepared by: Liza Nolan

New Jersey Energy Resilience Bank Grant and Loan Financing Program Guide



Date: October 14, 2014

Revisions: July __, 2015

SECTION 1: INTRODUCTION

As part of New Jersey's ongoing efforts to minimize the potential impacts of future major power outages and increase energy resiliency, the State has established the New Jersey Energy Resilience Bank ("ERB" or the "Bank"), a first-of-its-kind in the nation energy recovery and resilience financing initiative. The Bank is a new, direct and innovative approach to addressing significant energy infrastructure vulnerabilities arising in the aftermath of Superstorm Sandy.

New Jersey took various steps to assess Superstorm Sandy's impact on the State's energy infrastructure in order to develop long-term recovery strategies focused on hardening critical facilities and enhancing energy resilience. As one example, the State partnered with the U.S. Department of Energy (USDOE), the USDOE's National Renewable Energy Laboratory (NREL), and the Federal Emergency Management Agency (FEMA) to study opportunities to expand energy resilience for critical infrastructure and assets. The State also has engaged electric distribution companies regarding their recovery and resiliency plans. Additionally, the State has undertaken a cross-agency initiative to enhance the State's mapping capabilities to more easily identify practical opportunities to incorporate cost-effective resilient energy technologies. New Jersey also partnered with President Obama's Hurricane Sandy Rebuilding Task Force, USDOE, and Sandia National Laboratories to study energy resilience through expanded use of microgrid networks to protect critical facilities in urban centers as well as transportation networks. These and other efforts have directly informed the State's holistic approach to enhancing energy infrastructure resiliency following Superstorm Sandy. The Bank is a central component of that broader effort.

Financing through the Bank will be used to develop or enhance distributed energy resource ("DER") technologies at critical facilities that were directly or indirectly impacted by Superstorm Sandy or other eligible disasters. DER technologies with islanding and blackstart capabilities, described below, proved extremely resilient in the aftermath of Superstorm Sandy, allowing facilities equipped with them to continue to operate despite failures of the larger power grid. By contrast, other facilities not equipped with resilient energy resources could not operate effectively with the larger power grid down for an extended period of time, resulting in various, severe community and environmental impacts. Discharges of untreated wastewater into New Jersey waterways and numerous boil water advisories following Superstorm Sandy are just two examples of these impacts.

While DER technologies are generally more cost effective over time as compared to other resilient power options, the initial costs of installation at critical facilities are considerable. For this reason, many facilities in the past have opted to pursue less expensive diesel-powered generators, despite the fact that DER technologies are less reliant on liquid fuel supply and availability, have longer continuous run times, and have less environmental impacts. The ERB was created to assist eligible facilities with the substantial upfront costs in order to encourage wider adoption of resilient DER technologies. Utilizing \$200 million of second round Community Development Block Grant-Disaster Recovery ("CDBG-DR") funds allocated to New Jersey by the U.S. Department of Housing and Urban Development ("HUD"), ERB funds will allow critical

ERB Financing Program Guide

facilities to invest in new or upgraded DER technologies that will allow the facilities to operate when the larger power grid goes down (“islanding”) and provide electrical start-up capabilities in the absence of a direct connection to the electric grid (“blackstart”).

The Bank will be administered by the New Jersey Economic Development Authority (“NJEDA”) with technical assistance from the New Jersey Board of Public Utilities (“BPU”). This arrangement was memorialized in a June 2015 Amendment to the original agreement executed by the Boards of both agencies in July 2014. Both agencies have been directing resources to effectively develop and administer this initiative.

This Program Guide marks the next step in developing and implementing the ERB. It is intended to:

- Summarize the energy-related vulnerabilities at critical facilities arising after Sandy;
- Provide information about the DER technologies that will be funded through the ERB;
- Set forth eligibility and funding requirements applicable to all ERB financial products across all market sectors, as well as eligible product costs; and
- Describe the ERB project application and funding process.

Additionally, along with this Guide, NJEDA and BPU have provided proposed guidance regarding the first financial product that will be made available through the ERB -- up to \$65 million in funding for public, not-for-profit or certain eligible for-profit water and wastewater treatment plant operators. Current federal regulatory requirements restrict the ERB from offering financial products to critical facilities in certain other market sectors, as explained in detail below. BPU and NJEDA plan to develop products specifically for these sectors as regulatory impediments are addressed, and will roll out additional products in future ERB finance rounds.

SECTION 2: ENERGY INFRASTRUCTURE AND NEW JERSEY CRITICAL FACILITIES

Following Sandy, the State commissioned a study by Rutgers' Center for Energy, Economics and Environmental Policy ("CEEEP") regarding energy vulnerabilities and resiliency needs. Utilizing New Jersey storm electric outage data from the National Oceanic and Atmospheric Administration ("NOAA") in addition to New Jersey electric distribution companies' annual reports, the study found, among other things, that New Jersey experienced 143 events that caused a sustained power outage (i.e., an outage greater than five minutes) between 1985 and 2013. These events include tropical storms, hurricanes, wind and rain storms, ice storms, tornados, and winter storms/nor'easters. More important, of those 143 sustained outages, 27 qualified as "major outages" (i.e., an outage that impacts more than 100,000 electric customers for a period that extends beyond one day). This equates to almost one "major outage" in New Jersey every calendar year.

Superstorm Sandy was unique for New Jersey in terms of the extent of the damage and challenges resulting from power outages at critical facilities caused by the storm, but major outages are not uncommon for New Jersey. **As a result, it is crucial for the State to assist critical facilities with securing resilient energy technologies that will make them – and, by extension, the communities they serve – less vulnerable to future severe weather events and other emergencies.**

2.1 Superstorm Sandy's Impact on New Jersey Critical Facilities

Superstorm Sandy caused extensive damage to New Jersey's energy infrastructure. As a result, New Jersey's critical infrastructure and assets experienced significant disruption in service that brought everyday operations to a standstill and had significant and, in some cases, life-threatening community impacts.

Ninety-four wastewater treatment plants across all twenty-one counties lost power and were flooded. Failed pumps allowed salt water intrusion into the systems, destroying electrical equipment. It is estimated that between three and five billion gallons of untreated wastewater were discharged into New Jersey waterways. Two hundred and sixty-seven of the 604 water systems across the State were without power, and thirty-seven of those systems issued boil water advisories following the storm. One month after Sandy made landfall, seven drinking water systems were still subject to boil water advisories.

Hospitals, nursing homes, long-term care facilities, domestic violence shelters, foster homes, mental health facilities, and other critical social service providers throughout the State were forced to contemplate evacuation in light of prolonged power outages. Low-lying facilities in flood hazard areas could not operate pumping stations without power, causing direct and

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significant long-term damage to facilities. Police stations, fire stations, 9-1-1 call centers, and other buildings were also severely hindered in their efforts to provide emergency services.

After Sandy, New Jersey took various steps to assess the storm's impact on the State's energy infrastructure in order to develop long-term recovery strategies focused on hardening critical infrastructure and enhancing energy resilience. Some examples of these efforts include:

- Partnering with USDOE, NREL and FEMA to study opportunities to expand energy resilience for the State's critical infrastructure and assets. As a part of this partnership, NREL conducted a comprehensive analysis of energy needs at various critical facilities and identified opportunities for communities to enhance energy resilience by pursuing innovative and cost-effective energy solutions;
- Increasing funding to the New Jersey Clean Energy Program to provide increased rebates for recovery and resilience projects that incorporate clean energy and Energy Star standards and reduce grid demand in Sandy-affected areas;
- Undertaking a cross-agency initiative to enhance the State's mapping capabilities so the State can more easily identify practical opportunities to incorporate cost-effective distributed generation technologies; and
- Partnering with President Obama's Hurricane Sandy Rebuilding Task Force, the USDOE, and Sandia National Laboratories to study energy resilience through expanded use of microgrid networks to protect critical facilities in urban centers and transportation networks.

The State also has been working actively with electric distribution companies ("EDCs") regarding their plans for hardening energy infrastructure. Most New Jersey EDCs are privately owned, and as a result, by federal regulation are not eligible for a variety of federal recovery assistance grants. Per current HUD regulations, a privately owned utility cannot be an ERB applicant.

Superstorm Sandy also demonstrated the value of having more resilient energy technologies at critical facilities. Despite widespread failure of the electric distribution system, there were several entities throughout New Jersey in storm-impacted areas that maintained full power despite prolonged and diffuse failures of the larger electric grid. These "islands of power" had distributed generation units, which allowed the facilities to operate as microgrids while the electric grid was down. For example, Princeton University's combined heat and power (CHP) microgrid operated for a week when the larger grid failed, saving the University millions in avoided losses of irreplaceable research projects. The College of New Jersey's CHP microgrid provided heat, power, hot food and hot showers to 2,000 mutual aid workers from other states that helped to restore power after the storm. Several medical facilities also were able to maintain power through CHP microgrids, becoming larger shelters as well as accepting patients from other facilities. President Obama's Hurricane Sandy Rebuilding Task Force described the Bergen County Utilities Authority in Little Ferry, New Jersey, as a model for the region and nation because it was able to use a "biogas-powered [combined heat and power] system to

keep its sewage treatment facilities working during and after the storm” in the face of a prolonged power outage.

The resilience of these facilities highlighted opportunities to protect certain critical infrastructure by pursuing commercially available technologies that allow facilities to operate independently from the grid. These technologies bring the added benefit of being more cost-effective, energy efficient and cleaner power options. HUD, USDOE, and the U.S. Environmental Protection Agency all have recognized that DER technologies, in addition to providing resilience, can reduce monthly energy costs, reduce emissions, provide stability in the face of uncertain electrical prices and increase overall efficiency.

For some time, New Jersey has encouraged the use and deployment of DER technologies. For example, the Christie Administration’s Energy Master Plan calls for a 17% reduction of the electrical energy usage through energy efficiency measures from 2010 levels by 2021, and the development of 1,500 megawatts of new distributed generation resources where net economic and environmental benefits can be demonstrated. The Energy Master Plan also emphasizes the need to develop new, clean, cost-effective sources of electricity that reduce the State’s reliance on older plants that have more emissions and environmental impacts. New Jersey’s Clean Energy Program offers several incentive programs to advance DER through the use of CHP, fuel cells, and other renewable technologies.

Nevertheless, the up-front costs of installation have kept some critical facilities from pursuing DER technologies despite the longer-term cost effectiveness and enhanced resiliency generated by such investments. Additionally, Sandy highlighted the fact that a significant number of DER systems that are currently installed and operating in New Jersey did not operate during or after the storm because they lacked “islanding” and “blackstart” capabilities. Even the installation of new technology to provide this additional functionality to existing systems (i.e., resilience upgrading) is generally quite expensive.

ERB financing incentives will help critical facilities overcome this financial hurdle for installing cleaner, more efficient resilient energy technologies. This will make critical facilities, and the communities they serve, more resilient to future severe weather events and other emergencies.

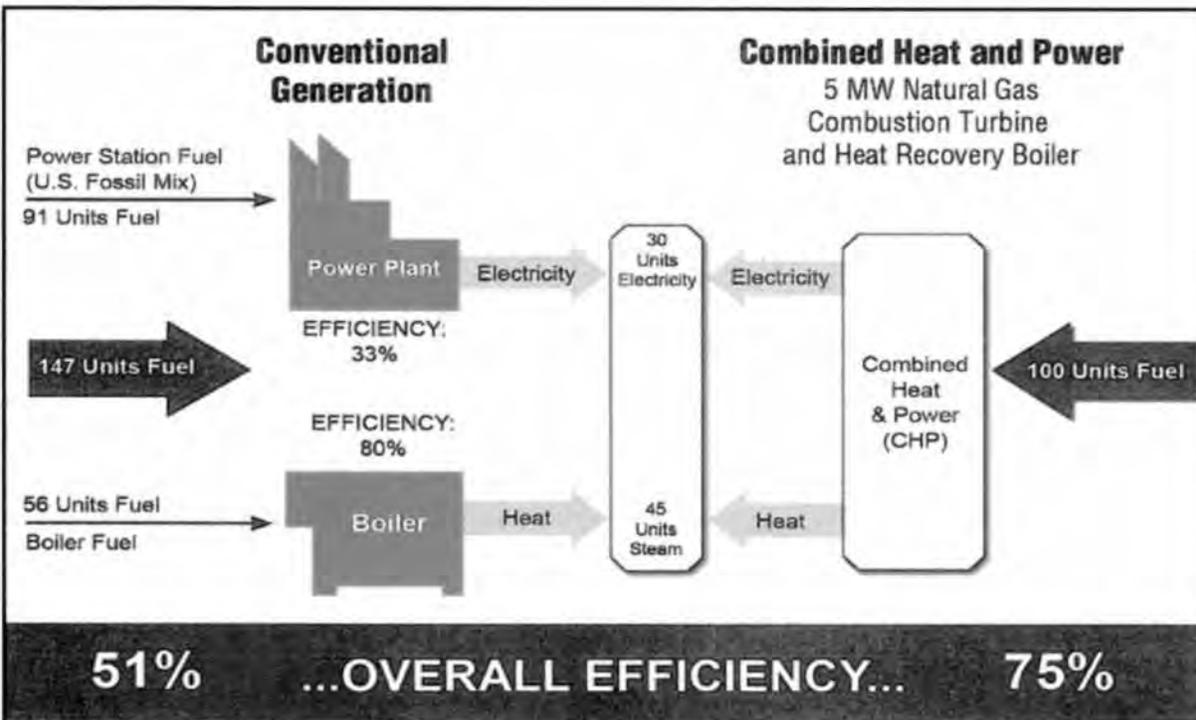
SECTION 3: DISTRIBUTED ENERGY RESOURCE TECHNOLOGIES

The intent of the ERB is to finance the installation or upgrading of commercially available and cost effective resilient energy technologies at critical facilities. In this way, the ERB is technology neutral. Presently, the ERB is focusing on existing commercially available and cost effective DER technologies, including combined heat and power, fuel cells, and renewable technologies. However, the ERB can adapt with the emergence of new markets and new technologies that are practical, offer the same or greater resiliency benefits as current DER technologies, and are cost effective.

DER technologies include energy systems, fixtures or processes that are small, modular and decentralized, and are either located on-site or very near the location where energy is to be used. A DER system can include, energy efficiency (EE), distributed generation (DG) and technology that allows the facility to voluntarily adjust the amount or timing of its energy consumption (“Demand Response” or “DR”). DER systems can also include engines, turbines, combined heat and power (CHP), fuel cells (FC) and renewables such as solar panels with off-grid inverters and battery storage. DER systems can be designed to function in “island” mode, isolated from the grid during a power outage or other event. During normal, non-island mode, the DER system is operating in synchronization with the grid. A system with islanding capabilities would be defined as a microgrid within the larger electric distribution system if it was capable of starting up without connection to the electric grid. This is typically accomplished through utilizing a small diesel generator or battery system.

DER systems are generally understood to be energy efficient technologies. They generate power at the point of use including both electricity and thermal energy for heating and cooling. Because of this dual operation at the point of use, DER systems are more efficient than the conventional, large, and centralized electric generating facilities. Typically, because the DER generating equipment is more modern than the equipment used in the older centralized power plants, it will also be more efficient. Efficiency also is achieved, in part, by the fact that centralized power plants must transmit power over long distances through transmission and distribution, which results in line losses of the power that those systems generate.

Additionally, DER systems utilize waste heat produced from the electric generation system to heat and cool the facility, including the production of hot water. Compared to larger, centralized power plants – which simply emit this waste heat – the DER system’s reuse of this thermal energy adds to the system’s overall efficiencies. In other words, facilities receiving their electricity through the transmission and distribution systems associated with centralized power plants must have a separate thermal energy system to provide the same level of heating and cooling provided by DER systems. The efficiencies are reflected in the following graphic, which uses a CHP system as an example:



In the graphic, the CHP system and the centralized power plant with a separate thermal energy system each produce 75 units of useful energy. However, the centralized power plant and its separate thermal energy system use 147 units of energy (i.e., 91 units for electricity production and 56 units to produce thermal energy heating and cooling), while the CHP system needs only 100 units of energy to produce the same result. Importantly, this efficiency is the same whether or not the CHP system is designed to be a microgrid with islanding capabilities. A CHP unit with islanding capabilities still would be defined as an energy efficient system.

Fuel cells are a second DER technology that will be eligible for ERB funding. Most fuel cells that generate electricity without utilizing the produced thermal energy are more efficient sources of power than other traditional generation systems. This efficiency increases when line losses from the centralized power plant are taken into account. Moreover, fuel cells are one of the “cleanest” DER systems that use a fossil fuel; it has essentially zero nitrogen oxide (NO_x), Sulfur Dioxide (SO₂) and Mercury (Hg) emissions and generates no waste or wastewater. While there is a certain level of carbon dioxide (CO₂) emission associated with fuel cells, which varies depending on the fuel source used, CO₂ emissions are low due to the efficiency of the system (i.e., they are approximately equal to CO₂ emissions associated with combustion of methane or natural gas). Moreover, fuel cells present the added benefit of capacity (i.e., the measure of the run-time electric generating system). Because fuel cells generate electricity by moving gases through a membrane, the systems essentially contain no moving parts, resulting in a capacity factor of 98% or higher. Finally, fuel cells are an extremely quiet DER system, so they can be placed in locations where other conventional electric generators like turbines or engines would violate noise ordinances.

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Solar photovoltaic (PV) systems equipped with off grid inverters and switch gear represent a third key eligible DER system. Solar PV systems convert sunlight to direct current (DC) electricity, which then must be converted to alternating current (AC) electricity to service a critical facility's energy system and fixtures. An inverter transforms DC power into AC power and connects the solar PV system to the local distribution grid. Additionally, when equipped with an off grid inverter and switch gear, the solar PV system can operate when the grid is down by generating power solely for the facility. A backup generator would be required to maintain critical load for the facility; however, this will not be funded by the ERB. Due to these higher efficiencies across the different DER technologies, on-site DER systems are defined as energy efficient systems. The overall on-site DER systems save energy usage to the facility and save on the facility's overall energy costs. In addition, their emissions levels are lower, they generate less waste and wastewater, and they use less water in comparison to traditional centralized power plants. These efficiencies and savings are the same regardless of whether the system is designed to be a microgrid with islanding capabilities or not. Finally, designing an on-site DER does not change its overall efficiencies or definition as energy efficient.

SECTION 4: ERB PROGRAM & ELIGIBILITY REQUIREMENTS

4.1 New Jersey's Energy Resilience Bank Overview

The ERB will finance the design, acquisition, construction, and installation of distributed energy resources that will improve and increase the energy resiliency at certain New Jersey critical facilities. ERB financing will include both incentive loan funding and longer term, low-interest loans with a portion of principal forgiven over time based on satisfying annual operational performance requirements. The ERB funding also may include reimbursement of the cost for feasibility studies related to a project, but only if the applicant proceeds with the DER project and it is funded by the ERB.

The DER technologies to be financed under the ERB include, but are not limited to:

- CHP systems using various sized gas turbines, reciprocating internal combustion (IC) engines, or microturbines and may include thermal storage;
- Fuel cells with and without heat recovery; and
- Upgrades to solar panel systems with off-grid inverters and switch gear. (The ERB will not finance the cost for installation of solar PV panels or for any balance-of-system fixtures related to solar PV panels.)

CHP or fuel cells can be fueled with fossil fuel natural gas or renewable fuels such as biogas methane from landfills or digesters or hydrogen generated from a renewable source.

The energy resiliency of the critical facility must include, at a minimum, the ability of the DER technology to operate isolated from the electric utility grid as a microgrid in times when the larger electric grid is down due to extreme weather events, reliability events, security events or other grid failures. The DER technology financed through the ERB also must be capable of starting up without connection to the electric grid.

