



MEMORANDUM

TO: Members of the Authority

FROM: Melissa Orsen
Chief Executive Officer

DATE: October 15, 2015

SUBJECT: Agenda for Board Meeting of the Authority October 15, 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

Edison Innovation Fund

Office of Recovery

Board Memorandums

Real Estate

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

September 10, 2015

MINUTES OF THE MEETING

Members of the Authority present: Commissioner Hal Wirths of the Department of Labor and Workforce Development; Jennifer Duffy representing State Treasurer Robert Romano; Patrick Mullen representing the Commissioner of the Department of Banking and Insurance; Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Public Members: Joseph McNamara, Vice Chairman; Charles Sarlo, Fred B. Dumont, Philip B. Alagia, David Huber, Massiel Medina Ferrara, William J. Albanese, Sr., Second Alternate Public Member; Harold Imperatore, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Present via conference call: Public Member: Larry Downes

Absent: Al Koeppel, Chairman; and Patrick Delle Cava, First Alternate Public Member

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.

Vice Chairman McNamara 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 August 11, 2015 meeting minutes. A motion was made to approve the minutes by Mr. Huber, seconded by Mr. Alagia, and was approved by the 11 voting members present.

Ms. Ferrara entered the meeting at this time.

Mr. Sarlo entered the meeting at this time.

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

CHIEF EXECUTIVE OFFICER'S MONTHLY REPORT TO THE BOARD

AUTHORITY MATTERS

ITEM: Annual Meeting

REQUEST: To consider the recommendations associated with the annual reorganization meeting.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Albanese **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Mr. Sadler entered the meeting at this time.

INCENTIVE PROGRAMS

Residential Economic Redevelopment and Growth Grant Program

ITEM: Beachway Urban Renewal Associates, L.P. and Life Management Inc.

APPL.#41316

REQUEST: To approve the application of Beachway Urban Renewal Associates, L.P. and Life Management, Inc. for a project located in Keansburg, Monmouth County for the issuance of tax credits. The recommendation is to award up to 30% of actual eligible costs, not to exceed \$17,022,967, in tax credits based on the budget submitted.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

ITEM: New Horizons Phase I Urban Renewal Associates, LP and Newark Housing Authority

APPL.#41281

REQUEST: To approve the application of New Horizons Phase I Urban Renewal Associates, LP and Newark Housing Authority for a project located in Newark, Essex County for the issuance of tax credits. The recommendation is to award up to 30% of actual eligible costs, not to exceed \$8,500,033, in tax credits based on the budget submitted.

MOTION TO APPROVE: Mr. Imperatore **SECOND:** Ms. Ferrara **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

Grow New Jersey Assistance Program

ITEM: Axtria, Inc.

APPL.#41318

REQUEST: To approve the finding of jobs at risk.

MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Alagia **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Axtria, Inc. APPL.#41318
REQUEST: To approve the application of Axtria, Inc. for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Berkeley Heights, NJ. Project location of Berkeley Heights, in Union County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Jobs with Salary in Excess of County Average and Targeted Industry of Technology. The estimated annual award is \$365,600 for a 10-year term.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Ms. Ferrara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

ITEM: Chelten House Products, Inc. APPL.#41334
REQUEST: To approve the finding of jobs at risk.
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Huber **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ITEM: Chelten House Products, Inc. APPL.#41334
REQUEST: To approve the application of Chelten House Products, Inc. for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Logan Township, NJ. Project location of Logan Township, Gloucester 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/Retained Full-Time Jobs, Targeted Industry of Manufacturing, and Mega Ind. Project with Capital Investment in Excess of Minimum. The estimated annual award is \$2,343,000 for a 10-year term.
MOTION TO APPROVE: Ms. Ferrara **SECOND:** Ms. Kokas **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: EMR Eastern LLC and affiliates APPL.#41233
REQUEST: To approve the finding of material factor in the decision to make capital investment and locate in Camden.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

ITEM: EMR Eastern LLC and affiliates APPL.#41233
REQUEST: To approve the application of EMR Eastern LLC 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 City, NJ. The estimated annual award is \$25,275,000 for a 10-year term.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Ferrara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ITEM: Hudson Group (HG) Retail, LLC APPL.#40422
REQUEST: To approve the finding of jobs at risk.
MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Imperatore **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

ITEM: Hudson Group (HG) Retail, LLC APPL.#40422
REQUEST: To approve the application of Hudson Group (HG) Retail, LLC for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in East Rutherford Borough, NJ. Project location of East Rutherford Borough, Bergen County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for a bonus increase to the tax credit award for Large Number of New/Retained Full-Time Jobs. The estimated annual award is \$549,500 for a 10-year term.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

ITEM: Yellowstone Capital, LLC APPL.#41333
REQUEST: To approve the application of Yellowstone Capital, LLC for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Jersey City, NJ. Project location of Jersey City, Hudson County qualifies as an Urban Transit HUB Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Transit Oriented Development and Targeted Industry of Finance. The estimated annual award is \$337,500 for a 10-year term.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Ms. Ferrara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

ITEM: B Positive National Blood Services, LLC and Affiliates APPL.#41251
REQUEST: To approve the application of B Positive National Blood Services, LLC and Affiliates for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Glassboro Borough, NJ. Project location of Glassboro, in Gloucester 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 Targeted Industry of Life Sciences and 2007 Revitalization Index greater than 465 in Gloucester County. The estimated annual award is \$357,500 for a 10-year term.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

BOND PROJECTS

Combination Preliminary and Bond Resolutions

ITEM: LEAP Academy University Charter School, Inc. APPL.#41359
LOCATION: Camden City/Camden
PROCEEDS FOR: Refinancing
FINANCING: \$5,940,000 Tax-exempt bond
MOTION TO APPROVE: Mr. Imperatore **SECOND:** Ms. Ferrara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

ITEM: Seabrook Village, Inc. APPL.#41313
LOCATION: Tinton Falls Borough/Monmouth
PROCEEDS FOR: Refinancing
FINANCING: \$64,000,000 (Max.) Tax-exempt bond
MOTION TO APPROVE: Mr. Alagia **SECOND:** Ms. Kokas **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

Preliminary Resolutions

ITEM: Jewish Community Center on the Palisades APPL.#41373
LOCATION: Tenafly Borough/Bergen
PROCEEDS FOR: Refinancing/ Purchase of equipment & machinery/ Renovation of existing equipment & machinery
FINANCING: \$13,701,550
MOTION TO APPROVE: Ms. Ferrara **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

LOANS/GRANTS/GUARANTEES

Local Development Financing Fund Program

ITEM: Dave Realty LLC APPL.#40546
LOCATION: Irvington Township/Essex
PROCEEDS FOR: Acquisition of existing building
FINANCING: \$990,000 Provident Bank loan with a 44.44% (\$440,000) EDA participation
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Huber **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

Hazardous Discharge Site Remediation Fund Program

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

PROJECT: Borough of Woodbine (Woodbine Landfill) APPL.#41091
LOCATION: Woodbine Borough/Cape May
PROCEEDS FOR: Remedial Investigation
FINANCING: \$175,319
MOTION TO APPROVE: Mr. Albanese **SECOND:** Ms. Kokas **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Projects approved under Delegated Authority

Premier Lender Program: Carton Brewing Company, LLC (P41165; P41166; P41167)

Small Business Fund Program: 291 Main Street LLC (P41343); Habitat For Humanity, Burlington County (P41289); WJJ & Company LLC d/b/a Papertec (P41287)

Stronger NJ Business Loan Program: JMJ LLC d/b/a Jimbo's (P40986); Rayco II, World of Spoilers, Inc. (P38843)

NJ Main Street Program – Modification: CM&E Con, Inc. (P39419)

Stronger NJ Business Loan Program - Modification: Purpuri Shoes, Inc. (P38657)

REAL ESTATE

ITEM: Premier Education Group
Surrender and Cancellation of Lease and Occupancy Agreement
The Technology Centre of New Jersey

REQUEST: Approval to enter into a Surrender and Cancellation of Lease and Occupancy Agreement between Premier Education Group and the NJ Economic Development Authority for the 36,500 square foot building at the Technology Centre of New Jersey known as "Tech VI". Premier Education Group intends to pay two months advance rent for September and October and will pay monthly thereafter. Premier will also perform routine maintenance on the building with a per incident limitation of \$5,000.

MOTION TO APPROVE: Ms. Ferrara **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

ITEM: Security Services
NJEDA Headquarters and Barnes Street Parking Lot, Trenton, NJ and Waterfront Technology Center, Camden, NJ

REQUEST: Approval to enter into contracts for security services with Universal Protection Services of Trenton, New Jersey, for security related services for the following properties: (i) NJEDA Headquarters and Barnes Street Parking Lot, Trenton; and (ii) Waterfront Technology Center, Camden.

MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

Higher Education Public Private Partnership Program

ITEM: Higher Education Public Private Partnership Program
The College of New Jersey
Campus Town Center 2nd Amendment
REQUEST: To approve The College of New Jersey's second amendment to the Campus Town Center project.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Kokas **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

Commissioner Wirths recused himself because his daughter attends The College of New Jersey.

ITEM: Higher Education Public Private Partnership Program
The College of New Jersey
Campus Town Center Phase 2
Buildings 8, 9, and 2,362 SF Commercial Pad Site
REQUEST: To approve The College of New Jersey's application to develop the second phase of the Campus Town Center.
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Imperatore **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

Commissioner Wirths recused himself because his daughter attends The College of New Jersey.

ITEM: Higher Education Public Private Partnership Program
New Jersey City University
West Campus Blocks 2 and 3 (Claremont Construction Group, Inc.)
REQUEST: To approve New Jersey City University's application to develop a mixed use development in two phases.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Alagia **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

Ms. Ferrara recused herself because Hudson County is involved in the project.

ITEM: Higher Education Public Private Partnership Program
New Jersey City University
West Campus Blocks 1 and 5B (KKF University Enterprises, LLC)
REQUEST: To approve New Jersey City University's application to develop a mixed use development in two phases.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Alagia **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 24

Ms. Ferrara recused herself because Hudson County is involved in the project.

ITEM: Higher Education Public Private Partnership Program
New Jersey City University
West Campus Block 6 (Crossroads Companies)
REQUEST: To approve New Jersey City University's application to develop 110,000 square
foot commercial space.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Alagia **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 25

Ms. Ferrara recused herself because Hudson County is involved in the project.

PUBLIC COMMENT

Mr. Richard Tolson, Director, Bricklayers & Allied Craftworkers of NJ and former EDA Board Member informed the Board that he was responsible for the banner in front of the building and for the handbills that were passed out this morning. He stated his concern was that construction jobs related to projects approved by the Board were not guaranteed to go to New Jersey workers. He added that construction workers from out of state spend their wages out of state. He wants to ensure that the New Jersey construction trades become a priority on New Jersey projects.

There being no further business, on a motion by Mr. Alagia, and seconded by Mr. Imperatore, the meeting was adjourned at 11:15 am.

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



Lori Matheus, Sr. Vice President, Strategic Partnerships
Assistant Secretary



MEMORANDUM

TO: Members of the Authority

FROM: Melissa J. Orsen
Chief Executive Officer

DATE: October 15, 2015

RE: Monthly Report to the Board

EDA LAUNCHES MARKETING CAMPAIGN TO GENERATE AWARENESS OF SMALL AND MID-SIZED BUSINESS FINANCING PROGRAMS

As part of its overall marketing strategy, the EDA is launching a print and digital marketing campaign this month to promote the Authority's bank partnership and direct loan programs among its primary target audiences including: small and mid-sized businesses, and bankers and not-for-profit organizations in New Jersey. Featuring the theme "*EDA Was Here,*" the campaign will use a testimonial approach to showcase how businesses have used the EDA's programs and services to overcome challenges, meet financing gaps, and grow. Campaign results will be measured based on several metrics, including website traffic and call volume, which are indicators of increased awareness of, and interest in, the EDA's programs.

The print advertisement has already begun appearing in small business-focused publications including: *New Jersey Business*, *NJBIZ*, *South Jersey Biz*, and others. To complement its print advertising presence, the EDA will be using online techniques such as search engine marketing and digital display advertisements to contextually target users who are searching keywords relevant to the EDA and its offerings. Public relations tactics are in development to supplement the print and digital advertisements and further educate target audiences. The campaign was created in collaboration with Princeton Partners, Inc., the EDA's marketing services firm of record, approved by the Board in May.

ECONOMIC REVITALIZATION AND GROWTH PROGRAM UPDATE

In 2013, the Economic Opportunity Act (EOA) targeted five specific types of areas for residential development growth. Now that there are significant projects underway through the residential Economic Recovery and Growth (ERG) program, this seems like a good time to provide an update on the various legislatively-established allocations for residential projects.

Under the ERG Program, a total of \$1.02 billion has been awarded to 35 residential and non-

residential projects representing \$6.04 billion in total capital investment. These projects are associated with the expected creation of more than 15,600 jobs. These figures are inclusive of projects under consideration for approval at the October 15 EDA Board Meeting.

The EOA set aside \$600 million in tax credits for eligible residential-based projects. Note that \$25 million of this amount was reserved by statute for a mixed-use parking facility in Paterson, NJ. The remaining \$575 million is further separated into five sub-allocations to support projects meeting certain geographic and/or economic criteria. According to the statute, once the cap for a particular allocation has been reached, projects that meet the criteria for that specific allocation cannot be funded from a different allocation.

Out of the total \$1.02 billion awarded under the ERG Program, \$374.3 million tax in credits under the residential ERG Program have been approved for 27 qualified residential projects representing \$1.55 billion in total capital investment. In addition, projects approved under the residential ERG Program are expected to create 3,708 construction jobs, and 4,640 housing units, of which 2,920 units are deemed affordable.

The five allocations and the amounts committed to date*, along with number of housing units under each allocation, are described below.

- \$175 million (“Camden”): Camden and Atlantic City
 - \$45,082,200 committed
 - \$129,917,800 remaining

- \$75 million (“MRI Index 400”): Projects in municipalities with a 2007 MRI Index of 400 or higher (only available to the southern NJ counties of Burlington, Ocean, Camden, Gloucester, Atlantic, Salem, Cumberland, and Cape May.)
 - \$22,045,806 committed
 - \$52,954,194 remaining

- \$225 million (“4 Criteria”): Qualified residential projects located in:
 - Urban Transit Hubs that are commuter rail in nature
 - Garden State Growth Zones (GSGZs)
 - Disaster recovery areas
 - SDA municipalities located in Hudson County that were awarded State Aid in FY 2013 through the Transitional Aid to Localities Program
 - \$224,998,298,
 - \$1,702 remaining**

- \$75 million (“Distressed”): Projects in distressed municipalities, deep poverty pockets, highlands development credit receiving areas or redevelopment areas (only available to the northern NJ counties of Mercer, Monmouth, Middlesex, Somerset, Hunterdon, Warren, Morris, Union, Hudson, Essex, Bergen, Passaic, and Sussex.)
 - \$66,396,458 committed

- \$8,603,542 remaining**
- \$25 million (“Qualifying Area”): Projects located within a qualifying ERG incentive area (Statewide).
 - \$15,767,702 committed
 - \$9,232,298 remaining

** Commitment numbers include projects not yet approved that will be presented to the Board for consideration at the October 15, 2015 EDA Board meeting.*

*** No longer accepting applications*

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees or exhibitors at 21 events in September. These included the Morris County EDC Business Growth Forum Luncheon in Parsippany, CDFA NY/NJ Financing Roundtable in Newark, and the NJBIA Women Business Leaders Forum in Parsippany.

CLOSED PROJECTS

Through September 2015, EDA provided more than \$946 million in assistance to 208 projects, supporting more than 7,500 existing jobs, the creation of more than 6,600 new jobs, more than 3,000 construction jobs and leveraging more than \$1.2 billion in public/private assistance.



INCENTIVES PROGRAM

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



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: October 15, 2015

RE: **Branch Village Urban Renewal, LLC and the Housing Authority of the City of Camden**
Residential Economic Redevelopment and Growth Grant Program (“RES ERG”)
P #41085

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 Branch Village Urban Renewal, LLC and the Housing Authority of the City of Camden (the “Applicant and “Co-Applicant”) for a Project located in Camden, Camden 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 \$15,905,023 and of this amount \$12,571,474 are eligible costs under the RES ERG program. The recommendation is to give up to 40% of actual eligible costs, not to exceed \$5,028,590. A residential project is eligible to receive a RES ERG tax credit of up to 20% of the total eligible project costs. Branch Village Urban Renewal, LLC is also eligible for a bonus of an additional 20% (for a total of 40%) because the Applicant has demonstrated they will reserve 20% of the units for moderate income housing and the project is located in a Garden State Growth Zone.

Branch Village Urban Renewal, LLC, is the applicant for the project and the Housing Authority of the City of Camden “HACC” will be the co-applicant. Michaels Development will act as the developer for the Project’s financing.

Michaels Development Company (the “Developer”) has over 30 years of experience in producing quality affordable housing. The Developer has successfully developed over 25,000 housing units in 18 states and the U.S. Virgin Islands. Michael J. Levitt owns Michaels Development Corporation and its affiliate, Interstate Realty Management, and has been in the business of affordable housing for over 30 years.

Project Description

The project is the new construction of a 50 family unit three-story apartment complex. The site is located at 9th Street and Carl Miller Boulevard, in Camden. The site is approximately .89 acres and has three vacant apartment buildings on it. The existing buildings will be demolished as part of this project. The unit amenities will include blinds, closets, carpet, dishwashers, and central air conditioning. The property will offer 44 one-bedroom units and 6 two-bedroom units.

The site is owned by HACC. An independent appraisal was prepared for TD Bank on April 1, 2015; the “as is” value of the land was determined to be \$525,000. The “as complete value” is estimated to be \$2 million. The City of Camden Housing Authority and Branch Village 1-Michaels, LLC have entered into a Ground Lease Agreement for 99 years executed on June 16, 2015. Branch Village 1-Michaels, LLC will pay an initial rent equal to \$875,000 the first year. The annual leasehold fee will be \$1.00 thereafter. In accordance with EDA’s underwriting policy for the RES ERG Program \$875,000 (Ground lease payment of the property) is reflected in total project cost however \$525,000 (the “as is” value of the property) is reflected in the eligible basis for the calculation of the award.

The units will each have Energy Star Rated appliances with a dishwasher, frost free refrigerator, stove, range and range hood. The Applicant has agreed to comply with the Energy Star Homes Program as per NJHMFA’s Green Standard Requirements.

Construction is expected to begin December 1, 2015 with an anticipated completion date of April 15, 2017.

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 133 temporary construction jobs and two full time positions at the project site as a result of the ERG subsidy.

Project Ownership

The Applicant is a single purpose entity that will be 99.99% owned by an Investor Member LLC to be created through Perstige Affordable Housing Equity Partners, LLC. Branch Village 1-Michaels, LLC a New Jersey Limited Liability Company will act as the Managing Member with a .0051% interest and Ninth Street LLC, an affiliate of Watson Street Management and Development Corporation will hold a .0049% interest. Watson Street Management, a nonprofit 501(3), is wholly owned by the Housing Authority of the City of Camden. The Housing Authority of the City of Camden will also be the Co-Applicant. NJEDA received a certification from the highest ranking officer of Branch Village Urban Renewal, LLC, as to the accuracy of the information submitted for the project.

Co-Applicant

To ensure that the Co-Applicant entity structure is necessary and appropriate, staff evaluated Branch Village Urban Renewal, LLC proposal to include the HACC not limited to but with a focus on the following:

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

The HACC is enabled pursuant to the New Jersey Local Redevelopment and Housing Law (the "Housing Law") and created pursuant to municipal ordinance of the City of Camden. As such the HACC is an agency and instrumentality of the City of Camden. Pursuant to the Housing Law, HACC has authority to:

1. "Plan, construct, own, and operate housing projects as well as receive and accept from the State or federal government, or any other source, funds or other financial assistance."
2. "Borrow money and receive grants and loans from any source for the financing of a redevelopment project or housing project."
3. "Make and enter into all contracts and agreements necessary or incidental to the performance of the duties authorized in the act."

As such, the HACC is authorized to apply for, and receive the RES ERG funding as a co-applicant. HACC being a co-applicant for the RES ERG is consistent with its mission and previous development practices.

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

Specifically with respect to the Branch Village Urban Renewal, LLC Project, HACC has and will continue to materially participate in the development of the Project in the following ways:

- The HACC will continue to own the land and have a right of refusal to purchase the improvements at the end of the 15 year low income housing tax credit compliance period;
- The HACC is a co-developer of the Branch Village project and in consideration for its services is receiving 20% of the developer fee;

Level of Contribution. The parties must demonstrate evidence that the Co-Applicant will contribute capital, real property or services related to the project that directly affect and serve the anticipated resident population.

- The HACC is lending its capital funding to the project in the amount of \$3.7 million.
- The HACC currently owns the land for this project and will be contributing this land to the applicant entity.

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	\$ 875,000	\$ 525,000
Construction & Site Improvements	8,643,250	8,643,250
Professional Services	1,273,500	1,273,500
Financing & Other Costs	2,605,135	1,512,586
Contingency	617,138	617,138
Development Fee	1,891,000	0
TOTAL USES	\$ 15,905,023	\$ 12,571,474

RES ERG eligible project costs exclude ineligible costs aggregating \$3,333,549, which include the developer fee of \$1,891,000, reserves of \$1,092,549, and ineligible land costs of \$350,000.

<i>Sources of Financing</i>	<i>Amount</i>
Permanent Debt	\$ 1,576,000
Housing Authority City of Camden Note 1	2,857,860
Housing Authority City of Camden Note 2	875,000
RES ERG Proceeds	3,771,442
Equity:	
Deferred Developer Fee	1,104,621
LIHTC	5,720,100
Total	\$ 15,905,023

The Applicant received a commitment for conduit construction and permanent financing at NJHMFA's September 24, 2015 board meeting. The permanent debt financing will be structured as a direct placement with the Capital Fund Services, Inc. The permanent debt will have a 35 year amortization period with a term of 18 years and a fixed interest rate of 5.70%. The Applicant has also received two commitments from HACC to provide financing to the project. The Camden Housing Authority will be providing a loan in the amount of \$2,857,860 at a fixed rate of 1% with a term of 50 years. The Camden Housing Authority will provide a second loan in the amount of \$875,000 at estimated rate of 1.0% with a term of 50 years.

As part of its permanent financing structure the Applicant has received a commitment letter dated June 18, 2015 from the tax credit syndicator, Prestige Affordable Housing Equity Partners, who will be providing both the Low Income Housing Tax Credit equity and RES ERG Tax Credit equity for a total of \$9.5 million. The RES ERG tax credits will be priced at \$0.75 for each dollar of State Tax Credits allocated to the investment of the project.

RES ERG projects are required to have a minimum of 20% equity in its capital structure based on the total projects costs. The equity sources of capital in Branch Village Urban Renewal, LLC and HACC are deferred developer fee of \$1.1 million, LIHTC equity syndicated by Prestige Affordable Housing Equity Partners in the amount of \$5.7 million, which collectively is 43% of total project costs.

Development Fee

The amount of developer fee allowed for eligible rehabilitation or new construction costs will be limited to 15% of total development costs excluding land, pre-operational expenses, and escrows and reserves pertaining to permanent takeout financing. Total development fee includes all hard and soft costs, in addition to applicable financing fees. Developer fee at project construction completion or stabilization shall not exceed 8% (out of the 15% total) with the balance being deferred and taken through projected cash flow. This is consistent with NJHMFA's approach.

The Applicant has demonstrated to both NJHMFA and EDA that the project will not generate sufficient cash flow to return the entire developer fee within five years of project stabilization. The maximum developer fee of 15% for this project will not be achieved until year 15.

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

The Project poses a funding gap and the development of this multifamily community is likely not to happen without the EDA's assistance. The Applicant was able to demonstrate a shortfall in the financing structure without being awarded the RES ERG credits. The site currently has three dilapidated vacant apartment buildings on it and as a result of this project, Camden will continue to focus on spurring the development within the City. The Project appears to be economically feasible based on the track record of the Applicant and their development team as well as the numerous funding sources and subsidies that have been made available to this project.

The Authority is in receipt of a Market Feasibility Analysis dated March 16, 2015 prepared by Value Research Group, a third party consultant who issued their determination of current and future market conditions. The study demonstrates the continued market demand for the project and supports the financial assumptions included in the project pro-forma. As per the market study, the subject is located in an established urban area with vacancy rates of 5%. The study mentions that the project will lease units at an average of 15 units per month and should reach full occupancy within six months of construction completion.

The Applicant did receive a resolution from the City of Camden demonstrating a need for affordable housing in addition to the mayor providing a letter of support for the development of this project. The project also received a payment in lieu of taxes "PILOT" for a term of 18 years at a rate of 10.00% from the City of Camden in an effort to receive a reduction in the annual property taxes.

The Project appears to be economically feasible based on the track record of the applicant and their development team as well as the committed 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.

The Project is located in Camden, an urban aid municipality. Camden is ranked number 566 out of 566 municipalities per the ranking of distress in New Jersey. The greater Camden area has suffered from population declines, poverty, high crime rates, and overall negative trends over the past several decades. Camden's average household income is \$38,588 per year, ranked as one of the lowest in New Jersey. These negative attributes affect most of the City of Camden. The subject's local area is situated to the southern portion of the City has a mix of industrial, commercial, and residential uses. The residential land uses are typically found as lower end, row type housing in poor to average condition built between the 1950's to the 1970's. The industrial uses are primarily found in or around the Port of Camden and have good access to the highways via Route 676.

In the Centerville neighborhood, the subject Branch Village Housing Project is the final dilapidated housing project to be replaced. The Housing Authority and its development partners have previously redeveloped Roosevelt Manor and Chelton Terrace. Due to revitalization of almost 800 units of housing, the Centerville neighborhood has a very high concentration of Low income Housing Tax Credit Units. The Centerville neighborhood despite recent development remains a high distressed portion of the City. The demolition and replacement of Branch Village will be the capstone of this ten year neighborhood revitalization effort.

Recommendation

Authority staff has reviewed the application for Branch Village Urban Renewal, LLC and the Housing Authority of the City of Camden 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 a commitment 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; and

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 being located in Camden, Camden County qualifies to be funded under the allocation for projects located in Camden and Atlantic City. The initial total of this allocation was \$175 million. After today's approvals, \$129.9 million remains in the allocation and \$225.7 million tax credits remain in the total residential program.

Total Eligible Project Costs: \$12,571,474

Eligible Tax Credits and Recommended Award: The recommendation is to award up to 40% of actual eligible costs, not to exceed \$5,028,590 to be paid over 10 years.

A handwritten signature in black ink, appearing to read 'Timothy Lizura', is written over a horizontal line.

Timothy Lizura

Prepared by: Matt Boyle



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: October 15, 2015

RE: **Carver Hall Urban Renewal, LP**
Residential Economic Redevelopment and Growth Grant Program (“RES ERG”)
P #40492

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 Carver Hall Urban Renewal, LP (“Carver”). (the “Applicant”) for a Project located in Atlantic City, Atlantic 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 \$44,013,575 and of this amount, \$33,810,263 are eligible costs under the RES ERG program. The recommendation is to award up to 40% of actual eligible costs, not to exceed \$13,524,105. The Applicant is eligible for a bonus of an additional 20% (for a total of 40%) as they meet criteria of the project being located in a Garden State Growth Zone (“GSGZ”).

Omni America LLC (“Omni”) located in New York, New York will act as the developer for the rehabilitation of the project. Omni is a real estate development company that was founded by Maurice "Mo" Vaughn and Eugene Schneur for the purpose of bringing revitalization and development to various neighborhoods in New York and other states. Omni owns and manages 7,994 affordable housing units, located in New York, Wyoming, and Massachusetts. Omni has also completed the construction of 41 new units of affordable housing in Seneca County, New York; in addition Omni has 176 new units currently under construction in Bronx, NY.

Project Description

Carver Hall Apartments is an existing 252 family unit project-based Section 8 property located at 501 N. South Carolina Ave., 420 N. South Carolina Ave., and 501 N. Tennessee Ave. in the Second Ward of Atlantic City.

The project is comprised of 42 three-story contiguous walkup buildings, a stand-alone leasing office, three stand-alone maintenance sheds, and eight parking lots with a total of 79 parking spaces. Of the 42 buildings, 13 will be comprised of 78 one-bedroom units at approximately 548 square feet each. The remaining 29 buildings will contain a total of 174 two-bedroom units at 709 square feet each. Of the 252 units, 243 are currently occupied. All units are currently supported by a Housing Assistance Payments (“HAP”) contract from the U.S. Department of Housing and Urban Development (“HUD”). Gross rents for one-bedroom and two-bedroom units are anticipated to be set at \$820 and \$970, respectively.

Reliant Realty Management, LLC will be managing the property. Reliant Realty Group LLC is a full service commercial Real Estate Company focused on retail, office, industrial and multifamily properties. Reliant’s principal and senior management have over 60 years of combined brokerage and development experience in the New York metropolitan area and beyond. Reliant’s founding member is a commercial and multi-family developer who has personally developed and managed over 120 supermarkets and several million square feet of commercial and multifamily real estate. With offices in Manhattan, NY and Long Island, NY, as well as a network of professionals throughout the Northeastern United States, Reliant is well suited to assist with the brokerage, development and management of properties throughout the Northeast region.

As it relates to Carver Hall, Reliant will have a number of responsibilities with regards to managing the property. Reliant and a regional property manager will oversee the site staff at Carver Hall. Reliant will also assist in leasing the project and overseeing the LIHTC units while making sure the project is in compliance by adhering to the codes required by the IRS for affordable housing. The Reliant office staff will handle all of the accounting for the property and oversee the computer systems in the management office. As the property manager, Reliant will also be monitoring the in-house security and maintenance companies that will provide services to the property. Reliant’s security company will manage the access controls (key fob system) at the front entrance doors to each building, monitor the property’s security cameras and interface with the local police department when necessary. Finally, Reliant will be easily accessible to provide routine maintenance to the property when needed.

The project will reserve all of the units to be moderate income (households earning between 50% to 80% of area median income, with the assistance of the section 8 contract).

All units are currently supported by a Housing Assistance Payments (“HAP”) contract from the U.S. Department of Housing and Urban Development (“HUD”). The original HAP contract between HUD and New Bruche Associates was executed in August 1983. A HAP Basic Renewal Contract was executed in March 2004, with a term beginning on March 1, 2004 for a period of 20 years. A new 20 year HAP Basic Renewal Contract will be executed upon closing and acquisition of the property. The Applicant is seeking an assignment of the HAP Contract. A HUD Rent Comparability Study was completed November 18, 2014 by Goodman-Marks Associates, Inc. to provide a market rental value opinion as of the prospective date of valuation, March 31, 2015.

There will be a total of 79 parking spaces, amongst eight parking lots dedicated to the tenants. Unit amenities will be standard for each unit and the common amenities will include a laundry facility.

Renewal Construction Services LLC (“RCS”) will act as the general contractor. RCS is a construction/renovation firm headquartered in New York, NY since 2005 and is affiliated with Omni America, LLC. RCS specializes in the construction and renovation of multi-unit family occupied apartment complexes. Since inception, RCS has renovated and/or is renovating 7,491 multi-family apartment units in New York and Massachusetts.

Rehabilitation is expected to begin in December of 2015, with an anticipated completion date of December 2016.

Partners Engineering prepared a phase one report of the site on August 15, 2015. The site was declared to be sound with no negative findings. Wells Fargo (permanent debt lender), approved the phase I as submitted from Partner’s with no issues.

For the purposes of the Green Component, the Applicant plans to adhere to the Pay for Performance model; they have contracted Bright Power to act as the energy consultant.

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 76 temporary construction jobs during rehabilitation and 12 full time positions created at the project site.

Scope of Work

The proposed scope of work includes the renovation of lobby areas, upgrading of building mechanics, new roofs, improved common areas and new doors.

In-unit capital improvements will include the installation of new floors; new windows; the replacement of kitchen cabinets, appliances, countertops and fixtures; and the replacement of bathroom vanities, sinks, faucets, bathtubs, and tiles. Finally, the existing security system will be completely overhauled and approximately 150 security cameras will be installed.

During the rehabilitation process, tenants are given at least one week notice prior to beginning scheduled work and are provided boxes to pack their belongings. If a scheduling conflict arises, Omni will cooperate with tenants to accommodate their schedules. If a tenant is elderly or unable to box their belongings, the construction management team, who is responsible for moving all furniture and household items, will assist.

In-unit improvements are estimated to take approximately 1-2 weeks per unit. During this process, each of the unit's basic services and utilities will be restored by the end of each work day (usually by 5pm).

Building exteriors will incorporate removing existing and installing new vinyl siding, installing new front entry doors, replacing new windows with low E, argon; repairing all stucco cracks, fire escapes, new entry stoops and new roofing membrane systems; furnish and install new canopies over stoops and replace all of the mailboxes. The plumbing systems, HVAC and electrical systems will also be replaced.

Site work will consist of repaving the parking lots, repairing concrete sidewalks and installing accessible ramps to the management/leasing office. In addition, new handicap ramp rails will be installed, and improve curb appeal by adding landscaping including planter boxes, bushes, shrubbery and trees

None of the tenants will be displaced during the rehabilitation process, which will take approximately 12 months.

Project Ownership

The Applicant for the Project's financing has formed a limited liability corporation known as Carver Hall Urban Renewal, LP. Carver Hall Developers, LLC will be the general partner with a .01% interest comprised of Mo Vaughn 10% (Director), Eugene Schneur 50% (Managing Director), and Trident Omni Holdings LLC 40% (Manager). Alliant Capital, LTD will be the investor member, assuming 99.99% ownership interest. NJEDA received a certification from Carver Hall Urban Renewal LP, the highest ranking officer of the General Partner, as to the accuracy of the information submitted for the project.

Omni America, ("Purchaser") entered into an Agreement of Sale with New Bruche Associates LLC ("Seller") on June 27, 2014 for a purchase price of \$14.65 million. An Amendment to the Purchase and Sale Agreement was made on March 26, 2015 to extend the closing date; settlement is expected to take place by year-end. The buyer and seller are unrelated parties and have no commonality of ownership with one another.

An independent third party appraisal was prepared by CBRE, based in Philadelphia, PA for Wells Fargo, which reported an "as is" value of \$12.3 million.

EDA will recognize the lower of the sales price or appraised value; therefore for underwriting purposes, \$12.3 million will be utilized to determine eligible costs.

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	\$ 14,650,000	\$ 12,300,000
Construction & Site Improvements	15,965,021	15,965,021
Professional Services	1,098,100	1,098,100
Financing & Other Costs	7,078,413	2,885,640
Contingency	1,561,502	1,561,502
Development Fee	3,660,539	0
TOTAL USES	\$ 44,013,575	\$ 33,810,263

ERG eligible project costs exclude ineligible costs aggregating \$10,203,312, which includes the developer fee of \$3,660,539, Construction interest reserve of \$3,344,984, the difference between the acquisition and appraised value of \$2,350,000, and the syndicator required reserves of \$847,789.

<i>Sources of Financing</i>	<i>Amount</i>
Wells Fargo Permanent Loan (Fannie Mae)	\$ 15,036,000
ERG	12,036,453
Equity:	
LIHTC (Alliant)	12,549,180
Deferred Developer Fee	1,830,270
Applicant Equity	2,561,672
Total	\$ 44,013,575

HMFA will provide construction loan financing in the estimated amount of \$20.4 million at an estimated annual interest rate of 1.00% for 24 months. The loan will be secured by a co-first mortgage lien on Project real estate and security interest in personal property included in the Project and, including but not limited to, cash collateral in escrow account held under the Bond Indenture, which includes proceeds from Fannie Mae loan, LIHTC equity, or other funds available to the Sponsor. Alliant Capital LTD will be providing a perm loan in the estimated amount of \$10.2 million for a term of ten years.