In addition to energy resiliency, the DER technologies to be financed by the ERB must include designs for flood hardening the facility in which the DER technology will be constructed and installed, as set forth in the State's Comprehensive Risk Analysis, detailed in Substantial Amendment No. 7 to New Jersey's CDBG-DR Action Plan ("Action Plan"). At a minimum, all resilient generation or storage systems of the project within the facility will be required to be constructed above FEMA's best available data for base flood elevations, plus any additional requirements that may be imposed by federal, state, or local ordinance, statute or regulation.

As further explained in the Action Plan, any pertinent infrastructure vulnerabilities should be identified and evaluated in the feasibility and design stage using, among other tools, the National Oceanic and Atmospheric Administration's (NOAA) Sea Level Rise Tool for Sandy Recovery at <http://www.globalchange.gov/browse/sea-level-rise-tool-sandy-recovery#overlay-context>. Applicants also must consult applicable New Jersey Department of Environmental

Protection (DEP) guidance on flood protection located at <http://www.nj.gov/dep/watersupply/pdf/guidance-ifp.pdf>. Another resource that applicants may wish to use is Rutgers University's coastal flooding and sea level rise interactive mapping tool located at <http://slviewer.rutgers.edu/>. Additionally, to the maximum extent practicable and reasonable, all project designs – including both new construction, as well as resilience upgrades to existing facilities – should be cost effective and energy efficient. The ERB will require a detailed ASHRAE Level II energy audit be performed for each project prior to an application to the ERB, as described in more detail below. At a minimum, it is anticipated that the goals of the general state program performance requirements of 15% energy efficiency or energy savings will be applied to each project to be financed by the ERB. Additional financing for the installation of all practicable and reasonable energy efficiency can be developed through the BPU's Energy Saving Improvement Program (ESIP). Details on ESIP are available at <http://www.njcleanenergy.com/commercial-industrial/programs/energy-savings-improvement-program>.

Federal regulations governing CDBG-DR funds, and the application of the regulations to the ERB, restrict or limit the opening of ERB financing to certain types of critical facilities at this time. The State is working with HUD to address these regulatory issues. As a result, ERB funding will be distributed in discrete funding rounds. The first funding round will be open exclusively to water and wastewater treatment plant operators. It is estimated at this time that the second funding round will be available across other critical facilities and the third funding round will be open for facilities with existing DG technology. Currently all ERB applicants must be public facilities, not-for-profit (NFP) entities, or for-profit (FP) businesses that meet the U.S. Small Business Administration (SBA) definition of “small business” (and, per HUD regulations, are not privately owned utilities). As HUD may provide waivers and/or regulatory clarifications, additional applicant facilities may become eligible for ERB financing.

4.2 ERB Target Market and Financing Product Development

The ERB will focus on providing capital to those facilities that offer the greatest resilience benefits for the State. The ERB has released an initial financing product for the water treatment plant and wastewater treatment plant market sector.

In the near future, the ERB anticipates releasing a product to enhance energy resilience at hospitals. With any remaining funding that may be available, the ERB will consider targeting funds to other critical facilities, either individually or collectively, which may include:

- Long term care facilities
- Colleges and universities
- Primary and secondary schools that act as shelters, other facilities that act as shelters during disasters
- Multifamily housing units
- Transport and transit infrastructure
- Prisons

- Police departments
- Public safety answering points (PSAPS)
- Certain municipal buildings and town centers
- Other Tier 1 and Tier 2 Critical Facilities as defined by New Jersey's Office of Homeland Security and Preparedness

The ERB may develop additional financial products for other technology and types of critical facilities.

Where feasible, the ERB will encourage market sectors to leverage additional federal, state, private and other funding sources to realize critical energy resiliency initiatives. As one example, the ERB will closely coordinate with the New Jersey Environmental Infrastructure Trust (EIT) in instances where the ERB may be used to purchase new or upgrade DER technologies, whereas EIT funding may be used to harden the critical facility in order to better protect the DER technologies obtained through the ERB.

However, it should be noted that, in any instances where ERB and EIT funding may be used for the same energy investment (i.e., funding for DER technologies), projects which have already been approved for funding through the EIT are expected to proceed using EIT funding. Where the project scope goes beyond EIT funding, the project applicant may choose whether to pursue ERB allowing for a possible combination of EIT and ERB funding.

4.3 ERB General Program Requirements

The following subsections set out ERB eligibility requirements and guidelines that will apply to all financial products offered by the ERB, regardless of market sector. Among other things, this section is responsive to certain applicable HUD regulations implicated by the distribution of CDBG-DR funds through the ERB and describes eligible DER systems and project costs. Importantly, additional requirements may be incorporated, as necessary, into funding rounds through the ERB.

4.3.1 HUD Requirements

The ERB will comply with all applicable federal laws and regulations, including those promulgated by HUD pertaining to the use of CDBG-DR funds. This includes the following:

1. HUD requires that no more than 20% of the overall CDBG-DR funding may be allocated outside the nine most impacted counties as determined by HUD (that is, Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union). In the administration of this program, NJEDA must remain cognizant of that requirement. Specifically for the ERB, the State has projected that no more than 50% of funding may be used outside the nine most impacted counties, though that projection is subject to change. If and when 50% (or the amended percentage, if changed) is reached in CDBG-DR funding commitments, the ERB will not fund additional projects outside the nine most-impacted counties using CDBG-DR funding.

2. Applicants must show that the critical facility was either directly or indirectly impacted by Superstorm Sandy or another qualifying disaster listed in Appendix A. Direct impact means physical damage to the facility caused by the eligible disaster in the amount of \$5,000 or more. To qualify for indirect impact Round 1 Water and Wastewater Treatment Facilities applicants must demonstrate one of the following two circumstances from Superstorm Sandy: 1) where area flooding and/or loss of power from a qualifying disaster prevented the facility from being able to treat waste water which caused there to be a release of sewage/storm water into the surrounding waterways, causing environmental damage; or caused a risk to health, safety or welfare of the people within the community; and 2) where area flooding and/or loss of power from a qualifying disaster prevented the facility from operating and being able to treat drinking water, which caused a risk to health, safety or welfare of the people within the community. Applicants using indirect impact also must demonstrate that the project is supporting revitalization of the community in which it is located. Applicants claiming other indirect impact may qualify, though determination will be made on a case-by-case basis, and will likely involve consultation with HUD. Applicants must demonstrate that investment in a facility will contribute to Community Revitalization – Economic impacts that occurred as a result of the storm will be documented in the area served by the facility, and investment in the facility using CDBG-DR funding must be shown to address one or more of the documented impacts. At the moment, economic impacts may include, but not be limited to job loss and tax revenue loss. If community revitalization is employed, a clear tie to the storm must be made and applicant must show that making the resilience investment addresses an economic impact from the storm and contributes to the economic revitalization of an area damaged by the storm. These projects are encouraged to apply even though there is no guarantee that they will be eligible.
3. Applicant facilities must be eligible CDBG-DR recipients pursuant to applicable HUD regulations. At this time, ERB applicant facilities are limited to public facilities, not-for-profit entities, and for-profit entities that meet the SBA definition of a “small business.” Per current HUD regulations, a privately owned utility cannot be an ERB applicant. As HUD may provide waivers and/or regulatory clarifications, additional applicant facilities may become eligible for ERB financing. The following link from the SBA website provides information on the small business definition, <http://www.sba.gov/content/small-business-size-standards>. The definition is determined by North American Industrial Classification System (NAICS) code of the applicant facility, their average 3-year annual receipts and/or number of employees. Within the link above is a listing by NAICS codes of the annual receipts and employment maximums, and further small business information.
4. CDBG-DR funding may not be used within the Coastal Barrier Resource Area (CBRA). (An illustration of New Jersey’s Coastal Barrier Resource System can be found at <http://www.fema.gov/national-flood-insurance-program/coastal-barrier-resource-system->

new-jersey, but this map is not dispositive of whether a facility would be considered within a CBRA.)

5. Priority, as established through the scoring system discussed in this document and the funding round guide(s), is placed on projects which serve low and moderate income communities, which is referred to as the LMI National Objective. Further information regarding LMI National Objectives please see the Chapter 3 link at the following web address,
http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/library/stateguide.
 6. Project systems/fixtures must be permanently installed at a facility and be operational within two years of the closing of the ERB financing. Extension of this construction/operation timeframe may be granted for up to two six-month terms if the project documents significant progress has been made to date. The extension of the construction/operation timeframe will only be granted if the project documents that there were unforeseen reasons for the delay that were not known at the time of the award.
 - **All CDBG-DR funds in an approved project must be requested and disbursed by September 30, 2019. Any CDBG-DR funds not disbursed after September 30, 2019 will be rescinded.**
 7. All resilient generation or storage systems within the project facility will be required to be constructed above FEMA's best available data for base flood elevations, plus any additional requirements that may be imposed by federal, state or local statutes or regulations.
 8. Any entity that applied for and received flood-event-related assistance for damage to the property for which ERB financing is sought from any federal source for any previous Presidentially declared disaster (occurring after September 14, 1984) that required the mandatory purchase and maintenance of flood insurance pursuant to National Flood Insurance Program (NFIP) regulations, must have obtained and maintained flood insurance (unless the federally required period for maintaining flood insurance has lapsed). As a condition of receiving ERB financing, applicant will be required to purchase and maintain flood insurance to the extent required by any applicable federal regulations.
 9. Consistent with the State's CDBG-DR Action Plan, any proposed project design must ensure that energy technology will be appropriately resilient to potential future flooding and storm surge. Tools that can help assess these risks include the NOAA Sea Level Rise Tool for Sandy Recovery at <http://www.globalchange.gov/browse/sea-level-rise-tool-sandy-recovery#overlay-context=> and Coastal Vulnerability Index and Mapping Protocol at <http://www.state.nj.us/dep/cmp/docs/ccvamp-final.pdf>. Applicants also must consult applicable DEP guidance on flood protection located at
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<http://www.nj.gov/dep/watersupply/pdf/guidance-ifp.pdf>. Another resource that applicants may wish to use is Rutgers University's coastal flooding and sea level rise interactive mapping tool located at <http://slrviewer.rutgers.edu/>.

10. All ERB projects must comply with all applicable federal and state requirements relating to CDBG-DR funds, which may include but not be limited to: Davis Bacon and/or Prevailing Wage requirements as set forth at N.J.S.A. 48:2-29.47 and N.J.S.A. 34:1B-5.1 et seq., Affirmative Action, subcontracting to small and minority-owned enterprises, National Environmental Policy Act (NEPA) environmental review, and National Historic Preservation Act (NHPA) historical review, among others. **No physical construction activity may occur on site until the completion of required federal environmental reviews.** Other work that does not involve on-site physical construction activities (e.g., architectural designs) may proceed prior to completion of federally required environmental reviews.

4.3.2 DER System Eligibility

Eligible DER systems may include new resilient DER systems, resilience upgrades to existing DER systems and microgrids as follows:

New Resilient DER Systems: The ERB will finance new resilient DER systems that incorporate any, or all, of:

- DER systems/fixtures, such as fuel cells with or without heat recovery, off grid inverters associated with solar photovoltaic (PV) panels, and combined heat and power (CHP) systems including fuel cells, turbines or engines;
- DER systems/fixtures that are able to disconnect and operate independently of the electricity grid in the event of a blackout to provide continuous electricity supply to a facility (islanding); and
- DER systems/fixtures that are capable of starting up without connection to a functioning grid (blackstart).

Note: The ERB will not finance the cost or installation of solar photovoltaic (PV) panels, or any balance-of-system fixtures related to solar PV panels. However, off grid or dynamic inverters and switch gear related to solar PV panels will be financed. Any financed solar-related technology must be paired with a generating asset to meet the resiliency criteria set forth below.

Resilience Upgrades to Existing DER Systems: The ERB will finance resilience upgrades to existing DER systems that incorporate any, or all, of:

- Incremental distributed generation systems/fixtures, such as fuel cells without heat recovery, off grid inverters and switch gear associated with solar PV panels, and CHP

systems including fuel cells, turbines or engines to meet the critical load requirement. Only the incremental expansion of DER systems/fixtures to generate electricity or useful thermal energy is eligible; and

- The addition of islanding and blackstart technology to meet the minimum resilient and critical load requirement.

For existing DER solar PV panels, this includes upgrades to an off-grid or dynamic inverter and switch gear.

Note: The ERB will not finance the cost or installation of solar photovoltaic (PV) panels, or any balance-of-system fixtures related to solar PV panels. However, off-grid or dynamic inverters and switch gear related to solar PV panels will be financed. Any financed solar-related technology must be paired with a generating asset to meet the resiliency criteria set forth below

Microgrids: The ERB will finance technology fixtures necessary to connect a collection of load centers together to a distributed generation source. This may include demand management and other control technologies to match the electrical supply and demand.

For new DER technologies, resilience upgrades, and microgrids, all electric storage projects must be capable of meeting the below resiliency criteria to operate during a continuous seven-day electric grid outage. For solar this system can be paired with an on-site emergency or back-up generator with fuel storage. The ERB will not finance the cost of emergency back-up generators.

Note: Nothing contained in this Program Guide is intended to promote project configurations that are, or may be, inconsistent with existing statutes or regulations. Applicants should consult with appropriate energy and legal advisors and with their local electric distribution company regarding the operational and legal feasibility of proposed project configurations.

General Requirements:

To qualify for financing to install new resilient DER systems, resilience upgrades to existing DER systems, or microgrids through the ERB, the following general eligibility requirements must be met for all market sectors:

1. DER systems/fixtures must be new, commercially available and stationary or permanently installed on the customer side of the meter.
2. For projects incorporating renewable energy technology, in order to verify the renewable energy certificates (REC) for the DER systems (CHP or fuels cells fueled with biogas or renewable hydrogen), a separate performance meter must be installed that is capable of recording all renewable energy generation.
3. CHP systems must achieve an annual system efficiency of at least 65% based on the lower heating value (LHV), and electric only generation fuel cells must achieve at least a

50% electrical efficiency. System efficiency is defined as the total useful electrical, thermal and/or mechanical power produced by the system at normal operating rates and expected to be consumed in its normal application divided by the lower heating value of the fuel sources for the system.

4. CHP or Fuel Cell system warranty, service contract, or equivalent must be all inclusive for at least ten years. The warranty must cover all components that are financed under the ERB. The warranty must cover the full cost of repair or replacement of defective components including all labor costs.
 5. The DER system must be able to disconnect and operate independently of the electric grid in the event of an emergency that results in a grid outage. In order to prevent back feeding to the distribution system, all DER systems must be able to automatically disconnect from the utility in the event of a substantial congestion, grid interruption or grid power failure.
 6. The DER system must be able to start up without connection to the electric grid.
 7. The DER system must be designed to provide energy to all designated critical loads during a seven-day grid outage without a delivery of fuel to emergency generators. Over the course of such an outage, facilities could plan on using emergency generators and fuel storage in conjunction with the resilient DER system. The costs associated with emergency generators or fossil fuel storage tanks are not eligible for ERB funding.
 8. The DER systems must be sized to supply the facility's critical loads. The critical loads are the sum of the electrical load of the facility equipment required to perform the facility's critical functions. This may result in excess useful thermal energy, which would need to be addressed in the feasibility study, energy audit and final design.
 9. The critical function should include any anticipated shelter function to provide a safe and secure facility for displaced employees, customers or residents in the event of a disaster or other emergency. This may include microgrid capabilities to connect additional buildings or facilities.
 10. The DER system must operate a minimum number of hours to have a CEEEP DER cost-benefit ratio greater than 1.0 at all times under full load. The facility must document the ability to operate at that capacity during the full year. The CEEEP DER Cost Benefit Model is available at <http://ceeeep.rutgers.edu/combined-heat-and-power-cost-benefit-analysis-materials/>.
 11. DER systems, except for solar off-grid inverter and switch gear systems as noted below, can be sized larger than the facility's electric and thermal loads provided they have customers for the additional electricity and useful thermal energy that meet the on-site
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definitions at N.J.S.A. 48:3-51 and 48:3-77.1. However, redundancy measures may not be funded by ERB.

12. Applicants are encouraged, to the extent possible, to make use of technology manufactured in and project construction to be completed by New Jersey-based businesses.

4.3.3 Applicant and Finance-Related Requirements

1. Applicants are responsible for obtaining all appropriate interconnection approval which may include a level III interconnection review by the appropriate electric distribution company (EDC) for the DER and storage systems and tariff approval, if required, from their local natural gas and electric utilities.
2. Applicants are responsible for obtaining and maintaining all construction and environmental permits from the appropriate agencies.
3. Applicants must have no significant outstanding violations with the New Jersey Department of Environmental Protection.
4. For-profit and non-profit applicants must be registered to do business in New Jersey with Dun and Bradstreet, and have a DUNS number. Governmental entities and instrumentalities of governmental entities such as authorities do not need to comply with the business registration requirement. However, all applicants must have a DUNS number.
5. For-profit and non-profit applicants, and any third-party contractors, must be in good standing with the State of New Jersey, and must not be debarred by the federal government or the State. Governmental entities and instrumentalities of governmental entities such as authorities do not need to comply with this requirement.
6. For-profit and non-profit applicants must receive tax clearance from the New Jersey Division of Taxation as evidenced by a tax clearance certificate. Governmental entities and instrumentalities of governmental entities such as authorities do not need to comply with this requirement.
7. Any municipality or not-for-profit applicants or for-profit applicants acting on their behalf must comply with New Jersey public procurement law.
8. In no case should the sum total of any and all grants, incentives, rebates, tax credits or other tax incentives or other financing exceed 100% of the overall system costs.

9. Where feasible, applicants are encouraged to leverage federal, state, private and other funding sources with ERB funding to realize critical energy resilience projects.

4.4 Project Costs

4.4.1 Eligible Project Costs

Financing is available for total eligible project costs, less any applicable equity contribution, and less other sources of funding (and subject to all applicable CDBG-DR regulations, including those governing duplication of benefits). **No physical construction activity may occur on site until the completion of required federal environmental reviews.** Eligible project costs include:

1. Reimbursement for feasibility studies. Initial costs for feasibility studies are borne by the applicant. These costs may be eligible for reimbursement if the project is selected for ERB funding and the first disbursement milestone is met.
 2. DER systems that meet the criteria in 4.3.2 above and all fixtures necessary to convert fuel into electricity or electricity and useful thermal energy. This includes all gas cleanup systems.
 3. All secondary components located between the existing infrastructures for fuel delivery and the existing infrastructure for power distribution, including fixtures and controls for meeting relevant power standards, such as voltage, frequency and power factors.
 4. All secondary components connecting thermal energy output to the facility's existing thermal systems.
 5. Storage system for fuel produced on-site (e.g., biogas), if it can be demonstrated that more on-site fuel will be produced than can be consumed by the resilient distributed generation system.
 6. Incremental additional costs required to make distributed generation system islandable, including blackstart and grid isolation components (e.g., interconnection costs)
 7. Acquisition of property on which the system is being installed and necessary for installation of the system, excluding property acquisition associated with solar installation. The applicant will be required to document that there is no reasonable on-site alternative to the acquisition of additional property.
 8. Fuel pre-treatment cost such as biogas treatment and compressors for boosting inlet pressure.
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9. Installation and construction costs for the above systems/components.
10. Site preparation and other civil work necessary to build a project, including cost of protection for new ERB systems.
11. Project engineering, project management, and other soft costs (e.g., construction and environmental permits).
12. Contingency up to a maximum of 10% of total eligible project costs. Contingency is not included in the basis for grant calculations.

4.4.2 Ineligible Project Costs

1. All costs associated with emergency generators or fossil fuel storage tanks or any components of emergency generators.
2. Systems that require fuel deliveries such as diesel or propane.
3. Used, refurbished, temporary, pilot, or demonstration equipment.
4. Solar PV panels, or balance-of-system equipment related to solar PV panels. (However, upgrades to the inverter and switch gear components are eligible costs.)
5. For other ineligible costs, please see the ERB Funding Round document for each applicable sector.