As part of its permanent financing structure, the Applicant provided a letter of interest from Wells Fargo in the amount of \$15 million at a maximum 90% loan to value, for a term of 18 years (35 amortization) at an estimated interest rate of 4.14% that may be subject to change. As part of its permanent financing structure the Applicant has received a commitment from the tax credit syndicator, Alliant Capital LTD., who will be providing both the Low Income Housing Tax Credit equity and RES ERG Tax Credit equity for a total of \$12.54 million. The RES ERG tax credits will be priced at \$0.89 for each dollar of State Tax Credits allocated to the investment of the project.

Development Fee

The amount of developer fee allowed for eligible rehabilitation or new construction costs will be limited to 15% of total development costs, excluding land, pre-operational expenses, and escrows and reserves pertaining to permanent takeout financing. Total development fee includes all hard and soft costs, in addition to applicable financing fees. Developer fee at project construction

completion or stabilization shall not exceed 8% (out of the 15% total) with the balance being deferred and taken through projected cash flow. This is consistent with NJHMFA's approach.

The Applicant has demonstrated to both NJHMFA and NJEDA that the project will not generate sufficient cash flow to return the entire developer fee within five years of project stabilization. The maximum developer fee of 15% for this project will not be achieved until year 13.

RES ERG projects are required to have a minimum of 20% equity in its capital structure based on the total projects costs. The equity sources of capital are applicant equity in the amount of \$2.5 million, deferred developer fee of \$1.8 million and LIHTC equity syndicated by Alliant in the amount of \$12.5 million, which is collectively 36% of total project costs.

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.

Carver Hall Apartments was originally constructed in 1949. Renovations will update an aging building while providing safe and affordable housing to the residents of Atlantic City. Post-completion, the project is anticipated to operate with sufficient cash flow for the foreseeable future in conjunction with the Applicant's HAP contract. However, without the State incentive, the Applicant represents that the Project is not feasible due to the initial funding gap. The current use of the project will result in a significant improvement to the project and the tenants that currently reside in this community

This project will further the goals of State, regional, and local development and planning strategies. The project also furthers State Plan policy objectives for ensuring efficient land use, providing a full range of housing choices, promoting economic development through infill development and public/private partnerships, promoting design to enhance public safety and encourage pedestrian activities, and promote well-planned and revitalized communities that sustain economies and are compatible with other affordable communities.

The Authority is in receipt of a Market Feasibility Analysis dated September 1, 2015 and the study demonstrates the continued market demand for the Project and supports the financial assumptions included in the Project pro forma.

The project received a letter of support from the mayor dated September 15, 2015, confirming his support for the rehabilitation of this project.

The project's financial returns, mentioned earlier, and to obtain the funding necessary to develop this project, verifies there is a demonstrated need for the redevelopment incentive grant agreement.

The Project appears to be economically feasible, based on the track record of the Applicant and their development team, as well as the committed funding sources for the entire cost budget that 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.

The Project is located in Atlantic City, Atlantic County, an area that has struggled economically and socially due to a declining employment base, lack of outside investment and poor schools. The appraisal mentions, however, that the site is well located and afforded good access and visibility from the street frontage. Residents of the community can commute to major employment nodes via train or bus. Carver Hall is in an upcoming area and has access to a variety of service amenities and employment nodes. The site location is comparable to those of several existing affordable communities in the area. The size of the site is typical for the area and use, and there are no known detrimental uses in the immediate vicinity. Lastly, the appraisal mentions that there are no known factors that should be considered as a deterrence to prevent the site from development to its highest and best use, as if vacant, or adverse to the existing use of the site.

The City of Atlantic City has significant economic and social distress. According to the U.S. Bureau of Labor Statistics, the City of Atlantic City has an unemployment rate of 11.7% compared to 5.6% in the New York-Newark-Jersey City MSA and 6.1 in the Philadelphia-Camden-Wilmington MSA. Wages are falling, in contrast to a Statewide increase. The appraiser states that “leisure hospitality employment is at an all time low, and retail has not fared well either, with food and beverage stores experiencing the biggest declines”. In contrast, the appraisal later mentions that over the long term, the industry will stabilize, even as additional closures remain a possibility in the coming years. As failing casinos are forced to exit the market, the ones that will survive will enjoy a larger share of gaming revenue helping to revitalize the City. The closed casinos will eventually be repurposed and the market will again benefit from the infusion of jobs to the City. Due to the subject property’s dedication to moderate income housing, job creation in the future is expected to further assist the tenants of this community.

The capital injections from the tax-exempt bonds and tax credit equity (federal and state) will be used to renovate the property, decrease unemployment for the City’s residents and spur economic activity in the neighborhood and the City of Atlantic City. Additionally, Atlantic City is ranked # 559 in the MRI index, is a Distressed Community and is designated as an Urban Aid Municipality.

The project is expected to create a total of 111 residential, construction and indirect jobs. Increased economic activity should help decrease the unemployment figures in the area.

The Applicant received a 30 year PILOT from the City for a payment in lieu of taxes in the form of long term abatement. The PILOT will increase 25% each year for the first ten years and 50% for the remaining 20 years of the agreement.

According to the fully executed resolution of need dated August 6, 2015, this project fills the need for affordable housing in the Atlantic City, NJ.

Recommendation

Authority staff has reviewed the application for Carver Hall Urban Renewal, LP 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 a commitment 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).
5. Applicant to provide renewal of HAP contract within six months of board approval

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; and

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 being located in Camden, Camden County qualifies to be funded under the allocation for projects located in Camden and Atlantic City. The initial total of this allocation was \$175 million. After today's approvals, \$129.9 million remains in the allocation and \$225.7 million tax credits remain in the total residential program.

Total Eligible Project Costs: \$33,810,263.

Eligible Tax Credits and Recommended Award: The recommendation is to award up to 40% of actual eligible costs, not to exceed \$13,524,105.



Timothy Lizura

Prepared by: Jenell Johnson

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

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 – New Construction Project for a manufacturing 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	\$4,400,000	\$85,500,000
New Jobs	8	118
Retained Jobs	19	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
Distressed Municipality	Base award of \$4,000 per year for projects located in a designated Distressed Municipality	Winslow Township is a designated Distressed Municipality
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	The proposed capital investment of \$85,500,000 is 1,843% above the minimum capital investment resulting in an increase of \$3,000 per year.

	20%, with a maximum increase of \$3,000	
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.
Exceeds LEEDs Silver or Substantial Env. Remed.	An increase of \$250 per job for a facility exceeding the Leadership in Energy and Environmental Design's "Silver" rating standards or for a project that completes substantial environmental remediation	The applicant proposes achieving a LEEDs Gold rating.
On Site Solar Generation of 1/2 of Project's Elec. Needs	An increase of \$250 per job for a project that generates 1/2 of its electricity via on-site solar power generation	The applicant has existing solar panels that generate in excess of 1/2 of the applicant's electricity needs

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"> - 1/2 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 (\$85,500,000 / 10 / (118 + 0) = \$72,457) <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:

Distressed Municipality \$ 4,000

INCREASES PER EMPLOYEE:

Capital Investment in Excess of Minimum (non-Mega): \$ 3,000
 Targeted Industry (Manufacturing): \$ 500
 On Site Solar Generation of 1/2 of Project's Elec. Needs: \$ 250
 Exceeds LEEDs Silver: \$ 250

INCREASE PER EMPLOYEE: \$ 4,000

PER EMPLOYEE LIMIT:

Distressed Municipality \$11,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: \$ 8,000

AWARD:

New Jobs: 118 Jobs X \$8,000 X 100% = \$944,000
 Retained Jobs: 0 Jobs X \$8,000 X 50% = \$ 0,000

Total: \$944,000

ANNUAL LIMITS:

Distressed Municipality \$ 8,000,000

TOTAL ANNUAL AWARD \$ 944,000

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 85,500,000
EXPECTED PROJECT COMPLETION:	January 1, 2017
NEW FULL-TIME JOBS:	118
RETAINED FULL-TIME JOBS:	0

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 39,234,524
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 29,794,524
TOTAL AMOUNT OF AWARD:	\$ 9,440,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 48,000
SIZE OF PROJECT LOCATION:	110,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	New
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
STATEWIDE BASE EMPLOYMENT:	116
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 maintain the 116 current positions it has within the State for the duration of the Grow NJ award. The number of new positions that are subject to this Grow NJ award will only be counted above and beyond the first 116 positions employed by the applicant at the project site.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage The Eggo Company 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: FC USA, Inc. P41420

PROJECT LOCATION: 5 Paragon Drive Montvale Borough Bergen County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

FC USA, Inc., incorporated in New York in 1951, is a travel company whose ultimate parent is Flight Centre Travel Group Limited (FCTG), an Australian-based international travel company. Global FCTG brands present in the US include FCM Travel Solutions, Corporate Traveler, Stage & Screen, CIEvents and Travel Associates. FC USA operates over 170 stores in the United States under brands including Liberty Travel (acquired in 2008), GOGO Vacations, DiscountCruises.com, FlightCenter.com and Worldwide Traveler. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:

FC USA, Inc.’s US Headquarters are currently located in Ramsey NJ where the company has 405 full-time employees. The applicant’s lease expired at the end of August, and the company is considering relocating to a 70,836 SF office space in Montvale, NJ or a 70,000 SF space in Pearl River, NY. All current full-time positions will be relocated to the new headquarters.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of FC USA, 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 Dean Smith, the President of FC USA, 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 \$82 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 405 New Jersey jobs listed in the application are at risk of being located outside the State on or before December 31, 2015 due to the expiration of its current lease. 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
<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 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	\$2,833,440	\$9,151,309
New Jobs	35	0
Retained Jobs	50	405

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	Montvale Borough is a designated Priority Area

Increase(s) Criteria		
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 retain 405 Full-Time Jobs at the project location resulting in an increase of \$750.

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 * \$3,750 = \$1,875) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$9,151,309 / 10 / (0 + 405) = \\$2,259$) <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:

Large Number of New/Retained F/T Jobs:	\$ 750
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INCREASE PER EMPLOYEE:	<u>\$ 750</u>
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PER EMPLOYEE LIMIT:

Priority Area	\$10,500
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$ 3,750
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AWARD:

New Jobs:	0 Jobs X \$3,750 X 100% =	\$ 0
Retained Jobs:	405 Jobs X \$3,750 X 50% =	<u>\$759,375</u>

Total:	\$759,375
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ANNUAL LIMITS:

Priority Area (Est. 90% Withholding Limit)	\$ 4,000,000/(\$682,821)
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TOTAL ANNUAL AWARD	<u>\$759,375</u>
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ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 9,151,309
EXPECTED PROJECT COMPLETION:	July 31, 2016
NEW FULL-TIME JOBS:	0
RETAINED FULL-TIME JOBS:	405

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 88,017,098
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 80,423,348
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	\$ 7,593,750

ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 56,600
SIZE OF PROJECT LOCATION:	70,836 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:	Ramsey
STATEWIDE BASE EMPLOYMENT:	405
PROJECT IS: () Expansion (X) 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 December 31, 2015; 2) approve the proposed Grow New Jersey grant to encourage FC 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: M. Abraham

APPROVAL OFFICER: D. Poane

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 Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other 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	\$1,780,000	\$7,800,000
New Jobs	35	215
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
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	10 Exchange Place 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 \$137,118 exceeds the Hudson County median salary by 184% resulting in an increase of \$1,250 per year.
Exceeds LEEDs Silver or Substantial Env. Remed.	An increase of \$250 per job for a facility exceeding the Leadership in Energy and Environmental Design’s “Silver” rating standards or for a project that completes substantial environmental remediation	The applicant proposes achieving a LEEDs Gold rating.

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 * \\$8,500 = \\$4,250$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$7,800,00 / 10 / (215 + 0) = \\$3,627$) <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:		
Urban Transit HUB Municipality		\$5,000
INCREASES PER EMPLOYEE:		
Transit Oriented Development:	\$2,000	
Jobs with Salary in Excess of County Average:	\$1,250	
Exceeds LEEDs Silver or Substantial Env. Remed.:	\$ 250	
INCREASE PER EMPLOYEE:		<u>\$3,500</u>
PER EMPLOYEE LIMIT:		
Urban Transit HUB Municipality	\$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		\$8,500
AWARD:		
New Jobs:	215 Jobs X \$8,500 X 100% =	\$1,827,500
Retained Jobs:	0 Jobs X \$3,627 X 100% =	<u>\$0,000</u>
Total:		\$1,827,500
ANNUAL LIMITS:		
Urban Transit HUB Municipality	\$10,000,000	
TOTAL ANNUAL AWARD		<u>\$1,827,500</u>

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 7,800,000
EXPECTED PROJECT COMPLETION:	March 31, 2016
NEW FULL-TIME JOBS:	215
RETAINED FULL-TIME JOBS:	0

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 82,948,557
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 64,673,557
TOTAL AMOUNT OF AWARD:	\$ 18,275,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 137,118
SIZE OF PROJECT LOCATION:	44,500 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 GBT III US 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 – 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: Grocery Delivery E-Services USA Inc. d/b/a HelloFresh P41345

PROJECT LOCATION: 2 Gateway Center (Office Operations)
60 Lister Ave. (Warehouse Facility) Newark City Essex County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Grocery Delivery E-Services USA Inc. d/b/a HelloFresh, (“HelloFresh” or the “Company”) is a meal kit company that was founded in Germany in 2011. The company has expanded into six international markets. HelloFresh delivers farm fresh ingredients to the door through a subscription plan along with step-by-step recipes to create meals in 30 minutes. With HelloFresh's flexible subscription, members choose each week three meals from a menu of constantly changing recipes designed by a team of chefs and registered dietitians. HelloFresh uses its trusted network of local, family-owned purveyors to source the freshest possible ingredients and ship the needed amounts directly to doorsteps nationwide in insulated boxes. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:

HelloFresh has located its warehousing/distribution operations in NJ, TX and CA, and its Corporate Headquarters are located in New York City, NY. HelloFresh US has outgrown its facilities at the NJ distribution center in Linden. All jobs at that location will be transferred to the yet-to-be finalized site, where the Company plans to expand its workforce. It will then sublease the Linden facilities.

HelloFresh is looking at two options to meet its growing need for space. In NJ, HelloFresh is considering a split solution leasing approximately 217,000 SF at 60 Lister Ave., in Newark, NJ and also leasing approximately 20,000 sq. ft. of office space at 2 Gateway Center for both its management and customer care teams. The Newark warehouse/distribution facility would retain 89 employees and hire 321 new employees. The Newark office facility would retain 33 current employees and create 122 new employees.

The alternate option is a 425,714 SF new spec building in Palmer, PA. HelloFresh would lease 230,000 SF in the building in Palmer, PA. The Palmer site would include both the warehouse operation and the customer care office facility.

The 217,000 sq. ft. warehouse/distribution facility together with the proposed new management and customer care facility of 20,000 sq. ft. are deemed to be a “complex of buildings” as the buildings are part of the same financing and operational plans to expand in Newark. Due to the locations having different geographical scoring criteria (one is a Transit Oriented Development and one is not) two grant calculations are necessary. However, as both facilities are existing, non-industrial premises, the minimum capital investment requirements will only need to be met on an aggregate basis. Likewise, as the two project locations are the Qualified Business Facility, the minimum job requirements will only need to be met on an aggregate basis.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of HelloFresh 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 Seth Goldman, the CEO of Grocery Delivery E-Services USA 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 \$4.2 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 122 New Jersey jobs listed in the application are at risk of being located outside the State on or before March 31, 2016 the date at which the renovations would be complete in the alternative location. 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 a **Warehouse – Rehabilitation** and a **Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project**, for an other business in Essex 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 (2 Gateway Ctr.)	\$800,000	\$825,000
Capital Investment (60 Lister Ave.)	\$4,356,040	\$10,964,045
New Jobs	35	443
Retained Jobs	50	122

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
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Newark City is a designated Urban Transit Hub Municipality
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	2 Gateway Center and 60 Lister Ave. are both 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	2 Gateway Center 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
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 565 Full-Time Jobs at the project location resulting in an increase of \$750.

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.	The Retained Full-Time Jobs will receive the same Grant

headquarters of an automobile manufacturer located in a priority area	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 (2 Gateway Center)	<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} * \\$9,250 = \\$4,625$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$11,789,045 / 10 / (443 + 122) = \\$2,086$) <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>
All other projects (60 Lister Ave.)	<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} * \\$7,250 = \\$3,625$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$11,789,045 / 10 / (443 + 122) = \\$2,086$) <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 (2 Gateway)

BASE GRANT PER EMPLOYEE:		
Urban Transit HUB Municipality		\$5,000
INCREASES PER EMPLOYEE:		
Deep Poverty Pocket:	\$1,500	
Transit Oriented Development:	\$2,000	
Large Number of New/Retained F/T Jobs:	\$ 750	
INCREASE PER EMPLOYEE:		<u>\$4,250</u>
PER EMPLOYEE LIMIT:		
Urban Transit HUB Municipality	\$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		\$9,250
AWARD:		
New Jobs:	122 Jobs X \$9,250 X 100% =	\$ 1,128,500
Retained Jobs:	33 Jobs X \$2,086 X 100% =	<u>\$ 68,838</u>
	Total:	\$ 1,197,338
ANNUAL LIMITS:		
Urban Transit HUB Municipality	\$10,000,000	
TOTAL ANNUAL AWARD		<u>\$1,197,338</u>

Grant Calculation (60 Lister Ave.)

BASE GRANT PER EMPLOYEE:		
Urban Transit HUB Municipality		\$5,000
INCREASES PER EMPLOYEE:		
Deep Poverty Pocket	\$1,500	
Large Number of New/Retained F/T Jobs:	\$ 750	
INCREASE PER EMPLOYEE:		<u>\$2,250</u>
PER EMPLOYEE LIMIT:		
Urban Transit HUB Municipality	\$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		\$7,250
AWARD:		
New Jobs:	321 Jobs X \$7,250 X 100% =	\$ 2,327,250
Retained Jobs:	89 Jobs X \$2,086 X 100% =	<u>\$ 185,654</u>
	Total:	\$2,512,904
ANNUAL LIMITS:		
Urban Transit HUB Municipality	\$10,000,000	
TOTAL ANNUAL AWARD		<u>\$2,512,904</u>

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 11,789,045
EXPECTED PROJECT COMPLETION: October 1, 2018
NEW FULL-TIME JOBS: 443
RETAINED FULL-TIME JOBS: 122

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 41,257,302
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 4,154,882
TOTAL AMOUNT OF AWARD: \$ 37,102,420
ELIGIBILITY PERIOD: 10 years
MEDIAN WAGES: \$ 27,200

SIZE OF PROJECT LOCATION: 20,000 sq. ft. (2 Gateway Ctr.)
 217,802 sq. ft. (60 Lister Ave.)

NEW BUILDING OR EXISTING LOCATION? Existing (Both)
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial (Both)
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: Linden
STATEWIDE BASE EMPLOYMENT: 122
PROJECT IS: () Expansion (X) 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. This award is conditioned upon a revision to our pending regulations allowing for the aggregation of employees to meet the minimum eligibility requirements. The 33 retained jobs at 2 Gateway Center fall below the 50 employee minimum requirement, and those jobs are therefore at risk of not being included in the award calculation if the aggregation of employees is not approved.

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 March 31, 2016; 2) approve the proposed Grow New Jersey grant to encourage HelloFresh 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: Diane Ubinger

APPROVAL OFFICER: Mark Chierici

FINDING OF JOBS AT RISK:

The applicant has certified that the 90 New Jersey jobs listed in the application are at risk of being located outside the State on or before March 1, 2016, the date its current lease expires. 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
<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 a manufacturing business in Monmouth 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	\$1,500,000	\$3,280,963
New Jobs	10	50
Retained Jobs	25	90

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	Red Bank Borough is a designated Priority Area

Increase(s) Criteria		
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	<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 * \$3,500 = \$1,750) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$3,280,963 / 10 / (50 + 90) = \\$2,343$) <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
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INCREASE PER EMPLOYEE:	<u>\$ 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:	\$ 3,500
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AWARD:

New Jobs:	50 Jobs X \$3,500 X 100% =	\$175,000
Retained Jobs:	90 Jobs X \$3,500 X 50% =	<u>\$157,500</u>

Total:	\$332,500
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ANNUAL LIMITS:

Priority Area (Est. 90% Withholding Limit)	\$ 4,000,000/(\$485,457)
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TOTAL ANNUAL AWARD	<u>\$332,500</u>
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ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 3,280,963
EXPECTED PROJECT COMPLETION:	March 1, 2016
NEW FULL-TIME JOBS:	50
RETAINED FULL-TIME JOBS:	90
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 24,748,039
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 22,088,039
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	\$ 2,660,000
ELIGIBILITY PERIOD:	8 years
MEDIAN WAGES:	\$ 75,046
SIZE OF PROJECT LOCATION:	37,500 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:	West Long Branch
STATEWIDE BASE EMPLOYMENT:	90
PROJECT IS: (X) Expansion (X) 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 March 1, 2016; 2) approve the proposed Grow New Jersey grant to encourage Innocor, 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: NICE Systems, Inc. P41380

PROJECT LOCATION: 221 River Street Hoboken City Hudson County

GOVERNOR’S INITIATIVES:

(X) NJ Urban Fund (X) Edison Innovation Fund () Core () Clean Energy

APPLICANT BACKGROUND:

NICE Systems, Inc. is a provider of software solutions that enable organizations to improve business performance, increase operational efficiency, prevent financial crime, ensure compliance and enhance safety and security. Founded in 1986, NICE’s solutions enable organizations to capture, analyze and apply, in real time, insights from both structured and unstructured Big Data which include telephone voice recording, data security, surveillance and analytics. NICE’s products and solutions are categorized as compliance & risk, operational efficiency, customer experience, anti-money laundering and fraud prevention and security and public safety. The hardware elements of NICE’s products utilize proprietary in-house developed circuit cards and algorithms and digital processing techniques and software. NICE Systems, Inc. is a wholly owned subsidiary of NICE Systems Ltd., an Israeli based company. NICE’s solutions are used by over 25,000 organizations in more than 150 countries. The company employs approximately 3,400 employees worldwide, including 1,250 employed in the U.S., of which there are 140 full time employees at its U.S. headquarters in Paramus, NJ and 190 employees in New York City. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:

The company is evaluating locations to accommodate its growth, as both the Paramus and New York City locations are at its capacity. If NICE Systems remains in NJ, it would relocate its entire headquarters operations from Paramus and Manhattan to a single facility by leasing 59,990 sq. ft. facility in the Waterfront Corporate Center in Hoboken or leasing 61,441 sq. ft. facility in White Plains, NY.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of NICE Systems, 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 Thomas Dziersk, the CEO of NICE Systems, 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 \$87 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 140 New Jersey jobs listed in the application are at risk of being located outside the State on or before June 30, 2016, when renovations would be completed at the alternate location. 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
<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	\$2,399,600	\$9,238,037
New Jobs	25	200
Retained Jobs	35	140

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
Urban Transit Hub	Base award of \$5,000 per year	Hoboken City is a designated

Municipality	for projects located in a designated Urban Transit Hub Municipality	Urban Transit Hub Municipality
Increase(s) Criteria		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	221 River Street 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 \$133,915 exceeds the Hudson County median salary by 177% resulting in an increase of \$1,250 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 340 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 Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Technology business.
Exceeds LEEDs Silver or Substantial Env. Remed.	An increase of \$250 per job for a facility exceeding the Leadership in Energy and Environmental Design's "Silver" rating standards or for a project that completes substantial environmental remediation	The applicant proposes achieving a LEEDs Gold rating totaling \$250.

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 * \\$9,500 = \\$4,750$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$9,238,037 \text{ Cap. Inv.} / 10 / (200 + 140) = \\$2,717$) <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:**

Urban Transit HUB Municipality	\$5,000
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INCREASES PER EMPLOYEE:

Transit Oriented Development:	\$2,000
Jobs with Salary in Excess of County Average:	\$1,250
Large Number of New/Retained F/T Jobs:	\$ 500
Targeted Industry (Technology):	\$ 500
Exceeds LEEDs Silver or Substantial Env. Remed.:	\$ 250

INCREASE PER EMPLOYEE:\$4,500**PER EMPLOYEE LIMIT:**

Urban Transit HUB Municipality	\$12,000
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:\$9,500**AWARD:**

New Jobs:	200 Jobs X \$9,500 X 100% =	\$1,900,000
Retained Jobs:	140 Jobs X \$2,717 X 100% =	<u>\$ 380,380</u>

Total: \$2,280,380**ANNUAL LIMITS:**

Urban Transit HUB Municipality	\$10,000,000
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TOTAL ANNUAL AWARD**\$2,280,380**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 9,238,037
EXPECTED PROJECT COMPLETION:	April 30, 2016
NEW FULL-TIME JOBS:	200
RETAINED FULL-TIME JOBS:	140

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$110,152,578
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 87,348,778
TOTAL AMOUNT OF AWARD:	\$ 22,803,800
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 133,915
SIZE OF PROJECT LOCATION:	59,990 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:	Paramus
STATEWIDE BASE EMPLOYMENT:	140

PROJECT IS: (X) Expansion

(X) 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 June 30, 2016; 2) approve the proposed Grow New Jersey grant to encourage NICE Systems, 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: C. Fuentes

APPROVAL OFFICER: T. Wells

**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: SunGard Data Systems Inc. P41268

PROJECT LOCATION: Harborside Plaza 3, 34 Exchange Place Jersey City Hudson County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

SunGard Data Systems Inc. is a financial and public sector and education software services company. The company was formed in 1982 as a spin-off division of Sun Oil Company. SunGard was taken public in 1986, and remained a publicly traded company until 2005 when it was delisted following a leveraged buyout. The company continues to be privately held, however a deal has been announced wherein Fidelity National Information Services Inc., based in Jacksonville, FL, will purchase the applicant. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

SunGard Data Systems Inc. is currently leasing space at 545 Washington Boulevard, Jersey City, where its lease will expire on March 31, 2016. The applicant is experiencing dramatic growth in its derivatives settlement division, which currently occupy’s its Jersey City office, and is considering relocating those operations to either a 41,061 SF space at Harborside Plaza 3, Jersey City, NJ, or it would expand its current lease to include an additional 31,478 SF of space at 701 San Marco Boulevard, Jacksonville, FL. The applicant would locate the 160 full-time employees from its current Jersey City location, to the selected project site, as well as create 75 new positions. The Jacksonville site is less expensive on an annual basis due in large part to the applicant’s ability to pay lower wages in the region, and a lower rent expense.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of SunGard Data Systems 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 Russell Fradin, the CEO of SunGard Data Systems 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 \$56.2 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 160 New Jersey jobs listed in the application are at risk of being located outside the State on or before March 31, 2016 due to the expiration of its current lease. 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 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	\$1,642,440	\$2,727,824
New Jobs	25	75
Retained Jobs	35	160

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
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality
Distressed Municipality	Base award of \$4,000 per year for projects located in a	Jersey City is a designated Distressed Municipality

	designated Distressed Municipality	
Increase(s) Criteria		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	34 Exchange Place is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a Port Authority Trans-Hudson 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 \$115,000 exceeds the Hudson County median salary by 138% resulting in an increase of \$750 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 Finance 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"> - ½ of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$8,250 = \\$4,125$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$2,727,824 / 10 / (75 + 160) = \\$1,160$)

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:

Urban Transit HUB Municipality \$ 5,000

INCREASES PER EMPLOYEE:

Transit Oriented Development:	\$ 2,000
Jobs with Salary in Excess of County Average:	\$ 750
Targeted Industry (Finance):	\$ 500

INCREASE PER EMPLOYEE:

\$ 3,250

PER EMPLOYEE LIMIT:

Urban Transit HUB Municipality \$12,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:

\$ 8,250

AWARD:

New Jobs:	75 Jobs X \$8,250 X 100% =	\$618,750
Retained Jobs:	160 Jobs X \$1,160 X 100% =	<u>\$185,600</u>

Total: **\$804,350**

ANNUAL LIMITS:

Urban Transit HUB Municipality \$10,000,000

TOTAL ANNUAL AWARD

\$804,350

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 2,727,824
EXPECTED PROJECT COMPLETION:	3/31/2016
NEW FULL-TIME JOBS:	75
RETAINED FULL-TIME JOBS:	160
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 64,242,284
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 56,238,784
TOTAL AMOUNT OF AWARD:	\$ 8,043,500
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 115,000
SIZE OF PROJECT LOCATION:	41,061 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:	Jersey City
STATEWIDE BASE EMPLOYMENT:	1,007
PROJECT IS: () Expansion	(X) 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 March 31, 2016; 2) approve the proposed Grow New Jersey grant to encourage SunGard Data Systems 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: C. Fuentes

APPROVAL OFFICER: D. Poane

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 \$29 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 104 New Jersey jobs listed in the application are at risk of being located outside the State on or before June 30, 2016, when the facility in Arizona would be ready for occupancy. 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
<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 business in Monmouth 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	\$2,148,000	\$2,945,000
New Jobs	35	35
Retained Jobs	50	104

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	Oceanport is a designated Priority Area
Increase(s) Criteria		

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 * \$3,000 = \$1,500) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$2,945,000 Cap. Inv. / 10 / (35 + 104) = \$2,118) <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:	
Priority Area	\$3,000
INCREASES PER EMPLOYEE:	
N/A	
INCREASE PER EMPLOYEE:	<u>\$ 0,000</u>
PER EMPLOYEE LIMIT:	
Priority Area	\$10,500
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$3,000
AWARD:	
New Jobs:	35 Jobs X \$3,000 X 100% = \$105,000
Retained Jobs:	104 Jobs X \$3,000 X 50% = <u>\$156,000</u>
	Total: \$261,000
ANNUAL LIMITS:	
Priority Area (Est. 90% Withholding Limit)	\$ 4,000,000/(\$273,931)
TOTAL ANNUAL AWARD	<u>\$261,000</u>

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 2,945,000
EXPECTED PROJECT COMPLETION:	June 30, 2016
NEW FULL-TIME JOBS:	35
RETAINED FULL-TIME JOBS:	104

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 32,435,184
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 29,825,184
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	\$ 2,610,000

ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 52,500
SIZE OF PROJECT LOCATION:	53,700 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:	Shrewsbury
STATEWIDE BASE EMPLOYMENT:	104
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 June 30, 2016; 2) approve the proposed Grow New Jersey grant to encourage Wayside Technology Group 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: K. Hashmi

APPROVAL OFFICER: T. Wells

**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: Clean Green Textile Service, LLC d/b/a Single Source Plus Laundry P41390

PROJECT LOCATION: 1605 Thorne St. Camden City Camden County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Clean Green Textile Service, LLC d/b/a Single Source Plus Laundry (“Single Source” or “Company”) is a linen supply company (which includes wholesale cleaning, sorting, folding, ironing, packaging and delivery) located in Bellmawr, NJ. The Company employs 59 full time workers and processes 8.2 million pounds of linens per year for hotels, restaurants, hospitals, nursing homes and other wholesale businesses. Single Source anticipates employing over 60 workers at its future location and is seeking a Grow New Jersey incentive to offset the costs of relocating and expanding its business to Camden. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

The proposed project location has two buildings on the site. The building planned for Single Source is 23,000 square feet and would be occupied by the Company if it relocates to Camden. The project location is under contract to be sold to Mr. Beere who in turn is transferring the ownership to Core Real Estate per the attached Memorandum of Understanding. Mr. Beere will retain no more than 10% ownership of the Project Location going forward and will be a minority owner. Single Source’s lease is therefore with Core Real Estate. The alternate site the Company is considering is in Tullytown, PA.

The proposed project is located in Camden, NJ, a city that ranked 566 out of 566 municipalities in the 2007 New Jersey Municipal Revitalization Index. In recognition of Camden's inability to attract investment, in the New Jersey Economic Opportunity Act, the Legislature declared that Camden and the other Garden State Growth Zones presented significant challenges to development and created incentives unique to Camden and other similarly situated Garden State Growth Zones to overcome these barriers.

The management of Single Source has indicated that the grant of tax credits is a material factor in the company's decision whether or not to locate the project in Camden. The Authority is in receipt of an executed CEO certification by Brian Beere, the CEO of Single Source, which states that the Grow New Jersey award is a material factor in the company's decision to make the capital investment and locate the project in Camden. The

CEO certification also states that the application has been reviewed and the information submitted and representations contained therein are accurate.

Staff reviewed the project and finds support for management’s assertion that the award of tax credits is a material factor in the company’s decision to locate in Camden. If Single Source chooses the Camden option, the company would establish a linen laundering facility in Camden. The alternative is to relocate this business to Tullytown, PA.

This project represents a significant positive step forward for Camden’s redevelopment efforts, bringing industrial linen processing to the city. It is estimated that the project would have a net benefit to the State of \$73,357 over the 35 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. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the award of the Grow New Jersey tax credits is a material factor in the applicant’s decision to make a capital investment and locate in Camden.

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 business in Camden 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	\$613,334	\$910,000
New Jobs	27	0
Retained Jobs	38	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
Garden State Growth Zone	Base award of \$5,000 per year for projects located in a Garden State Growth Zone	Camden 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	1605 Thorne St. 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	1605 Thorne St. is located in a Transit Oriented Development by virtue of being within 1 mile of the midpoint of a Port Authority Transit Corporation rail station.
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	Camden City has a 2007 Revitalization Index of 566

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 * \$9,500 = \$4,750) or - The estimated eligible Capital Investment divided by 10

divided by the total New and Retained Full-Time Jobs
 $(\$910,000 / 10 / (0 + 59) = \$1,542)$

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:

Garden State Growth Zone \$5,000

INCREASES:

Deep Poverty Pocket: \$1,500
 Transit Oriented Development: \$2,000
 2007 Revit. Index > 465 in Camden: \$1,000

INCREASE PER EMPLOYEE: \$4,500

PER EMPLOYEE LIMIT:

Garden State Growth Zone \$15,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: \$9,500

AWARD:

New Jobs: 0 Jobs X \$9,500 X 100% = \$0,000
 Retained Jobs: 59 Jobs X \$9,500 X 100% = \$560,500

Total: **\$560,500**

ANNUAL LIMITS:

Garden State Growth Zone and MRERA \$35,000,000

TOTAL ANNUAL AWARD (CALCULATED) **\$560,500**

TOTAL AWARD BASED ON BENEFIT TO THE STATE (OVER 35 YEARS, PRIOR TO AWARD) BEING 100% OF THE AWARD:

New Jobs: 0 Jobs X \$8,475 X 100% = \$0,000
 Retained Jobs: 59 Jobs X \$8,475 X 100% = \$500,025

TOTAL ANNUAL AWARD (APPROVED) **Total:** **\$500,025**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 910,000
EXPECTED PROJECT COMPLETION:	September 1, 2016
NEW FULL-TIME JOBS:	0
RETAINED FULL-TIME JOBS:	59

GROSS BENEFIT TO THE STATE (OVER 35 YEARS, PRIOR TO AWARD)	\$ 5,073,607
NET BENEFIT TO THE STATE (OVER 35 YEARS, NET OF AWARD):	\$ 73,357
TOTAL AMOUNT OF AWARD:	\$ 5,000,250
TERM:	10 years
MEDIAN WAGES:	\$ 18,898
SIZE OF PROJECT LOCATION:	23,000 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:	Bellmawr
STATEWIDE BASE EMPLOYMENT:	59
PROJECT IS: () Expansion (X) 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 exceeding the minimum Net Benefit required for a Grow NJ award by 10% or less, 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: 1) concur with the finding by staff that the award of the Grow New Jersey tax credits is a material factor in the applicant's decision to make a capital investment and locate in Camden; 2) approve the proposed Grow New Jersey grant to encourage Single Source to locate in Camden. 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: Justin Kenyon

APPROVAL OFFICER: Mark Chierici

AMENDED BOND RESOLUTIONS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: October 15, 2015

SUBJECT: NJEDA/Liberty State Park/Liberty Science Center Project
Application # P41239

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 through the Authority’s Real Estate Division managing 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”). The 1992 Bonds were issued pursuant to the Lease Rental Bonds Liberty State Park Project Bond Resolution (the “Prior Resolution”) adopted by the Authority on March 3, 1992. In 1996, the 1992 Bonds were refunded with the proceeds of a \$13,545,000 tax-exempt bond financing (the “1996 Bonds”), which bonds were also issued pursuant to the Prior Resolution. 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, pursuant to the 2003 State Lease Revenue Bond Resolution, adopted on November 12, 2003 (the “Bond Resolution”), 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, pursuant to the Bond Resolution, \$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 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 space 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 Series 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") pursuant to the Bond Resolution 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

The Authority is requested to approve the Fourth Supplemental State Lease Revenue Bond Resolution ("Fourth Supplemental Resolution") (i) to refund in whole or in part the \$81,640,000 outstanding balance of the 1996 Bonds, 2003 Series A Bonds, 2005 Series B Bonds and 2005 Series C Bonds, plus pay costs of issuance, for a total bond amount not to exceed \$86 million (the "2015 Refunding Bonds") and (ii) authorize amendments to the Bond Resolution to permit the issuance of Refunding Bonds (as defined in the Bond Resolution) to refund bonds issued under the Prior Resolution. The 2015 Refunding Bonds will be issued as fixed rate tax-exempt bonds with a true interest cost not to exceed 6% and a final maturity date of not later than June 15, 2027 (estimated true interest cost as of October 5, 2015 is 4.00%). The 2015 Refunding Bonds will be secured by the lease payments made to the Authority by the DEP pursuant to the Sublease to cover the debt service, subject to and dependent upon appropriations being made by the State Legislature.