SECTION 5: APPLICATION, REVIEW AND APPROVAL PROCESS

The following section describes the two-step application and review process.

5.1 ERB Initial Intake Form and Review

Prior to applying to the ERB for project financing, each project must have a detailed energy audit performed, which includes the DER system. This may include a previously conducted audit or an updated audit which includes the DER system and must be either a Local Government Energy Audit conducted by the New Jersey Clean Energy Program or an ASHRAE Level II audit conducted by a DPMC classified energy audit professional. Information on energy audits provided free of charge through the New Jersey Clean Energy Program can be obtained at <http://www.njcleanenergy.com/commercial-industrial/programs/local-government-energy-audit/local-government-energy-audit>.

Additionally, prior to applying to the ERB for project funding, each project applicant is strongly encouraged to meet with staff of the Office of Permit Coordination and Environmental Review (DEP's ONE STOP permit coordination) to identify needed permitting for the proposed project. Follow this link <http://www.nj.gov/dep/pcer/> for further information about ONE STOP. Moreover, applicants already aware of projects that may be eligible for funding through the ERB are encouraged to engage DEP to begin the permitting process even before an application for ERB funding is submitted. DEP has taken steps to address increases in permit requests arising in connection with Sandy recovery.

Also, prior to applying or during the design phase, the project applicant is strongly encouraged to meet with its EDC to confirm that the proposed system will be compatible with the EDC's infrastructure, and discuss interconnectivity and other issues that may arise in connection with the project.

An ERB In-Take Form will be made accessible through the ERB website (www.njerb.com), which will gather general information about the applicant and project. Once completed and submitted, NJEDA will review the project to determine if it falls within the ERB program general technical and financial requirements, as well as within any other requirements that may be specific to a particular ERB funding round.

If the project is determined to meet all basic requirements of the program, the project applicant will be asked to provide additional information and submit further details regarding the project for review and funding consideration on a detailed Full Application, discussed below.

5.2 ERB Full Application and Review

A completed Full Application will be reviewed to determine eligibility. If the completed application meets all necessary requirements, it will be scored using the Scoring Criteria applicable to the ERB funding round.

Projects will undergo a technical review that may include, but may not be limited to, system selection, site design, operating profile, technical feasibility, resiliency, cost benefit analysis, existing fuel delivery infrastructure and grid interconnection plans. Projects also will undergo an underwriting analysis which may include, but may not be limited to, an assessment of the applicant's ability to repay the loan portion of the funding, a credible funding source(s) to fund any remaining gap between sources and uses and cost overruns, experience and capacity of the applicant to complete the project, creditworthiness of the applicant, and whether the applicant and project meet all federal CDBG-DR funding requirements.

Additional information regarding the Full Application process, including proofs of cost reasonableness, capacity to timely utilize CDBG-DR funding, satisfaction of specific CDBG-DR regulatory requirements including ensuring no duplication of benefits, among other things, will be provided upon development and release of the Full Application. The Full Application may vary slightly across funding rounds to account for certain differences that may arise between projects focused on different types of critical facilities.

In evaluating project applications, the ERB will consider whether the project meets the general state program performance requirements of 15% energy efficiency or energy savings. Further details of these program goals can be found at <http://www.njcleanenergy.com/commercial-industrial/programs/pay-performance> and <http://www.njcleanenergy.com/commercial-industrial/programs/societal-benefits-charge-credit-program>.

5.3 Project Funding

Following completion of the Full Application and the scoring of applications according to the scoring criteria applicable to the funding round, projects that meet the minimum scoring requirements will be brought for consideration to the NJEDA Board (or considered by delegation to staff, if applicable). Scoring criteria may vary slightly by funding round, but generally, projects will be evaluated based on a comprehensive risk analysis framework that incorporates the following principles:

1. Criticality
2. Resilience
3. Technical Feasibility
4. Cost Effectiveness
5. Impacted Communities Served
6. Readiness to Proceed
7. Meeting HUD Low- to Moderate-Income National Objective

A comprehensive underwriting process also will be incorporated into funding decisions for project applications submitted to the ERB.

Approved projects will be deemed preliminarily eligible for funding, subject to successful completion of a NEPA environmental review, as necessary, and any additional on-site reviews that may be federally required as a precondition of receiving CDBG-DR funding.

Any project qualifying as a “Major Infrastructure Project” pursuant to the HUD Federal Register Notices of November 18, 2013 and March 27, 2014 also will be required to be reviewed by HUD before funding is approved. This review includes publishing a Substantial Amendment to the New Jersey Department of Community Affairs CDBG-DR Action Plan, followed by a public comment period, and then submission of the proposed amendment to HUD for consideration which can take up to 60 days. “Major Infrastructure Projects” are projects that:

- Are physically located in multiple counties (i.e., physical construction activities for the same project will occur in multiple counties);
- Have a total project cost of \$50 million or more, with at least \$10 million of CDBG-DR funding; or
- Involve two or more related projects that combine to have a total project cost of \$50 million or more, with at least \$10 million of CDBG-DR funding.

5.4 Appeals

An applicant will be able to formally appeal final eligibility decisions for ERB funding.

5.5 Reporting Requirements

Approved projects will be subject to all applicable federal and state regulatory reporting requirements, which may include, but not be limited to: energy and facility performance, HUD National Objectives, labor requirements, procurement requirements, environmental requirements and employment. To the extent that other reporting requirements may apply, applicants will be made aware of these requirements and will have to provide information sufficient to satisfy the requirements.

Energy and performance reporting may be an online remote reporting system that tracks daily performance.

5.6 Quality Control Provisions

Prior to project closing, the ERB may employ an outside entity or another state agency to review the application file to determine that the closing is appropriate and meets ERB requirements. Additionally, any contract relating to ERB-funded projects where deployment of oversight monitors is mandated, pursuant to N.J.S.A. 52D-15.1 to 15.2, will be required to undergo monitoring in accordance with those requirements.

All grants provided under this program will be subject to the Single Audit Act and the provisions of the Single Audit Policy set forth OMB Circular 04-04-OMB.

APPENDIX A

ELIGIBLE DISASTERS

To be eligible for funding under the Energy Resilience Bank, according to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 93-288), as amended by the Disaster Relief Act of 1974 (P.L. 93-288), projects must demonstrate a tie to one of the listed weather events below or have incurred physical damage from one of the listed storms.

- **Declaration No. 1954** – Severe Winter Storm and Snowstorm (Incident Period: December 26, 2010 to December 27, 2010). Impacted counties: Passaic, Bergen, Morris, Essex, Hudson, Union, Somerset, Middlesex, Mercer, Monmouth, Ocean, Burlington, Atlantic, Cumberland, Cape May.
- **Declaration No. 4021** – Hurricane Irene (Incident Period: August 27, 2011 to September 5, 2011). Impacted counties: all twenty one counties.
- **Declaration No. 4033** – Severe Storms and Flooding (Incident Period: August 13, 2011 to August 15, 2011). Impacted counties: Gloucester, Salem, Cumberland.
- **Declaration No. 4039** – Remnants of Tropical Storm Lee (Incident Period: September 28, 2011 to October 6, 2011). Impacted counties: Passaic, Sussex, Warren, Hunterdon, Mercer.
- **Declaration No. 4048** – Severe Storm (Incident Period: October 29, 2011). Impacted counties: Middlesex, Somerset, Hunterdon, Union, Morris, Warren, Essex, Bergen, Passaic, Sussex, Cape May.
- **Declaration No. 4070** – Severe Storms and Straight-Line Winds (Incident Period: June 30, 2012). Impacted counties: Salem, Cumberland, Atlantic.
- **Declaration No. 4086** – Hurricane Sandy (Incident Period: October 26, 2012 to November 8, 2012). Impacted counties: all 21 counties.

Revised Date: July 9, 2015

ERB FUNDING ROUND 1: WATER AND WASTEWATER TREATMENT FACILITIES

A maximum of **\$65 million** may be committed to projects in this first ERB funding round, which will be open to wastewater treatment plant (WWTP) and water treatment plant (WTP) applicants that satisfy the threshold eligibility criteria in Section 4 of the ERB Financing Program Guide as well as all requirements for funding set forth below. Capping this funding round at \$65 million is intended to ensure that sufficient funding is available for future funding rounds that may benefit other critical market sectors. Importantly, capping this initial funding round should not be taken to mean that additional ERB funds cannot be made available for WWTP and WTP applicants.

Applications will be accepted on a rolling basis, and reviewed and brought for Board actions on a first-received, first-ready basis. The application window will remain open until funds are allocated. Applications will not be accepted once the budget cap is reached, based on submittal of a complete application. However, as mentioned above, the ERB may modify this initial budget cap based on availability of funding, prioritization of other sectors, CDBG-DR funding limitations, or other factors.

1.1 Maximum Award

There is no maximum project award for this funding round except for a per project cap on electricity storage equipment;

The total available budget in this Funding Round 1 for **electricity storage** such as batteries to store onsite renewable electricity production is **\$5 million**, and each project will be limited to a cap of **\$500,000** for electricity storage.

1.2 WWTP / WTP Ineligible Costs

The following costs are ineligible for the WWTP and WTP sector. See the ERB Program Guide for ineligible costs for all sectors.

1. All predevelopment costs prior to April 7, 2014, with the exception of any energy audit costs which are ineligible for reimbursement prior to October 20, 2014.
2. All system costs prior to October 20, 2014.

1.3 Scoring Criteria for Funding Round 1

Scoring Criteria – Projects will be scored on a point system between 0 and 100 based on the following:

1. Technology Efficiency/Economic Cost Effectiveness (Up to 20 points) – Using the Rutgers Center for Energy, Economics and Environmental Policy Distributed Energy Resource Cost Benefit model or another similar cost benefit model:
 - A. A project will receive 20 points for a cost-benefit ratio greater than 1.25.
 - B. A project will receive 10 points for a cost-benefit ratio between 1.0 and 1.25 (including 1.25).

Projects with a Cost-Benefit Ratio less than 1.0 are not eligible for funding.

2. Low Moderate Income Area Benefit (Up to 25 points) –
 - A. A project will receive 25 points if the HUD Low Moderate Income Area Benefit is greater than 51%
 - B. A project will receive 20 points if the HUD Low Moderate Income Area Benefit is between 35% and 50.99%
 - C. A project will receive 15 points if the HUD Low Moderate Income Area Benefit is between 20% and 34.99%
3. Most Impacted Communities (Up to 15 points) – Projects at critical facilities that were directly or indirectly impacted by Superstorm Sandy or other qualifying disaster, as listed in Appendix A:
 - A. Will receive 15 points if the critical facility serves three or more of the municipalities listed in Appendix B.
 - B. Will receive 10 points if the critical facility serves one or two of the municipalities listed in Appendix B.
 - C. Will receive 0 points if the critical facility serves none of the municipalities listed in Appendix B.

The list of communities in Appendix B is based on FEMA data showing municipalities with the largest combined number of primary homes and rental units that sustained at least \$8,000 of physical damage (i.e., “major” damage) as a result of Superstorm Sandy. While facilities impacted by disasters other than Sandy are eligible for ERB funding, the additional emphasis on Sandy derived from this scoring factor is necessary to ensure compliance with regulations governing the use of CDBG-DR monies that fund the ERB,

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including the requirement regarding the overall percentage of CDBG-DR monies that must be expended within the nine most-impacted counties as determined by HUD.

4. Readiness To Proceed (Up to 10 points)

- A. A project will receive 10 points if project completion is reasonably expected within 15 months from the estimated closing date.
- B. A project will receive 5 points if project completion is reasonably expected more than 15 months, but less than 20 months, from estimated closing date.

For purposes of this criterion, project completion will be measured by such factors as scope of the project (e.g. site control, status of design documents and permit applications and approvals); if applicable, availability of other funding to complete the project; and reasonableness of proposed project timeline. Importantly, this factor is not measured from the date of application submission, but rather from the date of closing.

- 5. Criticality (20 points) – A facility that is identified as a state level asset in the Office of Homeland Security and Preparedness State Asset database will be awarded 20 points.
- 6. Microgrid (5 points) – A project that includes more than one free-standing facility interconnection will be awarded 5 points.
- 7. Facility Energy Efficiency (5 points) – A project that meets or exceeds the general state program performance requirements of 15% energy efficiency or energy savings will receive 5 points.

In addition to the above scoring criteria, funding determinations also will be based, in part, on the results of a comprehensive technical and credit underwriting analysis.

As outlined in Section 4.3.2.7 of the ERB's Program Guide, all DER system designs must be designed to provide energy to all designated critical loads during a seven-day grid outage without a delivery of fuel to emergency generators. Guidance on this is set forth in NJDEP Auxiliary Power Guidance and Best Practices for Wastewater and Drinking Water Systems (see <http://www.nj.gov/dep/watersupply/pdf/guidance-ap.pdf>).

Scoring Results – Projects must score a minimum of 50 points or more to be considered eligible for project financing. Projects that do not score at least 50 points pursuant to these criteria will be deemed ineligible for funding (and may not be resubmitted in the case of future funding rounds open to WWTP and WTP facilities, unless either the circumstances of the project or the parameters of the program change).

1.4 Financial Product Terms for ERB Funding Round 1

The financial product terms for this ERB Funding Round 1 are as follows:

1. Funding – ERB will provide 100% of unmet funding needs for an eligible project, after equity contribution applicable to for-profit owned projects, (i.e., the ERB may finance the entire funding gap, after applicable equity contribution is satisfied.) The amount of unmet need will be established through the federally required duplication of benefits/unmet need analysis. In funding up to the entire unmet need of an eligible project, 40% of the funding gap (remaining after equity is applied, if applicable) will be provided in the form of an incentive and 60% through an amortizing loan. The terms of the incentive and loan financing are described below.

A. Incentive

- i. Incentive Loan – 20% of unmet funding need, after any applicable equity contribution, will be provided as a non-interest bearing incentive loan with principal forgiveness at project completion.
- ii. Performance Loan – 20% of unmet funding need, after any applicable equity contribution, will be provided as a loan with principal forgiveness based on performance standards as follows. Principal forgiveness will be provided in equal percentages over five years (4% each year), beginning one year following project completion, based on proof of successful system operations of and evidence of minimum required performance.
 - a. Performance will be measured through a method of measurement and verification (M&V) to support the claim of achieving minimum run hours and production capacity. M&V requirements may be documented through a real-time remote performance reporting system.
 - b. If a project does not meet the required performance level at the end of any year, the forgivable portion of that year's loan principal will not be forgiven. In the following year, if the performance level is returned to the required level, then the forgivable portion of the current and previous year's principal will be forgiven. However, if the performance level is not attained for two consecutive years or more, and the applicant subsequently meets a required performance level in a year within the five-year principal forgiveness period, only the previous and the current year's forgivable portion of principal will be forgiven. Circumstances of force majeure that cause a project to fail to meet required performance will not affect that year's principal forgiveness.

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B. Amortizing and Performance Loan Terms. Any balance on the loan, including the portions of the Performance Loan above to be forgiven until forgiven, will be governed by the following terms:

- i. 2%, fixed interest rate for applicants with bond rating of BBB- or higher at the time of approval; 3% fixed interest rate for applicants with bond rating lower than BBB- or which are not rated at the time of approval.
- ii. Collateral – None required.
- iii. Up to 20-year term, based on useful life of majority of assets.
- iv. Up to 2 years' principal moratorium starting from closing, according to the following:
 - a. Moratorium duration will be the length of the construction period, but will not exceed 2 years, but can be extended as set forth in c. below.
 - b. Moratorium is included in loan term, not in addition.
 - c. Up to two, six-month extensions of the moratorium may be provided based on evidence of significant progress toward project completion, and where delay was unavoidable or unforeseeable. In no event will the moratorium, as extended, exceed three years.
- v. Interest charged during the construction period will be based on disbursements of loan capital and will not accrue on undisbursed funds.
- vi. Debt Service Coverage (DSC) Ratio: The DSC ratio requirement is as follows:
 - a. No DSC ratio requirement for entities with bond ratings of BBB- or better; or
 - b. DSC ratio requirement of 1:1.0 (including loan principal anticipated to be forgiven) for entities with lower rating or that are unrated.

C. Equity Requirements

- i. No equity contribution for publicly-owned, publicly-controlled or non-profit facilities.
 - ii. Equity contribution of at least 10% of total project costs for for-profit facilities.
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2. Disbursement –Disbursement will be based on the following milestones, with presentation of evidence of cost incurred and site visit to verify:
 - A. Purchase and delivery of system/fixtures in amount of cost of system/fixtures, delivery and feasibility study, if applicable,
 - B. Up to 3 construction milestones based on development schedule specific to each project construction schedule, and
 - C. Completion of system commissioning/testing with passing results.
 - D. All disbursements to CDBG-DR-funded projects will be subject to meeting all applicable HUD requirements.

APPENDIX A

ELIGIBLE DISASTERS

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- **Declaration No. 4048** – Severe Storm (Incident Period: October 29, 2011). Impacted counties: Middlesex, Somerset, Hunterdon, Union, Morris, Warren, Essex, Bergen, Passaic, Sussex, Cape May.
- **Declaration No. 4070** – Severe Storms and Straight-Line Winds (Incident Period: June 30, 2012). Impacted counties: Salem, Cumberland, Atlantic.
- **Declaration No. 4086** – Hurricane Sandy (Incident Period: October 26, 2012 to November 8, 2012). Impacted counties: all 21 counties.

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APPENDIX B

LIST OF IMPACTED MUNICIPALITIES*

Asbury Park	Atlantic City	Atlantic Highlands	Avalon	Avon-by-the-Sea
Barnegat	Bass River	Bay Head	Bayonne	Beach Haven
Belleville	Belmar	Berkeley	Bradley Beach	Brick
Brielle	Brigantine	Camden	Carteret	Downe Township
Eagleswood	East Brunswick	Egg Harbor	Elizabeth	Hackensack
Harrison	Harvey Cedars	Highlands	Hoboken	Jersey City
Keansburg	Kearny	Keyport	Lacey	Lake Como
Lavallette	Linden	Little Egg Harbor	Little Ferry	Little Silver
Long Beach	Long Branch	Longport	Lyndhurst	Manasquan
Mantoloking	Margate	Middle Township	Middletown	Monmouth Beach
Moonachie	Mullica Township	Neptune	Newark	North Bergen
North Wildwood	Ocean City	Ocean Gate	Oceanport	Old Bridge
Penns Grove	Perth Amboy	Pleasantville	Point Pleasant Beach	Point Pleasant Borough
Rahway	Ridgefield Park	Rumson	Sayreville	Sea Bright
Sea Isle City	Seaside Heights	Seaside Park	Secaucus	Ship Bottom
Somers Point	South Amboy	South River	South Toms River	Spring Lake
Stafford	Surf City	Toms River	Tuckerton	Union Beach
Ventnor	Wallington	Weehawken	West Wildwood	Wildwood
Woodbridge				

* This list of communities is based on FEMA data showing municipalities with the largest combined number of primary homes and rental units that sustained at least \$8,000 of physical damage (i.e., “major” damage) as a result of Superstorm Sandy.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (NJEDA)

ENERGY RESILIENCE BANK

APPEAL PROCESS

An applicant may challenge the NJEDA's decision by submitting in writing to the NJEDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. In the event that an applicant can demonstrate that they have not received their declination letter in time for them to file an appeal within the 30 calendar days, an extension may be granted by the NJEDA. Such challenges are not contested cases as subject to the requirements of Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

Challenges that are timely submitted shall be handled by the NJEDA as follows:

1. The CEO of the NJEDA shall designate an employee of the NJEDA to serve as a hearing officer for the challenge and to make a recommendation on the merits of the challenge to the Board. The hearing officer shall perform a review of the written record, consult with NJEDA subject matter experts, and, if required by the hearing officer, or requested by the applicant, hold a phone consultation with the applicant. The NJEDA may consider new evidence or information that would demonstrate that the applicant met the requirements for the criterion on which they were declined.
2. Following completion of the record review and/or phone consultations, as applicable, the hearing officer shall issue a written report to the Board containing his or her finding(s) and recommendation(s) on the merits of the challenge. The hearing officer's report shall be advisory in nature and is not binding on the Board. The CEO, or equivalent officer, of the NJEDA may also include a recommendation to the written report of the hearing officer. The applicant shall receive a copy of the written report of the hearing officer and shall have the opportunity to contact the hearing officer with any comments and exceptions prior to the matter being brought before the Board.
3. The Board shall consider the hearing officer's report, the recommendation of the CEO, or equivalent officer, if any, and any written comments and exceptions timely submitted by the applicant. Based on that review, the Board shall issue a final decision on the challenge. Such decision shall become effective 10 working days after the Governor's receipt of the minutes of the public meeting at which such decision occurs, provided no veto has been issued. The applicant shall have the opportunity to attend the public meeting at which the Board considers its challenge.
4. Final decisions rendered by the Board shall be appealable to the Superior Court, Appellate Division, in accordance with the Rules Governing the Courts of the State of New Jersey.