The refunding of outstanding bonds for the 1992 Project and the Center Project is part of the State's ongoing financial management of its overall portfolio of State appropriation-backed bonds. Under existing market conditions, it is estimated at this time that the refunding of the outstanding 1996 Bonds, 2003 Series A Bonds, 2005 Series B Bonds and 2005 Series C Bonds will reduce debt service in the current Fiscal Year by an estimated aggregate of \$2.8 million and achieve a positive present value benefit of approximately \$3.7 million. Currently, the Refunding Request meets the Treasurer's

three-pronged test related to refunding by generating net present value savings, generating gross savings and with no extension of final maturity of the bonds being refunded.

The Board is being asked to approve certain actions and delegation of actions to Authorized Officers with information provided by the State Treasurer, Bond Counsel and the State 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 State Treasurer, which actions are more fully set forth in the Fourth Supplemental Resolution, which is incorporated herein by reference, and will be memorialized in one or more Series Certificates, and may include, without limitation:

- To determine the date of issuance, sale and delivery, the maturity date, the principal amount, the interest rates and the redemption provisions of the 2015 Refunding Bonds in accordance with the parameters set forth above;
- To determine the Bonds to be Refunded;
- To select and appoint any additional co-managers and/or underwriters for the 2015 Refunding Bonds upon recommendation of the State Treasurer, utilizing Treasury's RFP/RFQ process in accordance with Executive Order No. 26 and Executive Order No. 37;
- To purchase, or cause the Escrow Agent to purchase, United States Treasury Obligations, State and Local Government Securities, with proceeds from the 2015 Refunding Bonds; and
- To select and appoint a firm to serve as verification agent, upon recommendation of the State Treasurer based on Treasury's competitive RFP/RFQ process.

In exercising the Authority's discretion as authorized under the Fourth Supplemental Resolution, it is anticipated that the Authorized Officers of the Authority will make decisions on behalf of the Authority in consultation with the State Treasurer, the Office of Public Finance, Bond Counsel and the Attorney General's Office.

Professionals for this transaction were selected in compliance with Executive Order No. 26. Through a competitive RFP/RFQ process performed by the Attorney General's Office on behalf of the Authority and the State Treasurer, McManimon, Scotland & Baumann, LLC was selected as Bond Counsel for this transaction. Through Treasury's competitive RFP/RFQ process Raymond James & Associates, Inc. was chosen as the managing underwriter. Wells Fargo Bank remains as Trustee, Paying Agent, Escrow Agent and Dissemination Agent due to its appointment under the Bond Resolution and The Bank of New York Mellon will serve as Escrow Agent for the 1996 Series Bonds since it is the bond trustee under the Prior Resolution. The Authority is asked to approve the use of the aforementioned professionals and authorize Authority staff to take all necessary actions incidental to the issuance of the 2015 Refunding Bonds subject to the State Treasurer's approval.

A public hearing for this project was conducted at the July 9, 2015 Board Meeting.

RECOMMENDATION

Based upon the above description, and subject to the criteria set forth above, the Authority is requested to approve the adoption of the Fourth Supplemental Resolution authorizing (i) the issuance of the 2015 Refunding Bonds in an amount not to exceed \$86 million to refund all or a portion of the 1996 Bonds, 2003 Series A Bonds, 2005 Series B Bonds and 2005 Series C Bonds and other matters in connection with the sale and issuance thereof and otherwise described above and (ii) amendments to the Bond Resolution to permit the issuance of the Refunding Bonds (as defined in the Bond Resolution) to refund bonds issued under the Prior Resolution; approve several actions and delegation of actions to Authorized Officers of the Authority (as defined in the Fourth Supplemental Resolution) as may be necessary or advisable in order to issue the 2015 Refunding Bonds; authorize the use of the professionals mentioned above, and authorize Authority Staff to take all necessary actions incidental to the sale and issuance of the 2015 Refunding Bonds, subject to final review and approval of all terms and documentation by the State Treasurer, Bond Counsel and Attorney General's Office.



Prepared By: Teresa Wells

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

APPLICANT: Springpoint at Montgomery, Inc.

P41505

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 100 Holinshead Road

Montgomery Township (N) Somerset

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

APPLICANT BACKGROUND:

Springpoint at Montgomery, Inc., d/b/a Stonebridge at Montgomery ("Stonebridge") is a 501(c)(3) not-for-profit organization and an affiliate of Springpoint Senior Living, Inc. Springpoint Senior Living, Inc. and its affiliates, all not-for-profit organizations, have been providing quality housing and other health and personal care services to the elderly and disabled in NJ for over 50 years. Springpoint's affiliates operate six continuing care retirement communities and 18 low-income senior housing communities, all located in NJ.

Stonebridge was formed in 2001 for the sole purpose of constructing and operating Stonebridge at Montgomery, a continuing care retirement community, located on approximately 40 acres in Montgomery Township (Skillman), Somerset County, consisting of 220 independent living units including 24 cottages, 196 residential apartments, 40 skilled nursing beds and 60 assisted living units (the "Project"). Gary T. Puma is the President and Chief Executive Officer.

In 2012, the Authority closed on a \$32,735,000 Series A tax-exempt bond and \$20,000,000 Series B tax-exempt bond, the proceeds of which were used by the applicant to (i) refinance a conventional loan; (ii) reimburse the applicant for the costs of a solar panel project; (iii) refund the outstanding balance of the 2001 Series A Bonds, which financed the construction and equipping of the Project; and (iv) pay costs of issuance. The 2012 Series A Bond was purchased by Manufacturers and Traders Trust Co. as a variable rate bond based on the tax-exempt equivalent of 1 month LIBOR plus 195 basis points, swapped to a fixed interest rate, currently at 2.723%, with a final maturity in 2037. The 2012 Series B Bond was purchased by First Niagara Bank, N.A. as a variable rate bond based on the tax-exempt equivalent of 1 month LIBOR plus 275 basis point, swapped to a fixed interest rate, currently at 2.61%, with final maturity in 2037.

Since 1998, Springpoint Senior Living, Inc. and its affiliates have financed or refinanced several of its facilities over the years with EDA tax-exempt bonds. Currently outstanding is approx. \$138 million, which is comprised of the following projects: 1) Springpoint Senior Living, Inc. Obligated Group Series 1998 and Series 2010 (Appl. P10254 and P33503) (subject of a refunding request also being presented at the October 2015 Board meeting); 2) Springpoint at Montgomery Inc. Series 2012 (Appl. P37660 & P37663) (subject of this refunding request); 3) Marcus L. Ward Home (Winchester Gardens) Series 2014 (Appl. P39622); and 4) Springpoint at the Atrium Series 2015 (Appl. 40994).

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 Code 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 refund the 2012 Series A and Series B Bonds plus pay costs of issuance. The proposed refunding will provide upfront cash flow benefits and will extend the bank commitment to a new 11 year term at an attractive interest rate.

FINANCING SUMMARY:

BOND PURCHASER: STI Institutional & Government, Inc. (Direct Purchase)

AMOUNT OF BOND: \$55,000,000 Tax-exempt bond

TERMS OF BOND: 25 years; Variable interest rate based on the tax-exempt equivalent of 1 month LIBOR plus 1.50%. On the closing date, the applicant may enter into a fixed interest rate swap for 11 years; subject to call option and rate reset as determined by the Bond Purchaser and the Applicant on the 11th anniversary. The indicative swap rate as of 10/5/15 is 2.57%.

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	\$49,530,000
Contingency	\$4,370,000
Finance fees	\$800,000
Legal fees	\$300,000
TOTAL COSTS	\$55,000,000

PUBLIC HEARING: 10/15/15 (Published 10/01/15) **BOND COUNSEL:** McCarter & English, LLP

DEVELOPMENT OFFICER: D. Bennis

APPROVAL OFFICER: T. Wells

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

APPLICANT: Springpoint Senior Living, Inc. Obligated Group

P41504

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: Various

Statewide (N)

Multi Count

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

APPLICANT BACKGROUND:

Springpoint Senior Living, Inc. Obligated Group is comprised of Springpoint Senior Living, Inc., Springpoint at Meadow Lakes, Inc., Springpoint at Monroe, Inc. and Springpoint at Crestwood, Inc. Springpoint Senior Living, Inc. and its affiliates, all not-for-profit organizations, have been providing quality housing and other health and personal care services to the elderly and disabled in NJ for over 50 years. Springpoint's affiliates operate six continuing care retirement communities and 18 low-income senior housing communities, all located in NJ. Gary T. Puma is the President and Chief Executive Officer.

In 1998, the Authority closed on a \$29,600,000 tax-exempt bond, Series 1998A (Appl. P10254) for benefit of Springpoint Senior Living, Inc. to finance a portion of the costs of (i) acquiring the following continuing care retirement communities ("CCRC"): (a) Crestwood Manor, a 355,000 sq. ft. CCRC on 44 acres in Manchester Township, (b) Meadow Lakes, a 612,000 sq. ft. CCRC on 100 acres in Hightstown Borough and East Windsor Township, and (c) Monroe Village, a 365,000 sq. ft. CCRC on 56 acres located in Monroe Twp.; (ii) working capital associated with the financed facilities; (iii) construction of a co-generation plant; (iv) various renovations to the financed facilities as well as construction of various amenities; (v) funding of a debt service reserve fund and (vi) the payment of costs of issuance. Bank of America purchased the 1998 Series A Bonds at a fixed interest rate of 5.31% with final maturity in 2018.

In 2010, the Authority closed on a \$30,000,000 tax-exempt bond, (Appl. P33503) for benefit of Springpoint Senior Living, Inc. Obligated Group to refinance conventional debt used to finance costs for projects at Meadow Lake CCRC and the Crestwood CCRC, together with the payment of a portion of the costs of issuances. Capital One Bank, N.A. purchased the 2010 Bond as a variable rate bond based on the tax-exempt equivalent of 1 month LIBOR plus 275 basis points, swapped to a fixed interest rate, currently at 1.09%, with a final maturity in 2036.

Since 1998, Springpoint Senior Living, Inc. and its affiliates have financed or refinanced several of its facilities over the years with EDA tax-exempt bonds. Currently outstanding is approx. \$138 million, which is comprised of the following projects: 1) Springpoint Senior Living, Inc. Obligated Group Series 1998 and Series 2010 (Appl. P10254 and P33503) (subject of this refunding request); 2) Springpoint at Montgomery, Inc. Series 2012 (Appl. P37660 & P37663) (subject of a refunding request also being presented at the October 2015 Board meeting); 3) Marcus L. Ward Home (Winchester Gardens) Series 2014 (Appl. P39622); and 4) Springpoint at the Atrium Series 2015 (Appl. 40994).

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 Code 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 refund the outstanding balance of the Series 1998 and Series 2010 Bonds and pay costs of issuance. The proposed refunding will provide upfront cash flow benefits and will extend the bank commitment to a new 10 year term at an attractive interest rate. Any difference between the project costs and the bond amount will be paid with Applicant's equity.

FINANCING SUMMARY:

BOND PURCHASER: Capital One N.A. and Capital One Municipal Funding Inc. (Direct Purchase)

AMOUNT OF BOND: \$37,500,000 (max.) Tax-exempt bond

TERMS OF BOND: 25 years; Variable interest rate based on the tax-exempt equivalent of 1-month LIBOR plus 98 basis points. On the closing date, the borrower may enter into a fixed interest rate swap for 10 years; subject to a call option and a rate reset as determined by the Bond Purchaser and the Applicant on the 10th anniversary. As of 10/5/15, the indicative swap rate for 10 years is 2.25%.

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	\$33,095,000
Contingency	\$5,105,000
Redemption premium	\$1,000,000
Finance fees	\$550,000
Legal fees	\$250,000
TOTAL COSTS	\$40,000,000

PUBLIC HEARING: 10/15/15 (Published 10/01/15) **BOND COUNSEL:** McCarter & English, LLP

DEVELOPMENT OFFICER: D. Bennis

APPROVAL OFFICER: T. Wells

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

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

APPLICANT: BUF Health and Human Services Corporation, Inc.

P41376

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 510 Grant Avenue

Plainfield City (T/UA)

Union

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

APPLICANT BACKGROUND:

BUF Health and Human Services Corporation, Inc. (BUFHHS) is a non-profit organization, which was incorporated in 1993. BUFHHS provides childcare, education and life skills to more than 300 pre-school kids, as well as after-care programs for elementary school children in Plainfield, New Jersey. It opened its first school in 1994 and the second in 2009.

BUFHHS closed on a \$3,700,000 NJEDA issued tax-exempt bond (P40357) on May 6, 2015 to refinance a portion of a tax-exempt bond issued by the Union County Improvement Authority. The original bond proceeds were utilized to construct and equip a 21,500 sq. ft. facility (510 Grant Ave.) and to renovate and equip a 60,000 sq. ft. building (403 W. 7th Street).

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 Code as amended, and is not subject to the State Volume Cap limitation, pursuant to Section 146(g) of the Code.

APPROVAL REQUEST:

Authority assistance will enable the applicant to complete the second phase of its debt restructuring by refinancing the remaining balance of the Union County Improvement Authority bonds and funding closing costs.

BUFHHS has also applied for a \$500,000 "Direct Loan" from the NJEDA.

FINANCING SUMMARY:

BOND PURCHASER: Fulton Bank of New Jersey (direct purchase)

AMOUNT OF BOND: \$3,040,000 Tax-Exempt Bond

TERMS OF BOND: 20 years; The interest rate will be fixed at 3.25% for an initial five (5) year period. The rate will reset every five years at the tax-exempt equivalent of the FHLBNY 5-yr advance rate plus 250 Basis Points. The floor rate for the life of the bond is 3.25%.

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	\$3,980,000
Finance fees	\$60,000
Legal fees	\$40,000
Title/Other	\$25,000
Accounting fees	\$5,000
TOTAL COSTS	\$4,110,000

JOBS: At Application

95 Within 2 years

20 Maintained

0 Construction

0

PUBLIC HEARING: 10/15/15 (Published 09/28/15) **BOND COUNSEL:** McManimon, Scotland & Baumar

DEVELOPMENT OFFICER: D. Bennis

APPROVAL OFFICER: M. Chierici

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

APPLICANT: CHCC of Wayne, LLC

P41479

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 1000 Valley Road

Wayne Township (N)

Passaic

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

APPLICANT BACKGROUND:

CHCC of Wayne, LLC d/b/a Siena Village is a recently formed limited liability company by its sole member, Christian Health Care Center, Inc. ("CHCC"), to acquire the Siena Village at Wayne, a senior housing facility located in Wayne NJ. Siena Village was originally constructed in 1995 on an 11 acre campus for 50 affordable, senior housing rental units and was later expanded to its current total of 250 affordable, senior housing rental units in the low to middle-market rate housing options to its senior residents, inclusive of 13 two-bedroom apartments and 237 studio and one-bedroom apartments with amenities including community dining room, library, courtyard, gym and hair salon. An adult day care is also offered at this facility including health services such as monitoring medical progress, administering medication and diabetic and tuberculosis screening tests. Other services include physical, occupational and speech therapy, as well as psychiatry and podiatry services.

Founded in 1911, CHCC is a 501(c)(3) not-for-profit health-care organization operating a 530 bed/unit campus on 78 acres in Wyckoff, New Jersey offering a continuum of high-quality senior living, short-term rehabilitation (post-acute care), and mental-health services. Its long-term care division includes independent living, assisted living, skilled-nursing care, short-term rehabilitation (post-acute care) and memory support; and mental health services including counseling for individuals, children or families; short-term, outpatient treatment; and a fully accredited inpatient psychiatric hospital for adult and geriatric patients. The Chair of CHCC is Gordon D. Meyer and Doug Struyk is the President and CEO. The project has been reviewed and approved by the Attorney General's Office relating to First Amendment's Establishment Clause.

The applicant is treated as 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 Code as amended, and is not subject to the State Volume Cap limitation, pursuant to Section 146(g) of the Code.

APPROVAL REQUEST:

Authority assistance will enable the applicant to acquire the senior housing facility and pay costs of issuance. The difference in project costs and the bond amount will be funded with applicant's equity.

FINANCING SUMMARY:

BOND PURCHASER: Peapack-Gladstone Bank (Direct Purchase)

AMOUNT OF BOND: \$16,200,000 Tax-exempt bond

TERMS OF BOND: 30 yrs. (max.); Variable interest rate based on the tax-exempt equivalent of 30 day LIBOR plus 1.20% with a floor of 1.63% and a cap of 2.68%, reset monthly for 7 years; subject to call option and rate reset at the Bank's option in year 7.

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$18,000,000
Debt service reserve fund	\$400,000
Finance fees	\$345,000
Working capital	\$250,000
Legal fees	\$205,000

TOTAL COSTS

\$19,200,000

JOBS: At Application 12 Within 2 years 9 Maintained 0 Construction 0

PUBLIC HEARING: 10/15/15 (Published 10/01/15) **BOND COUNSEL:** McCarter & English, LLP

DEVELOPMENT OFFICER: M. Athwal **APPROVAL OFFICER:** T. Wells

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

APPLICANT: Congregation Oros Bais Yaakov of Lakewood Inc

P41487

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 1995 Rutgers University Blvd Lakewood Township (T/UA) Ocean

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

APPLICANT BACKGROUND:

Congregation Oros Bais Yaakov of Lakewood Inc, a 501(c)(3) not-for-profit organization established in 2007, operates a girl's high school, grades 9 through 12. The school includes 297 students in a 55,000 sq. ft. building, which includes 16 classrooms, a gymnasium, auditorium, four computer labs, pool and an outdoor recreation area. Ephraim Birnbaum is the President. The project has been reviewed and approved by the Attorney General's Office relating to the First Amendment's Establishment Clause.

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

APPROVAL REQUEST:

Authority assistance will enable the applicant to refinance conventional debt plus pay a portion of the costs of issuance. The difference in the project costs and the bond amount will be funded with the Applicant's equity.

FINANCING SUMMARY:

BOND PURCHASER: Fulton Bank of New Jersey (Direct Purchase)

AMOUNT OF BOND: \$4,775,000 (Tax-exempt)

TERMS OF BOND: 20 years; Fixed interest rate for 5 years based on the tax-exempt equivalent of the 5 year Federal Home Loan Bank of New York interest rate plus 2.5%; subject to call options and rate resets at the same index every 5 years. Indicative rate as of 9/4/15 is 2.95%.

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	\$6,275,899
Finance fees	\$50,000
Legal fees	\$30,000
TOTAL COSTS	\$6,355,899

JOBS: At Application 40 Within 2 years 2 Maintained 0 Construction 0

PUBLIC HEARING: 10/15/15 (Published 09/29/15) **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,

DEVELOPMENT OFFICER: M. Athwal

APPROVAL OFFICER: T. Wells

PRELIMINARY RESOLUTIONS

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

APPLICANT: Contemporary Graphics and Bindery, Inc.

P41350

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 1200 Ferry Ave

Camden City (T/UA)

Camden

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

APPLICANT BACKGROUND:

Contemporary Graphics and Bindery, Inc., established in 1988, is an FDA approved manufacturer of pharmaceutical and non-pharmaceutical packaging, whose operations include design, printing and finishing. The applicant is federally designated by the Small Business Administration (SBA) as a HUBZone certified business and was approved for a Grow NJ tax credit of \$33,900,000 (P40774) to relocate to Camden. The company has since relocated from Pennsauken, NJ to a 122,000 sq. ft. facility in Camden, NJ.

APPROVAL REQUEST:

Authority assistance will enable the applicant to renovate the 122,000 sq. ft. facility and fund engineering and architectural costs and closing fees. The remainder of the project costs will be financed through a conventional loan with Susquehanna Bank.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Renovation of existing building	\$10,866,000
Engineering & architectural fees	\$400,000
Closing Costs	\$86,000
TOTAL COSTS	<hr/> \$11,352,000 <hr/>

JOBS: At Application 200 Within 2 years 56 Maintained 0 Construction 100

PUBLIC HEARING:

BOND COUNSEL: Chiesa, Shahinian & Giantomasi

DEVELOPMENT OFFICER: D. Bennis

APPROVAL OFFICER: D. Poane

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

APPLICANT: Rowan University/Rutgers-Camden Board of Governors P41073

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

PROJECT LOCATION: MLK Boulevard & Broadway Camden City (T/UA) Camden

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

APPLICANT BACKGROUND:

Rowan University/Rutgers-Camden Board of Governors ("Board of Governors" or "Applicant") was created by the New Jersey Medical and Health Sciences Education and Restructuring Act, P.L. 2012, c.45, s.34 ("Restructuring Act") which provided the Board of Governors with the power to "develop plans, for the operating and governance of health science facilities, including the planning concerning the development of capital improvements or expansions of health science facilities." One way the Board intends to advance this statutory objective is by developing a collaborative and cost-efficient center within a broader health sciences Center within a broader health sciences campus in Camden in partnership with Rowan and Rutgers Universities.

Pursuant to P.L. 2006 c. 102, the Authority may issue up to \$270 million in bonds to finance capital construction projects for stem cell research, life sciences and biomedical research facilities. Section 102 allocated \$50 million "to fund capital costs of biomedical research facilities," subject to an agreement being reached between the Authority and Treasury for the repayment of the bonds, subject to annual appropriations. Although there were other projects authorized under P.L. 2006 c. 102 (stem cell research facilities in New Brunswick and Newark, blood collection and cancer research facilities), no other project is currently under development.

Also under P.L. 2006 c. 102, the "biomedical research facility" must be owned by Rutgers, the State University, located in Camden ("Rutgers") and operated by a consortium of Rutgers, the Coriell Institute for Medical Research ("Coriell"), the Robert Wood Johnson Medical School in Camden ("RWJ") and the Cancer Institute of New Jersey, South Jersey ("Cancer Institute"). The New Jersey Medical and Health Sciences Education Restructuring Act ("Restructuring Act"), P.L. 2012, c. 45, merged RWJ and the Cancer Institute into Rutgers; the only members of the consortium remaining are Rutgers and Coriell.

APPROVAL REQUEST:

The Board of Governors requests Authority assistance to develop and construct a four story, 65,000 sq. ft. joint health center (the "Center") to be located at the corner of MLK Boulevard and Broadway, Camden. The Center will include office space as well as biomedical instructional/clinical space and biomedical research offices and laboratory.

The Center will be designed to advance collaborative research between Rowan and Rutgers - Camden. Rutgers - Camden will locate its computational and integrative biology program in the Center and Rowan will build upon its existing research program using the Rowan and Rutgers - Camden CCIB program to start up Rowan's research programs. In addition, the Center will be used to support: (1) initiatives that may lead to products that are brought to market; (2) the attraction of researched based business to build the Southern New Jersey economy; (3) the development of solutions to improve population health programs.

On June 9, 2015, the Members preliminary approved the funding in the amount of \$50 million for the joint health center in accordance with the requirements of P.L. 2006 c. 102. The Members are requested to further approve a preliminary resolution which is intended to be a declaration of the Authority's official intent to reimburse any expenditure of Project Costs incurred and paid prior to the issuance of Bonds by the Authority in accordance with Treasury Regulations Section 1.150-2(e).

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	\$37,003,657
Contingency	\$3,586,343
Soft Costs	\$3,450,000
Engineering & architectural fees	\$3,300,000
Land	\$3,010,000
Purchase of equipment & machinery	\$2,750,000
Construction of roads, utilities, etc.	\$750,000
Environmental Investigation and Redit	\$575,000
Legal fees	\$250,000
Finance fees	\$250,000
Accounting fees	\$75,000
TOTAL COSTS	\$55,000,000

JOBS: At Application 0 Within 2 years 425 Maintained 0 Construction 349

PUBLIC HEARING: N/A

BOND COUNSEL: M. Jeremy Ostow, Esq.

DEVELOPMENT OFFICER: M. Piliere

APPROVAL OFFICER: T. Wells

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

APPLICANT: Sephardic Torah Center

P41344

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 213 Lenox Avenue

Long Branch City (T/UA)

Monmouth

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

APPLICANT BACKGROUND:

Sephardic Torah Center, a 501(c)(3) not-for-profit organization established in 1977, operates an all male post high school. The school includes 100 students in an 18,000 sq. ft. building on 1.75 acres, which the organization purchased and moved into in 2002. The project facility houses classrooms, a social hall with a fully equipped kitchen, a fitness center, and a reference library. Shlomo Diamond is the founder of the school.

This project is currently under review by the Attorney General's Office relating to the First Amendment's Establishment Clause.

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

APPROVAL REQUEST:

Authority assistance will enable the applicant to refinance existing conventional debt of \$1,407,000 with The Bank of Princeton and pay closing costs.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	\$1,387,000
Legal fees	\$10,000
Accounting fees	\$10,000
TOTAL COSTS	\$1,407,000

JOBS: At Application

12 Within 2 years

4 Maintained

0 Construction

0

PUBLIC HEARING: 10/15/15 (Published 09/29/15) **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi

DEVELOPMENT OFFICER: M. Athwal

APPROVAL OFFICER: D. Poane

LOANS/GRANTS/GUARANTEES

**PETROLEUM UNDERGROUND STORAGE
TANK PROGRAM**



TO: Members of the Authority

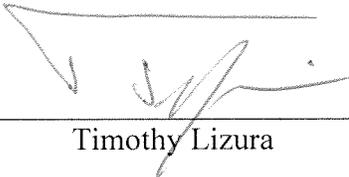
FROM: Timothy Lizura
President/Chief Operating Officer

DATE: October 15, 2015

SUBJECT: Petroleum Underground Storage Tank Program (PUST) - Delegated Authority
Third 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 third quarter ending September 30, 2015. 106 grants were approved totaling \$1,759,190.



Timothy Lizura

Prepared by: Lisa Petrizzi

APPLICANT	DESCRIPTION	GRANT AMOUNT	AWARDED TO DATE
Adams, Thomas F. (P41273)	Initial grant for upgrade, closure and remediation	\$8,546	\$8,546
Amos, Richard (P41210)	Initial grant for upgrade, closure and remediation	\$6,306	\$6,306
Andrews, Marjorie (P40822)	Initial grant for upgrade, closure and remediation	\$2,137	\$2,137
Antunes, Pedro (P40842)	Initial grant for upgrade, closure and remediation	\$11,385	\$11,385
Baldwin, Kevin and Carmen (P40840)	Initial grant for upgrade, closure and remediation	\$4,157	\$4,157
Baron, Glenn and Jaime Baron (P41175)	Initial grant for upgrade, closure and remediation	\$2,089	\$2,089
Barry, James (P40969)	Initial grant for upgrade, closure and remediation	\$4,670	\$4,670
Becker, Carol and William (P40697)	Initial grant for upgrade, closure and remediation	\$4,872	\$4,872
Berneck, Kerianne (P41027)	Initial grant for upgrade, closure and remediation	\$18,583	\$18,583
Bloomington Warehouse LLC (P40978)	Initial grant for upgrade, closure and remediation	\$9,757	\$9,757
Booker, Denise (P41039)	Initial grant for upgrade, closure and remediation	\$76,342	\$76,342
Bosak, Steven (P41236)	Initial grant for upgrade, closure and remediation	\$1,543	\$1,543
Brucato, Kenneth (P40527)	Initial grant for upgrade, closure and remediation	\$10,282	\$10,282
Bulas, Kenneth, A. (P41016)	Initial grant for upgrade, closure and remediation	\$17,758	\$17,758
Cacciabeve, Estate of Amy (P41128)	Initial grant for upgrade, closure and remediation	\$89,317	\$89,317
Celano, James and Phyllis (P41092)	Supplemental grant for site remediation	\$22,217	\$29,699
Cervenka, Ronald J. (P40529)	Initial grant for upgrade, closure and remediation	\$1,911	\$1,911
Cheretes, Ourania (P40966)	Initial grant for upgrade, closure and remediation	\$35,814	\$35,814
Cirasella, Nicholas (P40661)	Initial grant for upgrade, closure and remediation	\$10,698	\$12,438
Cirasella, Nicholas (P41284)	Supplemental grant for site remediation	\$1,740	\$12,438
Correa, Carol (P41018)	Initial grant for upgrade, closure and remediation	\$3,413	\$3,413
Couto, Marco P. (P40993)	Initial grant for upgrade, closure and remediation	\$7,022	\$7,022
Cullen, Christopher (P41046)	Initial grant for upgrade, closure and remediation	\$10,459	\$10,459

APPLICANT	DESCRIPTION	GRANT AMOUNT	AWARDED TO DATE
Cycak, Walter James (P41245)	Initial grant for upgrade, closure and remediation	\$42,203	\$42,203
Estate of Caroline Hiltner (P40995)	Initial grant for upgrade, closure and remediation	\$92,254	\$92,254
Fallatte, Ron and Nancy Fallatte (P40998)	Initial grant for upgrade, closure and remediation	\$12,582	\$12,582
Favetta, Mario (P40607)	Initial grant for upgrade, closure and remediation	\$30,708	\$30,708
Fritschy, Denise (P40658)	Initial grant for upgrade, closure and remediation	\$10,606	\$10,606
Gallagher, Charles (P40808)	Initial grant for upgrade, closure and remediation	\$63,066	\$63,066
Goode, Jean (P40585)	Initial grant for upgrade, closure and remediation	\$12,876	\$12,876
Grabowski, Joseph (P41146)	Initial grant for upgrade, closure and remediation	\$4,398	\$4,398
Guanuna, Juan (P40408)	Initial grant for upgrade, closure and remediation	\$3,250	\$3,250
Harrison, Forrest (P41035)	Initial grant for upgrade, closure and remediation	\$61,808	\$61,808
Hess, Charles and Barbara (P40075)	Initial grant for upgrade, closure and remediation	\$9,785	\$9,875
Hullfish, Robert (P41057)	Supplemental grant for site remediation	\$37,138	\$151,332 *
Iazzetta, Anthony J., Sr. (P40973)	Supplemental grant for upgrade, closure and remediation	\$2,247	\$27,850
Jacobs, Alan and Anne (P40621)	Initial grant for upgrade, closure and remediation	\$2,400	\$2,400
Jiminez, Teresa and Zonia Cruz (P40616)	Initial grant for upgrade, closure and remediation	\$27,063	\$27,063
Kaczka, Edward J. (P40831)	Initial grant for upgrade, closure and remediation	\$9,858	\$9,858
Keener, Jr., Eugene L. (P40603)	Initial grant for upgrade, closure and remediation	\$16,613	\$16,613
Kelley, Margaret and Martin (P41237)	Supplemental grant for site remediation	\$6,659	\$22,945
LaCapria, Michael (P41220)	Initial grant for upgrade, closure and remediation	\$4,040	\$4,040
Lance, Anna (P41228)	Initial grant for upgrade, closure and remediation	\$4,556	\$4,556
Lane, William E. (P41110)	Initial grant for upgrade, closure and remediation	\$2,380	\$2,380
Lehman, Freda and Brent (P40812)	Initial grant for upgrade, closure and remediation	\$3,601	\$3,601
Lein, Tetai and Be Hwa Wong (P41095)	Initial grant for upgrade, closure and remediation	\$66,595	\$66,595
Lello, James C. (P41149)	Initial grant for upgrade, closure and remediation	\$21,047	\$21,047

APPLICANT	DESCRIPTION	GRANT AMOUNT	AWARDED TO DATE
Lewis, Eleanor (P40833)	Initial grant for upgrade, closure and remediation	\$12,147	\$12,147
Loux, Kathleen (P41080)	Initial grant for upgrade, closure and remediation	\$13,062	\$13,062
Lowe, Adam and Shelly (P40895)	Initial grant for upgrade, closure and remediation	\$8,122	\$8,122
Maglione, Luigi (P40655)	Initial grant for upgrade, closure and remediation	\$26,064	\$26,064
Maguire, James and Alice (P41217)	Initial grant for upgrade, closure and remediation	\$9,712	\$9,712
Marion, James (P40705)	Initial grant for upgrade, closure and remediation	\$4,580	\$4,580
Melanson, Andrew (P41154)	Initial grant for upgrade, closure and remediation	\$11,910	\$11,910
Miranda, Taryn (P41121)	Initial grant for upgrade, closure and remediation	\$23,809	\$23,809
Monheit, Michael (P40855)	Initial grant for upgrade, closure and remediation	\$7,332	\$7,332
Morena, Clement (P40648)	Initial grant for upgrade, closure and remediation	\$18,163	\$18,163
Mount, Ann (P41014)	Initial grant for upgrade, closure and remediation	\$3,800	\$3,800
Moy, Yook (P41025)	Initial grant for upgrade, closure and remediation	\$56,698	\$56,698
Mt. Freedom Presbyterian Church (P40815)	Initial grant for upgrade, closure and remediation	\$20,038	\$20,038
Mulvihill, Mary Jane (P41010)	Initial grant for upgrade, closure and remediation	\$9,095	\$9,095
Nabyt, Oleh (P41101)	Initial grant for upgrade, closure and remediation	\$15,182	\$15,182
Neal, Robert (P40663)	Initial grant for upgrade, closure and remediation	\$4,951	\$4,951
Nitz, Helen (P41078)	Initial grant for upgrade, closure and remediation	\$19,501	\$19,501
O'Connell, III., James (P41011)	Initial grant for upgrade, closure and remediation	\$24,533	\$24,533
O'Toole, Patricia (P40852)	Initial grant for upgrade, closure and remediation	\$4,217	\$4,217
Opuda, Steven (P40826)	Initial grant for upgrade, closure and remediation	\$9,895	\$9,895
Pagano, Carmine J. (P40701)	Initial grant for upgrade, closure and remediation	\$14,690	\$14,690
Parmelli, Charles (P40635)	Initial grant for upgrade, closure and remediation	\$12,571	\$12,571
Pascucci, Estate of Angela (P40579)	Initial grant for upgrade, closure and remediation	\$6,900	\$6,900
Pena, Jose L. (P40965)	Initial grant for upgrade, closure and remediation	\$9,965	\$9,965

APPLICANT	DESCRIPTION	GRANT AMOUNT	AWARDED TO DATE
Picerno, Noelle (P40823)	Initial grant for upgrade, closure and remediation	\$1,834	\$1,834
Pickett, Jennifer (P41150)	Initial grant for upgrade, closure and remediation	\$14,021	\$14,021
Pietrzak, Stanley G. (P40888)	Initial grant for upgrade, closure and remediation	\$16,206	\$16,206
Pikula, Stanley and Halina (P40355)	Initial grant for upgrade, closure and remediation	\$7,673	\$7,673
Puglise, Louise (P41152)	Initial grant for upgrade, closure and remediation	\$18,160	\$18,160
Rodriguez, Celso (P40703)	Initial grant for upgrade, closure and remediation	\$20,781	\$20,871
Rodriguez, Raquel (P41051)	Initial grant for upgrade, closure and remediation	\$22,911	\$22,911
Rokeach, Judy (P41076)	Initial grant for upgrade, closure and remediation	\$4,100	\$4,100
Roller, Adam (P41096)	Supplemental grant for site remediation	\$15,679	\$88,995
Sabo, Estate of Elizabeth (P41015)	Initial grant for upgrade, closure and remediation	\$6,825	\$6,825
Schatz, Helen (P40804)	Initial grant for upgrade, closure and remediation	\$7,477	\$7,477
Shanklin, D. Jeff and Heather (P40989)	Initial grant for upgrade, closure and remediation	\$7,897	\$7,897
Shohoda, Lynda (P40599)	Initial grant for upgrade, closure and remediation	\$4,600	\$4,600
Shukla, Kishorchandra (P41055)	Initial grant for upgrade, closure and remediation	\$11,758	\$11,758
Shumski, Marc and Beth (P40694)	Initial grant for upgrade, closure and remediation	\$4,157	\$4,157
Smart, Thomas R. (P40626)	Initial grant for upgrade, closure and remediation	\$5,095	\$5,095
Sutton, Vivian (P40659)	Initial grant for upgrade, closure and remediation	\$4,213	\$4,213
Swank, Carol, Lynn (P41032)	Initial grant for upgrade, closure and remediation	\$16,409	\$16,409
Taureck, Madeline (P40342)	Initial grant for upgrade, closure and remediation	\$22,036	\$22,036
Terpay, Jackie (P40581)	Initial grant for upgrade, closure and remediation	\$12,488	\$12,488
Tietz-Talmadge, Beverly (P41094)	Initial grant for site remediation	\$36,275	\$36,275
Trotta, Heidi (P41147)	Initial grant for upgrade, closure and remediation	\$9,082	\$9,082
Tsang Chan, Kathy (P40657)	Initial grant for upgrade, closure and remediation	\$12,567	\$12,567
Turchyn, Elizabeth (P40619)	Initial grant for upgrade, closure and remediation	\$11,582	\$11,582

APPLICANT	DESCRIPTION	GRANT AMOUNT	AWARDED TO DATE
Turchyn, Yuri (P40897)	Initial grant for upgrade, closure and remediation	\$48,367	\$48,367
Turek, Bruce (P40835)	Initial grant for upgrade, closure and remediation	\$35,124	\$35,124
Ubry, Eleanor (P40654)	Supplemental grant for site remediation	\$28,402	\$298,477 *
Vigilante, James (P40693)	Initial grant for upgrade, closure and remediation	\$3,932	\$3,932
Webster, Kenneth (P40996)	Initial grant for upgrade, closure and remediation	\$26,058	\$26,058
West, Kenneth and Sharon (P40853)	Initial grant for upgrade, closure and remediation	\$9,978	\$9,978
Wilmot, Thomas (P41255)	Initial grant for upgrade, closure and remediation	\$4,535	\$4,535
Winn, William (P40851)	Initial grant for upgrade, closure and remediation	\$10,975	\$10,975
Woolsey, Ellen Jeseseke (P41021)	Initial grant for upgrade, closure and remediation	\$1,900	\$1,900
Yang, Euhee (P41153)	Initial grant for upgrade, closure and remediation	\$12,786	\$12,786
Zack, Celeste (P40990)	Initial grant for upgrade, closure and remediation	\$27,619	\$27,619

106 Grants **Total Delegated Authority for Leaking Tank Applications** **\$1,759,190**

*Includes cumulative awards to date (initial & supplemental). Supplemental grant awards do not exceed \$100,000 the delegation permitted

**HAZARDOUS DISCHARGE SITE REMEDIATION
FUND PROGRAM**



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: October 15, 2015

SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

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

HDSRF Grants:

Municipal:

City of Bridgeton (Abbotts Manufacturing)	\$ 16,140
Township of Maurice River (Ackley Garage)	\$ 166,830

Private

G.R.A. Realty	<u>\$ 105,577</u>
	\$ 288,547

HDSRF Loans:

Essie Smith	\$ 70,490
Granite 1280 LLC	\$ 134,747
Phillip E. Daniel	<u>\$ 45,000</u>
	\$ 250,237

Total HDSRF Funding – October 2015	\$ 538,784
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**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT**

APPLICANT: City of Bridgeton (Abbotts Manufacturing)

P41100

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 429 East Commerce Street Bridgeton City (T/UA) Cumberland

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

APPLICANT BACKGROUND:

In July 2001, the City of Bridgeton received a grant in the amount of \$113,701 in July 2001 under P12584 and a supplemental grant in the amount of \$161,507 under P24601 to perform Preliminary Assessment (PA) and Site Investigation (SI). The project site, identified as Block 103, Lots 64, 70 and 74 is an abandoned industrial facility which has potential environmental areas of concern (AOCs). The City of Bridgeton intends to acquire the project site and proof of site control. It is the City's intent, upon completion of the environmental investigation activities to redevelop the project site for senior housing.