STRONGER NJ LOAN PROGRAM (APPEALS)



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Melissa Orsen
Chief Executive Officer

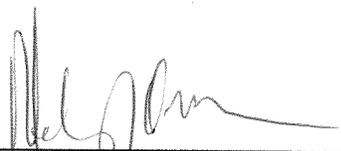
DATE: July 9, 2015

SUBJECT: Stronger NJ Business Loan Program Appeal – Lincoln Harbor Yacht Club.

Pursuant to the appeal process approved by the Board at the June 10, 2014 Board meeting, applicants to the Stronger NJ Business Loan program may challenge the EDA's decisions by submitting in writing to the EDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned to each project to provide an independent review of the appeal.

The Hearing Officer's review includes reviewing the appeal letter, the application and file, as well as speaking directly with the applicant and relevant Office of Recovery staff. The applicant has been sent the Hearing Officer's report in advance of the Board Meeting. They have been given an opportunity to reach out directly to the Hearing Officer to discuss the decision, and have been notified of the date and time of the Board Meeting.

At this meeting, the Board is being asked to consider one appeal: Lincoln Harbor Yacht Club. Attached to this memo you will find the Hearing Officer's recommendation, the Hearing Officer's letter to the applicant, the declination letter and the applicant's appeal. I have reviewed the attached and I concur with the recommendation that the declinations under the Stronger NJ Business Loan Program for Lincoln Harbor Yacht Club be upheld.



Melissa Orsen

attachments



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Melissa Orsen, Chief Executive Officer
Members of the Authority

FROM: Kara Kopach
Hearing Officer

DATE: July 9, 2015

SUBJECT: Stronger NJ Business Loan Program Appeals
Lincoln Harbor Yacht Club - 618331

Request:

The Members are asked to approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Loan application for Lincoln Harbor Yacht Club. Pursuant to the appeal process approved by the Board at the April 30, 2013 Special Board meeting, and revised at the June 10, 2014 Board Meeting, applicants to the Stronger NJ Business Loan program may challenge the EDA's decisions by submitting in writing to the EDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned by the CEO to each project to provide an independent review of the appeal. Kara Kopach has fulfilled the role of Hearing Officer to review the following appeal and has completed the review with legal guidance from the Attorney General's Office.

The appeal has been reviewed and a letter has been sent to the applicant with the Hearing Officer's recommendations. The applicant was notified in the letter that they have the opportunity to provide comments or exceptions directly to the Hearing Officer. The letter is attached to this memo.

Based on the review of the appeal submitted by the applicant and the analysis prepared by the initial review team from the EDA, the Hearing Officer recommends the following:

Business Name	Reason for Decline	Discussion
Lincoln Harbor Yacht Club	Business is not an eligible business under Federal requirements (luxury businesses such as private marina and yacht clubs).	Applicant's business caters to higher-income clientele, specifically pertaining to usage of boats and/or yachts.

Recommendation:

As a result of careful consideration of the above appeal in consultation with the Attorney General's Office, the recommendation of the Hearing Officer is to uphold the declination of the Stronger NJ Loan application for Lincoln Harbor Yacht Club.

Prepared by: Dina Khmelnitsky

STRONGER NJ GRANT PROGRAM (APPEALS)



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Melissa Orsen
Chief Executive Officer

DATE: July 9, 2015

SUBJECT: Stronger NJ Business Grant Program Appeal – Emory Rehabilitation Service Inc. and Mijack Corporation.

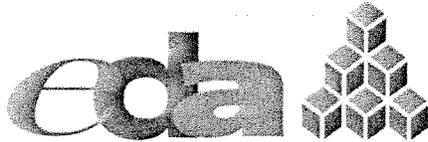
Pursuant to the appeal process approved by the Board at the June 10, 2014 Board meeting, applicants to the Stronger NJ Business Grant program may challenge the EDA's decisions by submitting in writing to the EDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned to each project to provide an independent review of the appeal.

The Hearing Officer's review includes reviewing the appeal letter, the application and file, as well as speaking directly with the applicant and relevant Office of Recovery staff. The applicant has been sent the Hearing Officer's report in advance of the Board Meeting. They have been given an opportunity to reach out directly to the Hearing Officer to discuss the decision, and have been notified of the date and time of the Board Meeting.

At this meeting, the Board is being asked to consider two appeals: Emory Rehabilitation Service Inc. and Mijack Corporation. Attached to this memo you will find the Hearing Officer's recommendation, the Hearing Officer's letter to the applicant, the declination letter and the applicant's appeal. I have reviewed the attached and I concur with the recommendation that the declinations under the Stronger NJ Business Grant Program for Emory Rehabilitation Service Inc. and Mijack Corporation be upheld.

Melissa Orsen

attachments



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Melissa Orsen, Chief Executive Officer
Members of the Authority

FROM: Dina Khmelnsky
Kara Kopach
Hearing Officers

DATE: July 9, 2015

SUBJECT: Stronger NJ Business Grant Program Appeals
Emory Rehabilitation Service, Inc. – 59460
Mijack Corporation– 515303

Request:

The Members are asked to approve the Hearing Officers' recommendations to uphold the declination of the Stronger NJ Business Grant application for Emory Rehabilitation Service, Inc. and Mijack Corporation. Pursuant to the appeal process approved by the Board at the April 30, 2013 Special Board meeting, and revised at the June 10, 2014 Board Meeting, applicants to the Stronger NJ Business Grant program may challenge the EDA's decisions by submitting in writing to the EDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned by the CEO to each project to provide an independent review of the appeal. Dina Khmelnsky and Kara Kopach have fulfilled the role of Hearing Officer to review the following appeals and have completed the review with legal guidance from the Attorney General's Office.

Each appeal has been reviewed and a letter has been sent to each applicant with the Hearing Officer's recommendations. The applicants were notified in the letter that they have the opportunity to provide comments or exceptions directly to the Hearing Officer. Letters are attached to this memo.

Based on the review of the appeals submitted by the applicants and the analysis prepared by the initial review team from the EDA, the Hearing Officers recommend the following:

Business Name	Reason for Decline	Discussion
Emory Rehabilitation Service, Inc.	Applicant is a home-based business not zoned appropriately for the nature of the business AND Business does not project a gap in need.	Applicant's business was home-based and local zoning ordinances do not allow for a home-occupied business to have a separate commercial entrance nor to receive business visitors in the home. Additionally, the business did not demonstrate an unmet need.
Mijack Corporation	Business does not project a gap in need.	Applicant's 2012 and 2013 tax filings do not reflect a gap in unmet need. For both years, Mijack reported net profits.

Recommendation:

As a result of careful consideration of the above appeal in consultation with the Attorney General's Office, the recommendation of the Hearing Officers is to uphold the declination of the Stronger NJ Grant application for Emory Rehabilitation Services, Inc. and Mijack Corporation.

Prepared by: Dina Khmelnitsky

BOARD MEMORANDUMS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and Chief Operating Officer

DATE: July 9, 2015

SUBJECT: Danic Two, LLC
Elizabeth, New Jersey
\$5,500,000 New Market Tax Credit (NMTC) loan – P19949
Aggregate Exposure - \$8,584,983

Request:

Extend the maturing NMTC loan for 20 years with call options and rate resets at the end of each five year period.

Background:

Founded in 1945, Atalanta Corporation (“Atalanta”) is a global food importer headquartered in Elizabeth, NJ owned 100% by George Gellert. Mr. Gellert also owns Danic Urban Renewal Company and Danic Two, LLC the two real estate holding company for Atalanta’s Elizabeth headquarters. Danic Urban Renewal Company owns the original building and land while Danic Two, LLC was formed in to own the new addition. In 2008, Danic Two received a \$5.5 million NMTC loan in conjunction with a \$7.2 million first mortgage from Commerce Bank (now TD Bank) to complete this project.

The Authority also has approximately \$3 million to entities related through common ownership resulting in a combined loan exposure of \$8.6 million, including \$1.25 million Statewide Loan Pool participation in a TD Bank mortgage in May 2014 to a related entity 480 Oberlin Avenue, LLC owned by Mr. Gellert’s adult children (Andrew Gellert, Thomas Gellert and Amy Lebovitz). Danic Five, LLC is a related real estate holding company owned by and received a \$2 million direct loan in July 2014.

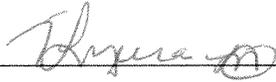
The company employs 196 people in their three New Jersey facilities and has invested \$35 million in their 311,000 sq. ft headquarters in Elizabeth, NJ and \$15 million in the newly acquired 46,000 sq. ft facility in Lakewood, NJ. The company pays approximately \$1 million annually in real estate taxes.

EDA’s \$5.5 million NMTC loan is scheduled to mature in September 2015 and the Borrower has requested the Authority to restructure the balloon based on their inability to refinance the loan at this time. Atalanta Corporation has a comprehensive banking relationship with TD Bank who has reached their house lending limit with this relationship and is unable to refinance the maturing loan. The company has focused on growing their business in NJ and believes that the cash outlay to pay off the maturing loan would hinder their growth.

Presently, we are recommending that the maturing NMTC loan be restructured per the NMTC restructure guidelines approved by the Members on December 9, 2014. TD Bank previously refinanced their existing first mortgage for twenty (20) years at a fixed rate of 4.1% for ten (10) years. EDA's loan will be extended for nineteen (19) years and four (4) months to match the bank's maturity date of January 1, 2035. The loan will be priced at 50 basis points below the bank rate at an initial rate of 3.6% fixed for five years with an incremental interest rate increase of 1% every five years. Additionally, the proposed loan will have three five (5) year call options. Finally, the Borrower will pay a fee of \$13,750 or 0.25% of the loan balance to facilitate this transaction.

Recommendation:

Extend Danic Two's maturing NMTC loan to January 2035 at 50 basis points below the senior lenders rate (initially 3.6%), increasing 1% and with a call option each 5 years. The borrower will pay a fee of 0.25% of the restructured balance. Approval is recommended based on strong performance, growth in NJ and to support a company that maintains over 196 employees in NJ.



Prepared by: Mansi Naik



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and Chief Operating Officer

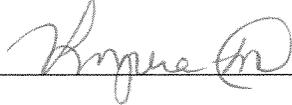
DATE: July 9, 2015

SUBJECT: Delegated Authority Approvals for 2nd Quarter 2015
For Informational Purposes Only

The following post-closing actions were approved under delegated authority during the second quarter of 2015:

Name	EDA Credit Exposure	Action
Camcare Health Corp.	\$ 1,125,973	Extend EDA's LDFF loan maturity to January 1, 2025 to allow the borrower time to amortize a balloon payment.
Broadway Packaging Solutions, Inc. and Broadway Klee-Guard	\$ 677,960	Consent to M&T's Bank's increase of line of credit from \$4.5 million to \$6.0 million to accommodate growth.
1301 Forest Grove, LLC	\$ 589,698	Extend EDA's SLP loan maturity to October 1, 2015 to match the extension approved by Capital Bank of New Jersey.
Elizabeth Development Company	\$ 295,790	Extend EDA's Direct loan five years to June 1, 2020 to allow the borrower time to amortize a balloon payment.
RECA Properties, LLC and ACER Associates, LLC	\$ 271,927	Subordinate EDA's lien on corporate assets of ACER taken as an abundance of caution and consent to a new \$250,000 line of credit.
Isles Mill 57, Inc.	\$ 235,759	Extend the SLP participation maturity to April 1, 2020 to allow the borrower time to amortize a balloon payment.

Conduit Bonds (EDA has no credit exposure.)	
Somerset Hills Young Men's Christian Association	Consent to amend a \$2,051,527 tax exempt bond and a \$2,172,364 tax exempt bond for the merger of Somerset Hills YMCA and Somerset Valley YMCA and the name change to Somerset County Young Men's Christian Association, Inc.
Princeton Junior School, Inc.	Consent to amend a \$988,792 tax exempt bond agreement to correspond with the debt service schedule in the Note.



Prepared by: Daniel Weick



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: July 9, 2015

SUBJECT: Incentives Modifications
(For Informational Purposes Only)

Since 2001, and most recently in June, 2014, the Members have approved delegations to the President/Chief Operating Officer for post closing incentive modifications that are administrative and do not materially change the original approvals of these grants.

Attached is a list of the incentive modifications and Salem/UEZ renewal extensions that were approved in the 2nd quarter ending June 30, 2015.

Prepared by: C. Craddock

ACTIONS APPROVED UNDER DELEGATED AUTHORITY
 QUARTER ENDING JUNE 30, 2015

BUSINESS EMPLOYMENT INCENTIVE PROGRAM

Applicant	Modification Action	Approved Award
Otsuka America Pharmaceutical, Inc.	Award percentage adjustment from 75% to 60%	\$ 1,449,375

URBAN TRANSIT HUB TAX CREDIT PROGRAM

Applicant	Modification Action	Approved Award
PHMII Associates, LLC	Amend from PHMII Associates, LLC to 3 Journal Square Urban Renewal, LLC	\$ 19,776,911

SALEM/UEZ ENERGY SALES TAX EXEMPTION RENEWALS

Applicant	Extend to Date	Location	# of Employees/% Involved in Manufacturing	Benefit
dg3 North America	March 13, 2016	Jersey City, NJ	240/365	\$ 105,000
J.E. Berkowitz, LP	April 18, 2016	Pedricktown, NJ	152/230	\$ 450,000
Siegfried (USA) Inc.	March 23, 2016	Pennsville, NJ	155/175	\$ 177,000



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: July 9, 2015

SUBJECT: Projects Approved Under Delegated Authority - **For Informational Purposes Only**

The following projects were approved under Delegated Authority in June 2015:

Premier Lender Program:

- 1) Britton Realty of Lawrenceville, LLC (P40543), located in Lawrence Township, Mercer County, is the real estate holding company for the project property. The operating company, Britton Industries, Inc., was founded in 1990 as a landscaping business. In 1994 the Company began to manufacture mulch, and entered the land clearing business. Wells Fargo approved a \$7,800,000 bank loan contingent upon a 26%, (\$2,000,000) Authority participation. Proceeds will be used to refinance debt from another bank. Currently, the Company has 60 employees and plans to create five new positions over the next two years.

Small Business Fund Program:

- 1) West Ivy Englewood, LLC (P41125) located in Englewood City, Bergen County, is the real estate holding company for the project property. The operating company, Periodontal Associates, LLC, was formed in 2012 as a dental practice that specializes in conservative treatment of gum disease, cosmetic procedures and dental implants. They also diagnose and treat oral pathology. M & T Bank approved a \$760,000 loan contingent upon a 21.05% (\$160,000) Authority participation. Proceeds will be used to purchase a commercial property. Currently, the Company has three employees and plans to create two new jobs within the next two years.

Stronger NJ Business Loan Program:

- 1) Coast Whistle Stop, Inc. d/b/a Pier House Restaurant (P39328), located in Seaside Park Borough, Ocean County, was founded in 1972 as a family style restaurant located just outside Island Beach State Park. The Company was approved for a \$135,000 working capital loan to reimburse working capital expenses incurred during 2013 as a result of the damage sustained during Superstorm Sandy.

Camden ERB:

- 1) Trinity Live Entertainment and Events, LLC (P40992), located in Camden City, Camden County, was founded in 2013 as a banquet hall for entertainment events and special occasions. Trinity provides affordable rental rates, knowledgeable event planning support, state-of-the-art sound and lighting systems, expansive, well-maintained rental inventory, and value-priced party packages for any event size. The Company was approved for a \$99,960 Business Lease Incentive Grant to subsidize a portion of their rental costs. Trinity will be leasing 9,996 sq. feet of space in Camden, NJ. The Company plans to create two new positions within the next two years.

Community Economic Development Program - Modification:

- 1) Greater Wildwood Tourism Improvement and Development Authority (“GWTIDA”) (P39676), located in Wildwood City, Cape May County, was established in 1993 and serves as the operations and marketing arm of the New Jersey Sports and Exposition Authority (“NJSEA”). It is a public authority that promotes economic development and the tourism industry throughout NJ with a focus on four Wildwood municipalities in Cape May County. In October 2014, a \$50,000 recoverable grant was approved under the Fund for Community Economic Development Program to conduct a feasibility study for a hotel in Wildwood. The facility was to be secured by a second lien on the property. Although GWTIDA operates out of this location, NJSEA, as the owner of the property, was required to execute its guarantee and the mortgage documents. Staff was contacted by the closing attorney, who requested to substitute the mortgage with cash collateral because the execution of a mortgage would require bond document review and would be costly. NJSEA put \$50,000 cash in the form of an NJSEA account that will be pledged to the NJEDA as collateral for the recoverable grant in lieu of the mortgage. All other terms and conditions of the original approval remain unchanged.

Direct Loan Program - Modification:

- 1) Cooperative Business Assistance Corporation (“CBAC”) (P40434), located in Camden City, Camden County, is a not-for-profit entity that was formed in 1987 to assist Camden small businesses and the six southern NJ counties, by providing loans and technical assistance. On April 14, 2015, the members of the Board approved a \$250,000 direct loan. The loan was modified by eliminating the five year interest rate reset provision and fixing the rate for 10 years. This will allow CBAC to match fund loans to their customers. All other terms and conditions of the original approval remain unchanged.

New Jersey Business Growth Fund - Modification:

- 1) Blue Rock Holdings LLC and Advanced Infrastructure Design, Inc. (P41241) are located in Hamilton Township, Mercer County. Blue Rock Holdings LLC is a related real estate holding company formed to purchase the project property. Advanced Infrastructure Design, Inc. was established in 1999 as a research-driven consulting engineering firm providing practical solutions to aging infrastructures. PNC Bank approved a renewal of a \$687,733 term loan with a five-year, 25% Authority guarantee of principal outstanding, not to exceed \$171,933. Original loan proceeds were used to refinance a commercial mortgage. All other terms and conditions of the original approval remain unchanged.

Statewide Loan Pool Program - Modification:

- 1) Scott Real Estate LLC (P40538), located in Wayne Township, Passaic County, was approved for a \$2,700,000 M & T Bank loan contingent upon a 50% (\$1,350,000) Authority participation. A title report listed additional liens totaling \$140,000 on the real property, pledged as collateral that must be paid off in order to receive a clear title. M & T Bank increased the total loan by \$140,000 to \$2,840,000. The Authority increased its participation by \$70,000 reflecting our 50% share of the loan. Loan proceeds will be used to refinance and consolidate two existing mortgages. All other terms and conditions of the original approval remain unchanged.