NJDEP has approved this aggregate supplemental funding request for Remedial Investigation (RI) grant funding on the above-referenced project site and finds the project technically eligible under the HDSRF program, Category 2, Series A.

APPROVAL REQUEST:

City of Bridgeton is requesting an additional supplemental grant to perform RI in the amount of \$16,140 to perform the approved scope of work at the Abbott's Manufacturing project site. Because the aggregate supplemental funding including this request exceeds the maximum aggregate staff delegation approval of \$100,000, it requires EDA's board approval. Total grant funding to date for this project including this approval is \$291,348.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$16,140

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$16,140
EDA administrative cost	\$500
TOTAL COSTS	<hr/> \$16,640 <hr/>

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Township of Maurice River (Ackley Garage)

P40818

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 3098 3102 Delsea Dr. Maurice River Township (T) Cumberland

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

APPLICANT BACKGROUND:

In October 2003, Maurice River Township received a grant in the amount of \$73,375 under P14042. The project site identified as Block 222, Lot 2 is a former auto repair garage which has potential environmental areas of concern (AOCs). The Township of Maurice River currently holds a tax sale certificate on the project site and has satisfied proof of site control. It is the Township's intent, upon completion of the environmental investigation activities to redevelop the project site for small commercial use.

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

APPROVAL REQUEST:

Township of Maurice River is requesting supplemental grant funding to perform RI in the amount of \$166,830 at the Ackley Garage project site. Because the aggregate supplemental funding exceeds the maximum aggregate staff delegation approval of \$100,000, it requires EDA's board approval. Total grant funding to date for this project including this approval is \$242,205.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$166,830

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$166,830
EDA administrative cost	\$500
TOTAL COSTS	<hr/> \$167,330 <hr/>

APPROVAL OFFICER: K. Junghans

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

APPLICANT: G.R.A. Realty

P41144

PROJECT USER(S): Atco Products *

* - indicates relation to applicant

PROJECT LOCATION: 189-195 Frelinghuysen Ave. Newark City (T/UA) Essex

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

APPLICANT BACKGROUND:

G.R.A. Realty is the owner of project site located in Newark, which occupied by a hardware manufacturer. The NJDEP Office of Brownfield Reuse has found the applicant's proposal for financial assistance to be administratively and technically complete and has approved funding to be provided in the form of a Hazardous Discharge Site Remediation Innocent Party Grant under N.J.S.A. 58:10B-Subsection 4, Series A. This Innocent Party Grant has been calculated an amount equal to 50% of the approved remedial investigation project costs (\$105,577).

The scope of work involves remedial investigation activities including soil sampling and groundwater monitoring, along with receptor and ecological evaluations.

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of \$105,577 to perform the approved scope of work at the project site.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$105,577 (50% Innocent Party Grant)

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$211,154
EDA administrative cost	\$500
TOTAL COSTS	\$211,654

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Essie L. Smith

P41521

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 708 Russell Place

Plainfield City (T/UA)

Union

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

APPLICANT BACKGROUND:

Essie Smith is a homeowner seeking a HDSRF loan for remedial action to clean an above ground heating oil tank spill. The applicant has already completed \$40,727 of work on the site. Activities to be conducted include contaminated soil and groundwater removal and disposal. Prior to this, support activities must be completed including, but not limited to moving the hot water heater and boiler. Following the remedial activities, soil samples must be collected and tested. Finally, site restoration can occur with backfilling soil, and restoring top soil and grass seed.

APPROVAL REQUEST:

Approval of a \$70,490 HDSRF term loan is recommended.

FINANCING SUMMARY:

LENDER: Hazardous Discharge Site Remediation Fund

AMOUNT OF LOAN: \$70,490

TERMS OF LOAN: 5-year term with no monthly payments required; interest to accrue. Principal plus accrued interest is due upon maturity or sale of the property.

PROJECT COSTS:

Remedial Action	\$70,490
Finance fees	\$1,250
TOTAL COSTS	\$71,740

APPROVAL OFFICER: A. Comly

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS DISCHARGE SITE REMEDIATION PROGRAM**

APPLICANT: Granite 1280 LLC

P41117

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 1280 Teaneck Road

Teaneck Township (N)

Bergen

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

APPLICANT BACKGROUND:

Granite 1280 LLC ("Owner" or "Applicant") owns a commercial property located at 1280 Teaneck Road, Teaneck, NJ that historically was used as a service station operating under the name of U-Save. The property currently is vacant land without any improvements. Applicant has requested a \$134,747 HDSRF loan for Remedial Investigation and Remedial Action. Remediation activities to be conducted include further soil and groundwater investigation and delineation, monitor well installation, remedial action activities and possible vapor intrusion investigation.

APPROVAL REQUEST:

Approval of a \$134,747 HDSRF term loan is recommended.

FINANCING SUMMARY:

LENDER: Hazardous Discharge Site Remediation Fund

AMOUNT OF LOAN: \$134,747

TERMS OF LOAN: 5 Year Term and amortization. No payments required, interest to accrue with a full balloon payment due upon maturity or sale of property.

PROJECT COSTS:

Remedial investigation	\$122,264
NJDEP oversight cost	\$13,475
Site investigation	\$12,483
Finance fees	\$1,847
TOTAL COSTS	\$150,069

APPROVAL OFFICER: T. Bossert

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS DISCHARGE SITE REMEDIATION PROGRAM**

APPLICANT: Phillip E. Daniel

P41173

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 517 South 20th Street Irvington Township (T/UA) Essex

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

APPLICANT BACKGROUND:

Philip E. Daniel and Kyrline Daniel ("Owners" or "Applicant") own a commercial property located at 517 South 20th Street, Irvington, NJ that is independently leased to Hayden Romeo dba H&G Mechanic Services, an automotive repair shop. The Owners purchased the property on November 12, 1986 with Philip Daniel operating an automotive repair business under the name of Phil's Service Station for almost 20 years. The property is currently being remediated by Environmental Alliance, Inc. Upon cleanup, it is anticipated that the property will remain as an automotive repair facility.

APPROVAL REQUEST:

Approval of a \$45,000 HDSRF term loan is recommended.

FINANCING SUMMARY:

LENDER: Hazardous Discharge Site Remediation Fund

AMOUNT OF LOAN: \$45,000

TERMS OF LOAN: Monthly principal and interest payments based on 5 year term and amortization. Federal Discount Rate set at time of approval or closing, whichever is lower, with a floor of 5.00%.

PROJECT COSTS:

Remedial investigation	\$40,870
NJDEP oversight cost	\$4,500
Site investigation	\$4,130
Finance fees	\$1,575
TOTAL COSTS	\$51,075

APPROVAL OFFICER: T. Bossert



TO: Members of the Authority

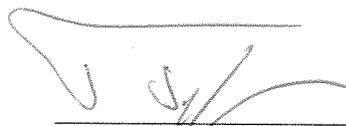
FROM: Timothy Lizura
President/Chief Operating Officer

DATE: October 15, 2015

SUBJECT: Hazardous Discharge Site Remediation Fund - Delegated Authority Third 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 third quarter ending September 30, 2015. 7 grants were approved totaling \$261,251.



Timothy Lizura

Prepared by: Lisa Petrizzi

APPLICANT	DESCRIPTION	GRANT AMOUNT	AWARDED TO DATE
Adjami, George (P38665)	Matching grant to perform remedial action activities utilizing innovative technology.	\$4,603	\$4,603
Avon-by-the-Sea Borough (Main Street) (P41089)	Supplemental Municipal grant to perform remedial action activities.	\$83,930	\$166,592 *
ERBA Company, Inc. (P41099)	Supplemental Innocent Party Grant to perform remedial investigation and remedial action activities.	\$42,237	\$104,344 *
Gamble, Gladys (P40267)	Matching grant to perform remedial action activities.	\$10,000	\$10,000
Grove I Partnership (P40706)	Supplemental Innocent Party Grant to perform remedial investigation activities.	\$23,239	\$113,346 *
Hampton Hills Associates (P41145)	Supplemental Innocent Party Grant to perform remedial action activities.	\$11,182	\$31,861
Oxford Township (Former Oswall Tool) (P41098)	Municipal grant to perform preliminary assessment and site investigation activities.	\$86,060	\$86,060
7 Grants	Total Delegated Authority for HDSRF Applications	\$261,251	

*Includes cummulative awards to date (initial & supplemental). Supplemental grant awards do not exceed \$100,000 the delegation permitted

**TECHNOLOGY BUSINESS TAX CERTIFICATE
TRANSFER PROGRAM**



MEMORANDUM

TO: Members of the Authority
FROM: Melissa Orsen, Chief Executive Officer
DATE: October 15, 2015
SUBJECT: Technology Business Tax Certificate Transfer Program – Appeals

Pursuant to the Program’s enabling legislation, the Authority annually reviews applications to ensure applicants meet the statutory requirements of the Program. Staff’s recommendations for approval or declination are then presented to the Members for approval. Applications that are declined have 20 days to submit appeals which are reviewed by an independent Hearing Officer.

At the August 11, 2015 Board Meeting, the Members considered 44 requests from companies to participate in the Program. A total of 41 requests were recommended for approval, 2 requests were withdrawn from consideration, and 1 request was recommended for declination.

I reviewed the attached Hearing Officer’s report regarding the appeal of Millennium Biotechnologies, Inc. to the Board’s declination of the company’s application. I concur with the recommendation that the declination of Millennium Biotechnologies be upheld.

Melissa Orsen
Chief Executive Officer



MEMORANDUM

TO: Melissa Orsen, Chief Executive Officer
Members of the Authority

FROM: Marcus Saldutti
Hearing Officer

DATE: October 15, 2015

SUBJECT: Technology Business Tax Certificate Transfer Program - Appeals

Request:

Consent of the members to the Hearing Officer's recommendation to uphold the declination of the NOL application for Millennium Biotechnologies, Inc.

Background:

Pursuant to the enabling legislation, the New Jersey Economic Development Authority ("Authority" or "EDA") administers the Technology Business Tax Certificate Transfer Program ("Program"), including the review of each application to insure the applicants met the requirements of the Program. Staff recommendations are then presented to the Members for consideration. As requested by the CEO, I am fulfilling the role of Hearing Officer to independently review the appeal, and have completed that review with legal guidance from the Attorney General's Office.

Previous Action:

At the August 11, 2015 Board Meeting, the Members considered 44 requests from companies to participate in the Technology Business Tax Certificate Transfer Program. A total of 41 requests were recommended for approval, 2 requests were withdrawn from consideration, and 1 request was recommended for declination. Average estimated benefits were calculated to be \$1,463,415 per approved company based on this year's budget allocation of \$60 million. If the Board disagrees with the decision of the Hearing Officer to uphold the declination, the benefit amount will be recalculated based on the total new number of approvals, with the reduction to the amount of benefit received by the companies expected to be de minimis.

The Members of the Authority reviewed and declined Millennium Biotechnologies, Inc. ("Millennium" or the "Company") for Program benefits. The information provided indicated that Millennium failed to demonstrate it maintained the required number of full-time New Jersey employees as defined by the Program.

As an entity incorporated for more than five years, the Company was required by the application

deadline of June 30 to have at least ten full-time employees working in New Jersey in accordance with the definition of “new or expanding” as set forth in N.J.S.A 34:1B-7.42(b). See also N.J.A.C. 19:31-12.2.

Following the August Board meeting, the applicant was sent written notice of the Board’s action along with the reasons for the disapproval. In that letter, the applicant was notified of the decision and was provided 20 days to appeal. An appeal of the Board’s decision was submitted by the applicant on August 31, 2015.

Legal Citation:

N.J.S.A 34:1B-7.42(b) defines, in pertinent part, a full time employee to mean the following:

“...a person employed by a new or expanding emerging technology or biotechnology company for consideration for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment and **whose wages are subject to withholding as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq.**, (emphasis added) or who is a partner of a new or expanding emerging technology or biotechnology company who works for the partnership for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, and whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes, as provided in the New Jersey Gross Income Tax Act, *N.J.S.A. 54A:1-1 et seq.*” See also N.J.A.C. 19:31-12.2.

Discussion:

Kathleen Coviello, whose team reviewed the application to the Program, indicated in a memorandum to the Hearing Officer that Millennium did not meet all of the Program requirements as outlined above. Specifically, the required employee head count for the Company is ten full-time New Jersey employees. The Company’s documentation only verified nine full-time New Jersey employees. The tenth employee did not receive wages subject to withholding.

Millennium, in its appeal letter dated August 31, 2015 by Michael C. James, Chief Executive and Financial Officer, contends the following:

“...it has come to my attention that our application this year has been rejected since I did not collect a check through June 30th, 2015, despite being on the company’s payroll. As Chief Executive and familiar as well as the filer for the program in past year [sic], I was under the impression this would not impact our qualification for the program (if I knew this was going to be an issue, I would have had payroll processed in my name for a nominal amount).”

In addition, Mr. James states that he is “...in the payroll system, but haven’t been paid due to the fact that we have been low on funds” and that he “worked more than forty (40) hours, more like sixty (60) hours per week.” Mr. James also states that he is “...owed for services that [he] provided during

this time period and they are accrued on the books in excess of \$200,000.”

Mr. James contends that he is owed for services provided during this time period in an amount in excess of \$200,000, which amount is accrued on the company’s books. Mr. James also supplied the Hearing Officer with a link to his employment contract, which indicates that Mr. James is to defer compensation. The contract specifically states: “Executive agrees that until such time as the Company has sufficient cash to pay his Base Salary, payment of such Base Salary shall be deferred.” There are no terms specifying an actual payment schedule for Mr. James to receive the deferred wages; therefore, there may never be income subject to gross withholding that is required under the statute.

In response to this contention, Ms. Coviello noted that the accrued payments do not evidence actual payments subject to withholding as required by N.J.S.A.34:1B-7.42(b). Ms. Coviello indicated that “financial statement accrual does not constitute the payment of wages. Per GAAP, accrued financial entries are often reversed and are allowed to be done so.”

The Hearing Officer confirmed with EDA’s Accounting Division that, per GAAP, expenses and payables on a company’s books may be reversed without ever actually satisfying the obligation as circumstances change. In addition, Mr. James indicated during a telephone conversation that payment of payroll taxes on his deferred income are correspondingly deferred by the Company.

After weighing the evidence, the Hearing Officer agrees with Ms. Coviello’s assessment that financial statement accrual does not constitute the payment of wages. In the absence of paid wages, Mr. James is not subject to NJ Gross withholding tax irrespective of accrual recording. Because his wages are not subject to withholding, Mr. James is excluded from the employee headcount as contemplated by the statute.

This conclusion is further borne out by the information contained in applicant’s June 30th Form WR30, a required quarterly report of employees and wages. The Company lists only nine employees on this form; one short of the required number. Mr. James is not among those who appear on the list.

The Hearing Officer is sympathetic to the applicant’s position that he deferred income so as to be able to retain other Company employees. However, a review of the appeal and available evidence demonstrates that Millennium did not meet the statutorily required headcount minimum of ten full-time NJ employees as of June 30, 2015. This deficiency cannot be waived or ignored by the Authority.

Recommendation:

As a result of careful consideration of the above appeal in consultation with the Attorney General's Office, the application of Millennium Biotechnologies, Inc. is recommended for denial.



Marcus Saldutti

ENERGY RESILIENCE BANK (ERB)



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: October 15, 2015

RE: Energy Resilience Bank – ERB Launch of Funding Product for Hospitals-
Healthcare Facilities and Program Guide Revisions

Request:

The Members are requested to review and approve the Energy Resilience Bank's Hospitals-Healthcare Facilities Financing Program Guide, as well as changes to the ERB Financing Program Guide and the ERB Funding Round 1: Water and Wastewater Treatment Facilities Program Guide, 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 funds, to address statewide energy resilience needs. In October 2014, the Members approved the ERB Financing Program Guide and launched ERB's Funding Round 1 for Water and Wastewater Treatment Facilities ("W/WWTF"). Subsequently in July 2015, based on market analysis and program clarification, the Board approved changes to both the overall Program and the Round 1 Guide.

In preparing for the second ERB product to be focused on the hospital sector, staff has engaged the NJ Department of Health, the New Jersey Hospital Association, and the New Jersey Health Care Facilities Financing Authority as partners to evaluate critical sector need, assess market interest, and review financing constraints and feasibility concerns.

Through the Federal Register Notice published on August 25, 2015, HUD approved EDA's waiver request to allow funding businesses that do not meet the SBA definition of small business and funding of private utilities, subject to certain alternative requirements including providing preferential treatment for LMI areas; requiring an equity contribution from for-profit facilities; and establishing financing terms for for-profit businesses to ensure that ERB assistance is based on need and to safeguard the potential over-subsidization of for-profit facilities. This waiver requires a substantial amendment to the Action Plan which must be approved to allow for obligation of ERB funds to these entities.

In launching this second ERB product for hospitals and their related healthcare facilities, the initial outreach will include low-moderate income communities and highest critical need including Trauma Level 1 and Trauma Level 2 hospitals.

In order to increase program market reach and include the expanded August 25, 2015 Federal Register Notice alternative requirements, ERB will provide a mix of grant/forgivable loan and amortizing loan funding for a project's unmet need. ERB funding will be determined and provided on a per project basis as a combination of grant/forgivable loan and amortizing loan based on the underwriting process and program criteria which may include ownership structure, project economic feasibility, rate of return, and other policy considerations. This is a slight change from our previous financing for W/WWTF which had 40% as forgivable loans (20% forgiven at project completion and 20% forgiven over a five-year performance period) and 60% as an amortizing loan. Amortizing loan interest rate will be as low as 2% and also will be determined during project underwriting. Other financing terms remain generally the same: Loan Term based on useful life of the asset, up to 20 years; Principal and Interest moratorium during the construction period; Debt service coverage requirement is 1:1.0; minimum 10% equity contribution required of all for-profits; and no collateral required.

To retain overall program consistency between ERB products and to ensure conformance with the August 25, 2015 Federal Register Notice, changes have been made to the overall ERB Financing Program Guide and to the ERB Funding Round 1: Water and Wastewater Treatment Facilities Program Guide. In particular, program documents are revised to expand eligible applicants to now include for-profit businesses that may not otherwise meet the SBA definition and private utilities. New language has been added indicating that application windows will remain open until March 31, 2016 for W/WWTF applicants and until September 30, 2016 for Hospital applicants, or until funds are obligated. Additionally, an Energy Audit will no longer be required at submission of the initial Intake Form.

Recommendation:

The Members are requested to review and approve the Energy Resilience Bank's Hospitals-Healthcare Facilities Financing Program Guide, as well as changes to the ERB Financing Program Guide and the ERB Funding Round 1: Water and Wastewater Treatment Facilities Program Guide, which are attached in substantially final form.

A handwritten signature in cursive script, appearing to read "Tom Sawyer", is written over a horizontal line.

Attached:

- ERB Funding: Hospitals-Healthcare Facilities Financing Program Guide
- ERB Financing Program Guide
- ERB Funding Round 1: Water and Wastewater Treatment Facilities Financing Program Guide

Prepared by: Liza Nolan

Date: October __, 2015

ERB FUNDING: HOSPITALS AND RELATED HEALTHCARE FACILITIES

ERB funding will be open for hospitals and their related healthcare facilities 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. The initial outreach will include low-moderate income communities and highest critical need facilities including Trauma Level 1 and Trauma Level 2 hospitals.

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 September 30, 2016 or until funds are obligated. It should be noted that ERB applications will be considered 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 except for a per project cap on electricity storage. Limits may be imposed on a per entity basis.

The total available budget 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 Hospitals Ineligible Costs

Refer to the ERB Program Guide for ineligible costs for all sectors.

1.3 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.

ERB Financing Program Guide

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, 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.

ERB Financing Program Guide

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 goals of increasing energy efficiency and/or reducing energy consumption by 15% 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, including performance and green infrastructure components.

As outlined in Section 4.3.2.7 of the ERB's Program Guide, all DER systems must be designed to provide energy to all designated critical loads during a seven-day grid outage, or as specified in a product sector funding guide, without a delivery of fuel to emergency generators.

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 hospitals, unless either the circumstances of the project or the parameters of the program change).

1.4 Financial Product Terms

The financial product terms for ERB funding 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. The percentage of the funding gap (remaining after equity is applied, if applicable) to be provided in the form of a grant/forgivable loan will be determined through the underwriting process and the balance will be provided through an amortizing loan, which must be closed and funded as part of the project's total funding. The terms of the financing are described below.
 - A. Grant/Forgivable Loan. The percentage of the unmet funding need, after any applicable equity contribution, to be provided as a Grant/Forgivable Loan is determined during the underwriting process and based on program criteria, which may include but not be limited to, ownership structure, project economic feasibility, rate of return, and other policy considerations.

ERB Financing Program Guide

B. Amortizing Loan Terms. Any balance on the loan will be governed by the following terms:

- i. Standard interest rates will be as low as 2% fixed interest rate. Note that project specific interest rates will be determined based on project underwriting in conformance with HUD requirements for analyzing rate or return and ensuring that the owner/business is not unduly enriched.
- ii. Collateral – None required.
- iii. Up to 20-year term, based on useful life of majority of assets.
- iv. Up to 2 years' principal and interest 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. Debt Service Coverage (DSC) Ratio: The DSC ratio requirement is 1:1.0 (including loan principal anticipated to be forgiven).

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 or applicants, based on project underwriting in conformance with HUD requirements for analyzing rate or return and ensuring that the owner/business is not unduly enriched.

2. Disbursement – Disbursement will follow EDA's standard process and generally include:

- A. Submission of invoice with sufficient documentation of costs incurred or payments made.
 - B. Verification of expenses and cost reasonableness review, including site visits as necessary.
 - C. All disbursements to CDBG-DR-funded projects will be subject to meeting all applicable HUD requirements.
-

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.

ERB Financing Program Guide

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 Energy Resilience Bank Grant and Loan Financing Program Guide



Date: October 14, 2014

Revisions: July 9, 2015

October --, 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 directly impacted by 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

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

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.

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.

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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.

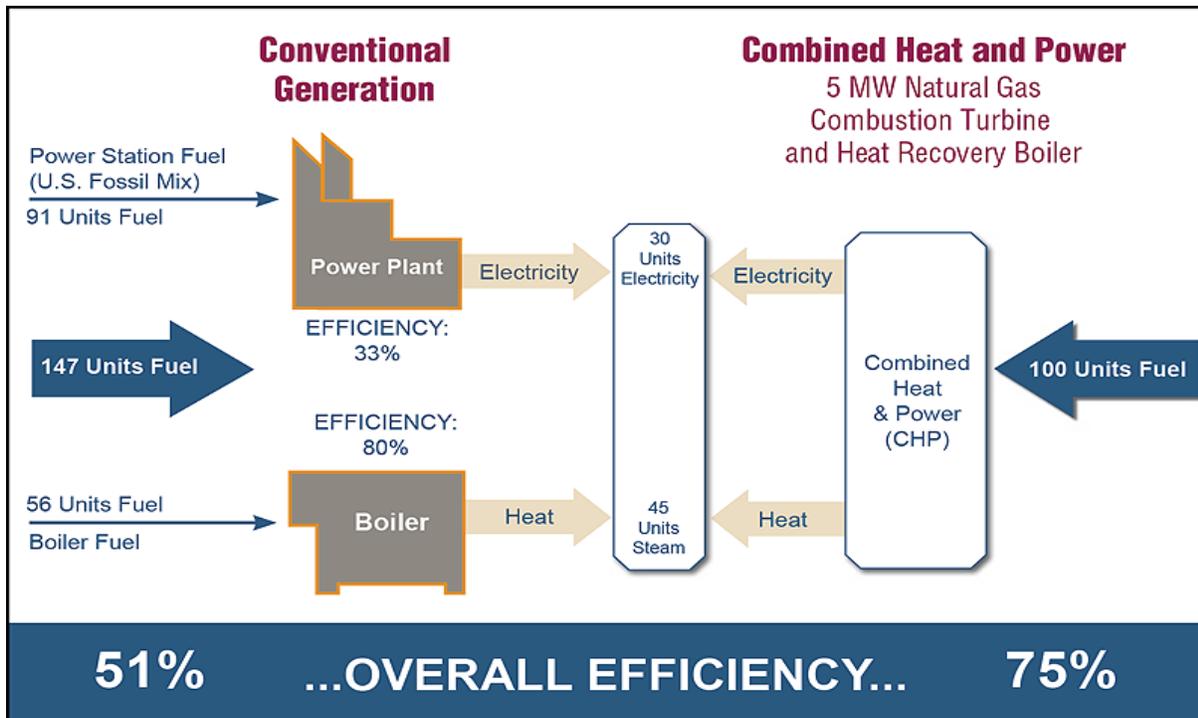
SECTION 3: DISTRIBUTED ENERGY RESOURCE TECHNOLOGIES

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 system 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 may include grants, forgivable loans and longer term, low-interest loans. 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://slrviewer.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, or other project related energy audit or feasibility study acceptable to EDA, be performed for each project, as described in more detail below. At a minimum, it is anticipated that projects financed by the ERB will meet the general state program performance goals of increasing energy efficiency and/or reducing energy consumption by 15%. 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. 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. In accordance with HUD CDBG-DR regulations and in conformance with the Waiver granted for the ERB in the Federal Register notice published on August 25, 2015, ERB applicants may be public facilities, not-for-profit entities, for-profit businesses, or a privately owned utility that owns and/or operates a critical facility, as described in Section 4.2, including for-profit or not-for profit businesses that have a contractual relationship with a critical facility for the purpose of operating and/or owning the critical facility's distributed or resilient energy resource system or for supplying energy to the critical facility.

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. In October 2014, the ERB released an initial financing product for the water treatment plant and wastewater treatment plant market sector. The ERB subsequently released a financing product for the hospitals sector in October 2015.

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
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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 directly impacted by 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, applicants must demonstrate that as a result of Superstorm Sandy flooding and/or loss of power from a qualifying disaster prevented the facility from being able to service the community which caused a risk to the health, safety or welfare of the citizens 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. Additionally, applicants may demonstrate that investment in a facility will contribute to economic community revitalization. If economic community revitalization is employed, a clear tie to the storm must be made and the applicant must show that making the resilience investment addresses an economic impact, such as job loss and/or tax revenue loss, from the storm and the project contributes to the economic revitalization of an area damaged by the storm.

More specifically, Round 1 Water and Wastewater Treatment Facilities applicants might demonstrate one of the following indirect impacts: 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.

3. Applicant facilities must be eligible CDBG-DR recipients pursuant to applicable HUD regulations. **In accordance with HUD CDBG-DR regulations and in conformance with the Waiver granted for the ERB in the Federal Register notice published on August 25, 2015, ERB applicants may be public facilities, not-for-profit entities, for-profit businesses, or a privately owned utility that owns and/or operates a critical facility, as described in Section 4.2, including for-profit or not-for profit businesses that have a contractual relationship with a critical facility for the purpose of operating and/or owning the critical facility's distributed or resilient energy resource system or for supplying energy to the critical facility.**
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 operating during a continuous seven-day electric grid outage or as stated in a specific product sector funding guide. 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 system 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 (or similar cost benefit model) 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://ceep.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.
 9. Installation and construction costs for the above systems/components.
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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 & 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, applicants are strongly encouraged to 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 could 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, 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 Intake Form is 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. The comprehensive project analysis will also include review of the project performance and green infrastructure components. 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. As applicable, a mix of financing terms for each assisted for-profit facility will be established based on the business's financial capacity, in order to ensure that assistance is based on actual identified need, in order to achieve a targeted use of funds and to safeguard against the potential over-subsidization of for-profit facilities.

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 goals of increasing energy efficiency or reducing energy consumption by 15%. 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: October -- , 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 for WWTP and WTP applicants will remain open until March 31, 2016 or until funds are obligated. It should be noted that ERB applications will be considered 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. Limits may be imposed on a per entity basis.

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

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,

ERB Financing Program Guide

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, including performance and green infrastructure components.

As outlined in Section 4.3.2.7 of the ERB's Program Guide, all DER systems must be designed to provide energy to all designated critical loads during a seven-day grid outage, or as specified in a product sector funding guide, 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. The percentage of the funding gap (remaining after equity is applied, if applicable) to be provided in the form of a grant or forgivable loan will be determined through the underwriting process and the balance will be provided through an amortizing loan, which must be closed and funded as part of the project's total funding. The terms of the financing are described below.
 - A. **Grant/Forgivable Loan.** The percentage of the unmet funding need, after any applicable equity contribution, to be provided as a Grant/Forgivable Loan is determined during the underwriting process and based on program criteria, which may include but not be limited to, ownership structure, project economic feasibility, rate of return, and other policy considerations.
 - B. **Amortizing Loan Terms.** Any balance on the loan, will be governed by the following terms:
 - i. Standard interest rates will be as low as 2%, fixed interest rate. Note that project specific interest rates will be determined based on project underwriting in conformance with HUD requirements for analyzing rate or return and ensuring that the owner/business is not unduly enriched.
 - ii. Collateral – None required.
 - iii. Up to 20-year term, based on useful life of majority of assets.
 - iv. Up to 2 years' principal and interest 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.

ERB Financing Program Guide

- v. Debt Service Coverage (DSC) Ratio: The DSC ratio requirement 1:1.0 (including loan principal anticipated to be forgiven).

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 or applicants, based on project underwriting in conformance with HUD requirements for analyzing rate or return and ensuring that the owner/business is not unduly enriched.

2. Disbursement – Disbursement will follow EDA’s standard process and generally include:

- A. Submission of invoice with sufficient documentation of costs incurred or payments made.
- B. Verification of expenses and cost reasonableness review, including site visits as necessary.
- C. All disbursements to CDBG-DR-funded projects will be subject to meeting all applicable HUD requirements.

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.

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- **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.

ERB Financing Program Guide

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.

STRONGER NJ LOAN PROGRAM (APPEALS)



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Melissa Orsen
Chief Executive Officer

DATE: October 15, 2015

SUBJECT: Stronger NJ Business Loan Program Appeal – The Maine Course LLC.

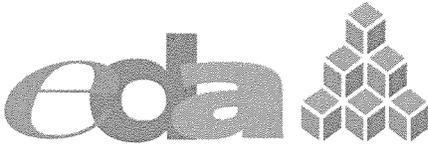
Pursuant to the appeal process approved by the Board at the June 10, 2014 Board meeting, applicants to the Stronger NJ Business Loan program may challenge the EDA's decisions by submitting in writing to the EDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant 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: The Maine Course LLC. 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 The Maine Course LLC be upheld.


Melissa Orsen

attachments



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Melissa Orsen, Chief Executive Officer
Members of the Authority

FROM: Dina Khmelnsky
Hearing Officer

DATE: October 15, 2015

SUBJECT: Stronger NJ Business Loan Program Appeals
The Maine Course, LLC - 617945

Request:

The Members are asked to approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Loan application for The Maine Course, LLC. 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. Dina Khmelnsky 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 recommendation. 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
The Maine Course, LLC	The Business was not able to provide one full fiscal year of financial statements prior to the storm.	Applicant's business was established in 2012, and as such, could not provide financial statements for 2011 as required by the guidelines.

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 The Maine Course, LLC.

Prepared by: Dina Khmelnsky

STRONGER NJ GRANT PROGRAM (APPEALS)



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Melissa Orsen
Chief Executive Officer

DATE: October 15, 2015

SUBJECT: Stronger NJ Business Grant Program Appeal – Bob Jentz Painting, LLC.

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 one appeal: Bob Jentz Painting, LLC. 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 Bob Jentz Painting, LLC be upheld.


Melissa Orsen

attachments



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Melissa Orsen, Chief Executive Officer
Members of the Authority

FROM: Dina Khmelnsky
Hearing Officer

DATE: October 15, 2015

SUBJECT: Stronger NJ Business Grant Program Appeals
Bob Jentz Painting, LLC - 510784

Request:

The Members are asked to approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Grant application for Bob Jentz Painting, LLC. 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 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 recommendation. 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
Bob Jentz Painting, LLC	Applicant is a home-based business not zoned appropriately for the applicant's primary business activity.	Borough zoning ordinances do not allow any business activity in the applicant's residence and surrounding property.

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 Grant application for Bob Jentz Painting, LLC.

Prepared by: Dina Khmelnsky

BOARD MEMORANDUMS



MEMORANDUM

TO: Members of the Authority

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

DATE: October 15, 2015

SUBJECT: 8 Boys, LLC (P39844) – Economic Recovery Fund
600 Ellis Street
Glassboro, Gloucester County, New Jersey

Request

Increase the amount of EDA participation from \$1,000,000 in a \$5,000,000 mortgage to \$1,750,000 (17.5%) in TD Bank's increased commercial loan of \$9,995,000 to Liscio's real estate holding company, for the acquisition and renovations to the project facility in Glassboro.

Background:

Liscio's Italian Bakery, Inc. ("Liscio's") was founded in 1994 and is owned equally by Charles Liscio and Charles Vilotti. Liscio's produces a variety of baked goods for wholesale customers (85%) serving the Mid-Atlantic region and is the primary supplier of bread to popular chain restaurants such as Primo Hoagies (90+ locations) and Tony Luke's (20 locations). The company has a diverse customer base with almost 1000 customers such as Acme, Giant and Stop & Shop food markets.

Due to significant growth over the past decade the company required a larger facility for its operation and was considering either staying in New Jersey or relocating out of State.

In February 2014, EDA approved a \$13.5 million Grow NJ tax credit to incent Liscio's to expand in NJ. In December, 2014, EDA approved a \$1 million (20%) participation in a \$5 million TD Bank permanent mortgage and a \$1 million (20%) participation in a \$5 million equipment loan to finance the company's relocation from its 40,000 s.f. facility to a 107,000-square foot facility (also in Glassboro.) TD Bank has provided construction financing, and EDA's loan is to be funded concurrently with conversion of TD Bank's construction loan to a permanent mortgage after conclusion of the draw period. TD Bank has funded the \$2.7 million purchase and renovations through a construction loan. EDA participation will be funded after the construction and drawdown periods for both bank loans conclude (anticipated March 2016).

Since preparing to move to the facility, Liscio's has decided to complete all renovations including basic and planned improvements, rather than spread them over the next 10 years. TD Bank approved a \$4,995,000 increase to their existing \$5,000,000 construction/permanent loan to \$9,995,000 and has requested a \$750,000 increase in EDA participation on the permanent commercial mortgage. The sources and uses for the project are detailed below.

Sources of Funds

<u>Source</u>	<u>As Approved</u>	<u>As Proposed</u>
8 Boys, LLC: TD Bank Mortgage Permanent Financing – 20 year amortization and term with 5-year call options: Option 1: Interest rate fixed at 4.40% Option 2: Floating at 30-day LIBOR + 250 basis point (bps) fixed with a SWAP NJEDA participation: fixed at 5-year treasury or floor of 2% whichever is higher, plus a 150 bps adjustment for risk rating; 5-year term, 20-year amortization.	\$4,000,000	\$8,245,000
Liscio’s Bakery: TD Bank Term Loan Permanent Financing for 10 year amortization and term with a 5-year call option: Option 1: Interest rate fixed at 4.25% Option 2: Floating at 30-day LIBOR + 250 bps fixed with a SWAP ¹ NJEDA participation: fixed at 5-year treasury or floor of 2% whichever is higher, plus a 150 basis point adjustment for risk rating; 5-year term, 10-year amortization.	\$4,000,000	\$4,000,000
Equity	\$1,233,500	\$2,000,000
Total	\$11,233,500	\$16,995,000

1. Related swap exposure will be subordinate to EDA debt if the variable rate option is chosen for the equipment loan.

Use of Funds

<u>Description</u>	<u>As Approved</u>	<u>As Proposed</u>
Purchase Real Estate	\$2,700,000	\$2,700,000
Property Improvements	\$1,838,000	\$8,695,000
Purchase Equipment ¹	\$6,042,000	\$5,000,000
Soft Costs ²	\$653,500	\$600,000
Total	\$11,233,500	\$16,995,000

1. Equipment expense has been reduced as the borrower decided to postpone the purchase of packaging equipment due to increased renovation costs.
2. Includes engineering, architectural, consultant, environmental, legal, bank and EDA fees.

Recommendation

Consent to the increase in EDA's participation from \$1 million to \$1.75 million to support the increase in the bank's commercial mortgage from \$5 million to \$9.95 million based on Liscio's historical performance and projections that illustrate sufficient projected cash flow associated with the Company's relocation to the new facility.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Prepared by: Mansi Naik



MEMORANDUM

TO: Members of the Authority
FROM: Timothy Lizura, President and Chief Operating Officer
DATE: October 15, 2015
SUBJECT: Credit Delegation for Loan and Guarantee Programs

Request:

Delegate authority to staff (Level 4: Director with Recommending Officer) to allow temporary maturity extensions for up to six (6) months to improve customer service and efficiencies with matters that have limited financial risk.

Background:

Beginning in July 2003, the Members' approval has been sought to delegate authority to staff for certain financing and incentive approvals to create efficiencies for our customers and our business. Staff periodically evaluates the delegations as the business needs of our customers and the Authority evolve.

In July, 2003 and most recently in December, 2013, the members approved staff delegations to extend loan maturities up to a term equal to the original loan amortization, provided the customer was in good standing, defined as debt service coverage (DSC) is at least 1x and loan to value ratio (LTV) is equal to the lesser of LTV at approval or 100%.

Frequently, EDA's consent is required to temporarily extend the maturity on loans to allow time for borrowers to provide the necessary financial information required to support an extension. Absent granting a short term extension, these loans mature and are reported as delinquent despite borrowers continuing to make regular payments. As of August 31, 2015, seven (7) or 37% of loan delinquencies in the performing portfolio were matured loans that have continued to make regular monthly payments. Of these, five (5) are expected to be refinanced by banking partners and two (2) are awaiting financials for an extension under existing delegated authority.

To improve efficiency and responsiveness to customers, Staff is requesting delegated authority for loan maturity extensions up to six (6) months [Level 4 – Director with Recommending Officer]. Extensions will only be granted to projects with a risk rating of Watch or better and have a satisfactory payment history for a minimum of two (2) years and there is a reasonable expectation that the loan will either be repaid by a lending partner or a long term extension will be provided by EDA and/or partner bank.

Recommendation:

Consent to a new delegation to allow temporary maturity extensions for up to six (6) months as described above to enhance responsiveness to businesses and banking partners and to effectuate a more accurate reporting of delinquencies.

All actions taken under delegated authority will continue to be reported to the Members quarterly.



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: October 15, 2015

SUBJECT: New Jersey Community Development Entity-4, LLC (“NJCDE-4”) \$18,500,000 New Markets Tax Credit (“NMTC”) Allocation

Request:

Consent to the following actions needed to wind up NJCDE-4’s sub-allocation of New Markets Tax Credits (“NMTC”):

- Redemption of Neptune Investment Fund, LLC’s (“Fund”) 99.99% interest in NJCDE-4 in exchange for the assignment of all loans made by NJCDE-4 to Cityworks Neptune Office, LLC, a Qualified Active Low Income Community Business (“QALICB” or “Cityworks”).
- Assignment by the Fund of (i) NJCDE-4’s \$10.765 million loan receivable from the QALICB to TD Bank, N.A. (“TD Bank”) and (ii) \$2 million loan from the QALICB to NJEDA to satisfy the Fund’s debts to these lenders.
- Delegate to NJEDA’s CEO and President and COO, or designee, the authority to execute the documents and agreements needed to finalize the wind up of NMTC including the dissolution of NJCDE-4.

Background:

In 2004, the U.S. government awarded a \$125 million New Markets Tax Credit allocation to New Jersey Community Development Entity (“NJCDE”), an affiliate of the New Jersey Economic Development Authority, to promote economic development in low-income communities throughout New Jersey. NMTCs may be used as a credit against federal income taxes over 7 years in return for qualifying capital investments in low income areas.

In 2008, the Members approved a sub-allocation of \$18.5 million in NMTCs to NJCDE-4 to finance the construction of a 51,000 square foot office building in Neptune, NJ. Under the NMTC structure, Four Eighty-One Corp (“Investor”), an affiliate of TD Bank, provided equity of \$5.735 million in return for the \$18.5 million in NMTC, and TD Bank and NJEDA loaned \$10.765 million and \$2 million, respectively to the Fund, a special purpose affiliate owned by the Investor. The Authority also provided a \$1 million debt service deficiency guarantee on the TD Bank loan. In turn the Fund advanced these proceeds to NJCDE-4 which provided construction and permanent financing to Cityworks via a \$10.765 million loan (“Note A”), \$2 million loan (“Note B”) and \$3.885 million loan (“Note C”). The remainder of the proceeds established reserves and paid administrative fees.

The office building was completed in 2010 and now has 5 tenants serving the local community: Meridian Health Center, New Jersey Division of Taxation, West Lake Pharmacy, Affordable Housing Alliance and Midtown Urban Renaissance Corporation. Over the past 18 months, Cityworks has experienced cash flow shortfalls which resulted in a payment default on the Fund's notes due to TD Bank and NJEDA. TD Bank called the EDA guarantee, and while EDA's maximum obligation was \$1 million, under the terms of the deficiency guarantee, EDA is only required to pay ~\$536,000 for interest presently due to the Bank.

On October 1, 2015, the 7 year NMTC compliance period ended and the NJCDE-4 project is now eligible to exit the NMTC structure as follows:

1. The Fund's 99.99% interest in NJCDE-4 will be redeemed by NJCDE-4 in exchange for the assignment by NJCDE-4 of its \$10.765 million Note A, \$2 million Note B and \$3.885 million Note C due from the QALICB.
2. The Fund will satisfy its (i) \$10.765 million loan due to TD Bank by assignment of Note A to TD Bank, and its (ii) \$2 million loan due to NJEDA by assignment of Note B to NJEDA.
3. The Fund, owned by the Investor, will hold Note C (the tax credit equity).

Once these transactions are completed, NJCDE-4 will be dissolved, as there will no longer be a purpose for this entity, and TD Bank and NJEDA will become direct lenders to the QALICB and will service Notes A and B, respectively. As the Investor and TD Bank are related parties, they are expected to collaborate on the resolution of Note C. No additional servicing fee will be due to NJEDA as the Authority will service only its own loan.

Recommendation: Consent to unwind the NJCDE-4 NMTC structure as cited above and authorize NJEDA's CEO and President and COO, or designee, to execute the documents and agreements needed to finalize the wind-up of the NMTC allocation to NJCDE-4 and dissolution of NJCDE-4.

A handwritten signature in black ink, appearing to be 'J. Maticka', is written over a horizontal line.

Prepared by: J. Maticka



MEMORANDUM

TO: Members of the Authority

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

DATE: October 15, 2015

SUBJECT: Delegated Authority Approvals for 3rd Quarter 2015

For Informational Purposes Only

The following post-closing actions were approved under delegated authority during the third quarter of 2015:

Name	EDA Credit Exposure	Action
Big Top Arcade d/b/a Shake Shoppe Arcade	\$ 2,055,109	Consent to a 6 month principal moratorium to reduce debt service for this tourism business recovering from Hurricane Sandy.
Akcorp, LLC (Vish, LLC, a materials recycler)	\$ 1,774,264	Consent to Provident Bank's new \$7,789,000 commercial mortgage to facilitate the Borrower's expansion in North Brunswick.

Conduit Bonds (EDA has no credit exposure.)	
Moorestown Friends School Association	Consent to reduce the Bond's interest rate from 3.65% to 2.9% for 7 years 4 months and modify the amortization schedule.
Visiting Nurse Association of Northern NJ, Inc.	Consent to reduce the Bond's interest rate from 4.4% to 66% of (tax exempt equivalent of 10 year treasury note + 275 bps) or approximately 3.31% .



Prepared by: M. Naik



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: October 15, 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 3rd quarter ending September 30, 2015.

Prepared by: J. Halo

ACTIONS APPROVED UNDER DELEGATED AUTHORITY
 QUARTER ENDING SEPTEMBER 30, 2015

BUSINESS EMPLOYMENT INCENTIVE PROGRAM

Applicant	Modification Action	Approved Award
Accupac, Inc.	Award percentage adjustment from 75% to 70%	\$1,401,563
Corelab Partners, Inc. f/k/a RadPharm, Inc.	Award percentage adjustment from 60% to 55%	\$566,060
Phillips Van Heusen Corp –P15902 and PVH Corp. and Subsidiaries- P38173	Name change of Phillips-Van Heusen Corp. to PVH Corp. Name change of Phillips-Van Heusen Wholesale NJ, Inc to PVH Corp. Wholesale Addition of PVH Corp. Wholesale to the PVH Corp. and Subsidiaries grant as an additional tax-paying entity	\$263,000

BUSINESS RETENTION and RELOCATION ASSISTANCE GRANT

Applicant	Modification Action	Approved Award
Realogy Group LLC –P37163	Consent to the subsidiary name change from Guardian Title Company to Case Title Company	\$10,600,000

URBAN TRANSIT HUB TAX CREDIT PROGRAM

Applicant	Modification Action	Approved Award
Carl Miller Associates, I LLC f/k/a Pennrose Properties LLC	Consent to change the partnership structure of Carl Miller Associates I, LLC in order to effectuate the allocation of tax credits to its partner, JP Morgan Chase Bank	\$17,716,713
Newark Farmers Market, LLC (Owner and related to Wakefern)- P35645	Increase total square footage from 280,000 to 305,000 Change name from NFM to Newark Farmers Market Urban Renewal, LLC Add Forem Energy Group, LLC as a contributing entity	\$15,750,000
Wakefern Food Corp.-Newark- P35782	Increase total square footage from 280,000 to 305,000	\$29,250,000

SALEM/UEZ ENERGY SALES TAX EXEMPTION RENEWALS

Applicant	Extend to Date	Location	# of Employees/% Involved in Manufacturing	Benefit
Durand Glass Mfg Company, LLC	May 26, 2016	Millville, NJ	667/92%	\$900,000
Gerrsheimer Glass, Inc.	September 30, 2016	Vineland and Millville, NJ	652/75%	\$1,216,739
Mannington Mills Inc.	May 11, 2016	Mannington Twp, NJ	494/70%	\$500,000

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: October 15, 2015

SUBJECT: Retail Fuel Station – Energy Resiliency Program
(For Informational Purposes Only)

In December 2013 and again in December 2014, the members approved the Retail Fuel Station – Energy Resiliency Program (“RFS”) to aid retail fuel stations with becoming energy resilient during natural disasters that often result in extensive power outages like those that occurred during Superstorm Sandy.

The program, which is a joint effort between New Jersey Office of Emergency Management (“NJOEM”), the Federal Emergency Management Agency (“FEMA”) and EDA, was initially capitalized with \$7 million to provide grants to install permanent generators or quick connections for portable generators at retail fuel stations. The initial round resulted in 73 eligible applications of which 73/\$3,095,000 are approved. The second round resulted in 67/\$1,155,000 eligible applications, of which 10/\$200,000 are approved; an additional 34/\$560,000 are under review by FEMA, and 23/\$395,000 are incomplete. To date, 36 applicants have completed the installations at their project site (15 quick connections and 21 permanent generators).

To support program efficiencies, the members approved delegation to staff to approve these projects. Attached is a summary of the Delegated Authority approval for the third quarter ending September 30, 2015. 12 grants were approved totaling \$230,000.



Timothy Lizura

BERGEN COUNTY Applicant	Description	Grant	Anticipated Completion
Hasbrouck Heights Valero ADPP Enterprises, Inc. P40813	Installation of a quick connect at 404 Route 17, Hasbrouck Heights	\$15,000	Dec 2015
Mahwah Mobil ADPP Enterprises, Inc. P40832	Installation of a permanent generator at 261 Route 17, Mahwah, NJ	\$15,000	Dec 2015
Rochelle Park Mobil ADPP Enterprises, Inc. P40849	Installation of a quick connect at 88 Essex Street, Rochelle Park	\$15,000	Dec 2015
BURLINGTON COUNTY Applicant	Description	Grant	Anticipated Completion
Marlton BP APCO Petroleum Corp – Marlton P39117	Installation of a quick connect at 929 Route 70, Marlton	\$15,000	Nov 2015
HUDSON COUNTY Applicant	Description	Grant	Anticipated Completion
Lincoln Tunnel Exxon Lincoln Tiger LLC P40443	Installation of a permanent generator at 1836 Park Avenue, Weehawken, NJ	\$65,000	Jan 2016
MERCER COUNTY Applicant	Description	Grant	Anticipated Completion
Ewing Valero APCO Petroleum Corp – Ewing P40747	Installation of a quick connect at 798 Parkway Avenue, Ewing	\$15,000	Dec 2015
MIDDLESEX COUNTY Applicant	Description	Grant	Anticipated Completion
Woodbridge Exxon PMG New Jersey II, LLC P40491	Installation of a permanent generator at 133 Garden State Parkway North, Woodbridge, NJ	\$15,000	Jan 2016
Woodbridge Exxon PMG New Jersey II, LLC P40506	Installation of a permanent generator at 78 Garden State Parkway South Woodbridge, NJ	\$15,000	Jan 2016
MORRIS COUNTY Applicant	Description	Grant	Anticipated Completion
PequannockValero Fuel Max Inc. P39060	Installation of a quick connect at 652 Route 23 North, Pequannock	\$15,000	Oct 2015
Wharton Exxon Wharton Hill Inc. P40830	Installation of a quick connect at 340 North Main Street, Wharton	\$15,000	Dec 2015

SUSSEX COUNTY Applicant	Description	Grant	Anticipated Completion
Montague BP ADPP Enterprises, Inc. P40836	Installation of a quick connect at 16 Route 23, Montague	\$15,000	Dec 2015
WARREN COUNTY Applicant	Description	Grant	Anticipated Completion
Washington Valero ADPP Enterprises, Inc. P40856	Installation of a quick connect at 235 E. Washington Ave., Washington	\$15,000	Dec 2015
12 Grants	Approved 3Q15	\$230,000	

*



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: October 15, 2015

SUBJECT: Projects Approved Under Delegated Authority - **For Informational Purposes Only**

The following projects were approved under Delegated Authority in September 2015:

NJ Main Street Program:

- 1) CHA Learning Centers, Inc. d/b/a Somerset Hills School (P41381), located in North Plainfield Borough, Somerset County, is a day school for out of district placed youth grades K-12. The school provides education for students who are classified under New Jersey law as being eligible for special services. The Terranova Group, Inc. shares common ownership with CHA Learning Centers, Inc. Lakeland Bank approved a \$300,000 working capital line of credit, contingent upon a one year, 30% guarantee of principal outstanding, not to exceed \$90,000. The Company currently has 60 employees and plans to create three new positions within the next two years.

Small Business Fund Program:

- 1) 1013 Bergenline LLC (P41267), located in Union City, Hudson County, is a real estate holding company formed to purchase the premises in which related operating company, Espinosa Beef and Provisions Inc. ("Espinosa Beef") currently leases. Espinosa Beef has operated out of the current location since its inception in 1975 to wholesale fresh meats to commercial clients in Hudson County, NJ and NYC. The Company was approved for a \$230,000 Direct loan to purchase the project property. Magyar Bank will also provide a \$302,475 loan toward the purchase of the property. Currently, the Company has ten employees.
- 2) Belli Moran Group LLC (P41353), located in Dover Township, Ocean County is a newly established real estate holding company formed to purchase the project property. The operating company, B&B Sunoco, Inc. is a full service gas station and automotive repair facility. The Company operates two facilities located on Route 37 in Toms River, NJ and Mantoloking Road in Brick, NJ. Both facilities are currently leased from Sunoco. Ocean First Bank approved a \$1,020,000 bank loan with a \$240,000 (23.53%) Authority participation. Proceeds will be used to purchase the project property. The Company currently has eight employees and plans to create one new job within the next two years.

- 3) J Par Realty, LLC and PKD LLC (P39302) are located in Bayonne City, Hudson County. J Par Realty, LLC owns the project property that is occupied by Nautilus Forum Inc. d/b/a/ Forum Fitness Club. Forum Fitness Club was formed in 1982 as a health and exercise club in Bayonne, NJ. The Company was approved for a \$300,000 Direct loan to renovate the existing building, make improvements to a leased parking lot and payoff equipment leases. Currently, the Company has 17 employees and plans to create six new positions over the next two years.

New Jersey Advantage Program:

- 1) Aldo Carpets, Inc. (P41374 & P41375), located in Carteret Borough, Middlesex County, was founded in 1972 to sell and install floor coverings to retail customers and contractors principally located in the New York and New Jersey Metropolitan area. Benavides & Sons Realty, LLC is a real estate holding company. TD Bank, N.A. approved a \$750,000 working capital line of credit contingent upon a one year, 50% Authority guarantee of principal outstanding, not to exceed \$375,000, and a \$1,980,000 mortgage contingent upon a 50% (\$990,000) Authority participation. The proceeds of the mortgage will be used to refinance existing debt. Currently, the Company has 27 employees and plans to create two new positions within the next two years.

Camden ERB:

- 1) Fayer's Market, Inc. (P41346), located in Camden City, Camden County, is an existing grocery store containing 4,500 square feet of space in a leased building. Fayer was incorporated in 2002. The project consists of costs associated with improvements to the facility including removal of the existing sign and other debris on the property, stucco installation on exterior, roof repairs, installation of a new front door security gate, pave and line the parking lot, install new sign and install emergency lighting and other lighting fixtures. The Company was approved for a \$20,000 Business Improvement Incentive Grant for the project property. Currently, the Company has seven employees and plans to create one new job within the next two years.

Stronger NJ Business Loan Program:

- 1) Arthur Weiler d/b/a Pirates Cover Marina (P40048), located in Ocean City, Cape May County, was formed in 2005 and is a sole proprietorship. The Company rents pontoon boats, fishing supplies and equipment, kayaks, paddle boards and other water craft to locals and renters. Superstorm Sandy resulted in significant damage to the Company's rental equipment and damaged the infrastructure needed to run operations (docks, electrical, etc.). The financial review for a \$153,740 construction loan has been completed. Final approval is subject to a satisfactory DEP review.
- 2) Jo Ann Netta d/b/a Black Dog Cafe Deli (P39033, P41348 & P41419), located in Beach Haven Borough, Ocean County, was founded in 1996 as a woman owned, family operated deli based in Beach Haven. Black Dog provides breakfast, lunch, and picnic lunches/dinners for beachgoers. Superstorm Sandy destroyed the inside of the building, which has been unable to reopen since the storm. The Company was approved for a \$28,000 working capital loan to be used to reimburse expenses including new inventory to be purchased, utilities and payroll. The financial review of a \$79,341 construction loan has been completed. Final approval is subject to a satisfactory DEP review. Proceeds from the construction loan and \$50,000 forgivable construction loan will be used to replace equipment, repair electric, plumbing, roofing, and other structural aspects that were damaged by the storm.

- 3) Green Earth Biodiesel (P40977), located in Toms River, Ocean County, was founded in 2011. The Company collects cooking oil from restaurants, food manufacturers, and other operations that create certain waste oils, and refine it into biodiesel, a nontoxic renewable fuel that can be used in diesel cars and trucks, or heating oil and burns 70% cleaner than ordinary petrol-based diesel. The Company was approved for a \$177,000 working capital loan to reimburse working capital expenses incurred after Superstorm Sandy including damaged/lost inventory and furnishings, and utilities and payroll reimbursement.
- 4) Monmouth Marine Engines, Inc. (P41360), located in Brielle Borough, Monmouth County, was founded in 1976 to sell, install, repair and service boat engines, along with selling engine-related parts. Additionally, the Company offers a range of vessel services for boats including storm damage repair, shrink-wrap, 'vacuflush' among many other services. The Company was approved for a \$559,112 working capital loan to reimburse working capital expenses incurred after Superstorm Sandy including inventory, professional service fees, and payroll reimbursement.
- 5) New Jersey Appliance LLC (P39907 & P41480), located in Lakewood Township, Ocean County, was established in 2007 as a major appliance retail store. The Company, which is owned by two husband and wife couples, carries a wide range of major appliances in various name brands and price points. The Company was approved for a \$450,000 working capital loan and a \$50,000 forgivable loan to reimburse working capital expenses incurred after Superstorm Sandy.

New Jersey Business Growth Fund - Modification:

- 1) R & W Investments and Technitool Inc. (P41392) are located in Berlin Township, Camden County. R & W Investments is a related real estate holding company that owns the two properties that are currently occupied by the operating company. Technitool, Inc. was formed in 1975 as a manufacturer of high quality form tools, trim tools, press tools, progression tools, jigs and fixtures. PNC Bank approved a renewal of a \$384,773 term loan with a 60 month, 25% of principal outstanding, not to exceed \$96,193. Original loan proceeds were used to refinance existing real estate. All other terms and conditions of the original approval remain unchanged.



Prepared by: D. Lawyer
DL/gvr

REAL ESTATE



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: October 15, 2015

SUBJECT: Real Estate Division Delegated Authority for Leases, CCIT Grants, and Right of Entry (ROE)/ Licenses for Third Quarter 2015
For Informational Purposes Only

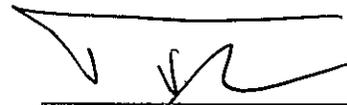
The following approvals were made pursuant to Delegated Authority for Leases and ROE/ Licenses in July, August and September 2015.

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
BioAegis Therapeutics	CCIT	Lease Extension	One Year	800 sf	N/A
VESAG	CCIT	Lease Extension	One Year	125 sf	N/A
Ascendia Pharmaceuticals	CCIT	Lease Extension	One Year	2775 sf	N/A
SunGen Pharma	CCIT	New Lease	One Year	800 sf	N/A
DCM Architectural and Engineering	WTCC	Lease Extension	Month to Month	2,900 sf	N/A
Sophion	Tech Centre	Lease Termination & Rent Forgiveness \$32,783.33	As of August 31, 2015	5,125	N/A

RIGHT OF ENTRY/LICENSES

<u>ENTITY</u>	<u>LOCATION</u>	<u>TYPE</u>	<u>CONSIDERATION</u>
Parking Authority of the City of Camden	WTCC Lot	ROE to allow Hall of Justice Employees to use lot for 1 year	20% of gross parking revenue.
Parking Authority of City of Camden	WTCC, West Lot and Prison Lot	Amendment to existing ROEs to allow for additional parking for papal visit	WTCC and West Lot consideration is 20% of parking revenue; Prison Lot is 80% of gross parking revenue.
Liberty Property Trust	West Lot (Camden Waterfront)	ROE for Access for Due Diligence	-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

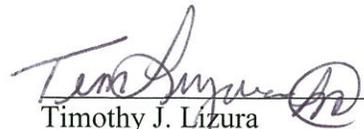
DATE: October 15, 2015

SUBJECT: Real Estate Division Delegated Authority for Approval of Projects under the Streetscape Revitalization Program For the Third Quarter 2015
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 for July, August and September 2015:

**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	7/9/15
Little Egg Harbor	Streetscape	\$845,000.00	In Closing
Pleasantville	Streetscape	\$461,476.00	In Closing



Timothy J. Lizura
President/ Chief Operating Officer

Prepared by: Donna T. Sullivan



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

RE: Camden Waterfront Development and Option Agreement, dated October 19, 2004, and amended November 18, 2013 and July 31, 2015 (“D&O Agreement”).
Approval of the Letter Agreement Authorizing the Sale of Steiner + Associates’ Interest in Camden Town Center, L.L.C., and the Third and Fourth Amendments to the D&O Agreement

DATE: October 15, 2015

Summary

I request that the Members approve the following:

- A Letter Agreement between Liberty Property Trust (“LPT”) and the Authority which approves LPT’s acquisition of 100% of the equity interest in Camden Town Center, L.L.C. (“CTC”)
- The Third Amendment to the D&O Agreement which will provides CTC with an additional 6 months to fulfill the \$25 million minimum threshold expenditure currently due on November 30, 2015, in the event that the sale of the equity interest to LPT does not occur
- The Fourth Amendment to the D&O Agreement which changes the existing minimum threshold expenditures due to LPT’s proposed purchase of 100% of the equity interest in CTC

Background

A. October 2004 D&O Agreement

In 2003, Steiner + Associates (“Steiner”), the developer that controls CTC, was selected by Treasury to complete the Aquarium Expansion and to develop further projects on the Camden waterfront. Treasury selected the Authority, because of its economic development experience, to facilitate the additional development on the waterfront.

On September 14, 2004, the Members approved the Agreement between the Authority and CTC, which governed the development of ±30 acres 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. As of this date, CTC has completed the Aquarium Expansion (±\$7 million development cost) and the Ferry Terminal Building (±\$20 million development cost).

The 30 acres includes 3 parcels as follows:

- Parcels 1 (±4 acres) and Parcel 3 (±6 acres) owned by the Authority
- Parcel 2 (±20 acres) owned by the City of Camden Redevelopment Agency (“CRA”)

Under a separate agreement, CRA assigned the Parcel 2 development rights to the Authority to administer under the D&O Agreement.

B. November 2013 Amendment to the D&O Agreement (First Amendment)

In July, 2013, the Members approved revisions to the D&O Agreement which included the following changes to Sections 3 and 12:

Item	Requirement	Revised Estimated Due Date	Notes
\$25 Million Milestone	Pay 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	Pay 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 13 was also adjusted to be consistent with the revised \$25 and \$75 million 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 (“DRPA”), is no longer included in the parcels governed by the Agreement.
3. *Parcel 3.* The remaining portion of Parcel 3 was removed from the D&O Agreement and the Authority regained the development rights to Parcel 3. To the extent possible, any future development on Parcel 3 would be consistent with the current master plan and design guidelines developed by CTC. 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.

C. July 31, 2015 Amendment to the D&O Agreement (Second Amendment)

Since 2013, CTC has proceeded with submitting items as required to meet the Section 13 interim milestones by completing the environmental due diligence, submitting an infrastructure plan and plans and specifications for a residential project on a portion of Parcel 2 which adjoins Campbell's Field.

Under the First Amendment to the D&O Agreement there was a \$25 million milestone due on July 31, 2015. For this milestone, CTC was entitled to a \$7 million credit for amounts that exceeded the previous \$13 million milestone which CTC met when it completed the Ferry Terminal Building.

In January 2015, CTC approached staff with the possibility that Liberty Property Trust ("LPT") had an interest in developing commercial properties on a portion of Parcel 2. 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, LPT met with Authority staff and presented its preliminary vision to develop ±418,250 SF of commercial space (retail, office, and flex space), ±1,638 residential units, and ±140 hotel rooms on Parcel 2 and the DRPA tram related sites.

To permit negotiations between CTC and LPT, the President and Chief Operating Officer, on March 18, 2015 and May 20, 2015, authorized the standstill of the existing interim milestones. The standstill period expired on June 20th.

After several months of negotiations, CTC and LPT advised staff in mid-June of this year that they could not reach an agreement regarding LPT's purchase of CTC's equity interest. CTC requested a four month extension of the July 31st minimum threshold expenditure deadline; the requested four months was equivalent to the standstill period the Authority had provided to CTC to negotiate with LPT.

At the July 9th meeting, the Members approved the Second Amendment to the D&O Agreement which extended the \$25 million minimum threshold expenditure deadline four (4) months from July 31, 2015 until the end of the day of November 30, 2015. The Second Amendment to the D&O Agreement became effective on July 31, 2015.

D. Current Status

1. Further Negotiations Between LPT and CTC

In late July of this year, Authority staff met with LPT and CTC and in that meeting LPT renewed its interest to purchase CTC's equity interest. After the late July meeting, LPT and CTC recommenced negotiations and reached an agreement for the sale of CTC's equity interest to LPT.

2. Background on Liberty Property Trust

Established in 1972 and headquartered in Malvern Pennsylvania, LPT develops, acquires, leases and manages commercial (industrial and office) real estate. In 1994, LPT became a publicly traded real estate investment trust. LPT owns and manages 88 million SF of commercial real estate in 24 United State markets and the United Kingdom.

The firm's primary growth is through development of new commercial space. As of December 31, 2014, LPT has 4.3 million SF of commercial space in development (wholly owned by LPT), totaling \$465.1 million. The properties in development, as of December 31, 2014, are 48% leased.

In addition to properties under development, LPT owns approximately 1,491 acres, zoned for commercial uses, with the estimated development capacity of 19.8 million SF. This land is valued at ±\$269 million.

As of December 31, 2014, LPT's holdings include 63% industrial properties and 37% percent office properties. LPT is in the process of transitioning its portfolio holdings from suburban office to industrial and metro-office properties. The inherent risks in the transition include:

- Industrial properties have less cash flow than suburban office properties
- The anticipated demand in industrial and metro-office sectors may not materialize
- LPT's identification of markets with strong demographics and economic fundamentals may prove erroneous due to economic and global conditions outside LPT's control

The following chart summarizes LPT's financial condition as of December 31, 2014 and June 30, 2015:

	<i>As of:</i> 12/31/2014	<i>As of:</i> 6/30/2015	% Change
Total Assets	\$6,625,536,000	\$6,556,730,000	-1.04%
Total Liabilities			
Debt & Other Liabilities	\$3,531,622,000	\$3,503,926,000	-0.78%
Equity & Other Interests	\$3,093,914,000	\$3,052,804,000	-1.33%
Operating Revenue	\$792,631,000	\$203,518,000	
Net Income	\$224,163,000	\$29,249,000	
Income Per Share			
Net Income Per Share	\$1.47	\$0.48	

E. Approval of Proposed Documents

1. The Letter Agreement

The proposed Letter Agreement between the LPT and the Authority will provide the following:

1. The Authority will approve LPT's acquisition of 100% of the equity interest in CTC.
2. At the acquisition closing, the Authority and CTC will execute the Third Amendment to the D&O Agreement.

3. The Authority will cooperate with LPT to:
 - a. Reach agreements with the DRPA and the CRA to obtain approval of the D&O Amendment, to terminate the easements in favor of DRPA for the construction of the Tram, Tram Landing Site, and Tram Parking Facility that run across the development site
 - b. Reach agreement with CRA regarding the agreement required by Section 3 of the D&O Amendment
 - c. Work with Cooper's Square Urban Renewal Venture, LLC ("Cooper's Square") to identify acceptable parking alternatives for the Ferry Terminal building
 - d. Establish use restrictions, architectural controls and architectural review process for the development parcel.
4. LPT will work to complete the amendment to the Master Plan which will include a time table for development.
5. With regard to items 1-4 above, LPT's sole remedy shall be a termination of its Entity Interest Acquisition Agreement and the parties agree that there will be no liability for damages under this letter. LPT shall have no remedy against the NJEDA at law or equity.
6. The Authority agrees that for a period of up to one year, the Authority will not revoke its approval of LPT acquiring the equity interest in CTC and the Authority will not change its agreement to enter into the Third Amendment to the D&O Agreement. With regard to these provisions, the parties have agreed to be governed by the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq. for Sections 7 through 10 of the Letter Agreement.