Stronger NJ Business Loan Program - Modification:

- 1) Yank Marine Services, LLC (P39754), located in Maurice River Township, Cumberland County, was founded in 2005 as a commercial boat building and repair company located on the Maurice River. The Company's location provides unobstructed deep water access in the Delaware Bay, the Atlantic Ocean and the Chesapeake and Delaware Canal. On February 25, 2015, the Authority approved a \$2,072,250 construction loan and a \$50,000 forgivable loan; however, the original approval did not include a lien on all real property. The approved modification adds a lien on all real property. All other terms and conditions of the original approval remain unchanged.



Prepared by: D. Lawyer
DL/gvr



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura, President and Chief Operating Officer

DATE: July 9, 2015

SUBJECT: Technology & Life Sciences - Delegated Authority Approvals for 1st Half 2015
For Informational Purposes Only

The following Angel Investor Tax Credit applications were approved under delegated authority during the first half of 2015:

Investor	Technology Company	Investment amount	Tax Credit amount
Shaklee Corporation	Just Greens, LLC.	\$ 1,000,000	\$ 100,000
John Hui	Bergen Medical Products	\$ 25,000	\$ 2,500
David & Mary Comora	Edge Therapeutics	\$ 104,625	\$ 10,463
David & Susan Kalb	Edge Therapeutics	\$ 132,525	\$ 13,253
David & Leslie Rosenthal	Edge Therapeutics	\$ 13,950	\$ 1,395
Tianning Yu	Edge Therapeutics	\$ 50,000	\$ 5,000
Richard T Weiss Living Trust	Eos Energy Storage	\$ 250,000	\$ 25,000
Jerry Labowitz	Eos Energy Storage	\$ 250,000	\$ 25,000
Total		\$ 1,826,100	\$ 182,610

Post-closing actions approved under delegated authority during the first half of 2015:

Borrower (Operating Company)	EDA Exposure	Action
Chromis Fiberoptics, Inc.	\$ 354,636.15	Approved Company's request to cease maintenance payments on a non-essential patent that is secured by the EDA, to allow the Company to conserve cash.



Prepared by:
 Kathleen Coviello
 David Ackerman



TO: Members of the Authority

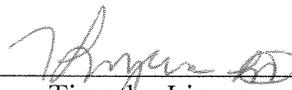
FROM: Timothy Lizura
President/Chief Operating Officer

DATE: July 9, 2015

SUBJECT: Petroleum Underground Storage Tank Program (PUST) - Delegated Authority
Second Quarter 2015 Approvals (For Informational Purposes Only)

Pursuant to delegations approved by the Board in May 2006, staff may approve new grants under the Petroleum Underground Storage Tank Program (PUST) up to \$100,000 and supplemental awards for existing grants (of any size) up to an aggregate of \$100,000, provided that the aggregate amount of the supplemental awards does not exceed \$100,000.

Attached is a summary of the Delegated Authority approvals for the second quarter ending June 30, 2015. 71 grants were approved totaling \$1,292,649.



Timothy Lizura

Prepared by: Lisa Petrizzi

APPLICANT	DESCRIPTION	GRANT AMOUNT	AWARDED TO DATE
Acchione, Frank (P40665)	Initial grant for upgrade, closure and remediation	\$19,915	\$19,915
Ando, James and Carol (P40620)	Initial grant for upgrade, closure and remediation	\$9,930	\$9,930
Blansett, Jerry (P40115)	Supplemental grant for upgrade, closure and remediation	\$16,000	\$79,233
Boring, Alice (P40588)	Initial grant for upgrade, closure and remediation	\$8,668	\$8,668
Bosak, Steven (P40555)	Supplemental grant for site remediation	\$1,157	\$54,569
Boyce, Bill and Stacy (P40612)	Initial grant for upgrade, closure and remediation	\$12,000	\$12,000
Brooks, Conly (P40559)	Initial grant for upgrade, closure and remediation	\$2,686	\$2,686
Brown Properties, LLC (P40412)	Initial grant for upgrade, closure and remediation	\$10,427	\$10,427
Bryan, David (P40411)	Initial grant for upgrade, closure and remediation	\$11,521	\$11,521
Carrero, Clementina (P40646)	Initial grant for upgrade, closure and remediation	\$6,714	\$6,714
Cervenka, Ronald J. (P40529)	Initial grant for upgrade, closure and remediation	\$4,778	\$4,778
Clifford, Carmen (P40617)	Initial grant for upgrade, closure and remediation	\$63,106	\$63,106
Cody, Daniel (P39932)	Initial grant for upgrade, closure and remediation	\$9,012	\$9,012
Coutu, Ryan (P40690)	Initial grant for upgrade, closure and remediation	\$18,352	\$18,352
Coyne, William (P40622)	Initial grant for upgrade, closure and remediation	\$4,820	\$4,820
Dealmeida, Ana M. (P40858)	Initial grant for upgrade, closure and remediation	\$3,823	\$3,823
Deweese, Robert (P40609)	Supplemental grant for site remediation	\$5,045	\$11,130
Diaz, Jessica (P40378)	Supplemental grant for upgrade, closure and remediation	\$11,898	\$103,758 *
Edouard, Farahdia (P40652)	Supplemental grant for site remediation	\$9,317	\$109,471 *
Elardo, Lawrence (P40850)	Initial grant for upgrade, closure and remediation	\$15,719	\$15,719
Elizabeth Coalition to House the Homeless (P40449)	Initial grant for upgrade, closure and remediation	\$33,810	\$33,810
Estate of Dorothy Phillips (P40963)	Initial grant for upgrade, closure and remediation	\$14,626	\$14,626
Estate of John Leck (P40615)	Supplemental grant for site remediation	\$23,269	\$67,994
Faith Baptist Church (P40651)	Supplemental grant for site remediation	\$10,975	\$10,975
Farruggio, John (P40608)	Initial grant for upgrade, closure and remediation	\$16,385	\$16,385
Fenske, Christopher and Wendy (P39436)	Supplemental grant for upgrade, closure and remediation	\$15,293	\$26,627

APPLICANT	DESCRIPTION	GRANT AMOUNT	AWARDED TO DATE
Ferrara, Robert (P40696)	Initial grant for upgrade, closure and remediation	\$4,724	\$4,724
Fisk, Alvin C. (P40438)	Initial grant for upgrade, closure and remediation	\$19,871	\$19,871
Foster, Frager (P37416)	Supplemental grant for remediation	\$5,039	\$14,947
Friedman, Joel (P40699)	Initial grant for upgrade, closure and remediation	\$1,000	\$1,000
Fuchs, Glenn (P40580)	Initial grant for upgrade, closure and remediation	\$9,290	\$9,290
Fuen Kong, Yen (P40605)	Initial grant for upgrade, closure and remediation	\$52,417	\$52,417
Gallagher, Kathleen (P40839)	Initial grant for upgrade, closure and remediation	\$8,522	\$8,522
Hendry, Estate of Robert J. (P40582)	Initial grant for upgrade, closure and remediation	\$40,607	\$40,607
Hoey, Carole, L. (P40526)	Initial grant for upgrade, closure and remediation	\$9,193	\$9,193
Iazzetta, Anthony J., Sr. (P40253)	Supplemental grant for remediation	\$4,309	\$25,603
Kelley, Lucille (P40114)	Supplemental grant for remediation	\$36,127	\$57,473
Klein, Steven (P40991)	Initial grant for upgrade, closure and remediation	\$12,152	\$12,152
Lazzara, Joseph (P40664)	Initial grant for upgrade, closure and remediation	\$17,347	\$17,347
Leavey, Hester (P40351)	Initial grant for upgrade, closure and remediation	\$34,826	\$34,826
Leavy, Hannelore (P40447)	Initial grant for upgrade, closure and remediation	\$1,200	\$1,200
Lowe, Ronald (P40643)	Initial grant for upgrade, closure and remediation	\$15,580	\$15,580
Lynn, Paul (P40806)	Initial grant for upgrade, closure and remediation	\$12,075	\$12,075
Marshall, Stefan (P40522)	Initial grant for upgrade, closure and remediation	\$23,512	\$23,512
McDuffy, Gregory and Vidilia (P40338)	Initial grant for upgrade, closure and remediation	\$45,650	\$45,650
McMillan, Gary and Melanie (P40809)	Initial grant for upgrade, closure and remediation	\$6,350	\$6,350
Mesch, Andrew O. (P40406)	Initial grant for upgrade, closure and remediation	\$12,290	\$12,290
Minns, Catherine (P40602)	Initial grant for upgrade, closure and remediation	\$18,798	\$18,798
Mossay, Michele (P40662)	Initial grant for upgrade, closure and remediation	\$10,642	\$10,642
Nwachukwu, James (P40704)	Initial grant for upgrade, closure and remediation	\$10,986	\$10,986
Oleniacz, Joseph (P39615)	Initial grant for upgrade, closure and remediation	\$48,241	\$48,241

APPLICANT	DESCRIPTION	GRANT AMOUNT	AWARDED TO DATE
Paton, Irene (P40667)	Initial grant for upgrade, closure and remediation	\$16,817	\$16,817
Peterson, Christine (P40587)	Initial grant for upgrade, closure and remediation	\$97,370	\$97,370
Pietrafesa, Elizabeth (P40383)	Supplemental grant for upgrade, closure and remediation	\$33,232	\$115,182 *
Quigley, Judy (P40601)	Initial grant for upgrade, closure and remediation	\$14,796	\$14,796
Ramos, Antonio (P40636)	Initial grant for upgrade, closure and remediation	\$7,866	\$7,866
Resko, John (P40344)	Initial grant for upgrade, closure and remediation	\$1,318	\$1,318
Richards, Robert (P40604)	Initial grant for upgrade, closure and remediation	\$67,639	\$67,639
Rousseau, Leon (P40820)	Initial grant for upgrade, closure and remediation	\$2,580	\$2,580
Rutch, Michael (P40666)	Initial grant for upgrade, closure and remediation	\$5,678	\$5,678
Santos, Ada (P40586)	Initial grant for upgrade, closure and remediation	\$62,391	\$62,391
Schwer, Allan (P39865)	Initial grant for upgrade, closure and remediation	\$14,238	\$14,238
Shuren, Linda (P40647)	Initial grant for upgrade, closure and remediation	\$5,530	\$5,530
Sohl, Carlton (P41020)	Initial grant for upgrade, closure and remediation	\$7,810	\$7,810
Stires, Terry (P40600)	Initial grant for upgrade, closure and remediation	\$17,661	\$17,661
Sudo, Thomas (P40645)	Initial grant for upgrade, closure and remediation	\$36,762	\$36,762
Tamburri, Enrico (P40660)	Initial grant for upgrade, closure and remediation	\$6,346	\$6,346
Ward, Rose Marie (P40988)	Initial grant for upgrade, closure and remediation	\$17,205	\$17,205
Weber, Steven and Carolyn (P40404)	Initial grant for upgrade, closure and remediation	\$5,827	\$5,827
Wisner, Blair (P40384)	Supplemental grant for upgrade, closure and remediation	\$33,519	\$106,960 *
Zajac, Maria (P40349)	Initial grant for upgrade, closure and remediation	\$18,070	\$18,070
71 Grants	Total Delegated Authority for Leaking Tank Applications	\$1,292,649	

*Includes cumulative awards to date (initial & supplemental). Supplemental grant awards do not exceed \$100,000 the delegation permitted



TO: Members of the Authority

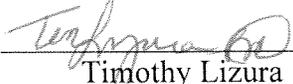
FROM: Timothy Lizura
President/Chief Operating Officer

DATE: July 9, 2015

SUBJECT: Hazardous Discharge Site Remediation Fund - Delegated Authority Second Quarter 2015 Approvals (For Informational Purposes Only)

Pursuant to delegations approved by the Board in May 2006, staff may approve new grants under the Hazardous Discharge Site Remediation Fund (HDSRF) up to \$100,000 and supplemental awards for existing grants (of any size) up to an aggregate of \$100,000, provided that the aggregate amount of the supplemental awards does not exceed \$100,000.

Attached is a summary of the Delegated Authority approvals for the second quarter ending June 30, 2015. 9 grants had been approved totaling \$290,428.



Timothy Lizura

Prepared by: Lisa Petrizzi

APPLICANT	DESCRIPTION	GRANT AMOUNT	AWARDED TO DATE
Carteret Borough (15 Sharot St.) P39825	Initial grant to perform Preliminary Assessment.	\$4,902	\$4,902
Carteret Borough (21 Washington Ave.) P39824	Initial grant to perform Preliminary Assessment and Site Investigation.	\$12,140	\$12,140
Carteret Borough (45 Washington Ave.) P39826	Initial grant to perform Site Investigation.	\$13,388	\$13,388
Fanwood Borough (Frm Livingston Wilbur) P40451	Initial grant to perform Remedial Action Activities to utilize innovative technology.	\$53,540	\$53,540
Hampton Hills Associates P39886	Initial grant to perform Remedial Investigation and Remedial Action Activities.	\$20,679	\$20,679
Lambertville City (Cavallo Park) P40519	Initial grant to perform Remedial Investigation.	\$31,524	\$31,524
National Park Borough (Robert Hawthorne) P40734	Supplemental grant to perform Remedial Investigation.	\$63,931	\$435,414
New Providence Borough (Ping Wang) P40178	Supplemental grant to perform Remedial Investigation.	\$74,015	\$201,448
Porutski, Raymond P40464	Initial grant to perform Remedial Action Activities.	\$16,309	\$16,309
9 Grants	Total Delegated Authority for HDSRF Applications	\$290,428	

*Includes cumulative awards to date (initial & supplemental). Supplemental grant awards do not exceed \$100,000 the delegation permitted

REAL ESTATE

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

RE: Camden Waterfront Development
Approval of the Second Amendment to the Development and Option Agreement
(dated October 19, 2004 and amended November 18, 2013)

DATE: July 9, 2015

Summary

I request that the Members approve the Second Amendment to the Development and Option Agreement between Camden Town Center, L.L.C. (“CTC”) and the Authority, dated October 19, 2004 and amended on November 18, 2013 (the “D&O Agreement”) which will provide CTC with an additional four (4) months to fulfill the \$25 million minimum threshold expenditure currently due on July 31, 2015.

Background

October 2004 D&O Agreement

In 2003, Treasury selected Steiner + Associates (“Steiner”), the developer that controls CTC, to complete the Aquarium Expansion and to develop further projects on the Camden waterfront. The Authority, because of its economic development experience, was selected by Treasury to facilitate the additional development on the waterfront.

On September 14, 2004, the Members approved the Agreement between the Authority and CTC, which governs the development of 30± acres of land immediately north and adjacent to the Aquarium Expansion developed by New Jersey Aquarium L.L.C., a company also controlled by Steiner. The original Agreement required that by May 2018, CTC develop \$135 million in real estate projects on the 30 acres.

The 30 acres includes 3 parcel as follows: Parcels 1 (4± acres) and 3 (6± acres) owned by the Authority and Parcel 2 (20± acres) owned by the City of Camden Redevelopment Agency (“CRA”). Under a separate agreement, CRA assigned the development rights to Parcel 2 to the Authority to administer under the Agreement. As of this date, CTC has completed the Aquarium Expansion (\$7± million development cost) and the Ferry Terminal Building (\$20± million development cost).

November 2013 Amendment to the D&O Agreement

In July 2013, the Members approved an amendment to the D&O Agreement. In exchange for extending the purchase option and certain minimum threshold expenditure milestones, the Authority negotiated the release of Parcel 3 from the D&O Agreement, making Parcel 3 available for redevelopment by the Authority and eliminated the requirement that the Authority, the State or municipality complete infrastructure improvements.

The amendment included the following changes to Section 13:

Item	Requirement	Revised Estimated Due Date	Notes
\$25 Million Milestone	Spend or incur an additional \$25 million (revised subtotal of milestone spending: \$45 million)	7/31/2015	This amendment reduced the spending milestone from \$40 million to \$25 million. This period was extended from May 2013 to July 2015.
\$75 Million Milestone	Spend or incur an additional \$75 million (revised total of milestone spending: \$120 million)	7/31/2020	This amendment extended the period from May 2018 to July 2020.
Option to Purchase	Expiration Date	7/31/2019	This amendment extended the period from May 2017 to July 2019.

In addition, the Members approved the following revisions to the D&O Agreement:

1. *Interim Milestones and Governmental Infrastructure.* Section 12 was also adjusted to be consistent with the revised \$25 and \$75 milestone dates. Completion of “Required Governmental Infrastructure” was removed as a precondition to meeting the milestone deadlines.
2. *Tram Landing Site.* The amendment also acknowledged that the proposed Tram Landing Site (for the tram between Philadelphia and Camden to be developed by the Delaware River Port Authority) is no longer included in the parcels governed by the Agreement.
3. *Parcel 3.* The remaining portion of Parcel 3 that remained undeveloped was removed from the D&O Agreement. The Authority regained the development rights to the parcel. To the extent possible, any future development would be consistent with the current master plan and design guidelines developed by CTC for the three Parcels. However, the Authority will not be bound by the current master plan or design guidelines when soliciting proposals. In approving proposals, the Authority will advise CTC of deviations from the existing master plan and design guidelines.

Current Project Status

Since 2013, CTC has proceeded with submitting items to meet the Section 12 interim milestones by completing the environmental due diligence, submitting an infrastructure plan and plans and specifications for a residential project on a portion Parcel 2 which adjoins Campbell's Field. Under the D&O Agreement there is a \$25 million milestone due on July 31, 2015. CTC is entitled to a \$7 million credit for amounts that exceeded the \$13 million milestone, which CTC satisfied when it completed the Ferry Terminal Building.

In January 2015, CTC approached Staff with the possibility that a national developer has an interest in developing commercial properties on a portion of Parcel 2. At that time, CTC also noted its continued interest in developing the current residential project on a portion of Parcel 2 that adjoins Campbell's Field. On May 5, 2015, the national developer met with Staff and presented its preliminary vision to develop approximately 418,250 SF of commercial space (retail, office, and flex space), 1,638 residential units, and 140 hotel rooms on Parcel 2 and property currently controlled by DRPA to develop the Tram.

To permit negotiations between CTC and the national developer, the President and Chief Operating Officer, on March 18, 2015 and May 20, 2015, authorized the standstill of the existing interim milestones. The current standstill period expired on June 20th. The July 31, 2015 minimum threshold expenditure milestone is still pending.

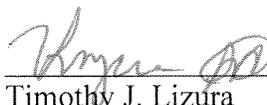
While CTC and the national developer were negotiating the buyout of CTC's equity interest, at the request of CTC, Staff agreed, if the transaction was not consummated between CTC and the national developer, to present to the Members an extension of the July 31st milestone that would move the due date back by approximately the period between the first standstill date, March 18th, and July 31st (135 days). After several months of negotiations, Staff was informed in mid-June that CTC and the national developer could not reach an agreement regarding the purchase of CTC's equity interest.

The Second Amendment to the D&O Agreement

The proposed Second Amendment to the D&O Agreement will extend the existing \$25 million minimum threshold expenditure four (4) months from July 31, 2015 (i.e., until the end of the day of November 30, 2015, or 122 days). The Second Amendment to the D&O Agreement, in substantially final form, is attached to this memorandum as Exhibit A.

Recommendation

I ask that the Members approve the Second Amendment to the D&O Agreement. The final documents may be subject to revisions, although the basic terms and conditions will remain consistent with Exhibit A. The final terms of the Agreement will be subject to the approval of the President and Chief Operating Officer, and the Attorney General's Office.



Timothy J. Lizura
President and Chief Operating Officer

Prepared by: Juan Burgos

EXHIBIT A

SECOND AMENDMENT TO DEVELOPMENT AND OPTION AGREEMENT

THIS SECOND AMENDMENT TO DEVELOPMENT AND OPTION AGREEMENT (the “**Second Amendment**”) dated July _____, 2015, is entered into by and between CAMDEN TOWN CENTER, LLC, a New Jersey limited liability company (“**CTC**”) and the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY, an instrumentality of the State of New Jersey (“**NJEDA**”).

WHEREAS, the Parties hereto previously entered into that certain Development and Option Agreement dated as of October 19, 2004, as amended by that certain Amendment to Development and Option Agreement dated as of November 18, 2013 (as so amended, collectively, the “**Original Agreement**”);

WHEREAS, the Parties spent several months negotiating an amendment to the Original Agreement that would have allowed another developer to join in the development of the Camden Waterfront in order to accelerate the development of the area that is covered by the Original Agreement, however, those negotiations ended without the Parties and the other developer coming to agreement;

WHEREAS, pursuant to Section 12(b)(iii) of the Original Agreement, it is NJEDA’s position that CTC must cause an additional \$25,000,000 of Milestone Threshold Expenditure (for an interim total of \$45,000,000) to be actually paid or incurred by July 31, 2015;

WHEREAS, CTC has requested and NJEDA has agreed to extend the July 31, 2015 date set forth in Section 12(b)(iii) in order to allow CTC additional time to meet the next Milestone Threshold Expenditure date in light of the time that CTC spent attempting to bring another developer to assist with developing the Camden Waterfront;

WHEREAS, the Parties desire to amend certain portions of the Original Agreement in compliance with Section 28 of the Original Agreement.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Defined Terms.

(a) “**Agreement**” shall refer to the Original Agreement, as amended by this Second Amendment.

(b) Defined terms used but not otherwise defined in this Second Amendment shall have the meanings ascribed to such terms in the Original Agreement.

2. Amendment to Section 12 of the Original Agreement.

(a) Section 12(b)(iii) of the Original Agreement is amended and restated as follows:

“(iii) An additional Twenty-Five Million Dollars (\$25,000,000) no later than November 30, 2015.

3. Miscellaneous.

(a) The provisions of Section 28 of the Original Agreement shall apply to this Second Amendment *mutatis mutandis*.

(b) This Second Amendment may be executed in any number of counterparts (and by facsimile or electronic mail signature pages), each of which shall be deemed to be an original, but all of which shall constitute the same agreement. When counterparts have been executed by and delivered to all parties hereto or their counsel, they shall have the same effect as if the signatures were all on the same copy hereof.

4. Effectiveness. Where the terms of this Second Amendment are inconsistent with the terms of the Original Agreement, the terms of this Second Amendment shall control. Except as expressly amended by this Second Amendment, the terms of the Original Agreement remain in full force and effect and are unmodified.

IN WITNESS WHEREOF, the Parties have caused this Second Amendment to be duly executed on their own behalf by their respective officers thereunto duly authorized, all as of the date first above written.

CAMDEN TOWN CENTER, LLC

By: _____

Name:

Title:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

By: _____

Name:

Title:



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

RE: Lease between New Jersey Economic Development Authority and MacroCure, Inc.
The Technology Centre of New Jersey

DATE: July 9, 2015

Summary

I am requesting the Members' approval to: (1) enter into a ten year, three month Lease Agreement between MacroCure, Inc. ("MacroCure" or "Tenant") and the New Jersey Economic Development Authority ("NJEDA" or "Authority") for the Tech V building at the Technology Centre of New Jersey ("Tech Centre"), (2) renovate the Tech V building at a cost of \$2 million, consistent with the attached budget, (3) increase the contract for pre-construction services with Torcon, the Tech Centre's Construction Management firm of record, by \$60,000, and for general construction management services based upon the previously established fee of 1.0% with an incentive clause, and (4) increase the contract with HDR, the Tech Centre's Architectural and Engineering firm of record, consistent with the attached budget.

Background

The Tech V building at the Tech Centre is about 50 years old and was one of the existing buildings on the site when the Tech Centre was purchased in 1995. The previous tenant, Advanced Care, vacated in 2004, the building was gutted, and the shell has been vacant since then. It was one of the buildings owned by the Technology Centre of New Jersey, LLC ("LLC"), which was purchased by the NJEDA in December, 2014. The building is structurally sound, but needs renovation. An investment in design and permitting was made during the time when the building was owned by the LLC, so that renovation could begin quickly when a tenant was identified.

MacroCure Ltd., founded in 2008, is a publicly traded, clinical-stage biopharmaceutical company focused on developing a novel therapeutic platform to address chronic and hard-to-heal wounds. Its primary product, CureXcell, has already been approved in Israel and has been used to successfully treat thousands of patients. The product is currently in Phase 3 clinical trials in the United States. MacroCure Ltd. has committed to investors that it will complete the Biologics License Application for submission to the FDA in late 2016, which requires occupancy of a new laboratory by the end of the first quarter, 2016. Therefore, time is of the essence for this project.

MacroCure Inc. is a wholly owned subsidiary of MacroCure Ltd. Although the lease will be between the NJEDA and MacroCure Inc., MacroCure Ltd. will guarantee the lease.

MacroCure Ltd. currently has 25 employees worldwide; 12 of those are in the U.S. in five states.

The Tech Centre location will be the North American Headquarters for the company, with 25 employees anticipated in 2016, growing to at least 48 employees by 2018.

MacroCure Ltd's Initial Public Offering in August of 2014 generated \$53.5 million (5,350,000 shares at \$10 per share). MacroCure is traded on the NASDAQ exchange, with a current stock value of about \$14 per share. The company's cash and short term investments as of December 31, 2014 totaled about \$46 million. The company has no revenue, and incurred losses of \$25 million in 2014, and \$18 million in 2013.

The Authority's Technology and Life Sciences group performed an analysis of the Tenant's technology and viability. The evaluation indicated that MacroCure Ltd. is assessed at a Medium Risk, and the security deposit is within the required range.

Lease

The lease will be for a ten year, three month term to provide for three months' free rent with a full ten years of rent payments. The NNN base rental rate will be \$22.50 per square foot, increasing by 3% per year. The Landlord will provide a Tenant Improvement Allowance ("TIA") of up to \$70 per square foot, or \$1,390,200. The Tenant Improvement work will be performed by NJEDA. This will leverage an anticipated investment by MacroCure Ltd. of approximately \$4.3 million to become operational at the site, including design, construction, validation, and purchase of equipment.

The Tech V building contains 19,860 square feet. Tenant will also be entitled to use the 4,487 square foot basement without payment of any additional base rent. Tenant will also be provided with two-five year renewal options with rent at 10% above the then current rate.

A Letter of Credit ("LC") will be required, equal to 70% of the TIA which the Landlord funds, or up to \$973,140. This amount will be reduced annually, beginning 36 months after Rent Commencement, based on an amortization over the remaining lease term at 5%; however, the LC will never be reduced below the equivalent of two months of rent. In the event that the public equity market capitalization of the MacroCure Ltd on NASDAQ shall reach \$500 million for twenty four consecutive months, and MacroCure Ltd receives FDA approval for CureXcell, the LC will be reduced to the equivalent of two months of rent.

MacroCure requires the option to terminate the lease at each of the first through fourth anniversaries of Rent Commencement in the event the FDA has not yet approved CureXcell. The termination fee will be based on the unamortized portion of the leasing commission, tenant improvement allowance, and free rent using a 5% rate. In addition, MacroCure will be required to repay any NJ GROW award it has received.

Execution of the lease will be contingent on approval of the Tenant's NJ GROW application, which is expected to be presented for approval at the Authority's August Board meeting. MacroCure is considering alternate locations, including Pennsylvania.

Construction

NJEDA will be completing a shell renovation along with some interior repairs. The Architectural and Engineering services performed by HDR will be pursuant to the terms and conditions of the Board approved contract and consistent with the attached budget. The fees to HDR are consistent with current market rates, the Board approved contract, and design fees previously incurred for other

construction projects at the Technology Centre.

MacroCure will be contracting directly with HDR for design of their Tenant Improvements.

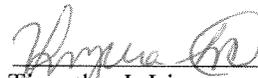
In accordance with previous approvals, Torcon will be constructing the shell and tenant improvements. NJEDA's cost to renovate the shell are estimated at about \$2 Million, as outlined on the attached budget. Torcon's pre-construction services, including cost estimating, scheduling and value engineering, are estimated at a cost of approximately \$60,000. Torcon's construction management fee of 1.0% of the construction costs, plus an incentive clause for timely completion, is consistent with market rates and with the Board approved contract. MacroCure will fund construction costs for the tenant improvements to the extent they exceed the Tenant Improvement Allowance.

In order to meet the Tenant's deadlines, pre-construction activities, such as limited design work and preparation of bid packages related to the base building, must begin prior to execution of a lease. This work would be necessary regardless of which particular tenant ultimately occupies the building. The Authority is expected to expend up to \$25,000 during this time.

The total NJEDA investment in this project will be \$3.65 million. If MacroCure occupies through the end of its term, then the Internal Rate of Return over ten years will be 6.23%.

Recommendation

In summary, I am requesting the Members' approval to: (1) enter into a Lease Agreement with MacroCure on terms generally consistent with the attached, (2) renovate the Tech V building at a cost of \$2 million, consistent with the attached budget, (3) increase Torcon's contract for pre-construction services by \$60,000, and general construction management services based upon the previously established fee of 1.0% with an incentive clause, (4) increase the contract with HDR consistent with the attached budget, and (5) execute any and all other documents to complete these transactions on final terms acceptable to the Authority's Chief Executive Officer and the Attorney General's Office.



Timothy J. Lizura

President/ Chief Operating Officer

Attachment

Prepared by: Christine Roberts



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: July 9, 2015

SUBJECT: Real Estate Division Delegated Authority for Leases, CCIT Grants, and Right of Entry (ROE)/ Licenses for Second Quarter 2015
For Informational Purposes Only

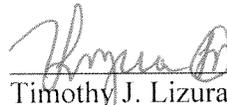
The following approvals were made pursuant to Delegated Authority for Leases and ROE/ Licenses in April, May and June 2015.

LEASES / CCIT GRANTS

<u>TENANT</u>	<u>LOCATION</u>	<u>TYPE</u>	<u>TERM</u>	<u>S.F.</u>	<u>CCIT GRANT</u>
Brighter Ideas	CCIT	Lease Holdover	Month to Month	800 s/f	N/A
TAXIS Pharmaceuticals	CCIT	Lease Holdover	Month to Month	1000 sf	N/A
Hurel Corporation	CCIT	Lease Holdover	Month to Month	2125 sf	N/A
Celvive	CCIT	Lease Extension	One Year	125 sf	N/A
PDS Biotechnology	CCIT	Lease Amendment	17 months	2050 sf	N/A
Pre-D Partners	CCIT	New Lease	1 year	125sf	N/A
Aucta Pharmaceuticals	CCIT	Lease Extension	One Year	1125sf	N/A
Kamat Pharmatech	CCIT	Lease Amendment	4 ½ months	2000sf	N/A

RIGHT OF ENTRY/LICENSES

<u>ENTITY</u>	<u>LOCATION</u>	<u>TYPE</u>	<u>CONSIDERATION</u>
Youth Sports Festival	Tech Expansion Site	ROE for fundraising carnival from June 11, 2105 through June 21, 2015	\$0
North Brunswick Volunteer Fire Company	Tech Expansion Site	ROE for fundraising circus May 15, 2015 through May 17, 2015	\$0



Timothy J. Lizura
President/ Chief Operating Officer

Prepared by: Donna T. Sullivan



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: July 9, 2015

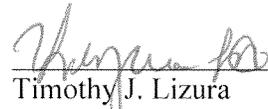
SUBJECT: Real Estate Division Delegated Authority for Approval of Projects under the Streetscape Revitalization Program
For Informational Purposes Only

Pursuant to the delegations approved by the Board in October, 2013, below is the project status report of Streetscape program projects:

**NEIGHBORHOOD COMMUNITY REVITALIZATION
STREETSCAPE PROGRAM**

<u>APPLICANT</u>	<u>TYPE OF GRANT</u>	<u>GRANT AMOUNT</u>	<u>EXECUTED DATE</u>
Brigantine City	Streetscape	\$758,448.00	In Closing
Little Egg Harbor	Streetscape	\$848,000.00	Pending DEP
Pleasantville	Streetscape	\$461,476.00	In Closing
Keansburg	Streetscape	\$1,336,258	6/4/15
Asbury Park	Streetscape	\$924,318.00	4/17/15
South Toms River	Streetscape	\$600,047.00	3/17/15
Sea Bright Borough	Streetscape	\$1,340,160.00	3/3/15
City of Hoboken	Streetscape	\$879,401.00	2/20/15
Belmar Borough	Streetscape	\$972,900.00	2/10/15
Highlands Borough	Streetscape	\$1,463,640.00	2/4/15
Margate	Streetscape	\$354,664.00	1/29/15

<u>APPLICANT</u>	<u>TYPE OF GRANT</u>	<u>GRANT AMOUNT</u>	<u>EXECUTED DATE</u>
Oceanport Borough	Streetscape	\$390,000.00	1/21/15
Long Branch	Streetscape	\$750,000.00	1/13/15
Neptune Township	Streetscape	\$800,114.00	1/7/15
Sea Isle City	Streetscape	\$999,894.00	1/7/15



Timothy J. Lizura
President/ Chief Operating Officer

Prepared by: Donna T. Sullivan

AUTHORITY MATTERS



MEMORANDUM

TO: Members of the Authority

FROM: Joseph McNamara
Chairman – Audit Committee

RE: Independent Auditor Services – Audit Committee

DATE: July 9, 2015

Request:

The Members are requested to approve entering into a contract with Ernst & Young, LLP (Iselin, NJ) to provide Independent Auditor Services to the Authority's Board and its Audit Committee. These Independent Auditor Services are in accordance with the requirements of *Executive Order 122* (McGreevey - 2004). These services are needed to provide the Board and its Audit Committee Members with an annual financial review and audit of the Authority's fiscal recordkeeping, as well as that of other entities as indicated herein in *Attachment A*.

Background:

As stated in *Executive Order 122* (McGreevey - 2004), public authorities, agencies and commissions of the State of New Jersey, such as the New Jersey Economic Development Authority, oversee billions of dollars in public funds. An independent auditing process is fundamental to the ability of these entities to oversee such funds, to set appropriate financial policies, to ensure that management maintains effective internal controls and to ensure that financial statements are free from material misstatements.

The independent auditor firm, Ernst & Young, LLP will perform an annual financial statement audit in compliance with generally accepted government auditing standards ("GAGAS") and *Government Accounting Standards Board* ("GASB"), and in accordance with all applicable federal and state laws, rules, regulations and standards, as well as professional standards and requirements mandated by the *American Institute of Certified Public Accountants* ("AICPA"). Further, as a sub-recipient to the New Jersey Department of Community Affairs federal funding relative to Superstorm Sandy Recovery Initiatives; these Independent Auditing Services will also include the requisite separate and independent year-end audit of these federal funds, as well.

The resulting services will address the Authority's financial statements for its calendar fiscal years ending December 31, 2015, 2016 and 2017, with two (2) one (1) year extension options, to be exercised at the sole discretion of the Authority, for the fiscal years ending December 31, 2018 and 2019. Pricing shall remain unchanged for the initial three (3) years term (i.e. 2015 through 2017); and will be adjusted by a one and one-half (1.5%) percent Percentage Price Escalator, as stated in Ernst & Young's Fee Schedule. As provided for in *Executive Order 122*, the Consultant shall be responsible for publicly attesting to the fairness of the Authority's financial statements, evaluating the effectiveness of internal controls and through the issuance of management letters, if applicable, making comments and recommendations, which when implemented, may improve the design or operation of internal control systems.

Request for Qualifications / Proposals for Independent Auditor Services:

The Authority's Board of Directors, through its Audit Committee, issued a *Request for Qualifications / Proposals (RFQ/P)*, on January 30, 2015, for Independent Auditor Services. As required of the *Executive Order* and as indicated in the *RFQ/P*

"the auditor selected shall report directly to the Audit Committee or the Board. At no time shall the auditor report to any staff member of the Authority."

The *RFQ/P* was duly advertised in three (3) newspapers, posted on the Authority's website and the State Business Portal, as well as distributed to potential respondent firms, via broadcast e-mail. An Informational Pre-Bid Conference was not held for this solicitation, as it was not deemed to be necessary. Five (5) proposals were received in response to this solicitation. An Evaluation Committee (the "Committee") was convened to review and score proposals. The Committee was comprised of four (4) members of the Audit Committee and one (1) Board Member:

1. *Joseph McNamara* *Chairman – Audit Committee / Vice – Chairman – Board*
2. *Alfred Koeppe* *Chairman – Board / Audit Committee Member*
3. *Laurence M. Downes* *Board Member*
4. *Charles H. Sarlo, Esq.* *Board Member / Audit Committee Member*
5. *James Kelly* *Audit Committee Member / Manager, Financial Reporting
State of New Jersey – Dept. of Treasury – Office of Management &
Budget*

Following a thorough review of the proposals received, the Evaluation Committee has made a recommendation to, and the Audit Committee has accepted, the selection of Ernst & Young, LLP (Iselin, NJ). Considering "price and other factors", and based on a maximum potential score of 5.0, Ernst & Young, LLP was the most highly ranked firm and achieved an overall score of 4.28. Below is a summary of all Proposers, their respective total "Five (5) Year Lump Sum Fee Schedules" for the potential five (5) year engagement and their corresponding scores and rankings.

	Proposer	Location	Five (5) Year Total Lump Sum Fee Schedule	Preliminary Score (WITHOUT considering Price)	Final Score (considering Price)
1.	Ernst & Young, LLP	Iselin, NJ	\$1,544,292.35	3.38	4.28
2.	<i>Holman Frenia Allison, PC</i>	<i>Freehold, NJ</i>	<i>\$1,256,085.00</i>	<i>1.56</i>	<i>3.06</i>
3.	<i>KPMG, LLP</i>	<i>Iselin, NJ</i>	<i>\$1,806,099.85</i>	<i>3.18</i>	<i>3.48</i>
4.	<i>O'Connor Davies</i>	<i>Paramus, NJ</i>	<i>\$1,498,710.97</i>	<i>2.15</i>	<i>3.05</i>
5.	<i>Wiss & Company, LLP</i>	<i>Livingston, NJ</i>	<i>\$1,297,060.00</i>	<i>2.43</i>	<i>3.93</i>

The Evaluation Committee Summary Matrix detailing the Committee's final scores is included herein as *Attachment B*.

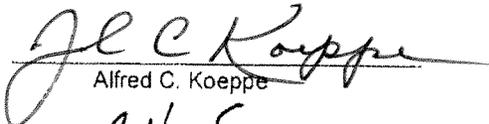
Recommendation:

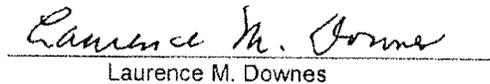
The Members' approval is requested to enter into a contract with Ernst & Young, LLP of Iselin, NJ, to provide Independent Auditor Services to the Authority's Board and its Audit Committee. The initial term of the contract is three (3) years, with two (2) one (1) year extension options, to be exercised at the sole discretion of the Authority, at the same terms and conditions. Pricing shall remain firm for the initial three (3) year term of the contract. In accordance with the RFQ/P language, pricing for each of the two (2) one (1) year extension options, if so exercised, shall be adjusted by a one and one-half (1.5%) percent "Percentage Price Escalator", as indicated in Ernst & Young's "*Fee Schedule – Lump Sum Fees and Hourly Rates*" (reference Exhibit R of its proposal response) attached herein as *Attachment C*.

The total expenditure for the initial three (3) year term is \$916,875. Should the Authority exercise both extension options for a total of \$625,071.89; the total expenditure for the five (5) year term is \$1,541,946.89. It should be noted that although others may have offered a lower "*Lump Sum Fee Schedule*", Ernst & Young's pricing is within the competitive range for these services. Considering the evaluation criteria published in the RFQ/P (i.e. "price and other factors"); Ernst & Young, LLP received the overall highest score of 4.28 out of a possible score of 5.