The proposed Letter Agreement will permit LPT to execute the agreement to purchase 100% of CTC's equity interest, to commence due diligence, and to negotiate with DRPA, CRA and Cooper's Square as noted in 3.a. through 3.c. above. Upon completion of the due diligence period, LPT will either purchase the equity in CTC or provide notice that it is not proceeding with the purchase. The Letter Agreement, in substantially final form, is attached to this memorandum as Exhibit A.

2. The Third Amendment to the D&O Agreement

The proposed Third Amendment to the D&O Agreement will extend the existing \$25 million milestone from November 30, 2015, until the earlier of:

- After the end of LPT's due diligence period, which is six (6) months with a possible three (3) month extension
- Six (6) months after LPT gives written notification that it no longer intends to acquire the existing membership interest in CTC

This amendment will permit LPT to complete the due diligence process under the agreement to acquire the equity interest in CTC. The Third Amendment to the D&O Agreement, in substantially final form, is attached to this memorandum as Exhibit B.

3. *The Fourth Amendment to the D&O Agreement*

The proposed Fourth Amendment to the D&O Agreement will include the following revisions to Section 12 of the D&O Agreement:

Item	Requirement	Revised Estimated Due Date	Notes
\$36 million	Pay or incur \$36 million between July 1, 2015 and 12 calendar months after the date of the Fourth Amendment (revised subtotal of milestone spending: \$56 million)	12 calendar months after the date of the Fourth Amendment	The amendment increases the milestone from \$25 to \$35 million. The period will be extended from November 31, 2015 to 12 calendar months after the date of the Fourth Amendment.
\$36 million	Pay \$36 million (as opposed to incur) within 24 calendar months after the date of the Fourth Amendment (revised subtotal of milestone spending: \$56 million)	24 calendar months after the date of the Fourth Amendment	This section is new and requires \$36 million be paid within 24 calendar months after the date of the Fourth Amendment.
\$40 million	Pay or incur \$40 million within 24 months after the date of the Fourth Amendment (subtotal of milestone spending: \$76 million)	24 calendar months after the date of the Fourth Amendment	This section is new and requires \$40 million be paid or incurred within 24 calendar months after the date of the Fourth Amendment.
\$40 million	Pay (as opposed to incur) \$40 million within 36 months after the date of the Fourth Amendment (subtotal of milestone spending: \$76 million)	36 calendar months after the date of the Fourth Amendment	This section is new and requires \$40 million be paid within 36 calendar months after the date of the Fourth Amendment.
\$74 million	Pay or incur \$74 million within 42 calendar months after the date of the Fourth Amendment (revised subtotal of milestone: \$150 million)	42 calendar months after the date of the Fourth Amendment	This amendment decreases the milestone from \$75 to \$74 million. The period will be extended to 42 calendar months after the date of the Fourth Amendment.
\$74 million	Pay (as opposed to incur) \$74 million within 54 calendar months after the date of the Fourth Amendment (revised subtotal of milestone: \$150 million)	54 calendar months after the date of the Fourth Amendment	This section is new and requires \$74 million be paid within 54 calendar months after the date of the Fourth Amendment.

The following revisions are also proposed:

1. *State Projects*. Subject to State House Commission approval, the right for the State to develop projects on the D&O parcels will be deleted.

2. *Permitted Assignee.* The definition of “Permitted Assignee” that may develop projects will be revised to remove references to Mall Camden Investments, LLC, and permit LPT or its affiliate to develop a project. It also permits an unaffiliated hotel or residential developer, approved by the Authority in its sole discretion, to develop projects.
3. *Due Diligence.* This revision will permit LPT to perform due diligence at any time under an access agreement to be executed by the parties.
4. *Tram Site.* Subject to a written agreement with DRPA, DRPA development projects will no longer include the Tram Landing Site or Tram Parking Facility.
5. *Interim Milestones.* The interim milestones will be removed and replaced with a semi-annual reporting requirement.
6. *Future Easements for DRPA Projects.* The Authority will agree to no longer grant DRPA or any other person any additional easements in connection with the DRPA Development Projects.
7. *Default Sections.* The pertinent default sections will be revised to include LPT.
8. *Ferry Terminal Parking.* The Authority will agree to cooperate with CTC to find alternative parking for the Ferry Terminal Building tenants.
9. *Landlord Improvements Under Signed Leases.* Any fully signed lease that includes landlord paid improvements will count as an amount incurred as minimum threshold expenditure.
10. *Options on Parcel 2.* Subject to CCRA approval, if CTC cancels an option on Parcel 2, it may again exercise that option at a later time.

These revisions will be consistent with DRPA’s future development plans on the Tram parcel, and reflect LPT’s need to make Parcels 1 and 2 as financially productive as possible.

The following chart summarizes the additional spending on the Camden Waterfront that will be achieved under the proposed Fourth Amendment to the D&O Agreement, compared to the 2004 D&O Agreement and the 1st Amendment to the D&O Agreement:

Minimum Threshold Expenditures (MTEs)	2004 D&O Agreement	2013 1st Amendment	2015 4th Amendment
MTEs Completed (Aquarium & Ferry Terminal)	\$20,000,000	\$20,000,000	\$20,000,000
MTEs Pending	\$115,000,000	\$100,000,000	\$150,000,000
Total MTEs	\$135,000,000	\$120,000,000	\$170,000,000
4th Amendment MTEs	\$170,000,000	\$170,000,000	
minus Previous MTEs	\$135,000,000	\$120,000,000	
4th Amendment Additional Spending	\$35,000,000	\$50,000,000	

The proposed Fourth Amendment to the D&O Agreement will require \$35 million more spending than the initial D&O Agreement and \$50 million more spending than the First Amendment to the D&O Agreement. The Fourth Amendment to the D&O Agreement, in substantially final form, is attached to this memorandum as Exhibit C.

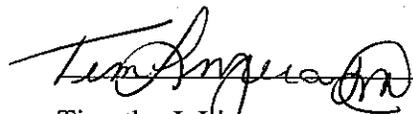
The proposed amendment to the D&O Agreement's Master Plan, which provides an overview of LPT's proposed development, is attached as Exhibit D.

Recommendation

I ask that the Members approve:

- The Letter Agreement
- The Third Amendment to the D&O Agreement
- The Fourth Amendment to the D&O Agreement

The final documents may be subject to revisions, although the basic terms and conditions will remain consistent with those in Exhibit A through C. 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: LETTER AGREEMENT

DRAFT
AUGUST 25, 2015

[Print on Liberty letterhead]

_____, 2015

New Jersey Economic Development Authority (“NJEDA”)
36 West State Street
Trenton, NJ 08625
Attention: Timothy Lizura

Re: Camden Waterfront

Dear Mr. Lizura:

As you know, we have executed an agreement dated August 19, 2015 whereby Liberty Property Trust or an affiliated entity controlled by Liberty Property Trust (together, “**Liberty**”) would acquire all of the existing equity interests in Camden Town Center, LLC, a New Jersey limited liability company (the “**Company**”). Such agreement is referred to in this letter as the “**Agreement of Sale and Purchase**”. As of today, the parties which are potential additional investors in such affiliated entity to be controlled by Liberty Property Trust are identified on Schedule A to this letter.

The NJEDA and the Company are parties to a certain Development and Option Agreement dated October 19, 2004, as amended by an amendment thereto dated November 18, 2013, Second Amendment dated July 31, 2015, and Third Amendment dated August __ 2015 (as amended, the “**D&O Agreement**”).

Prior to completing closing on the acquisition of the equity interests in the Company, Liberty will incur significant expenditures in the performance of its due diligence activities, as well as expenses of preparing and seeking approval of an Amendment to Master Plan for the Development Site under the D&O Agreement, all to be performed during the due diligence period of six months, with a three month extension, unless previously terminated (the “**Due Diligence Period**”) as defined under the Agreement of Sale and Purchase. In order to facilitate the start and continuance of Liberty’s due diligence activities, we request that NJEDA provide certain assurances.

By executing a counterpart of this letter, during the Due Diligence Period and, provided Liberty determines to acquire all of the existing equity interests of the Company, for the two (2) month period following the Due Diligence Period, or such longer period (not to exceed an additional 30 days), to close the acquisition under the Agreement of Sale and Purchase (“Closing Period”), with the agreement that the Due Diligence Period and Closing Period cannot be further extended without the approval of the NJEDA, the parties agree to the following:

1. The NJEDA shall take no action to terminate the D&O Agreement or exercise any remedy available to the NJEDA by reason of any default by the Company under the D&O Agreement.
2. NJEDA shall cooperate with Liberty in Liberty’s efforts to reach agreements with the Delaware River Port Authority (“DRPA”) and City of Camden Redevelopment Authority (“CCRA”) to (a) obtain their approval of the D&O Amendment and (b) terminate all easements running in favor of the DRPA with respect to the construction and maintenance of, and parking for, the Tram, Tram Landing Site and Tram Parking Facility which encumber portions of the Development Site.
3. NJEDA shall cooperate with Liberty in Liberty’s efforts to reach agreements with the CCRA to obtain the written agreement of CCRA contemplated by Section 3 of the D&O Amendment.
4. NJEDA shall work cooperatively with Cooper’s Square Urban Renewal Venture, LLC and Liberty to identify mutually acceptable alternatives for parking that will satisfy the Company’s legal and contractual commitments to provide parking for the occupants of the Ferry Terminal Building.
5. NJEDA shall cooperate with Liberty in establishing use restrictions, architectural controls and an architectural review process, to be controlled and administered by Liberty, over improvements to be constructed on the Development Site.
6. Liberty shall work diligently to complete a Master Plan for the Development Site for review and approval by the NJEDA, that includes a timeline for development and expenditures, that will be presented to the NJEDA board during the Due Diligence Period and prior to the execution of the fourth amendment to the D&O Agreement in the form attached as Schedule B to this letter, as such form may be modified with the mutual approval of Liberty and NJEDA (the “**Fourth D&O Amendment**”).

Liberty agrees that its sole remedy under Sections 1 through 6 above shall be a termination of its Agreement of Sale and Purchase and the parties agree that there will be no liability for damages under this Letter. Liberty shall have no remedy against the NJEDA at law or equity.

NJEDA represents that the following are true and warrants to Liberty that for the Due Diligence Period and the Closing Period, NJEDA will not take any action to change the following:

7. At a board meeting dated _____, 2015, the NJEDA approved the acquisition by Liberty of 100% of the equity interests in the Company and the execution of this Letter.
8. Liberty has approved the Second Amendment to D & O Agreement and Third Amendment to D&O Agreement, attached as Schedule C to this letter, and the Fourth D&O Amendment. At closing on the acquisition by Liberty of the equity interests in the Company, the NJEDA and Liberty will execute and deliver the Fourth D&O Amendment. Any other amendment to the D&O Agreement that predates the execution of the Fourth D& O Amendment shall be subject to the prior written approval of Liberty.
9. The “Association” to be formed under that certain Declaration of Easements, Covenants and Restrictions dated October 28, 2003 by the NJEDA and the CCRA and recorded in OR Book 7231 Page 1408 as File Number 2003094974 (the “**Declaration**”) has not been formed. The NJEDA and CCRA have not assigned and, without the prior written consent of Liberty, shall not assign to the Association any rights the NJEDA has under Section 8 or Section 10 of the Declaration including, without limitation, the right to approve exterior architectural compatibility between improvements on the Town Center Parcel and those on the other Parcels (as such terms are defined in the Declaration).

The parties agree to be governed by the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq. for Sections 7 through 9 of this letter.

[This space intentionally left blank – signature page follows]

Kindly execute a counterpart of this letter to confirm your agreement with its terms.

Very truly yours,

LIBERTY PROPERTY TRUST

By: _____

Name:

Title:

ACKNOWLEDGED AND AGREED:

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: _____

Name:

Title:

SCHEDULE B

FORM OF FOURTH D&O AMENDMENT

FOURTH AMENDMENT TO DEVELOPMENT AND OPTION AGREEMENT

THIS FOURTH AMENDMENT TO DEVELOPMENT AND OPTION AGREEMENT (the "**Fourth Amendment**") dated as of [*insert date of closing on acquisition of equity interests in CTC*] _____, 201__, 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 entered into as of October 19, 2004, as amended by that certain Amendment to Development and Option Agreement dated as of November 18, 2013, that certain Second Amendment to Development and Option Agreement dated as of July 31, 2015, and that certain Third Amendment to Development and Option Agreement dated as of August _____, 2015 (as so amended, the "**Original Agreement**");

WHEREAS, CTC has presented and the NJEDA has approved an Amended Master Plan and time line associated therewith that contemplates the accelerated development of the Camden Waterfront, with \$76 million to be spent within three years hereof and \$150 million to be committed to be spent within three and one half years hereof.

WHEREAS, the Parties desire to amend certain portions of the Agreement (as defined below) in compliance with Section 28 of the Original Agreement in order to accelerate the development of the Camden Waterfront.

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 Fourth Amendment.

(b) Defined terms used but not otherwise defined in this Fourth Amendment shall have the meanings ascribed to such terms in the Original Agreement.

2. Amendments to Section 2 of the Original Agreement.

(a) The definition of Permitted Assignee contained in Section 2(vv) of the Original Agreement is deleted and the following is substituted in its place:

"Permitted Assignee" shall mean (i) an end-user of a Subproject on a particular Parcel or Subparcel,

provided that the end-user shall construct (or have constructed) its own building and other improvements as and for the Subproject and shall own the tract of land upon which they are to be constructed; (ii) a developer for, or designee of, the end-user, provided that there is a long-term relationship between them, i.e., at least fifteen (15) years; (iii) a single purpose entity, which is an Affiliate or subsidiary of any of (1) CTC or (2) Liberty Property Trust ("LPT"), and whose sole asset is (or shall be upon Closing) the Parcel/Subparcel and Subproject in question; *provided that* CTC or LPT retains control of the development of the Subproject and retains at least a twenty-five percent (25%) ownership interest (direct or indirect) in such entity, and which single purpose entity may include, without limitation, a "limited dividend entity", as defined in, and pursuant to, the Long Term Tax Exemption Law, N.J.S. A. 40A:20-1 et. seq., whose members are comprised of CTC or LPT and/or any Affiliate or subsidiary thereof; *provided further that*, for any Subproject that will be a residential development a Residential Developer may retain control of the development of such Subproject, and for a Subproject that will be a hotel development a Hotel Developer may retain control of the development of such Subproject; or (iv) Dranoff, in connection with any residential use of a Parcel or Subparcel.

(b) For purposes of the Agreement, the following defined terms shall have the following meanings:

"**Affiliate**" shall mean any Person that controls, is controlled by, or is under common control with any other Person.

"**Hotel Developer**" shall mean an entity approved by NJEDA in its sole discretion based on a review of the entity's experience, capacity and reputation which specializes in hotel development and whose principals have not less than ten (10) years of experience in the development of hotels.

"**Residential Developer**" shall mean an entity approved by NJEDA in its sole discretion based on a review of the entity's experience, capacity and reputation which specializes in residential development and whose principals have not less than (10) years of experience in the development of residential projects in the State of New Jersey.

3. Amendment to Section 5 of the Original Agreement. Section 5(d)(iv) of the Original Agreement is amended by deleting the third sentence of such Section and replacing it with the following:

[Note – this is subject to written agreement by CCRA:] If CTC elects to cancel the exercise of the Option pursuant to clause (1) above, then neither party shall have any further liability to the other with respect to the exercise of the option in question and the imposition by CCRA of such requirements and conditions; provided, as contemplated by Section 5(c), CTC may again exercise an Option for said Parcel or Subparcel in the future.

4. Amendment to Section 8 of Original Agreement. Section 8(c) of the Original Agreement is amended and restated in its entirety as follows:

(c) *[Note – this is subject to the written approval of the CCRA:]* CTC shall have the right, exercisable at any time, to inspect, investigate, test, survey, and conduct due diligence with respect to any Parcel or part thereof (but not to perform any construction thereon) pursuant to a mutually acceptable access agreement to be executed by the Parties.

5. Amendment to Section 10 of the Original Agreement.

(a) *[Note – this is subject to written agreement by DRPA:]* The DRPA Development Projects shall no longer include the Tram Landing Site or Tram Parking Facility.

(b) *[Note – this is subject to the written approval of the DRPA:]* Notwithstanding anything contained in Section 10(d) of the Original Agreement, from and after the date of this Fourth Amendment, NJEDA shall no longer have any right to grant to DRPA or any other Person any additional easements in connection with any DRPA Development Project.

(c) Notwithstanding anything contained in Section 10(e) of the Original Agreement, a movie theater may be operated on any portion of the Development Site. NJEDA acknowledges that the exclusivity rights granted to the operator of the IMAX Theater Project under Section 10(e) of the Original Agreement have terminated.

(d) NJEDA acknowledges and agrees that the identification tower and sign referenced in Section 10(f) of the Original Agreement shall not be located on any portion of the Development Site.

6. Amendment to Section 11 of the Original Agreement. *[Note – this is subject to the appropriate approvals by the State:]* Section 11 of the Original Agreement, State Developments, is removed entirely from the Original Agreement and shall no longer have any force or affect. Any and all references in the Agreement to “State Developments” and “State Developers” are also removed from the Agreement.

7. Amendment to Section 12 of the Original Agreement.

(a) Amounts payable for improvements by an end-user for any Subproject, or by a landlord or a tenant under any fully signed lease for any Subproject, notwithstanding the existence of contingencies to the obligations of the end-user or of either the landlord or the tenant under such lease, shall be deemed “incurred” for purposes of the definition of Minimum Threshold Expenditure. Subject to the express limitations contained in the provisos of Section 12(a) of the Original Agreement, amounts actually paid or incurred on account of any expense described in Section 12(a) of the Original Agreement by CTC or LPT, or an Affiliate of CTC or of LPT, shall also constitute Minimum Threshold Expenditures.

(b) Sections 12(b)(i) – (iv) are amended and restated as follows:

- (i) Thirty-Six Million Dollars (\$36,000,000) of Minimum Threshold Expenditures actually paid or incurred between July 1, 2015 and the date which is twelve (12) calendar months after the date of this Fourth Amendment;
- (ii) Thirty-Six Million Dollars (\$36,000,000) of Minimum Threshold Expenditures actually paid (as opposed to merely incurred) within twenty-four (24) calendar months after the date of this Fourth Amendment;
- (iii) Forty Million Dollars (\$40,000,000) of Minimum Threshold Expenditures actually paid or incurred, in addition to the \$36,000,000 of Minimum Threshold Expenditures required by clauses (i) and (ii) above, within twenty-four (24) calendar months after the date of this Fourth Amendment, for an aggregate interim total of Minimum Threshold Expenditures actually paid or incurred by such date of Seventy-Six Million Dollars (\$76,000,000);
- (iv) Forty Million Dollars (\$40,000,000) of Minimum Threshold Expenditures actually paid (as opposed to merely incurred), in addition to the \$36,000,000 of Minimum Threshold Expenditures actually paid required by clause (ii) above, within thirty-six (36) calendar months after the date of this Fourth Amendment, for an aggregate interim total of Minimum Threshold Expenditures actually paid (as opposed to

merely incurred) by such date of Seventy-Six Million Dollars (\$76,000,000);

(v) Seventy-Four Million Dollars (\$74,000,000) of Minimum Threshold Expenditures actually paid or incurred, in addition to the \$76,000,000 of Minimum Threshold Expenditures required by clauses (i) through and (iv) above, within forty-two (42) calendar months after the date of this Fourth Amendment, for an aggregate interim total of Minimum Threshold Expenditures actually paid or incurred by such date of One Hundred Fifty Million Dollars (\$150,000,000); and

(vi) Seventy-Four Million Dollars (\$74,000,000) of Minimum Threshold Expenditures actually paid (as opposed to merely incurred), in addition to the Seventy-Six Million Dollars (\$76,000,000) of Minimum Threshold Expenditures actually paid required by clauses (ii) and (iv) above, within fifty-four (54) calendar months after the date of this Fourth Amendment, for an aggregate total of Minimum Threshold Expenditures actually paid (as opposed to merely incurred) by such date of One Hundred Fifty Million Dollars (\$150,000,000).

(c) Section 12(d) of the Original Agreement is amended and restated as follows:

(d) The amount of the Minimum Threshold Expenditures set forth in Section 12(b) above may be carried forward and used and applied by CTC in the future in the event that the amount of the Minimum Threshold Expenditures actually made for the particular time period exceeds the required minimum amount for each level. For example, because the first level of Minimum Threshold Expenditures is Thirty-Six Million Dollars (\$36,000,000.00) paid or incurred and the second level of Minimum Threshold Expenditures is Thirty-Six

Million Dollars actually expended, if CTC has \$50,000,000 of Minimum Threshold Expenditures, of which \$10,000,000 has actually been expended, on or before the first anniversary of the date of this Fourth Amendment, the Ten Million Dollars (\$10,000,000.00) actually expended may be credited towards the Thirty-Six Million Dollars (\$36,000,000.00) requirement of the second level, and the additional Four Million Dollars (\$4,000,000) of Minimum Threshold Expenditures incurred but not expended may be credited toward the \$40,000,000 requirement of the third level, and so on.

8. Amendment to Section 13 of the Original Agreement. Section 13 of the Original Agreement, Interim Benchmarks, is removed entirely from the Original Agreement and shall no longer have any force or effect.

9. Amendment to Section 17 of the Original Agreement.

(a) Sections 17(c)(iii) and (iv) are removed entirely from the Original Agreement and shall no longer have any force or effect.

(b) All references to "Steiner" contained in Section 17(c) are removed from Section 17(c) of the Original Agreement and shall no longer have any force or effect.

(c) Sections 17(c)(x), (xi) and (xii) are amended and restated as follows:

(x) The determination by NJEDA, in its sole and absolute discretion, either that the financial condition of CTC and or LPT is unsound or that CTC is in material default of any contract or agreement with NJEDA or any contract or agreement with a third party related to a Subproject, and the failure by CTC to cure such financial condition or material breach to NJEDA's satisfaction, in its sole and absolute discretion, within ninety (90) days after Notice from NJEDA;
or

(xi) The failure by CTC to provide on a quarterly basis (i.e. on or before March 31, June 30, September 30 and December 31 of each year during the Option Term certificates from each of CTC and LPT in form and substance reasonably acceptable to

NJEDA, and duly executed by the managing member of CTC and an officer of LPT, as applicable, certifying as to the financial condition of CTC and LPT and whether CTC or LPT, as applicable, is in material breach of any contract or agreement with NJEDA or any contract or agreement with a third party related to a Subproject, together with any documentation reasonably requested by NJEDA in connection therewith, and such failure is not cured within thirty (30) days after Notice from NJEDA of such failure, provided, however, that CTC and LPT shall only be required to provide financial statements on an annual, not quarterly, basis; or

(xii) The transfer, sale, conveyance or assignment of any membership interest in CTC, unless NJEDA has first been notified of such proposed transfer, sale, conveyance or assignment and consented thereto in writing, which consent may be granted or withheld in the sole and absolute discretion of NJEDA; provided, however, but subject to Section 43 of the Agreement, that the holder(s) of any membership interest in CTC may make transfers of such equity interests among themselves without the consent of NJEDA, and members or shareholders of any holder of any membership interest in CTC may make transfers of their respective equity interests in such holders without the consent of NJEDA, as long as in each such event (A) such transfer will not conflict with, or result in the breach of, any term, condition or provision of any agreement, deed, contract, undertaking, mortgage, indenture, writ, order, decree, restriction, legal obligation, or instrument to which CTC or such holder is a party or by which CTC or such holder or any of its or their assets is or may be bound or affected; (B) such transfer will not constitute a default (or an event which, with the giving of notice, the passage of time, or otherwise, would constitute a default) thereunder; and (C) such transfer will not cause or result in a Change in Control (as defined below) of CTC. As used herein, "Change of Control" shall be deemed to have occurred if Liberty Property Trust becomes the holder, directly or indirectly, of less than fifty-one percent (51%) of the equity interests of CTC, other than by reason of (i) a

merger or consolidation of Liberty Property Trust or Liberty Property Limited Partnership with any other party or (ii) a sale of all or substantially all of (A) the stock of Liberty Property Trust or (B) the partnership interests or assets of Liberty Property Limited Partnership. The Parties acknowledge that Liberty Property Trust is a publicly traded company and no issuance or transfer of any stock of Liberty Property Trust or partnership interests in Liberty Property Limited Partnership shall constitute a Change of Control.

10. Amendment to Section 18 of the Original Agreement. The following is added at the end of the first sentence to Section 18(j) of the Original Agreement:

“; provided, however, said obligation shall be limited to any claims, demands, liabilities, losses, damages, costs, and expenses (including, without limitation, reasonable attorneys’ fees) that arise within three (3) years after completion of development and construction (as evidenced by the issuance of temporary or permanent certificates of occupancy by the City of Camden) for the improvements erected on such Parcel or Subparcel.”

11. Amendment to Section 20 of the Original Agreement. From and after the date of this Fourth Amendment, the addresses for Notice to CTC shall be as follows (or to such other address as CTC may hereafter designate by Notice pursuant to Section 20):

Camden Town Center, LLC
c/o Liberty Property Trust
500 Chesterfield Parkway
Malvern, PA 19355
Attention: _____
Facsimile: (610) _____

With a copy for informational purposes only to:

Liberty Property Trust
500 Chesterfield Parkway
Malvern, PA 19355
Attention: General Counsel
Facsimile: (610) _____

And

Attention: _____
Facsimile: _____

12. Estoppel Certifications.

(a) Each Party certifies to the other that no defaults by the other Party under the Agreement exist, or all such defaults are irrevocably waived.

(b) NJEDA certifies to CTC that, not later than the date of closing on the acquisition of all or part of land located in Block 80, Lot 2.01, City of Camden Tax Maps, following the exercise by the CTC of an Option under the Agreement to purchase or ground lease such land, all parking rights granted by NJEDA to the City of Camden Parking Authority or any other Person which encumber the land to be acquired in connection with the exercise of such Option, shall terminate.

(c) NJEDA certifies to CTC that (i) the Purchase Price payable under the Agreement for parcels which are owned in fee by the Company (the "Fee Parcels") has been paid in full, and shall not be subject to adjustment by reason of any future development or use of the Fee Parcels; and (ii) the actual cost of any environmental remediation of the Fee Parcels will constitute Minimum Threshold Expenditures to the extent such remediation costs exceed the Purchase Price paid under this Agreement for the Fee Parcels.

(d) Each Party acknowledges that the foregoing certifications are a material inducement to the agreement of the other Party to execute and deliver this Fourth Amendment.

13. Miscellaneous.

(a) The provisions of Section 28 of the Original Agreement shall apply to this Fourth Amendment *mutatis mutandis*.

(b) This Fourth 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.

14. Reports. CTC shall submit semi-annual reports, beginning 6 months after the date of this Fourth Amendment, detailing its progress, including a description and location of each Subproject, the estimated amount of expenditures to date, a description of its due diligence, and to the extent available, plans and specification for each Subproject.

15. Effectiveness. Where the terms of this Fourth Amendment are inconsistent with the terms of the Original Agreement, the terms of this Fourth Amendment shall control. Except as expressly amended by this Fourth Amendment, the terms of the Original Agreement remain in full force and effect and are unmodified.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Fourth 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:

SCHEDULE C

**SECOND D&O AMENDMENT
and
THIRD D&O AMENDMENT**

SECOND AMENDMENT TO DEVELOPMENT AND OPTION AGREEMENT

THIS SECOND AMENDMENT TO DEVELOPMENT AND OPTION AGREEMENT (the "Second Amendment") dated July 31, 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.

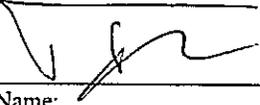
IN WITNESS WHEREOF, the Parties have caused this Second Amendment to be duly executed on their own behalf by their respective officers thereunto duly authorized, all as of the date first above written.

CAMDEN TOWN CENTER, LLC

By: 

Name:
Title:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

By: 

Name:
Title:

Timothy J. Lizura
President and Chief Operating Officer

**EXHIBIT B: THIRD AMENDMENT TO THE DEVELOPMENT AND OPTION
AGREEMENT**

THIRD AMENDMENT TO DEVELOPMENT AND OPTION AGREEMENT

THIS THIRD AMENDMENT TO DEVELOPMENT AND OPTION AGREEMENT (the "**Third Amendment**") dated August ____, 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 and that certain Second Amendment to Development and Option Agreement dated July 29, 2015 (as so amended, collectively, the "**Original Agreement**");

WHEREAS, in connection with an agreement to accelerate the development of the Camden Waterfront from \$100 million being incurred or spent within five years hereof (as set forth in the Original Agreement) to \$150 million being incurred or spent within three and one half years after closing under the Liberty PSA (as defined below), NJEDA has approved Liberty Property Trust or an affiliate entity controlled by Liberty Property Trust (together "**Liberty**") acquiring all of the existing membership interests in CTC, thereby indirectly acquiring ownership of CTC's real and personal property assets, as well as certain liabilities of CTC (collectively, the "**CTC Membership Interests**");

WHEREAS, pursuant to a certain Agreement of Sale and Purchase dated August ____, 2015 (the "**Liberty PSA**"), Liberty has agreed to acquire the CTC Membership Interests subject to and contingent upon the terms and conditions of the Liberty PSA;

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 November 30, 2015;

WHEREAS, CTC has requested and NJEDA has agreed to extend the November 30, 2015 date set forth in Section 12(b)(iii) in order to allow Liberty an opportunity to acquire the CTC Membership Interests or, in the alternative, to allow CTC an opportunity to meet the next Milestone Threshold Expenditure date in the event that Liberty decides not to complete the acquisition of the CTC Membership Interests;

WHEREAS, the Parties desire to amend certain portions of the Agreement in compliance with Section 28 of the Original Agreement.

NOW, THEREFORE, subject and 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 Third Amendment.

(b) Defined terms used but not otherwise defined in this Third 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 the earlier of (x) six (6) months after the end of the period commencing on the date of the execution of the Liberty PSA and ending twelve months thereafter or (y) six (6) months after Liberty gives written notification that it no longer intends to acquire the CTC Membership Interests and the Liberty PSA is terminated.

3. Miscellaneous.

(a) The provisions of Section 28 of the Original Agreement shall apply to this Third Amendment *mutatis mutandis*.

(b) This Third 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 Third Amendment are inconsistent with the terms of the Original Agreement, the terms of this Third Amendment shall control. Except as expressly amended by this Third Amendment, the terms of the Original Agreement remain in full force and effect and are unmodified.

IN WITNESS WHEREOF, the Parties have caused this Third 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:

**EXHIBIT C: FOURTH AMENDMENT TO THE DEVELOPMENT AND
OPTION AGREEMENT**

FOURTH AMENDMENT TO DEVELOPMENT AND OPTION AGREEMENT

THIS FOURTH AMENDMENT TO DEVELOPMENT AND OPTION AGREEMENT (the “**Fourth Amendment**”) dated as of [*insert date of closing on acquisition of equity interests in CTC*] _____, 201__, 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 entered into as of October 19, 2004, as amended by that certain Amendment to Development and Option Agreement dated as of November 18, 2013, that certain Second Amendment to Development and Option Agreement dated as of July 31, 2015, and that certain Third Amendment to Development and Option Agreement dated as of August ____, 2015 (as so amended, the “**Original Agreement**”);

WHEREAS, CTC has presented and the NJEDA has approved an Amended Master Plan and time line associated therewith that contemplates the accelerated development of the Camden Waterfront, with \$76 million to be spent within three years hereof and \$150 million to be committed to be spent within three and one half years hereof.

WHEREAS, the Parties desire to amend certain portions of the Agreement (as defined below) in compliance with Section 28 of the Original Agreement in order to accelerate the development of the Camden Waterfront.

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 Fourth Amendment.

(b) Defined terms used but not otherwise defined in this Fourth Amendment shall have the meanings ascribed to such terms in the Original Agreement.

2. Amendments to Section 2 of the Original Agreement.

(a) The definition of Permitted Assignee contained in Section 2(vv) of the Original Agreement is deleted and the following is substituted in its place:

“Permitted Assignee” shall mean (i) an end-user of a Subproject on a particular Parcel or Subparcel, provided that the end-user shall construct (or have constructed) its own building and other improvements as and for the Subproject and shall own the tract of land upon which they are to be

constructed; (ii) a developer for, or designee of, the end-user, provided that there is a long-term relationship between them, i.e., at least fifteen (15) years; (iii) a single purpose entity, which is an Affiliate or subsidiary of any of (1) CTC or (2) Liberty Property Trust (“LPT”), and whose sole asset is (or shall be upon Closing) the Parcel/Subparcel and Subproject in question; *provided that* CTC or LPT retains control of the development of the Subproject and retains at least a twenty-five percent (25%) ownership interest (direct or indirect) in such entity, and which single purpose entity may include, without limitation, a “limited dividend entity”, as defined in, and pursuant to, the Long Term Tax Exemption Law, N.J.S. A. 40A:20-1 et. seq., whose members are comprised of CTC or LPT and/or any Affiliate or subsidiary thereof; *provided further that*, for any Subproject that will be a residential development a Residential Developer may retain control of the development of such Subproject, and for a Subproject that will be a hotel development a Hotel Developer may retain control of the development of such Subproject; or (iv) Dranoff, in connection with any residential use of a Parcel or Subparcel.

(b) For purposes of the Agreement, the following defined terms shall have the following meanings:

“**Affiliate**” shall mean any Person that controls, is controlled by, or is under common control with any other Person.

“**Hotel Developer**” shall mean an entity approved by NJEDA in its sole discretion based on a review of the entity’s experience, capacity and reputation which specializes in hotel development and whose principals have not less than ten (10) years of experience in the development of hotels.

“**Residential Developer**” shall mean an entity approved by NJEDA in its sole discretion based on a review of the entity’s experience, capacity and reputation which specializes in residential development and whose principals have not less than (10) years of experience in the development of residential projects in the State of New Jersey.

3. Amendment to Section 5 of the Original Agreement. Section 5(d)(iv) of the Original Agreement is amended by deleting the third sentence of such Section and replacing it with the following:

[Note – this is subject to written agreement by CCRA:] If CTC elects to cancel the exercise of the Option pursuant to clause (1) above, then neither party shall have any further liability to the other with respect to the exercise of the option in question and the imposition by CCRA of such requirements and conditions; provided, as contemplated by Section 5(c), CTC may again exercise an Option for said Parcel or Subparcel in the future.

4. Amendment to Section 8 of Original Agreement. Section 8(c) of the Original Agreement is amended and restated in its entirety as follows:

(c) *[Note – this is subject to the written approval of the CCRA:]* CTC shall have the right, exercisable at any time, to inspect, investigate, test, survey, and conduct due diligence with respect to any Parcel or part thereof (but not to perform any construction thereon) pursuant to a mutually acceptable access agreement to be executed by the Parties.

5. Amendment to Section 10 of the Original Agreement.

(a) *[Note – this is subject to written agreement by DRPA:]* The DRPA Development Projects shall no longer include the Tram Landing Site or Tram Parking Facility.

(b) *[Note – this is subject to the written approval of the DRPA:]* Notwithstanding anything contained in Section 10(d) of the Original Agreement, from and after the date of this Fourth Amendment, NJEDA shall no longer have any right to grant to DRPA or any other Person any additional easements in connection with any DRPA Development Project.

(c) Notwithstanding anything contained in Section 10(e) of the Original Agreement, a movie theater may be operated on any portion of the Development Site. NJEDA acknowledges that the exclusivity rights granted to the operator of the IMAX Theater Project under Section 10(e) of the Original Agreement have terminated.

(d) NJEDA acknowledges and agrees that the identification tower and sign referenced in Section 10(f) of the Original Agreement shall not be located on any portion of the Development Site.

6. Amendment to Section 11 of the Original Agreement. *[Note – this is subject to the appropriate approvals by the State:]* Section 11 of the Original Agreement, State Developments, is removed entirely from the Original Agreement and shall no longer have any force or affect. Any and all references in the Agreement to “State Developments” and “State Developers” are also removed from the Agreement.

7. Amendment to Section 12 of the Original Agreement.

(a) Amounts payable for improvements by an end-user for any Subproject, or by a landlord or a tenant under any fully signed lease for any Subproject, notwithstanding the existence of contingencies to the obligations of the end-user or of either the landlord or the tenant

under such lease, shall be deemed “incurred” for purposes of the definition of Minimum Threshold Expenditure. Subject to the express limitations contained in the provisos of Section 12(a) of the Original Agreement, amounts actually paid or incurred on account of any expense described in Section 12(a) of the Original Agreement by CTC or LPT, or an Affiliate of CTC or of LPT, shall also constitute Minimum Threshold Expenditures.

(b) Sections 12(b)(i) – (iv) are amended and restated as follows:

- (i) Thirty-Six Million Dollars (\$36,000,000) of Minimum Threshold Expenditures actually paid or incurred between July 1, 2015 and the date which is twelve (12) calendar months after the date of this Fourth Amendment;
- (ii) Thirty-Six Million Dollars (\$36,000,000) of Minimum Threshold Expenditures actually paid (as opposed to merely incurred) within twenty-four (24) calendar months after the date of this Fourth Amendment;
- (iii) Forty Million Dollars (\$40,000,000) of Minimum Threshold Expenditures actually paid or incurred, in addition to the \$36,000,000 of Minimum Threshold Expenditures required by clauses (i) and (ii) above, within twenty-four (24) calendar months after the date of this Fourth Amendment, for an aggregate interim total of Minimum Threshold Expenditures actually paid or incurred by such date of Seventy-Six Million Dollars (\$76,000,000);
- (iv) Forty Million Dollars (\$40,000,000) of Minimum Threshold Expenditures actually paid (as opposed to merely incurred), in addition to the \$36,000,000 of Minimum Threshold Expenditures actually paid required by clause (ii) above, within thirty-six (36) calendar months after the date of this Fourth Amendment, for an aggregate interim total of Minimum Threshold Expenditures actually paid (as opposed to merely incurred) by such date of Seventy-Six Million Dollars (\$76,000,000);

(v) Seventy-Four Million Dollars (\$74,000,000) of Minimum Threshold Expenditures actually paid or incurred, in addition to the \$76,000,000 of Minimum Threshold Expenditures required by clauses (i) through and (iv) above, within forty-two (42) calendar months after the date of this Fourth Amendment, for an aggregate interim total of Minimum Threshold Expenditures actually paid or incurred by such date of One Hundred Fifty Million Dollars (\$150,000,000); and

(vi) Seventy-Four Million Dollars (\$74,000,000) of Minimum Threshold Expenditures actually paid (as opposed to merely incurred), in addition to the Seventy-Six Million Dollars (\$76,000,000) of Minimum Threshold Expenditures actually paid required by clauses (ii) and (iv) above, within fifty-four (54) calendar months after the date of this Fourth Amendment, for an aggregate total of Minimum Threshold Expenditures actually paid (as opposed to merely incurred) by such date of One Hundred Fifty Million Dollars (\$150,000,000).

(c) Section 12(d) of the Original Agreement is amended and restated as follows:

(d) The amount of the Minimum Threshold Expenditures set forth in Section 12(b) above may be carried forward and used and applied by CTC in the future in the event that the amount of the Minimum Threshold Expenditures actually made for the particular time period exceeds the required minimum amount for each level. For example, because the first level of Minimum Threshold Expenditures is Thirty-Six Million Dollars (\$36,000,000.00) paid or incurred and the second level of Minimum Threshold Expenditures is Thirty-Six Million Dollars actually expended, if CTC has \$50,000,000 of Minimum Threshold Expenditures, of which \$10,000,000 has

actually been expended, on or before the first anniversary of the date of this Fourth Amendment, the Ten Million Dollars (\$10,000,000.00) actually expended may be credited towards the Thirty-Six Million Dollars (\$36,000,000.00) requirement of the second level, and the additional Four Million Dollars (\$4,000,000) of Minimum Threshold Expenditures incurred but not expended may be credited toward the \$40,000,000 requirement of the third level, and so on.

8. Amendment to Section 13 of the Original Agreement. Section 13 of the Original Agreement, Interim Benchmarks, is removed entirely from the Original Agreement and shall no longer have any force or effect.

9. Amendment to Section 17 of the Original Agreement.

(a) Sections 17(c)(iii) and (iv) are removed entirely from the Original Agreement and shall no longer have any force or effect.

(b) All references to "Steiner" contained in Section 17(c) are removed from Section 17(c) of the Original Agreement and shall no longer have any force or effect.

(c) Sections 17(c)(x), (xi) and (xii) are amended and restated as follows:

(x) The determination by NJEDA, in its sole and absolute discretion, either that the financial condition of CTC and or LPT is unsound or that CTC is in material default of any contract or agreement with NJEDA or any contract or agreement with a third party related to a Subproject, and the failure by CTC to cure such financial condition or material breach to NJEDA's satisfaction, in its sole and absolute discretion, within ninety (90) days after Notice from NJEDA;
or

(xi) The failure by CTC to provide on a quarterly basis (i.e. on or before March 31, June 30, September 30 and December 31 of each year during the Option Term certificates from each of CTC and LPT in form and substance reasonably acceptable to NJEDA, and duly executed by the managing member of CTC and an officer of LPT, as applicable, certifying as to the financial condition of

CTC and LPT and whether CTC or LPT, as applicable, is in material breach of any contract or agreement with NJEDA or any contract or agreement with a third party related to a Subproject, together with any documentation reasonably requested by NJEDA in connection therewith, and such failure is not cured within thirty (30) days after Notice from NJEDA of such failure, provided, however, that CTC and LPT shall only be required to provide financial statements on an annual, not quarterly, basis; or

(xii) The transfer, sale, conveyance or assignment of any membership interest in CTC, unless NJEDA has first been notified of such proposed transfer, sale, conveyance or assignment and consented thereto in writing, which consent may be granted or withheld in the sole and absolute discretion of NJEDA; provided, however, but subject to Section 43 of the Agreement, that the holder(s) of any membership interest in CTC may make transfers of such equity interests among themselves without the consent of NJEDA, and members or shareholders of any holder of any membership interest in CTC may make transfers of their respective equity interests in such holders without the consent of NJEDA, as long as in each such event (A) such transfer will not conflict with, or result in the breach of, any term, condition or provision of any agreement, deed, contract, undertaking, mortgage, indenture, writ, order, decree, restriction, legal obligation, or instrument to which CTC or such holder is a party or by which CTC or such holder or any of its or their assets is or may be bound or affected; (B) such transfer will not constitute a default (or an event which, with the giving of notice, the passage of time, or otherwise, would constitute a default) thereunder; and (C) such transfer will not cause or result in a Change in Control (as defined below) of CTC. As used herein, "Change of Control" shall be deemed to have occurred if Liberty Property Trust becomes the holder, directly or indirectly, of less than fifty-one percent (51%) of the equity interests of CTC, other than by reason of (i) a merger or consolidation of Liberty Property Trust or Liberty Property Limited Partnership with any other party or (ii) a sale of all or substantially all of (A)

the stock of Liberty Property Trust or (B) the partnership interests or assets of Liberty Property Limited Partnership. The Parties acknowledge that Liberty Property Trust is a publicly traded company and no issuance or transfer of any stock of Liberty Property Trust or partnership interests in Liberty Property Limited Partnership shall constitute a Change of Control.

10. Amendment to Section 18 of the Original Agreement. The following is added at the end of the first sentence to Section 18(j) of the Original Agreement:

“; provided, however, said obligation shall be limited to any claims, demands, liabilities, losses, damages, costs, and expenses (including, without limitation, reasonable attorneys’ fees) that arise within three (3) years after completion of development and construction (as evidenced by the issuance of temporary or permanent certificates of occupancy by the City of Camden) for the improvements erected on such Parcel or Subparcel.”

11. Amendment to Section 20 of the Original Agreement. From and after the date of this Fourth Amendment, the addresses for Notice to CTC shall be as follows (or to such other address as CTC may hereafter designate by Notice pursuant to Section 20):

Camden Town Center, LLC
c/o Liberty Property Trust
500 Chesterfield Parkway
Malvern, PA 19355
Attention: _____
Facsimile: (610) _____

With a copy for informational purposes only to:

Liberty Property Trust
500 Chesterfield Parkway
Malvern, PA 19355
Attention: General Counsel
Facsimile: (610) _____

And

Attention: _____
Facsimile: _____

12. Estoppel Certifications.

(a) Each Party certifies to the other that no defaults by the other Party under the Agreement exist, or all such defaults are irrevocably waived.

(b) NJEDA certifies to CTC that, not later than the date of closing on the acquisition of all or part of land located in Block 80, Lot 2.01, City of Camden Tax Maps, following the exercise by the CTC of an Option under the Agreement to purchase or ground lease such land, all parking rights granted by NJEDA to the City of Camden Parking Authority or any other Person which encumber the land to be acquired in connection with the exercise of such Option, shall terminate.

(c) NJEDA certifies to CTC that (i) the Purchase Price payable under the Agreement for parcels which are owned in fee by the Company (the "Fee Parcels") has been paid in full, and shall not be subject to adjustment by reason of any future development or use of the Fee Parcels; and (ii) the actual cost of any environmental remediation of the Fee Parcels will constitute Minimum Threshold Expenditures to the extent such remediation costs exceed the Purchase Price paid under this Agreement for the Fee Parcels.

(d) Each Party acknowledges that the foregoing certifications are a material inducement to the agreement of the other Party to execute and deliver this Fourth Amendment.

13. Miscellaneous.

(a) The provisions of Section 28 of the Original Agreement shall apply to this Fourth Amendment *mutatis mutandis*.

(b) This Fourth 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.

14. Reports. CTC shall submit semi-annual reports, beginning 6 months after the date of this Fourth Amendment, detailing its progress, including a description and location of each Subproject, the estimated amount of expenditures to date, a description of its due diligence, and to the extent available, plans and specification for each Subproject.

15. Effectiveness. Where the terms of this Fourth Amendment are inconsistent with the terms of the Original Agreement, the terms of this Fourth Amendment shall control. Except as expressly amended by this Fourth Amendment, the terms of the Original Agreement remain in full force and effect and are unmodified.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Fourth Amendment to be duly executed on their own behalf by their respective officers thereunto duly authorized, all as of the date first above written.

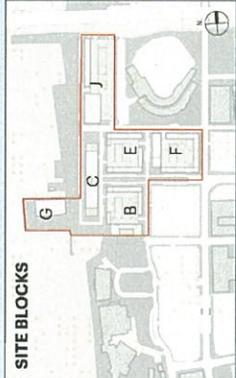
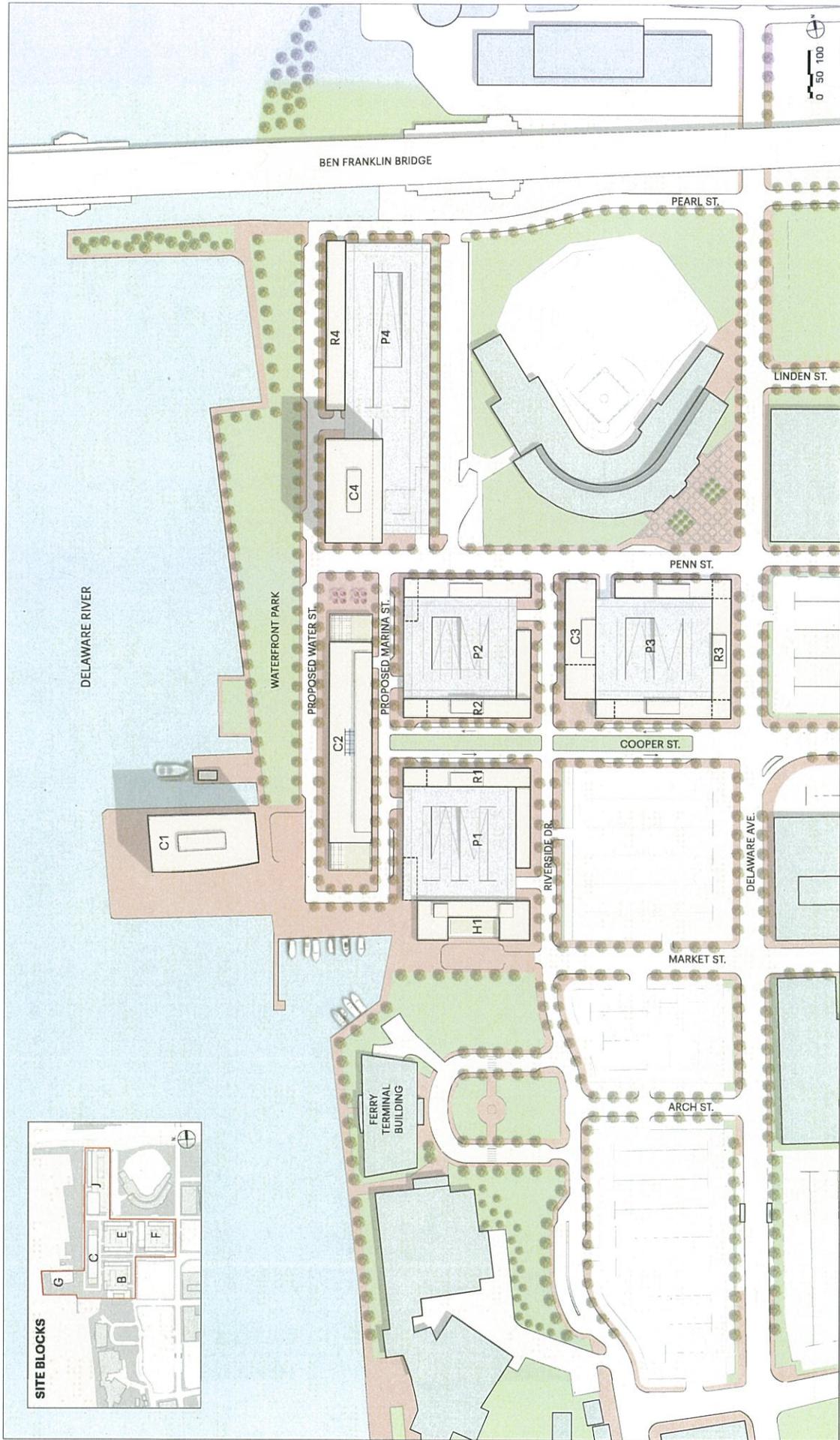
CAMDEN TOWN CENTER, LLC

By: _____
Name:
Title:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

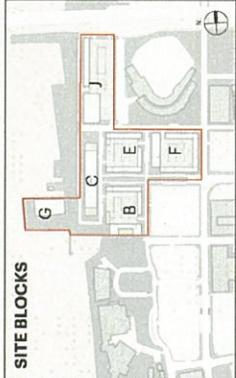
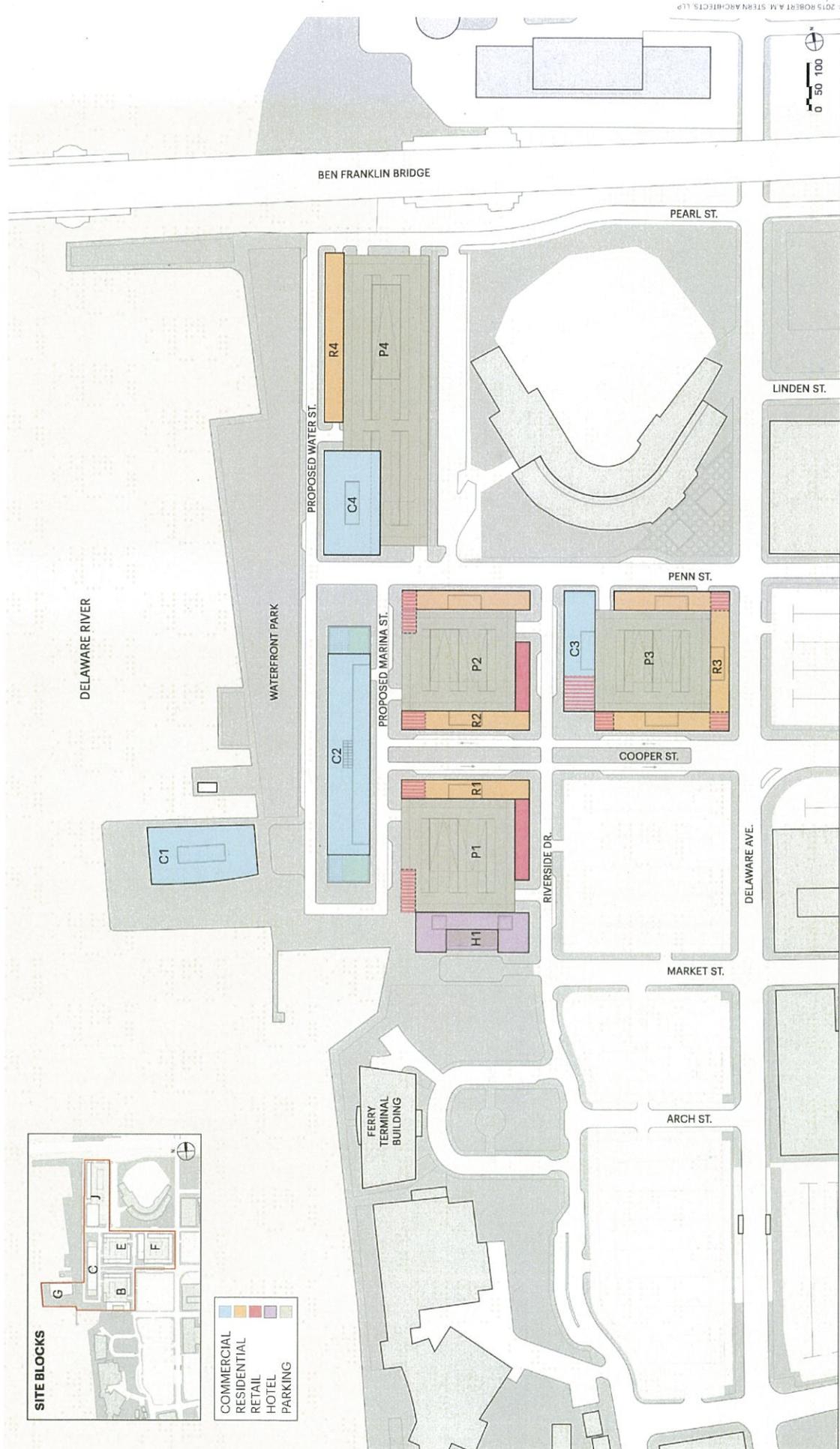
By: _____
Name:
Title:

**EXHIBIT D: PROPOSED AMENDMENT TO THE DEVELOPMENT AND
OPTION AGREEMENT MASTER PLAN**



SITE PLAN
 SEPTEMBER 25, 2015

© 2015 ROBERT A. M. STERN ARCHITECTS, LLP



- COMMERCIAL
- RESIDENTIAL
- RETAIL
- HOTEL
- PARKING

CAMDEN MASTER PLAN
 CAMDEN, NEW JERSEY
 NOT INTENDED FOR CONSTRUCTION PURPOSES

0 50 100
 LIBERTY PROPERTY TRUST
 ROBERT A.M. STERN ARCHITECTS, LLP



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: October 15, 2015

RE: FMERA Purchase and Sale & Redevelopment Agreement with RADAR Properties, LLC for Building 2525 in the Tinton Falls Section of Fort Monmouth

Summary

The Members are asked to consent to the Fort Monmouth Economic Revitalization Authority (“FMERA”) entering into the redevelopment agreement that is contained within FMERA’s Purchase and Sale & Redevelopment Agreement (“PSARA”) with RADAR Properties, LLC (“RADAR”) for the sale and renovation of Building 2525 (the “Project”) in the Tinton Falls section of the former Fort Monmouth.

Background

FMERA was created by P.L. 2010, c. 51 (“the Act”) to carry out the coordinated and comprehensive redevelopment and revitalization of Fort Monmouth. The Act designates the New Jersey Economic Development Authority (“NJEDA”) as a designated redeveloper for any property acquired by or conveyed to FMERA and authorizes FMERA to enter into redeveloper agreements with the NJEDA for the redevelopment of the Fort, while also allowing FMERA to enter into redevelopment agreements directly with private developers.

FMERA executed a Memorandum of Agreement (“MOA”) with the Army as of June 25, 2012 that enabled the Army to formally accept FMERA’s Economic Development Conveyance (“EDC”) application and begin the process of conveying Phase One properties to FMERA for redevelopment. The Project is located within the Fort’s Phase One area. FMERA received title to all of the remaining Phase One properties from the Army by deed dated May 29, 2014.

FMERA issued a Request for Offers to Purchase (“RFOTP”) in connection with the planned redevelopment of the Project on February 13, 2015. The property comprising the Project consists of 12.25± acres of land; two buildings, Buildings 2525 and 2535; and a 250,000 gallon elevated water storage tank. The Fort Monmouth Reuse and Redevelopment Plan (the “Reuse Plan”) envisions that Building 2525 be retained for use as office/administrative/R&D space, and that Building 2535 and the water tower be demolished. The permitted principal uses under FMERA’s Land Use Rules include office/research; institutional; civic; and open space/recreational. Building 2525 is an 86,000 sf, two-story, wood frame administration building

constructed in 1942 and renovated in 1999. The Army vacated the building in 2011.

Proposals were due on March 30, 2015, with FMERA receiving one proposal, from RADAR. Three members of the FMERA staff, along with one representative from the Army, independently evaluated and scored the proposal. The evaluation team unanimously agreed that the proposal submitted by RADAR was compliant with the terms of RFOTP.

RADAR is a recently-formed limited liability company that will acquire the property and lease approximately 30,000 sf of Building 2525 to Aaski Technology, Inc. ("Aaski"), a defense contractor and communications engineering firm located in leased space in Eatontown and an office condominium in Ocean Township, New Jersey, as well as in Aberdeen, Maryland. The Project will enable Aaski to consolidate its two Monmouth County offices in New Jersey rather than in Maryland, thereby retaining 105 jobs in New Jersey, and create an additional 25 new jobs at Fort Monmouth by 2018. The balance of Building 2525 will accommodate Aaski's future growth, with RADAR seeking to lease any excess space to other technology companies. The managing partner of RADAR is Bharat Parikh, PE, who is also COO of Aaski. Aaski is a state-certified Minority Woman-owned Business Enterprise and Woman Owned Small Business, owned by Rina Parikh. NJBIZ ranked Aaski as the seventh-fastest growing company in New Jersey in 2014. The NJEDA previously approved the company for BEIP and BRRAG incentives, although the BRRAG was withdrawn. The BEIP grant remains active, and the company will need to seek approval from the NJEDA for the relocation of the BEIP incented jobs. RADAR has obtained a permanent mortgage commitment from TD Bank to fund the project, and Aaski will guarantee the loan.

The EDC Agreement calls for the Army to receive 63% of the net proceeds from the sale of Building 2525, with FMERA receiving the remainder. RADAR's final offer price for the property, however, was less than the \$2.84 million Floor Price established by appraisal. FMERA's Board and the Army have agreed that the Army will receive all net sale proceeds in order to accommodate this transaction, as the Project meets FMERA's small business, tech attraction and business retention objectives.

Purchase and Sale & Redevelopment Agreement

Pursuant to the terms of the PSARA, RADAR will pay \$1,845,001 for the property, reflecting the amount of its revised proposal. Closing will occur within 30 days of satisfaction of the conditions precedent to closing, which include: RADAR completing due diligence and obtaining all approvals necessary to develop the project; receipt of a final remediation document from either the New Jersey Department of Environmental Protection or purchaser's Licensed Site Remediation Professional; and consent from the NJEDA Board of RADAR as redeveloper. The parties will endeavor to satisfy these contingencies within six months of execution of the PSARA. RADAR will have the option of extending this time period for an additional six month period if it has not obtained approvals within the initial six month timeframe provided it is proceeding in good faith. FMERA will convey the property to RADAR in as-is condition, but with clear title and subject to the Army's on-going obligations under CERCLA to address any pre-existing contamination that may exist on the property. The Army continues to hold title to a small portion of the property while it awaits the issuance of a No Further Action ("NFA") letter

from the New Jersey Department of Environmental Protection. That area was formerly the location of a septic field. Upon Army's receipt of the NFA, the Army will transfer title to the environmental carve-out area to FMERA, which will then deed the carve-out to RADAR.

RADAR will upgrade site improvements, re-establish utility service to the property, clean the building's exterior, and bring the 30,000 sf portion of Building 2525 to full commercial code (as evidenced by receipt of a temporary certificate of occupancy) at an estimated cost of \$500,000. Purchaser's site improvements will include the extension of a water main and repair of an existing sewer main to serve Building 2525. The purchaser covenants to create a minimum of 25 full-time equivalent jobs at the property by December 31, 2018, or pay a penalty of \$1,500 per job (up to \$37,500). RADAR will secure its job creation and project completion obligations by posting bonds or through a cash deposit. Provided all approvals are in place, RADAR will commence the site improvement and renovation work within the later of forty-five (45) days of closing or the receipt of approvals, and complete construction within six months of commencing the Project. In the event that RADAR does not commence or complete construction within the timeframes specified above, FMERA may exercise a right to repurchase the Project from RADAR for the initial sale price of \$1,845,001.

With respect to the existing water tower, prior to closing RADAR shall elect to either: (i) take title to the existing water tower at closing along with an assignment of FMERA's cellular communications antenna leases, and assume the cost of demolishing the water tower within three (3) years of closing; or (ii) allow FMERA to retain the tower and its associated lease revenue, with FMERA funding its demolition. If RADAR elects the latter, FMERA will convey title to the 0.5± acre water tower site to RADAR upon completing the demolition.

As part of this PSARA, FMERA agrees to use best efforts to accomplish the dedication of Heliport Drive as a public right of way. RADAR acknowledges that the land required for the street dedication has been deducted from the 13.5 acre parcel described in FMERA's February 13, 2015 Request for Offers to Purchase.

Based on the redevelopment provisions of the PSARA between FMERA and RADAR, staff concludes that the essential elements of a redevelopment agreement between FMERA and RADAR are sufficiently addressed and that it is not necessary for FMERA to enter into a separate redevelopment agreement with RADAR for its redevelopment of Building 2525.

Attached is a substantially final form of the PSARA between FMERA and RADAR as approved by FMERA's Board at their September 16, 2015 meeting. The final terms of the PSARA will be subject to the approval of FMERA's Executive Director and the Attorney General's Office.

Recommendation

In summary, I am requesting that the Members consent to FMERA entering into the redevelopment agreement contained within the Purchase and Sale & Redevelopment Agreement with RADAR Properties, LLC for redevelopment of Building 2525 in the Tinton Falls section of the former Fort Monmouth property.



Timothy J. Lizura
President/Chief Operating Officer

Attachment: Purchase and Sale & Redevelopment Agreement
Prepared by: Donna T. Sullivan & David E. Nuse

**PURCHASE AND SALE AGREEMENT
AND REDEVELOPMENT AGREEMENT**

BETWEEN

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY

As Seller,

AND

RADAR PROPERTIES, LLC

As Purchaser

As of September __, 2015

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EXHIBIT LIST

- A. Army Quitclaim Deed**
- B. Conceptual Site Plan**
- C. Survey & Description of Property [To be delivered by Seller at a later date as set forth herein.]**
- D. Title Insurance Policy [To be delivered by Purchaser at a later date as set forth herein.]**
- E. Letter Agreement between Seller and Purchaser Dated July 30, 2015.**

**PURCHASE AND SALE AGREEMENT AND
REDEVELOPMENT AGREEMENT**

This **PURCHASE AND SALE AGREEMENT AND REDEVELOPMENT AGREEMENT** (“Agreement”) is made as of September ____, 2015 (“Effective Date”) between **Fort Monmouth Economic Revitalization Authority**, (“FMERA” or “Authority” or “Seller”) a public body corporate and politic constituted as an independent authority and instrumentality of the State of New Jersey, pursuant to P.L. 2010, c. 51, N.J.S.A. 52:27I-18 et seq., whose address is 502 Brewer Avenue, Oceanport, New Jersey 07757, referred to as the Seller, and **RADAR Properties, LLC**, (“Purchaser”) a limited liability company of the State of New Jersey, whose address is 7 Roller Road East, Ocean, New Jersey 07712 referred to as the Purchaser. Seller and Purchaser are collectively referred to herein as the “Parties”.

WITNESSETH:

WHEREAS, on behalf of the United States Secretary of Defense, the Office of Economic Adjustment recognizes the Seller as the local redevelopment authority for Fort Monmouth, located in the Boroughs of Oceanport, Eatontown and Tinton Falls, New Jersey;

WHEREAS, FMERA has publicly advertised Requests for Offers to Purchase (“RFOTP”) the approximately 12.25 acre parcel to be subdivided by Deed from Seller to Purchaser and improved by Building 2525 located on Fort Monmouth, Tinton Falls, New Jersey, together with all fixtures, equipment and personal property as set forth in greater detail herein (the “Property” as further identified, described and defined herein) in accordance with FMERA’s Rules for the Sale of Real and Personal Property, N.J.A.C. 19:31C-2.1 et seq.;

WHEREAS, Purchaser acknowledges that Seller has entered into an Economic Development Conveyance Agreement (“EDC Agreement”) with the United States Department of the Army (“Army”) which addresses the terms by which the Army transferred to Seller a portion of Fort Monmouth, which includes the Property;

WHEREAS, Seller is subject to the terms and conditions of the EDC Agreement;

WHEREAS, Purchaser acknowledges that the Army has conveyed the Property to FMERA by way of a quitclaim deed, a copy of which is attached hereto as Exhibit A (the “Army Quitclaim Deed”);

WHEREAS, FMERA has adopted the Fort Monmouth Reuse and Redevelopment Plan, last amended August 2012, as same may be amended from time to time (the “Reuse Plan”);

WHEREAS, the Purchaser proposes to use the Property for office/administrative/research & development and related uses as contemplated in the Reuse Plan, and FMERA’s land use rules at N.J.A.C. 19:31C-3 (“Land Use Rules”);

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, the Property subject to the terms and conditions set forth herein.

NOW THEREFORE, for good and valuable consideration, the mutual receipt and legal sufficiency of which the Parties hereby acknowledge, Seller and Purchaser hereby agree as follows:

DEFINITIONS

For all purposes of this Agreement, the following terms shall have the respective meanings set forth below:

1. Definitions:

“Affiliate” means with respect to Purchaser, any other Person directly or indirectly controlling or controlled by, or under direct common Control with Purchaser. For purposes of this definition the term “Control” (including the correlative meanings of the term “controlled by” and “under common control with” as used with respect to Purchaser), shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management, operations and policies of the Purchaser, whether through the ownership of voting securities or by contract or otherwise.

“Agreement” means this Purchase and Sale Agreement and Redevelopment Agreement dated above, as same may be amended, modified or supplemented from time to time by written instrument signed by the Parties.

“All Approvals” means all Non-Appealable Final Approvals, permits, decisions, reviews and agreements issued by municipal, county, state, federal and quasi-governmental authorities needed to obtain building permits for all of the commercial uses on the Property and related off-site improvements so as to allow the continuous development of the Project and which Approvals shall contain terms and conditions acceptable to Purchaser in its reasonable discretion, including but not limited to, the following Non-Appealable Final Approvals: (i) the mandatory conceptual review approval of the Project by FMERA which is required pursuant to N.J.A.C. 19:31C-3.20(c); (ii) preliminary and final subdivision approval, if applicable; (iii) preliminary and final site plan approval, if applicable, including the required review by FMERA in connection with “d” variances; (iv) execution of an acceptable Developer’s Agreement with the Borough of Tinton Falls and/or County of Monmouth as may be required; (v) a Final Remediation Document issued to Purchaser by either the New Jersey Department of

Environmental Protection (“NJDEP”) or Purchaser’s licensed site remediation professional that documents that the Property has been remediated and which document includes a covenant not to sue pursuant to either N.J.S.A. 58:10B-13.1 or N.J.S.A. 58:10B-13.2; (vi) such permits or approvals as may be needed from the NJDEP which include, but are not limited to, a sewer extension permit, stream encroachment permit, CAFRA, and fresh water wetland permit; (vii) necessary licenses and approvals from all governmental authorities required to operate the property as set forth herein; and any amendment to the Fort Monmouth Reuse and Redevelopment Plan so that the Project is fully conforming therewith. Each such approval shall be referred to as an “Approval.”

“Approval Costs” shall mean all costs and expenses including, without limitation, attorneys’, consulting, engineering, and application fees associated with obtaining All Approvals.

“Approval Extension Period” means a six (6) month period from the end of the Initial Approval Period which Purchaser shall be entitled to provided it has initially applied and continues to process such Approvals as set forth above in good faith.

“Approval Period” means collectively the Initial Approval Period and the Approval Extension Period for a total period of time not to exceed twelve (12) months from expiration of the Due Diligence period as set forth herein.

“Army” means the United States of America, acting by and through the Secretary of the Army and any division, department or agency thereof.

“CERCLA” means the Comprehensive Environmental Response and Liability Act of 1980 (P.L. 96-510) as amended.

“CERCLA Covenants” shall have the meaning ascribed in Section 21.

“Closing” shall mean the transfer of the Property from the Seller to the Purchaser and the transfer of the Purchase Price from the Purchaser to the Seller which shall occur upon the satisfaction of the Conditions Precedent to Closing set forth in Section 14.

“Complete”, **“Completed”** or **“Completion”** means completion of the bonded improvements as described in Paragraph 6 (e). Thereafter Seller shall issue a Certificate of Completion.

“Conditions Precedent to Closing” shall mean the obligations of the Purchaser and Seller which are set forth in Section 14.

“Deposit” shall mean collectively the Initial Deposit and Second Deposit described in Section 5 herein.

“Discharge” pursuant to N.J.S.A. 58:10-23.11b, as same may be amended, means any intentional or unintentional action or omission resulting in the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of Hazardous Substances into the waters or onto the lands of the State, or into waters outside the jurisdiction of the State when damage may result to the lands, waters or natural resources within the jurisdiction of the State.

“Due Diligence Period” means the sixty (60) day period commencing on the Effective Date of this Agreement (or such later date as the survey of the property is delivered by Seller to Purchaser) and ending at 5:00 p.m. on the 60th day thereafter, during which the Purchaser upon prior written notice to Seller, at its sole cost and expense, may investigate the Property to determine whether the as-is condition of the Property is satisfactory to the Purchaser.

“EDC Agreement” shall mean the Agreement between the Army and FMERA which sets forth the terms by which the Army conveyed portions of Fort Monmouth (including the Property) to FMERA and the terms under which FMERA acquired same from the Army.

“Effective Date” shall mean the date set forth in the introductory paragraph of this Agreement.

“Environmental Laws” or **“Environmental Law”** shall mean each and every applicable federal, state, county or municipal environmental and/or health and safety statute, ordinance, rule, regulation, order, code, directive or requirement.

“Final Remediation Document” pursuant to N.J.S.A. 58:10-23.11b, as it may be amended, means a no further action letter (“NFA”) issued by the NJDEP pursuant to N.J.S.A. 58:10B-1 et al., or a response action outcome (“RAO”) issued by a licensed site remediation professional pursuant to N.J.S.A. 58:10C-14.