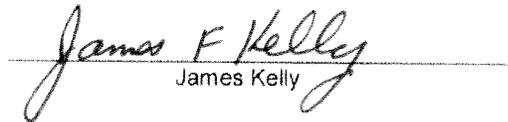
The final contract will be subject to approval of the Chief Executive Officer and the Attorney General's Office.

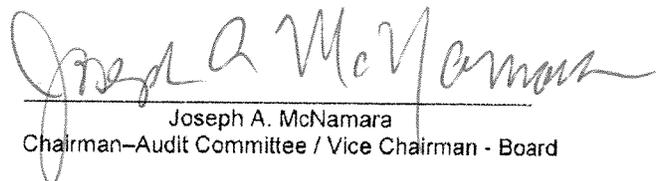
Prepared by Independent Auditor Services Evaluation Committee:


Alfred C. Koeppe


Laurence M. Downes


Charles H. Sarlo, Esq.


James Kelly


Joseph A. McNamara
Chairman–Audit Committee / Vice Chairman - Board

Attachments

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
BOARD of DIRECTORS – AUDIT COMMITTEE**

**2015-RFQ/P-060
INDEPENDENT AUDITOR SERVICES**

Entities Identified in RFQ/P to be Audited:

Entity Name	Number of Entities	Requisite Services
New Jersey Economic Development Authority	1	OMB A-133 GAGAS audit of its financial statements and accompanying notes and certifications of specific conduit bond covenants (for both state and federal funds)
Corporation for Business Assistance in NJ ("CBA")	1	CBA requires a financial audit and tax return preparation
US Department of Housing and Urban Development - Community Development Block Grant Monies Audit - Superstorm Sandy Recovery Initiatives (HUD Programs)	1	requires a separate and independent year-end audit of federal funds
NJ Community Development Entities, LLCs - CDEs	6	CDEs require six (6) individually priced financial audits, one (1) compilation, as well as a Schedule K-1 and tax return preparation

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY INDIVIDUAL MEMBER EVALUATION COMMITTEE SCORES													
RFP / BID #		2015-RFQ/P-060											
Title:		Independent Auditor Services Board of Directors - Audit Committee											
Requestor:		Audit Committee				Board of Directors							
FINAL SCORING WITH PRICING			PROPOSER #1		PROPOSER #2		PROPOSER #3		PROPOSER #4		PROPOSER #5		
			ERNST & YOUNG, LLP (Irving, NJ)		HOLMAN FRENIA ALLISCH, P.C. (Fairfield, NJ)		KPMG, LLP (Newark, NJ)		O'CONNOR DAVIES, LLP (Paramus, NJ)		WISS & COMPANY, LLP (Irving, NJ)		
Item #	EVALUATION CRITERIA	Weight (Percentage of total score)	TOTAL SCORE (Sum of all Evaluation Committee members)	TOTAL SCORE (Weighted with applicable criteria)	TOTAL SCORE (Sum of all Evaluation Committee members)	TOTAL SCORE (Weighted with applicable criteria)	TOTAL SCORE (Sum of all Evaluation Committee members)	TOTAL SCORE (Weighted with applicable criteria)	TOTAL SCORE (Sum of all Evaluation Committee members)	TOTAL SCORE (Weighted with applicable criteria)	TOTAL SCORE (Sum of all Evaluation Committee members)	TOTAL SCORE (Weighted with applicable criteria)	
1	1. The Proposer's demonstrated Qualifications to conduct governmental audits, in particular enterprise fund audits and "not-for-profit" audits, tax filing and RIT preparations, as evidenced by the firm's size, technical niche practice, Key Team Members' resumes (i.e. credentials, education, experience, etc., as evidenced in the narratives and resumes submitted), the depth of staff and its ability to ensure uninterrupted services during the term of the contract and any extensions thereto, as evidenced by the staffing and organizational charts	10%	24.00	7.20	12.00	3.60	23.00	6.90	15.50	4.65	17.50	5.25	
2	2. The Proposer's documented Experience in successfully completing governmental audits of similar size and scope to the Work required by this RFQ/P, to include auditing "not-for-profit" and tax filing returns and RIT preparation, as evidenced in the narratives submitted, references submitted and received, as well as the demonstrated Experience of the Proposer and Key Team Members assigned;	40%	24.25	9.70	10.50	4.20	22.50	9.00	15.25	6.10	17.25	6.90	
SUBTOTAL		70%	48.25	3.38	22.50	1.86	45.50	3.18	30.75	2.16	34.75	2.43	
6A	3. The Proposer's proposed "Price" as determined by its overall "Maximum Not-to-Exceed Lump Sum Fees" and "Blended Hourly Rates", as well as the "Percentage Price Escalator" (if any and of so indicated in the Fee Schedule) to provide these requisite services for each entity grouping resulting in the total "out-of-pocket" cost for the potential five (5) year term of the contract, should the Authority exercise both one (1) year extension options	30%	15.00	4.50	25.00	7.50	5.00	1.50	15.00	4.50	25.00	7.50	
GRAND TOTAL		100%	63.25	21.40	47.50	15.30	50.50	17.40	45.75	15.25	59.75	19.65	
TOTAL PROPOSER SCORE				4.28		3.06		3.48		3.05		3.93	

On a scale of 1 - 5, evaluate and score the above proposal as follows: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: July 9, 2015

SUBJECT: EDA Programs Help Small Businesses Overcome Barriers
For Informational Purposes Only

The New Jersey Economic Development Authority (EDA) supports small businesses through dedicated programs that increase access to capital and offer competitive financing to businesses that may not qualify for traditional bank financing. Programs include the Small Business Fund and the Loans to Lenders Program.

The Small Business Fund provides financial assistance to qualified small, minority- or women-owned businesses in New Jersey through direct loans, participations or guarantees, with fixed interest rates. The program requires that a business be in operation for at least one full year. Not-for-profit corporations that have been operating for at least three full years may also be eligible. Over \$12 million has been provided to 50 businesses through the Fund since 2010, with an average loan size of more than \$240,000.

Through the Small Business Fund, Edgewater-based Adagio Teas received a \$600,000 working capital loan from M&T Bank that included a \$300,000 EDA participation. Adagio, a fabricator and high-end retailer of all natural, gourmet teas and related products used the loan for refinancing, working capital, and the purchase of equipment. The company expects to maintain its existing staff of 42 and create eight new positions.

“We are always looking for ways to keep pace with increasing demand while maintaining the level of quality for which Adagio Teas has become known,” said Michael Cramer, Chief Executive Officer, Adagio Teas. “This loan has helped us to be more strategic with our cash flow and purchase equipment that will enable us continue to offer innovative new products to our customers.”

Through the Loans to Lenders Program, the EDA makes capital available to financial intermediary organizations that can effectively reach small businesses in local markets, including micro-lenders and Community Development Financial Organizations (CDFIs). These organizations have the ability to offer term loans and lines of credit to micro-enterprises and small companies not qualified for traditional bank financing, extending the state’s reach to underserved communities and businesses.

Since 2010, the EDA has provided a total of \$5.5 million to five CDFIs, including UCEDC, Greater Newark Enterprises Corporation (GNEC), New Jersey Community Capital (NJCC), Community Business

Assistance Corporation (CBAC), and Regional Business Assistance Corporation (RBAC). Of the \$3.4 million EDA has disbursed to these entities to date, \$1.7 million in loans have gone to support 43 businesses, with an average loan size of just over \$41,200. More than 50 percent of the businesses supported are minority- or women-owned.

Following are descriptions of CDFIs participating in the Loans to Lenders Program, with examples of businesses that have benefitted from these loans.

UCEDC

UCEDC is a statewide not-for-profit economic development corporation that helps New Jersey's businesses start, grow and thrive through innovative procurement, technical assistance and lending programs. UCEDC offers a wide variety of free and low-cost training workshops, including a series of courses that help develop financial and business literacy for business owners at all stages of maturation and a comprehensive program that walks entrepreneurs through all aspects of starting a business, culminating in the development of a business plan. UCEDC also offers a range of financing vehicles.

Through a competitive Request for Proposal (RFP) process, the EDA first formed a strategic partnership with UCEDC in 2008 to leverage its resources and expand the array of training and technical assistance services available to New Jersey entrepreneurs and small businesses. UCEDC was selected again in 2011 for the second, three year contract award. In 2014, the EDA also provided a \$250,000 loan to UCEDC to help boost the lending capacity of the organization.

In 2014, UCEDC trained or mentored more than 1,700 entrepreneurs, conducted 55 business training workshops, and provided \$4.1 million in loans to 45 small businesses, 40 percent of which were minority or woman-owned enterprises.

Phylicia Robenolt worked for many years as an assistant in day care centers and then as a licensed provider for six children in her home. A \$150,000 loan from UCEDC enabled her to purchase a foreclosed building in Barrington, where she opened Little Red Robin's Day Care with her husband and two daughters. The building accommodates up to 45 children and currently has a staff of 12.

"The loan provided by UCEDC has enabled us to care for many more children and bring a vacant property back to life," said Robenolt. "I am so grateful for the opportunity to be a trusted resource for so many more working parents."

GNEC

GNEC is a not-for-profit formed in 2007 to provide credit to small businesses located primarily in economically and socially distressed areas in northern New Jersey. GNEC's primary mission is to provide resources for community redevelopment, which includes job creation, and financial services for low income residents in seven counties (Essex, Hudson, Union, Passaic, Bergen, Middlesex and Monmouth). To accomplish these goals, GNEC provides small business loans to companies that would not qualify for traditional bank financing.

Through the Urban Entrepreneurs Development Institute (UEDI), GNEC and its partners assist prospective and existing business owners in the Greater Newark area to become economically self-sufficient and to help develop self-employment and capital resources. The coordinated program offers self-employment assistance, micro-enterprise training, technical assistance and credit to participants.

In addition to the UEDI, GNEC offers sponsors seminars and workshops designed to give entrepreneurs practical training in skills critical to business start-up and daily business management.

Academy of Allied Health Sciences (AAHSC) is a minority-owned full-time health sciences school housed in a state-of-the-art 5,200-square-foot facility in Newark. AAHSC's mission is to provide students, many of whom are low income, disadvantaged and displaced workers, with the skills needed for a career in allied healthcare. AAHSC boasts a near perfect graduate job placement record.

GNEC provided a \$25,000 loan to AAHSC to help with the purchase of equipment and other working capital expenses. The school currently has nine full-time employees and expects to hire several more.

"Our goal is to provide valuable resources to people who are looking to start new careers," said Suresh V. Sagi, M.D., President, AAHSC. The capital from GNEC has helped us to pay rent and purchase equipment, which enabled us to operate and have revenue coming in sooner than we would have without GNEC's help."

NJCC

NJCC is a not-for-profit formed in 1987 to provide innovative financing and technical assistance to organizations that support housing and sustainable community development ventures that increase jobs, improve education and strengthen neighborhoods. NJCC's primary mission is to revitalize neighborhoods through flexible financing, technical assistance and consulting services.

NJCC provided Parlor Gallery, a woman-owned, artist-directed-and-curated gallery in Asbury Park, with a \$20,000 working capital loan, which supported the creation of marketing materials and other operating costs. Parlor Gallery features both emerging and established artists, and strives to foster a welcoming, creative environment where the public can experience exhibits they may not otherwise have access to outside of a large urban setting. Parlor Gallery currently employs two full-time employees and two part-time.

"The support provided by NJCC has helped Parlor Gallery to execute on our vision of exposing, educating and providing guidance to novice and seasoned collectors alike," said Jill Ricci, Director/Curator, Parlor Gallery. Marketing the Gallery's unique vision has helped to drive traffic to our exhibits and events and build our client base."

CBAC

CBAC is a not-for-profit that was formed in 1987 to assist the small business community in the City of Camden and the six southern counties of New Jersey by providing loans and technical assistance. CBAC's largest customer segment is micro lending and it currently manages a portfolio of loans totaling approximately \$13 million. Thirty-three percent of CBAC's loans are for businesses located in Camden including 3D Tool, A Little Slice of New York, and Camden Law.

New Jersey's only remaining drive-in movie theater, the Delsea Drive-in Theatre in Vineland, has been in existence since 1949. The Drive-in closed in 1987, and was reopened in 2004 by current owner John DeLeonardis, M.D. CBAC provided Delsea Drive-in with a \$19,000 loan to help offset the cost of a solar power system, which is helping to operate the drive-in more efficiently.

"Today's families are now enjoying this 20th century landmark, which runs in part on cost effective solar power, thanks to the support we received from CBAC, " said DeLeonardis.

RBAC

RBAC is a private not-for-profit organization, based in the Trenton area, formed in 1981 to provide loans to both new and existing small businesses in New Jersey. RBAC also partners with other community

development organizations to conduct workshops and training sessions that help clients achieve their business goals.

Angel Rivera Bridal Atelier in Rutherford received a \$60,000 loan from RBAC for renovations to its first flagship bridal salon and for working capital to help with day-to-day operating costs. The business employs six people.

“Our vision for Angel Rivera Bridal Atelier goes beyond simply selling dresses,” said Angel Rivera, Owner/Designer, Angel Rivera Bridal Atelier. “RBAC’s support has helped us to finish our flagship salon, enabling us to provide the luxury and personal service we aspire to for our brides.”

Loans Provided Through Small Business Fund

Applicant Name	DBA	Type of Business	Municipality	County
2075 E State Street LLC	Carfaro	Architectural Metal Work	Hamilton Township	Mercer
ACJP Investment Group, Inc. d/b/a Stepping Stones Learning Center	Stepping Stones Learning Center	Child Care	South Plainfield Borough	Middlesex
Artisan Oven, Inc.	Central Bakery	Bakery	Hackensack City	Bergen
Handicapped High Riders Club d/b/a Riding High Far Farm	Riding High Farm	Equestrian	Allentown Borough	Monmouth
Ludwig Enterprises LLC	Animal Clinic of Millville	Veterinary	Millville City	Cumberland
642 E. State St. Property LLC	Glass Artistry Architectural Glass and Metal	Windows and Window Frames	Trenton City	Mercer
Advance Healthcare Services Inc.	Advance Healthcare	Medical	Jersey City	Hudson
Hexacon Electric Company	Hexacon Electric Company	Soldering equipment	Roselle Park Borough	Union
Personalized Independent Living Opportunities & Training Services, Inc.	PILOT	Occupational therapy	Berlin Township	Camden
Sequins Inc. DBA Sequin City	Sequin City	Fabric	North Bergen Township	Hudson
WJJ & Company LLC	Papertec	Specialty Paperboard	Garfield City	Bergen
201 Luiz Marin Realty LLC/Doggy Care of Jersey City LLC	Doggy Care of Jersey City	Pet Care	Jersey City	Hudson
AEON Corporation	AEON Corporation	Semiconductor	West Windsor Township	Mercer
Antoinette Marie Tauk, DDS, LLC	Antoinette Marie Tauk, DDS	Medical	North Brunswick Township	Middlesex
Aurora Multimedia Corporation	Aurora Multi-media	Technology	Marlboro Township	Monmouth

C&L Machining Company, Inc	C&L Machine	Machine Shop	Brooklawn Borough	Camden
Hampton-Clarke, Inc	Hampton-Clarke, Inc.	Chemical Analysis and Waste Remediation	Fairfield Borough	Essex
IM Broad St., LLC and Business Automation Technologies, Inc.	Business Automation Technologies, Inc.	Internet and VoIP Solutions	Newark City	Essex
Sire Stakes Holdings, LLC	MVP Medical Associates	Medical	Ocean Township	Monmouth
Willie James Enterprises, LLC	Corbet Exterminating Inc.	Exterminator	Pennsauken Township	Camden
AMB Enterprises LLC	AMB Enterprises	Water-Based Adhesives	Paterson City	Passaic
Adagio Teas, Inc	Adagio Teas, Inc.	Specialty Tea Manufacturer and Retailer	Edgewater Borough	Bergen
Faris Corp d/b/a Auto Spa of Westfield	Auto Spa of Westfield	Car Care	Westfield Town	Union
GMB Holding, LLC	Kohr's Frozen Custard	Restaurant	Seaside Heights Borough	Ocean
Galloway Realty, LLC	Bulldog Restaurant	Restaurant	Egg Harbor Township	Atlantic
Hamada, John Richard	John Richard Hamada	Chiropractic	Hopewell Township	Mercer
Luma Enterprises, LLC	Giggles and Wiggles Family Day Care	Child Care	East Brunswick Township	Middlesex
Parkside Business & Community In Partnership, Inc.	:Parkside Business & Community in Partnership	not-for-profit	Camden City	Camden
R & R Investments L.L.C.	R. Filderman and Sons	Real Estate Management	Westville Borough	Gloucester
RECA Property, L.L.C.	Acer Associates	Engineering, Design and Consulting	Berlin Township	Camden
Tuckers Management LLC	Tuckers Restaurant	Hospitality	Beach Haven Borough	Ocean
Upper Mountain Properties LLC	Colella Heating and Cooling	Heating and Air Conditioning	Rockaway Township	Morris
333-103 Holding Co, LLC	Endocrinology and Diabetes Associates	Medical	Westwood Borough	Bergen
IM Broad St., LLC and Business Automation Technologies, Inc.	Data Network Solutions	Software and Telecom Solutions	Little Silver Borough	Monmouth
MG Realty Holding, LLC	Forklift HQ	Construction Equipment	North Brunswick Township	Middlesex
RLK Realty LLC and Flame Cut Steel Inc.	Flame Cut Steel	Steel Fabrication	Irvington Township	Essex

Galvanic Printing and Plate Co. Inc	Galvanic Printing and Plate	Commercial Printing	Moonachie Borough	Bergen
AMSF Holdings, LLC	Hays Sheet Metal	Sheet Metal Fabrication	Pennsauken Township	Camden
330 Fairfield Road, LLC	Electronic Office Systems	Office Equipment	Fairfield Borough	Essex
Parmar Real Estate LLC	Pine Hill Laundromat	Laundry	Pine Hill Borough	Camden
ANZ Properties, LLC	Custom Labels Inc.	Printing	Fairfield Borough	Essex
F & M Realty, LLC	Olmec Systems	IT Services and Support	Denville Township	Morris
IK Realty Group, LLC	HS and Sons	Gas Station (Gulf)	Elizabeth City	Union
Lorenzo's SaR, LLC	Tony Soprano Pizza	Restaurant	Vineland City	Cumberland
Top Notch Tree & Landscape, LLC	Top Notch Tree & Landscaping	Landscaping	Saddle River Borough	Bergen
102 Dorsa, LLC	2Com Group	Telecommunications	Livingston Township	Essex
BUF Health and Human Services Corporation, Inc.	Black United Fund and Human Services	Not-for-Profit	Plainfield City	Union
Hook TNT LLC	T. Hook Carpet and Flooring	Home	Stafford Township	Ocean
Pasricha Properties LLC	Pasricha Properties, LLC	Law Firm	Edison Township	Middlesex
Power Precision Realty Limited Liability Company	Tri-Power Consulting	Engineering, Design and Consulting	Denville Township	Morris

Loans Provided by CDFIs Using EDA Loans to Lenders Funding

Lender	Borrower Name	Type of Business	City	County
GNEC				
	Indie Grove LLC	Office Space Service/Co-Working	Newark	Essex
	Royal Family Entertainment	Service/Entertainment / Media	Newark	Essex
	Intelli Healthcare Solutions	Service/Medical Trainings	Newark	Essex
	Naiya Food LLC	Retail Food Service	Elizabeth	Union
	Rid Spot General Contracting	General Contracting	Irvington	Essex
	Serenity Day Spa	Service/Retail/Health & Wellness	Jersey City	Hudson
	Dancetuary	Fitness Services	Rutherford	Bergen
CBAC				
	Primo Water Ice	Retail	Haddon Township	Camden

	Good Life Family Chiropractic	Chiropractor	Vineland	Cumberland
	A & A Glass	Auto & Building Glass Installation	Camden	Camden
	Photo Quik	Photography	Vineland	Cumberland
	Dominion Title	Title Co.	Vineland	Cumberland
	NCN Auto	Auto Repair	Camden	Camden
	Delsea Drive In Theatre	Drive In-Theatre	Vineland	Cumberland
	Duncan Donuts	Restaurant		
	Star Deli	Restaurant	Southampton	Burlington
	Scott Wright Financial	Financial Advisor	Haddon Heights	Camden
	Ready's Coffee Shop	Restaurant	Ocean City	Cape May
	Sovereign Electric	Electrician	Mt. Laurel	Burlington
UCEDC				
	Bridge Technologies	IT Staffing	Lincroft	Monmouth
	Little Red Robins	Child Care	Barrington	Camden
	Main Street Movers	Commercial/Residential Movers	Irvington	Essex
NJCC				
	Fitness Lifestyles	Lifestyle	Asbury Park	Monmouth
	AMD Pinks and Greens	Online Retailer	Florham Park	Morris
	Eventure	Movie Theatre	Caldwell	Essex
	Sam's Transmissions	Auto Repair	Cape May Court House	Cape May
	DJ's Delights, LLC	Deli	Asbury Park	Monmouth
	Internal Medicine Institute of NJ	Medical	Neptune	Monmouth
	ValleyArts Inc	Arts & Culture	Orange	Essex
	Diamond Visions	Event Equipment	Piscataway	Middlesex
	Tackle US	Fishing Supplies	Laurence Harbor	Middlesex
	Seaside Lumber Co.	Lumber Yard	Seaside Heights	Ocean
	Lightly Salted	Restaurant	Asbury Park	Monmouth
	Dynamic Investments	Trucking	Bayonne	Hudson
	Parlor Gallery	Art Gallery	Asbury Park	Monmouth
	Lighthouse Enterprises LTD	Gift Shop	Ocean City	Cape May
	R.O.C.K. Center	Veteran's Affairs		
	MKZ Designs	Online Retailer	Short Hills	Essex
	Robbi Rose Productions LLC	TV Production	North Bergen	Hudson
	Triple T Fabrications LLC	Metal Fabrication	Manahawkin	Ocean
	Prime Products LLC	Gift Shop	Belmar	Monmouth

RBAC				
	J.E. Mowery Service	Service/Septic Systems and Excavation	Holmdel	Monmouth
	Angel Rivera Bridal Atelier	Retail Wedding Gowns	Rutherford	Bergen



MEMORANDUM

TO: Members of the Authority

FROM: Tim Lizura
President and Chief Operating Officer

DATE: July 9, 2015

RE: Technical Assistance for Small Businesses
2015 RFQ/P - 069

Request:

The Members are requested to approve entering into a contract with Union County Economic Development Corporation (UCEDC) to provide technical assistance services to start-up and existing small businesses, minorities' and women's enterprises statewide (3 regions). This allows EDA to continue delivering on its commitment to provide access to quality technical assistance services to small businesses growing and expanding in New Jersey.

The cost of the proposed contract with UCEDC is \$300,000 annually with two one-year extensions which are at the sole discretion of the EDA for a total expense of \$900,000. The EDA has funds available to absorb this expense and the first year expense of \$300,000 was included in the 2015 budget.

Background:

From 1992 through 2007, the Entrepreneurial Training Institute (ETI) offered a full menu of services to assist small businesses to start and grow in New Jersey. ETI was a program of the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises, managed by the EDA.

In 2008, the EDA made a strategic decision to deliver technical assistance services through a contract entity. This approach provides the marketplace with enhanced services and efficiencies in delivery and results in overall program savings for the EDA. The EDA issued a Request for Proposal and through the competitive process; UCEDC was selected as the contract entity. Again, in 2011 UCEDC was selected as the contract entity. For 2014, the last year of the contract, UCEDC achieved the metrics established and in many cases, exceeded established benchmarks. UCEDC trained or mentored over 2,300 entrepreneurs and provided over \$1.6 million in financing to small businesses, creating or retaining 245 jobs. They continue to align with both the EDA's Strategic Plan and the focus on small business as a source of economic growth in New Jersey.

RFQ/P for Technical Assistance Services:

EDA issued an RFQ/P in June 2015 for the continued delivery of TA services statewide. This bid requested that prospects submit their bid to align with 3 regions of the State (Northern, Central and Southern). This will provide better coverage across the State. The EDA's objective is to continue to support a customer-focused approach through various, but integrated delivery methods to different business sectors and lifecycle stages, including but not limited to women and minority enterprises. There was a broad distribution of the RFQ/P including emails directly to in-State providers, newspaper advertisements and a listing on EDA's website. In addition, EDA hosted a pre-bid conference with four organizations attending.

The evaluation criteria included:

- Qualifications and experience
- Capability and capacity to provide TA services statewide
- Approach of curriculum and training/resource materials
- Allocation of contract dollars to maximize services
- Length of mentoring and breadth of expertise available to clients

The deliverables will be reported quarterly based upon annual performance to measure effectiveness in key areas such as:

- Assessing entrepreneurs' needs, opportunities and capabilities
- Offering feedback-oriented training for business readiness analysis and follow-on business planning
- Hosting review sessions for completed business plans for feedback by small business professionals
- Mentoring for business growth and financing readiness
- Servicing referrals from EDA and the State's Business Assistance Center

Proposals were received from UCEDC and The Regional Business Assistance Corporation (RBAC). The proposals were deemed in compliance and, after a thorough review by an evaluation committee comprised of Authority staff, the committee recommends UCEDC be awarded the contract. The results of the evaluation committee scoring are attached. The expected deliverables of this contract are outlined in the RFQ/P and will be included in the contract. The terms of the contract may be subject to revision, although the basic terms and conditions will remain consistent with those in the attachment.

Recommendation:

The Members' approval is requested to enter into a contract with UCEDC for delivery of technical assistance to support the growth and expansion of small businesses throughout New Jersey. The contract is \$300,000 per year with two one-year extensions which are at the sole discretion of the EDA. The total expense for three years is \$900,000. As stated, the EDA has funds available to absorb the expense and the first year expense of \$300,000 was included in the 2015 budget. The final contract will be subject to approval of the Attorney General's Office and signed by the Chief Executive Officer.



Timothy J. Lizura
President/ Chief Operating Officer

Prepared by: Ken Hart/ts

			NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY INDIVIDUAL MEMBER EVALUATION COMMITTEE SCORES					
RFP / BID #			2015-RFQ/P-069 (RE-BID of 2015-RFQ/P-061)					
Title:			TECHNICAL ASSISTANCE TO SMALL BUSINESSES CONSULTING SERVICES - REGIONAL APPROACH					
NORTHERN REGION			PROPOSER #1		PROPOSER #2		PROPOSER #3	
			UCEDC (Cranford, NJ)		Trenton Business Assistance Corporation T/A Regional Business Assistance Corporation (Mercerille, NJ)			
Item #	EVALUATION CRITERIA	Weight (percentage of total score)	TOTAL Score (sum of all Evaluation Committee members)	TOTAL SCORE (weighted with percentages indicated)	TOTAL Score (sum of all Evaluation Committee members)	TOTAL SCORE (weighted with percentages indicated)	TOTAL Score (sum of all Evaluation Committee members)	TOTAL SCORE (weighted with percentages indicated)
1	1. the Qualifications and Experience of the Proposer's management, supervisory and other key personnel assigned to perform the Work against the resulting contract, in providing the requisite services, as evidenced by the: a. resumes presented (to include reference to continuing professional development and continuing education, relative association memberships, if any); and b. the Staffing Chart submitted.	20.0%	17	3.4	15	3	0	0
2	2. extent of the Proposer's documented Experience in implementing and providing similar, successful Technical Assistance to Small Business programs, of comparable size and scope and complexity as that required herein, within New Jersey, as evidenced by all of the following: a. client narratives presented representing the consecutive five (5) year period 2010 – 2014. b. Proposer's demonstrated ability to successfully provide the requisite Technical Assistance Services, by citing client successes as demonstrated by providing the following: i. tracking the sustainability of growing small business clients for five (5) consecutive years (i.e. 2010 to 2014); ii. tracking job creation for the same five (5) year period; and iii. identify client achievements which represent growth (i.e. moving to a larger square footage facility, purchase of capital equipment / assets, etc.). c. Proposer's demonstrated experience for the period 2010 to 2014 as detailed and evidenced in the "2010 - 2014 Historical Technical Assistance Summary" (reference "Attachment F") d. Proposer's demonstrated client successes in securing financial assistance from a referred financial institution(s) with which the Proposer has experience, and / or directly through the Proposing Entity, AND that the Proposer's portfolio has had success in deploying these funds, as detailed in and evidenced by the "2010 - 2014 Financing Assistance Summary" (reference "Attachment E"). e. "Intake Documents and Procedures", Assessment Tools used to determine business "readiness", entrepreneurial self-assessment, market opportunity analysis, instruction and mentoring models which track and demonstrate entrepreneurial successes, resource tools presented to the entrepreneur, etc. (reference Attachment A – Scope of Services – Section 2.1 – Item F) f. Proposed Curriculum to be used in deploying the requisite services and which has been actively and successfully used in	20.0%	16.5	3.3	12.5	2.5	0	0
3	3. Proposer's Detailed Approach and Plans to perform the requisite services outline in the "Attachment A - Scope of Services / Deliverables" section of this RFQ/P as evidenced by the Proposer's: a. Proposed Operating Budget submitted (reference "Attachment D") and allocation of monies to maximize the services available to entrepreneurs and small businesses; b. affiliation with and participation in entrepreneurial and business technical assistance organizations, such as Association of Enterprise Opportunity, Credit Builders Alliance, Small Business Administration programs and resources, etc; c. Proposed Performance Timeline / Program Implementation Schedule; d. depth of staff, to ensure uninterrupted services during the term of the contract and any extensions thereto, as evidenced by its Organizational Chart; and e. number of months "Post Start-Up Support Services" provided at no charge to each Small Business client / entrepreneur by the Proposing Entity .	30.0%	17.25	5.175	12.75	3.825	0	0
4	4. the Proposer's "Price", as determined by the total "out-of-pocket" cost for the potential three (3) year term of the contract, should the Authority exercise both one (1) year extension options, based on the: <input type="checkbox"/> Maximum Not-to-Exceed Technical Assistance Consulting Services Fee" as it relates to the overall	25.0%	20	5	20	5	0	0
A	4A. "Blended Fully Burdened Hourly Rates" (reference Exhibit R – Section 2A – M).	5.0%	20	1	4	0.2	0	0
Percentage Total		100%	90.75		44.25		0	
TOTAL PROPOSER SCORE				4.47	3.63		0.00	
On a scale of 1 - 5, evaluate and score the above proposal as follows: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent								

			NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY INDIVIDUAL MEMBER EVALUATION COMMITTEE SCORES						
RFP / BID #			2015-RFQ/P-069 (RE-BID of 2015-RFQ/P-061)						
Title:			TECHNICAL ASSISTANCE TO SMALL BUSINESSES CONSULTING SERVICES - REGIONAL APPROACH						
CENTRAL REGION			PROPOSER #1		PROPOSER #2		PROPOSER #3		
			UCEDC (Cranford, NJ)		Trenton Business Assistance Corporation T/A Regional Business Assistance Corporation				
Item #	EVALUATION CRITERIA	Weight (percentage of total score)	TOTAL Score (sum of all Evaluation Committee members)	TOTAL SCORE (weighted with percentages indicated)	TOTAL Score (sum of all Evaluation Committee members)	TOTAL SCORE (weighted with percentages indicated)	TOTAL Score (sum of all Evaluation Committee members)	TOTAL SCORE (weighted with percentages indicated)	
1	1. the Qualifications and Experience of the Proposer's management, supervisory and other key personnel assigned to perform the Work against the resulting contract, in providing the requisite services, as evidenced by the: a. resumes presented (to include reference to continuing professional development and continuing education, relative association memberships, if any); and b. the Staffing Chart submitted.	20.0%	17	3.4	15	3	0	0	
2	2. extent of the Proposer's documented Experience in implementing and providing similar, successful Technical Assistance to Small Business programs, of comparable size and scope and complexity as that required herein, within New Jersey, as evidenced by all of the following: a. client narratives presented representing the consecutive five (5) year period 2010 – 2014. b. Proposer's demonstrated ability to successfully provide the requisite Technical Assistance Services, by citing client successes as demonstrated by providing the following: i. tracking the sustainability of growing small business clients for five (5) consecutive years (i.e. 2010 to 2014); ii. tracking job creation for the same five (5) year period; and iii. identify client achievements which represent growth (i.e. moving to a larger square footage facility, purchase of capital equipment / assets, etc.). c. Proposer's demonstrated experience for the period 2010 to 2014 as detailed and evidenced in the "2010 - 2014 Historical Technical Assistance Summary" (reference "Attachment F") d. Proposer's demonstrated client successes in securing financial assistance from a referred financial institution(s) with which the Proposer has experience, and / or directly through the Proposing Entity, AND that the Proposer's portfolio has had success in deploying these funds, as detailed in and evidenced by the "2010 - 2014 Financing Assistance Summary" (reference "Attachment E"). e. "Intake Documents and Procedures", Assessment Tools used to determine business "readiness", entrepreneurial self-assessment, market opportunity analysis, instruction and mentoring models which track and demonstrate entrepreneurial successes, resource tools presented to the entrepreneur, etc. (reference Attachment A – Scope of Services – Section 2.1 – Item F) f. Proposed Curriculum to be used in deploying the requisite services and which has been actively and successfully used in	20.0%	16.5	3.3	12.5	2.5	0	0	
3	3. Proposer's Detailed Approach and Plans to perform the requisite services outline in the "Attachment A - Scope of Services / Deliverables" section of this RFQ/P as evidenced by the Proposer's: a. Proposed Operating Budget submitted (reference "Attachment D") and allocation of monies to maximize the services available to entrepreneurs and small businesses. b. affiliation with and participation in entrepreneurial and business technical assistance organizations, such as Association of Enterprise Opportunity, Credit Builders Alliance, Small Business Administration programs and resources, etc; c. Proposed Performance Timeline / Program Implementation Schedule; d. depth of staff, to ensure uninterrupted services during the term of the contract and any extensions thereto, as evidenced by its Organizational Chart; and e. number of months "Post Start-Up Support Services" provided at no charge to each Small Business client / entrepreneur by the Proposing Entity.	30.0%	17.25	5.175	12.75	3.825	0	0	
4	4. the Proposer's "Price", as determined by the total "out-of-pocket" cost for the potential three (3) year term of the contract, should the Authority exercise both one (1) year extension options, based on the: <input type="checkbox"/> Maximum Not-to-Exceed Technical Assistance Contract Price. See Fee Schedule to the contract.	25.0%	20	5	20	5	0	0	
A	4A. "Blended Fully Burdened Hourly Rates" (reference Exhibit R – Section 2A – M).	5.0%	20	1	4	0.2	0	0	
Percentage Total		100%	90.75		44.25		0		
TOTAL PROPOSER SCORE				4.47	3.63		0.00		
On a scale of 1 - 5, evaluate and score the above proposal as follows:					1 - Poor	2 - Fair	3 - Good	4 - Very Good	5 - Excellent

		NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY INDIVIDUAL MEMBER EVALUATION COMMITTEE SCORES						
RFP / BID #		2015-RFQ/P-069 (RE-BID of 2015-RFQ/P-061)						
Title:		TECHNICAL ASSISTANCE TO SMALL BUSINESSES CONSULTING SERVICES - REGIONAL APPROACH						
SOUTHERN REGION		PROPOSER #1		PROPOSER #2		PROPOSER #3		
		UCEDC (Cranford, NJ)						
Item #	EVALUATION CRITERIA	Weight (percentage of total score)	TOTAL Score (sum of all Evaluation Committee members)	TOTAL SCORE (weighted with percentages indicated)	TOTAL Score (sum of all Evaluation Committee members)	TOTAL SCORE (weighted with percentages indicated)	TOTAL Score (sum of all Evaluation Committee members)	TOTAL SCORE (weighted with percentages indicated)
1	1. the Qualifications and Experience of the Proposer's management, supervisory and other key personnel assigned to perform the Work against the resulting contract, in providing the requisite services, as evidenced by the: a. resumes presented (to include reference to continuing professional development and continuing education, relative association memberships, if any); and b. the Staffing Chart submitted.	20.0%	17.5	3.5	0	0	0	0
2	2. extent of the Proposer's documented Experience in implementing and providing similar, successful Technical Assistance to Small Business programs, of comparable size and scope and complexity as that required herein, within New Jersey, as evidenced by all of the following: a. client narratives presented representing the consecutive five (5) year period 2010 – 2014. b. Proposer's demonstrated ability to successfully provide the requisite Technical Assistance Services, by citing client successes as demonstrated by providing the following: i. tracking the sustainability of growing small business clients for five (5) consecutive years (i.e. 2010 to 2014); ii. tracking job creation for the same five (5) year period; and iii. identify client achievements which represent growth (i.e. moving to a larger square footage facility, purchase of capital equipment / assets, etc.). c. Proposer's demonstrated experience for the period 2010 to 2014 as detailed and evidenced in the "2010 - 2014 Historical Technical Assistance Summary" (reference "Attachment F") d. Proposer's demonstrated client successes in securing financial assistance from a referred financial institution(s) with which the Proposer has experience, and / or directly through the Proposing Entity, AND that the Proposer's portfolio has had success in deploying these funds, as detailed in and evidenced by the "2010 - 2014 Financing Assistance Summary" (reference "Attachment E"). e. "Intake Documents and Procedures", Assessment Tools used to determine business "readiness", entrepreneurial self-assessment, market opportunity analysis, instruction and mentoring models which track and demonstrate entrepreneurial successes, resource tools presented to the entrepreneur, etc. (reference Attachment A – Scope of Services –Section 2.1 – Item F) f. Proposed Curriculum to be used in deploying the requisite services and which has been actively and successfully used in	20.0%	14	2.8	0	0	0	0
3	3. Proposer's Detailed Approach and Plans to perform the requisite services outline in the "Attachment A - Scope of Services / Deliverables" section of this RFQ/P as evidenced by the Proposer's: a. Proposed Operating Budget submitted (reference "Attachment D") and allocation of monies to maximize the services available to entrepreneurs and small businesses; b. affiliation with and participation in entrepreneurial and business technical assistance organizations, such as Association of Enterprise Opportunity, Credit Builders Alliance, Small Business Administration programs and resources, etc; c. Proposed Performance Timeline / Program Implementation Schedule; d. depth of staff, to ensure uninterrupted services during the term of the contract and any extensions thereto, as evidenced by its Organizational Chart; and e. number of months "Post Start-Up Support Services" provided at no charge to each Small Business client / entrepreneur by the Proposing Entity .	30.0%	15.75	4.725	0	0	0	0
4	4. the Proposer's "Price", as determined by the total "out-of-pocket" cost for the potential three (3) year term of the contract, should the Authority exercise both one (1) year extension options, based on the: <input type="checkbox"/> Maximum Not-to-Exceed Technical Assistance	25.0%	20	5	0	0	0	0
A	4A. "Blended Fully Burdened Hourly Rates" (reference Exhibit R – Section 2A – M).	5.0%	20	1	0	0	0	0
Percentage Total		100%	87.25		0		0	
TOTAL PROPOSER SCORE				4.26		0.00		0.00
On a scale of 1 - 5, evaluate and score the above proposal as follows: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent								
NOTE: TBAC T/A RBAC did not offer a bid proposal for the SOUTHERN REGION								