“Finding of Suitability to Transfer” or **“FOST”** means the document entitled “Final Finding of Suitability to Transfer, (FOST), Fort Monmouth, New Jersey prepared by the Army and dated August 13, 2013. The purpose of the FOST is to document the environmental suitability of certain parcels at Fort Monmouth for transfer to FMERA consistent with CERCLA Section 120(h) and Department of Defense Policy. In addition the FOST includes CERCLA Notice, Covenant and Access Provisions and other Deed Provisions and the Environmental Protection Provisions necessary to protect human health or the environment after transfer of certain parcels from the Army to FMERA.

“Force Majeure” shall mean the failure or delay of performance by Seller or Purchaser of any provision of the Agreement by reason of the following: labor disputes, strikes, picket

lines, boycott efforts, war (whether or not declared), riots, moratorium regarding sewer, water or any other utilities, litigation filed against either Seller or Purchaser affecting the Property, or acts of God. In such cases, neither the Seller nor Purchaser shall be in default of this Agreement if the delay or failure to perform is by reason of the aforementioned events or conditions. Any extension of the timeframes for performance of obligations set forth in this Agreement for Force Majeure shall be contingent upon the Party claiming a Force Majeure notifying the other Party in writing within thirty (30) days of the occurrence of the event resulting in the failure or delay of performance. The time of performance shall be extended for the period of the delay occurring as a result of the Force Majeure event; provided, however, that in no event shall the extension of the timeframe exceed twelve (12) months in the aggregate for all Force Majeure or Tolling events.

“Future Redevelopment” means the renovation and occupancy of the balance of the building at a future date. Purchaser acknowledges that full occupancy of the building will require expansion of on-site parking at Purchaser’s expense.

“Hazardous Substances” means all substances set forth in N.J.A.C. 7:1E-1.7 as same may be amended from time to time.

“Improvements” shall mean the buildings, fixtures and structures located on Property.

“Initial Approval Period” shall be 6 months from the end of the Due Diligence Period.

“Municipality” shall mean the Borough of Tinton Falls, in the County of Monmouth, State of New Jersey.

“No Further Action Letter” (“NFA”) has the same meaning as set forth at N.J.S.A. 58:10B-1.

“Non-Appealable Final Approval” shall mean an Approval where the time to challenge or appeal the grant or denial of the Approval, or a term or condition of the Approval, before any administrative body or court of law has expired, and no challenge or appeal is pending. The term shall also mean an Approval decided after a challenge or appeal has been filed where the challenge or appeal has been decided in Purchaser’s favor, and all terms and conditions contained in the Approval are acceptable to the Purchaser in its reasonable discretion.

“Person” means an individual, partnership, limited liability company, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, government authority, or other entity of whatever nature.

“Preliminary Site Plan Approval” and **“Preliminary Subdivision Approval”** shall have the meanings set forth in N.J.S.A. 40:55D-1 et seq.

“Project” means the renovation of the first two bays of the building (approximately 30,000 square feet) to full commercial code to be evidenced by the issuance of a Temporary Certificate of Occupancy by the municipality. The Project shall also include the re-establishment of utility services to the Property, cleaning the exterior of the building and installation of landscaping. The Project shall commence within forty-five (45) days of closing, provided that All Approvals are in place, and be completed within six (6) months of Closing, incurring a minimum investment of \$500,000. The Project is further described herein at Section 6 and depicted in the conceptual site plan attached hereto as Exhibit B.

“Property” consists of the approximately 12.25 acre parcel to be subdivided by Deed from Seller to Purchaser and improved by Building 2525 located on Fort Monmouth, Tinton Falls, New Jersey, together with all fixtures, equipment and personal property as set forth in

greater detail herein. The Property does not include the roadway known and designated as Heliport Drive and the portions of Laboratory Road and Satellite Road east of Building 2535. The Property is further described in Section 3 and is also depicted in the boundary survey and the metes and bounds description attached hereto as Exhibit C.

“Purchaser” shall mean RADAR Properties, LLC and its authorized assignees or successors.

“Purchase Price” is the price that the Purchaser shall pay the Seller for the Property. The Purchase Price shall be paid as described in Sections 4 and 5.

“Response Action Outcome” (“RAO”) has the same meaning as set forth at N.J.S.A. 58:10-23.11b, as amended.

“Tolling” shall mean a period of time during which all time frames and obligations of Purchaser or Seller as set forth in this Agreement are suspended in accordance with the terms of this Agreement and which suspension of time frames and obligations shall continue until the event causing the Tolling is resolved to the satisfaction of the Party seeking the benefit of a Tolling period. The Party seeking the benefit of a Tolling period must provide the other Party with notice of the happening of the Tolling event within thirty (30) days after the occurrence of the Tolling event.

2. Purchase and Sale Agreement. Subject to the terms and conditions set forth in this Agreement and the performance by the Parties of all of the obligations hereunder, the Seller agrees to sell and convey to Purchaser, and the Purchaser agrees to purchase and acquire from Seller, the Property. The Seller will sell and convey to the Purchaser the Property in its as-is condition, which consists of: (a) the land and all the buildings, other improvements and fixtures

on the land; (b) all of the Seller's rights relating to the land; and (c) all personal property specifically included in this Agreement.

3. **The Property.** The Property consists of the approximately 12.25 acre parcel to be subdivided by Deed from Seller to Purchaser and improved by Building 2525 located on Fort Monmouth, Tinton Falls, New Jersey, together with all fixtures, equipment and personal property as set forth in greater detail herein. The Property does not include the roadway known and designated as Heliport Drive and the portions of Laboratory Road and Satellite Road east of Building 2535.

4. **The Purchase Price.** Subject to Section 25, the price that the Purchaser will pay the Seller for the Property is \$1,845,001.

5. **Payment of the Purchase Price.** Subject to Section 25, the Purchaser will pay the purchase price as follows:

At the time of submission of its proposal, Purchaser deposited an initial deposit of \$92,250.05 (the "Initial Deposit") with the Seller and the Seller has transferred said Initial Deposit, with interest, to its counsel's Attorney Trust Account	\$ 92,250.05
A second deposit of \$184,500.10 has been deposited with Seller by Purchaser (the "Second Deposit"), and transferred, with interest, to its counsel's Attorney Trust Account	\$ 184,501.10
Balance to be paid at closing of title, by wire transfer, in cash or by certified check (subject to adjustment at closing)	\$1,568,249.85
Total purchase price	<u>\$1,845,001</u>

6. **Redevelopment Project, Capital Investment, and Job Creation.**

a. **Redevelopment Project:** Purchaser represents that it proposes to use the Property for office/administrative/research & development and related uses as contemplated in the Fort Monmouth Reuse and Redevelopment Plan and the Land Use Rules. Seller acknowledges that office/tech/research & development uses are permitted uses on the property.

b. **Capital Investment:** The renovation of the Property for office/administrative/research & development uses shall include the renovation of the first two bays of the building (approximately 30,000 square feet) to full commercial code to be evidenced by the issuance of a Temporary Certificate of Occupancy by the Municipality, the re-establishment of utility service to the Property, cleaning of the exterior of the building and installation of landscaping. Such renovations shall commence on or before the later of (i) forty-five (45) days of Closing; or the day after All Approvals are in place, and the Project shall be completed within six (6) months from commencement of the Project. Purchaser agrees to incur a minimum investment of \$500,000 to complete the Project.

c. **Job Creation:** Purchaser or its tenants will retain 105 full-time jobs in New Jersey and create a minimum of 25 full-time equivalent jobs at the Property by December 31, 2018. No full-time job on the Property will be counted toward the required minimum new jobs until all 105 existing jobs are filled with full-time employees on the Property. To the extent the Purchaser fails to achieve the creation of a minimum of 25 jobs at the Property as set forth above, then it shall be liable to pay to the Seller \$1,500 for each job not created. Purchaser's total obligation for not creating any new jobs shall not exceed \$37,500.

Each and every one of the foregoing representations and covenants contained in this Paragraph shall survive Closing, shall run with the land, and shall be a continuing obligation.

d. **New Jobs Security:** Prior to Closing, Purchaser shall secure its obligation to create a minimum of 25 new jobs at the Property, or pay up to \$37,500 (\$1,500 per job less than 25 not created within the agreed upon timeframe), through the granting of a bond or cash deposit from the Purchaser in a form acceptable to FMERA. The provisions of this Paragraph 6 shall survive Closing, shall run with the land, and shall be a onetime obligation as set forth above. It is agreed and understood that upon receipt of notice of creation of 25 jobs as set forth above or the payment of any monies for jobs not created, then Seller shall, within thirty (30) days of notice of creation or payment, return the bond or cash deposit to Purchaser. In lieu of a bond or cash deposit, Seller would accept a promissory note from RADAR Properties LLC's members.

e. **Completion Bond:** Prior to Closing, Purchaser shall secure its obligation to complete the Project, through the purchase of a performance bond (or other form of guarantee acceptable to FMERA at its discretion) for the benefit of FMERA and/or the Borough of Tinton Falls, underwritten by a surety or financial institution, and in a form acceptable to the Borough of Tinton Falls and FMERA, in the amount not greater than (i) the cost of installing site or other improvements as required by the Borough of Tinton Falls in the context of preliminary and final site plan improvements as permitted pursuant to the Municipal Land Use Law, N.J.S.A. 40:55D – 1 et seq. (“MLUL”); and (ii) for the cost of the improvements described in Section 6(b) hereof. It shall be a default under this Agreement for Purchaser to fail to complete the improvements within the timeframes set forth herein. FMERA's right to make a demand to draw on the completion bond shall survive the Closing and/or termination of this Agreement, and shall run

with the land, and shall be a continuing obligation until such time as the improvements are completed and the bonds released.

It is agreed and understood that any such bonds posted with the Borough of Tinton Falls for site plan or other improvements shall be released pursuant to the applicable provisions of the MLUL.

As for those bonds posted with the Seller not otherwise subject to the MLUL, upon completion of the bonded improvements, Purchaser shall provide a Certification of Completion which Seller must review and respond to within no more than thirty (30) days of receipt. If Seller confirms that all improvements as described in the bond have been completed, it shall provide such written evidence of same in a form satisfactory to the issuer of the bonds so as to allow for their release. If Seller indicates that all improvements as described in the bond have not been completed, it shall provide a written list of all such items that remain outstanding. Upon Purchaser's completion of those items as set forth in the written list and Seller's confirmation of same, Seller shall provide such written evidence of same in a form satisfactory to the issuer of the bonds so as to allow for their release. Purchaser may, at its election, satisfy this obligation by posting a cash escrow with Seller in an amount equal to the cost of the improvements described and set forth herein.

Each and every one of the foregoing representations and covenants contained in this Paragraph 6 shall survive Closing, shall run with the land, and shall be a continuing obligation.

7. Declaration of Covenants.

Prior to Closing, Purchaser shall provide the Seller with a declaration of covenants and restrictions upon the Property for review and approval by the Seller. The declaration of

covenants and restrictions shall run with the land and shall contain the following and which shall expire upon the issuance of a Certificate of Completion issued by Seller and thereafter the Purchaser shall be entitled to record a release of the declaration of covenants in a form acceptable to Seller. The Declaration shall indicate or otherwise contain:

1.) The uses of the Property shall be limited to those uses permitted pursuant to the Fort Monmouth Reuse and Redevelopment Plan, as amended.

2.) Purchaser, as the approved redeveloper, will commence and complete the Project within the period of time established in this Agreement.

3.) Other than to any tenants/occupants of Purchaser, including but not limited to Aaski Technology, Inc., Purchaser, as the approved redeveloper, will not sell, lease or transfer the Property, the Project or this Agreement prior to the Completion of the Project without the written consent of FMERA, except as set forth in Section 30 hereof.

Purchaser shall provide Seller with a copy of the recorded declaration of covenants and restrictions against the Property within six (6) months of Closing.

8. Reversion to Seller.

a. The quitclaim deed from Seller to Purchaser shall provide that if the timeframes set forth herein have not been met, then Seller shall have the right of reversion of title, at Seller's sole option, to Property if Purchaser has not completed construction within the timeframes set forth in Paragraph 6. Such right of reversion shall be, by its terms as set forth in the quitclaim deed, subordinate to any and all land, construction, permanent or other lender whose lien shall have superiority over any such rights.

b. Should Seller exercise this reverter option, Seller and Purchaser agree that the existing value of the Property is \$1,845,001 and Seller shall pay Purchaser \$1,845,001 if the Property becomes subject to this reverter option. Any reversion purchase price paid by Seller shall be applied first to reduce any outstanding balance of any mortgage or lien imposed on the Property by Purchaser.

c. Notwithstanding anything herein to the contrary, Seller agrees to provide Purchaser with ninety (90) days advance written notice of Seller's intent to exercise its right of reverter and the Purchaser shall have the opportunity to cure within said notice period.

d. The Seller's right of reversion shall survive the Closing and/or termination of this Agreement, and shall run with the land on any portion of the Property that is subject to the Seller's right of reversion pursuant to Section 8a.

e. Seller shall execute a release evidencing the termination of Seller's right of reversion to the Property upon proof of Completion of the improvements set forth in subparagraph 6 (e) in a form satisfactory to Seller. Upon Completion, Purchaser shall be entitled to record the release of rights of reversion at its sole cost and expense.

9. **Prevailing Wage.** Purchaser agrees to pay each worker who is involved in the demolition or construction of the Project not less than the prevailing wage rate for the worker's craft or trade, as determined by the Commissioner of Labor and Workforce Development pursuant to the Prevailing Wage Act, N.J.S.A. 34:11-56.25. This prevailing wage obligation shall survive Closing and/or termination of this Agreement and shall continue until construction of the Project is Completed.

10. Purchaser Financially Able to Close. The Purchaser represents that the Closing shall not be contingent upon the Purchaser or any other Person obtaining financing to pay the Purchase Price.

11. Deposit Monies.

a. All deposit monies (and interest accrued thereon) will be held by FMERA's attorney ("Escrow Agent") in its interest-bearing, Attorney Trust Account pursuant to an Escrow letter in a form acceptable to the Purchaser and Seller until the date of Closing or as otherwise provided in this Agreement. At Closing, Purchaser shall receive a credit against the Purchase Price in the amount of the Deposit and all interest accrued thereon. If Purchaser terminates this Agreement in accordance with its terms, the Escrow Agent shall refund the Deposit to Purchaser within three business days of receipt of Purchaser's notice. The Initial and Second Deposit shall be refundable upon termination of this Agreement pursuant to Sections 11, 12, 13, 14, 21, 22 and 23.

b. In the event that the Agreement is terminated by the Seller because Purchaser defaults and said default is not cured within the time frames established herein, then the Escrow Agent shall pay the Seller the \$276,751.15 Deposit and all accrued interest as liquidated damages.

12. Title and Survey Investigation.

a. Attached hereto as Exhibit D is a Title Insurance Policy Commitment No. _____ ("Title Commitment") that was issued by _____ and through _____ ("Title Company") for the Purchaser. Seller agrees that prior to and as a Condition Precedent to Closing, Seller shall:

- (i) Deliver title to the Property that is good, marketable, fee simple title, valid of record and insurable at regular rates; and
- (ii) Satisfy, remove, discharge and/or cure to the reasonable satisfaction of Purchaser and the Title Company the following requirements and exceptions that are identified in the Title Commitment:

b. Seller shall prepare, or cause to be prepared, a survey of the property. If Purchaser elects to obtain a survey, then no later than thirty (30) days from the end of the Due Diligence Period, Purchaser shall deliver to Seller a copy of Purchaser's survey together with a list of survey objections. Not later than ten (10) days after Seller receives Purchaser's survey objections, Seller shall notify Purchaser which of the objections, if any, Seller shall cure prior to or at the Closing, including when and in what manner said items are to be cured. If Purchaser is dissatisfied with Seller's response or lack of response, Purchaser may either terminate this Agreement within 30 days of receipt of Seller's response (or within 30 days of Seller's failure to respond) or proceed under this Agreement. If Purchaser elects to proceed under this Agreement after Purchaser supplies an unsatisfactory response or no response, then Purchaser's election is deemed an acceptance of the survey objections by the Purchaser and Seller shall have no further obligation to cure the Purchaser's survey objections either prior to or at Closing.

c. Purchaser shall have the further right to order a run-down title examination(s) at any time prior to Closing, at Purchaser's cost and expense, and to submit to Seller any title and/or survey objections which may have arisen since the initial title and survey examination.

d. If Seller fails to meet the requirements of Paragraph 12.a, or if Seller has agreed to cure a survey objection pursuant to Paragraph 12.b and fails to do so, or if Purchaser has additional title

and/or survey objections as a result of its run-down title examination pursuant to Paragraph 12.c and Seller fails to cure such objections, then Purchaser may: (i) delay Closing to a date mutually agreed upon by Seller and Purchaser so that Seller or Purchaser removes or cures such non-permitted exception at Seller's expense; or (ii) terminate this Agreement.

e. Purchaser acknowledges that Seller intends to provide JCP&L with an easement or right of way for overhead lines and associated utility poles that pass over the Southwest corner of the property prior to closing. ("JCP&L easement"). Except with respect to the JCP&L easement and from the date of this Agreement, Seller shall not permit any encumbrance on the Property without Purchaser's prior written consent, which consent may be withheld in Purchaser's sole discretion. Notwithstanding the foregoing, Purchaser consents to Seller encumbering the Property, if necessary, to finance the purchase of Fort Monmouth, including the Property, from the Army, provided that any encumbrances on the Property will not encumber the Property following the Closing contemplated in this Agreement in accordance with this Section 12.

13. Due Diligence Period.

a. Purchaser, its agents and Purchaser's prospective assignees, shall have the right, during the Due Diligence Period, and at all times during the term of this Agreement, to access the Property, to inspect the Property and to investigate all matters relating thereto, including, but not limited to, existing zoning requirements, the physical condition of the Property, the environmental condition of the Property and its environs, and any other matters Purchaser deems relevant to its decision to purchase the Property. Seller shall cooperate with Purchaser in the activation and testing of all building systems and equipment and shall have qualified personnel

available on-site to activate the systems and equipment to allow Purchaser to conduct its due diligence.

b. Purchaser may terminate this Agreement in its sole, absolute and unfettered discretion prior to 5 PM on the last day of the Due Diligence Period. Upon termination of this Agreement during the Due Diligence Period, the Deposit shall be promptly returned to Purchaser.

c. Purchaser, its agents and Purchaser's prospective assignees, shall provide Seller with proof of the following insurances prior to being provided access to the Property:

(i.) Comprehensive General Liability policy (including insurance with respect to owned or operated motor vehicles which may be provided under a separate policy) as broad as the standard coverage form currently in use in the State of New Jersey, which shall not be circumscribed by any endorsements limiting the breadth of coverage. The policy shall include an additional insured endorsement (broad form) for contractual liability. Limits of liability shall be maintained at the level of Five Million (\$5,000,000.00) Dollars, except automobile liability may be at a minimum of One Million (\$1,000,000) Dollars, for each occurrence of bodily injury, death, and property damage liability. Seller shall be named an additional insured on this policy;

(ii.) Worker's Compensation applicable to the Laws of the State of New Jersey and Employer's Liability Insurance with limits of not less than One Hundred Thousand (\$100,000) Dollars per occurrence for bodily injury liability and One Hundred Thousand (\$100,000) Dollars occupational disease per employee with an aggregate limit of Five Hundred Thousand (\$500,000) Dollars occupational disease;

d. Purchaser shall repair any damage caused by its investigations and shall restore the

Property to substantially the same condition as existed immediately prior to such investigations. Purchaser hereby indemnifies and holds Seller harmless from any liability to the extent related to any negligent act or omission of Purchaser or Purchaser's agents or representatives in the performance of any and all activities conducted on the Property by Purchaser until Closing, unless such liability is the result of Seller's negligence or intentional acts or omissions.

14. Conditions Precedent to Closing.

- a. The Closing is subject to and conditioned upon the following:
 - i. The receipt by Purchaser of All Approvals within the timeframes set forth herein. This shall include receipt of site plan approval and all permits and approvals necessary or required from all approving authorities having jurisdiction over the property to renovate and operate the Property as contemplated herein. Despite anything to the contrary herein, Purchaser may elect to waive All Approvals (provided that Purchaser may not elect to waive the Approval related to mandatory conceptual review of the Project by FMERA) and close on the Property without said Approvals;
 - ii. Receipt by Purchaser of a Final Remediation Document that demonstrates that any area of concern or Hazardous Substance at the Property has been remediated in accordance with all applicable Environmental Laws which document includes a covenant not to sue pursuant to either N.J.S.A. 58:10B-13.1 or N.J.S.A. 58:10B-13.2;

- iii. The receipt by Seller of a reasonably acceptable form of a declaration of covenants and restrictions upon the Property pursuant to Paragraph 7 for review and approval by the Seller prior to Closing.
- iv. Seller shall have performed all covenants, agreements and conditions required by this Agreement to be performed by Seller prior to or as of Closing and shall have cured all defaults;
- v. Seller shall have satisfied all conditions relating to the conveyance of fee simple marketable title insurable at regular rates in accordance with Section 12;
- vi. Purchaser has not terminated this Agreement in accordance with the terms set forth in this Agreement;
- vii. Seller has obtained EDA Board approval of Purchaser as the Redeveloper;

b. The Seller and Purchaser mutually agree as follows concerning the Conditions Precedent to Closing:

- i. Each Party shall use its best efforts to perform all conditions required by this Agreement diligently prior to or as of Closing and each Party shall have cured any of its respective defaults prior to Closing or at Closing;
and
- ii. Either Party may waive the performance of a covenant or a condition by the other Party, or may waive the cure of the other Party's default at any time prior to Closing or at Closing.

15. Time and Place of Closing.

a. The Closing shall take place within thirty (30) days of satisfaction of the Conditions Precedent to Closing detailed in Section 14. The Closing will be held at the offices of Purchaser's counsel.

b. If any event constituting a Force Majeure is in effect at the time of the Closing, then the date for the Closing shall be Tolloed and suspended for an equal number of days not to exceed twelve (12) months in the aggregate for all Force Majeure or Tolling events.

c. Seller shall deliver the following documents at Closing in form and substance satisfactory to Purchaser and to Purchaser's Title Company: (1) quitclaim deed; (2) Affidavit of Title; (3) entity resolution; (4) paid receipt of Real Estate Broker; (5) tax and utility bills, if any; (6) Certificate of Compliance with Section 1445 of the Internal Revenue code (FIRPTA), (7) Bill of Sale for any Personalty; (8) IRS Form 1099; (9) a post-Closing adjustments letter whereby the parties agree to readjust the pro-rations should any error or mistake be discovered within twelve (12) months of Closing; and (10) the originally executed Release of Declaration of Covenants and Release of Rights of Reversion as set forth in Sections 7 and 8 hereof which are to be held in escrow and not released or recorded until those conditions as set forth herein are fulfilled. Purchaser shall deliver the Purchase Price and a Title Closing Statement at Closing.

d. At Closing, Purchaser shall pay the balance of the Purchase Price (after application of a credit for the Deposit and all accrued interest) to the Seller. Purchaser shall make payment at Purchaser's option by either certified check or attorney trust account check or with the consent of Seller by wire transfer.

16. **Transfer of Ownership.** At Closing, the Seller shall transfer ownership of the Property to the Purchaser via a properly executed quitclaim deed. The quitclaim deed shall be in a form reasonably acceptable to Purchaser and the Title Company. The quitclaim deed between the Parties shall include a metes and bounds description of the Property that shall be based upon the boundary survey supplied and paid for by FMERA and which may also recite the survey to be prepared by the Purchaser, at Purchaser's sole cost and expense. The quitclaim deed between the Purchaser and Seller shall be subject to all notices, CERCLA Covenants, covenants, access provisions, deed provisions and environmental protection provisions recorded upon the Property as set forth in the Army Quitclaim Deed and any covenants and restrictions that must be recorded pursuant to the requirements of N.J.A.C. 19:31C-3.24.

17. **Personal Property and Fixtures.** Many items of property become so attached to a building or other real property that they become a part of it. These items are called fixtures. They include such items as fireplaces, patios and built-in shelving. All fixtures and personal property are INCLUDED in this sale unless they are listed below as being EXCLUDED. The following fixtures and personal property are EXCLUDED from this sale: none.

18. **Physical Condition of the Property.** This Property is being sold "as is". The Seller does not make any claims or promises about the condition or value of any of the Property included in this sale. The Purchaser has inspected the Property and relies on this inspection and any rights, if any, which may be provided for elsewhere in this Agreement. Until Closing, the Seller agrees to maintain the Property until the date targeted for Closing as set forth herein. If Closing does not occur by that date, the party responsible for the delay shall have responsibility for property maintenance costs.

19. Acknowledgment and Covenants Regarding FOST. Purchaser and Seller agree and acknowledge that the Army is responsible for the environmental investigation and remediation of the Property, as required by applicable law. The Purchaser acknowledges that it has received the FOST. The Purchaser and Seller agree that to the extent that the notices, covenants, access provisions, deed provisions and environmental protection provisions concerning the Property found in the FOST are contained in the Army Quitclaim Deed, then such terms shall run with the land. Purchaser, its affiliates, assignees, corporate successors, heirs, devisees and personal representatives covenant to hold harmless the Seller, and shall make no claim against the Seller, its successors and assigns, whether based upon strict liability, negligence or otherwise, concerning noise, environmental, land use, pollution, vibrations, or any similar problems, for any damage, direct or consequential, to any person or persons, or to property or otherwise, or for any other relief, which may arise from the condition of the Property or the fact that the Property is subject to the FOST and the Army Quitclaim Deed. This covenant shall survive Closing and/or termination of this Agreement and if the terms are included in the Army Quitclaim Deed, then such terms shall also run with the land and be binding upon the Purchaser and its successors and assigns.

20. Risk of Loss. Seller shall be responsible for all loss and damage to the Property by fire, windstorm, casualty or other cause, and for all damage or injury to persons or property occurring thereon or relating thereto (except as may be caused by acts of the Purchaser or its officers, employees, agents, contractors, licensees or sub lessees) prior to Closing. Notwithstanding the foregoing, Seller shall have no obligation to repair, replace or demolish any portion of the Property that is damaged or destroyed prior to Closing, but Seller shall take reasonably

appropriate measures to ensure that the Property is secure. Seller and Purchaser agree that any damage or destruction to the Property shall not otherwise affect the rights and responsibilities under this Agreement, and that Purchaser shall not be entitled to any offset against the Purchase Price for any damage or destruction to the buildings, structures, fixtures or improvements located on, under or above the Property that might occur prior to Closing.

21. Environmental Matters. a. Purchaser and Seller acknowledge that pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Army will retain responsibility for any Army caused environmental contamination (other than ~~mold~~than mold, asbestos containing materials, lead-based paint and commercially-applied pesticides and termiticides) that may be present on the Property as of the date of the Army Quitclaim Deed and as otherwise set forth in the RFOTP. The Parties acknowledge that the quitclaim deed between Seller and the Purchaser shall contain certain covenants required by CERCLA (the "CERCLA Covenants") which covenants are contained in the Army Quitclaim Deed.

The Seller shall not bear any responsibility or liability to the Purchaser or its successors or assigns for the presence of mold, asbestos containing materials, lead-based paint or commercially applied pesticides and termiticides on the Property as of or after the Closing. Purchaser shall be solely responsible for the proper disposal of any mold, asbestos containing materials, lead-based paint or commercially applied pesticides encountered during the renovation or demolition of buildings and improvements on the Property.

b. If Seller receives notice from any Person at any time prior to the Closing that any Discharge of a Hazardous Substance has occurred on the Property which has not already been

documented in the FOST, then Seller shall provide Purchaser with notice of the Discharge on the Property within three (3) days of receiving notice. Seller shall advise Purchaser within thirty (30) days of receiving the notice of Discharge whether Seller or the Army or other responsible third party shall remediate such Discharge and obtain a Final Remediation Document. If Seller advises Purchaser that neither the Seller nor the Army nor the other responsible third party shall remediate the Discharge and obtain a Final Remediation Document, then Purchaser shall have thirty (30) days from the receipt of this notice from the Purchaser to terminate this Agreement. If Purchaser fails to terminate this Agreement within thirty (30) days of receipt of notice from the Seller that neither the Seller nor the Army nor the other responsible third party shall remediate the Discharge, then the Purchaser shall have waived the right to terminate the Agreement due to the Discharge. If Purchaser waives the right to terminate the Agreement after receiving notice from the Seller that neither the Seller nor the Army nor the other responsible third party shall remediate the Discharge of a Hazardous Substance on the Property, then Purchaser shall not be entitled to a set off or reduction in Purchase Price at Closing.

c. If Seller or the Army or the other responsible third party agree to remediate the Property by delivering a Final Remediation Document and Seller or the Army or the other responsible third party subsequently fails to provide the Final Remediation Document prior to the date set for the Closing, then Purchaser may (1) terminate this Agreement and recover the Deposit, or (2) delay Closing to a date reasonably specified by Purchaser to allow sufficient time for Seller or the Army or the other responsible third party to obtain the Final Remediation Document.

22. Termination of Agreement. If this Agreement is legally and rightfully terminated, the Purchaser and the Seller shall be free of liability to each other, except (subject to the terms of

Section 11 herein) for the return of the Deposit with all accrued interest that may be owed and any obligations that specifically survive termination of the Agreement.

23. Default by Seller.

a. If Seller shall be unable or fail to convey the Property in accordance with the terms of this Agreement, then Purchaser shall have the right to terminate this Agreement and upon return of the Deposit (together with all interest accrued thereon), this Agreement shall be terminated and neither party shall have any further rights or obligations hereunder, except for any rights or obligations that specifically survive the termination of this Agreement.

b. Purchaser acknowledges that the remedies set forth in this Paragraph 23 are Purchaser's exclusive remedies in the event of any breach of or default under this Agreement by Seller or the inability or unwillingness of Seller to consummate the Closing as provided in this Agreement. In no event shall Purchaser have any claim for any damages against Seller, except as set forth in this Paragraph 23. The terms of this Paragraph 23 shall survive the Closing and/or any termination of this Agreement.

c. The Purchaser agrees that prior to declaring the Seller in default hereunder, Purchaser shall provide Seller with thirty (30) days advance written notice of such default and Seller shall have the right to cure such default within said thirty (30) day period.

24. Default by Purchaser.

a. The following occurrences shall be a default by Purchaser of the terms of this Agreement:

(i) Failure of Purchaser to observe and perform any covenant, condition, representation, warranty or agreement hereunder, and continuance of such failure for a period of

sixty (60) days, after receipt of written notice from the Seller specifying the nature of such failure and requesting that such failure be remedied.

(ii) Purchaser shall have (a) applied for or consented to the appointment of a custodian, receiver, trustee or liquidator of all or a substantial part of its assets; or (b) a custodian shall have been legally appointed with or without consent of Purchaser; or (c) Purchaser has (1) has made a general assignment for the benefit of creditors, or (2) has filed a voluntary petition in bankruptcy or a petition or an answer seeking an arrangement with creditors or has taken advantage of any insolvency law; or (d) Purchaser has filed an answer admitting the material allegations of a petition in any bankruptcy or insolvency proceeding; or (e) a petition in bankruptcy shall have been filed against Purchaser, and shall not have been dismissed for a period of ninety (90) consecutive days; or (f) an Order for Relief shall have been entered with respect to or for the benefit of Purchaser, under the Bankruptcy Code; or (g) an Order, judgment or decree shall have been entered, without the application, approval or consent of Purchaser, by any court of competent jurisdiction appointing a receiver, trustee, custodian or liquidator of Purchaser, or a substantial part of its assets and such order, judgment or decree shall have continued unstayed and in effect for any period of ninety (90) consecutive days; or (h) Purchaser shall have suspended the transaction of its usual business.

(iii) Purchaser has abandoned or substantially suspended any work on the Approvals such abandonment or suspension of work shall not be cured, ended or remedied within sixty (60) days after written demand by the Seller.

(iv) The Purchaser shall place on the Property any unauthorized encumbrance or lien on the Property prior to Closing, or shall suffer any levy or attachment to be made on the

Property prior to Closing, or any materialmen's or mechanics' lien, or any other unauthorized encumbrance or lien to attach to the Property prior to Closing and the encumbrance or lien shall not have been removed or discharged satisfactorily to the Seller at the sole cost and expense of the Purchaser within sixty (60) days after written demand by the Seller to do so.

b. If an occurrence of default by Purchaser occurs or Purchaser fails or refuses to consummate the Closing (where no default by Seller has occurred under the Agreement and all Conditions Precedent to Closing have been satisfied), then Seller, as its sole and exclusive remedy, may terminate this Agreement by giving notice thereof to Purchaser. Upon any such termination, Seller shall retain as liquidated damages the portion of the Deposit stated in Section 11.b above and all accrued interest and neither party shall have any further rights or obligations hereunder, except any rights or obligations that specifically survive the termination of this Agreement.

c. Seller agrees that prior to declaring the Purchaser in default, Seller shall provide Purchaser with sixty (60) days advance written notice of such default and Purchaser shall have the right to cure such default within sixty (60) days of receipt of written notice of the default.

25. Adjustments at Closing/Assessments for Municipal Improvements.

a. The Purchaser and Seller agree to adjust the following expenses as of the closing date: water charges, sewer charges, and taxes. The Purchaser or the Seller may require that any person with a valid claim or right affecting the Property be paid from the proceeds of this sale.

b. Certain municipal improvements, including, but not limited to, sidewalks and sewers, may result in the Municipality charging property owners to pay for the improvement. All unpaid charges (assessments) against the Property for work completed before the date of Closing will be

paid by the Seller at or before Closing, unless such assessments resulted from action taken by the Municipality in connection with Purchaser's Approvals, then the Purchaser shall pay such assessments. If the improvement is not completed before the date of Closing then only the Purchaser will be responsible. If the improvement is completed at or before Closing, but the amount of the charge (assessment) has not been determined by the Municipality, the Seller will pay an estimated amount at Closing (unless such assessments resulted from action taken by the Municipality in connection with Purchaser's Approvals, then the Purchaser shall pay such assessments). When the amount of the charge is finally determined by the Municipality, the Seller will pay any deficiency to the Purchaser (if the estimate proves to have been too low), or the Purchaser will return any excess to the Seller (if the estimate proves to have been too high).

c. Purchaser shall work with New Jersey American Water for the installation of a water main to serve the Property pursuant to the letter agreement between Seller and Purchaser dated July 30, 2015, a copy of which is attached hereto as Exhibit E. All work done pursuant to such letter agreement shall be completed in accordance with the terms thereof.

26. Possession. At Closing, the Purchaser will be given possession of the Property subject to the Army's right of access to the Property pursuant to the Army Quitclaim Deed. The delivery of the quitclaim deed for the Property by Seller to Purchaser and possession of the Property from Seller to Purchaser and the acceptance of possession of the Property, as set forth herein by Purchaser shall be deemed full performance by Seller of its obligations under this Agreement, except for any duties that expressly survive Closing as provided herein.

27. **Liens.** In the event that an objection to title consists of an unpaid lien of a defined amount attributable to Seller, Seller has the right to satisfy the lien, subject to ARMY concurrence, from the sales proceeds.

28. **Assignment of Permits and Approvals.**

a. Seller agrees to reasonably cooperate with Purchaser and use diligent and commercially reasonable efforts to obtain any required Seller or Army signatures or consents in a commercially reasonable manner in connection with Purchaser's efforts to obtain the Approvals for the development of the Project on the Property. Any land use applications which are consistent with the Concept Plan that Purchaser requests Seller to execute or obtain the Army's signatures thereto, shall be returned by Seller to Purchaser signed within ten (10) days of the date that Purchaser submits them to Seller (other than as to the mandatory conceptual review and any requested amendments to the Plan that require approval of Seller's Board). With respect to all other requests for signatures or consents, (such as mandatory conceptual review and any requested amendments to the Plan that require approval of Seller's Board), Seller shall obtain same, where applicable, from its Executive Director, within one week of presentation; from Seller's Real Estate Committee, within 30 days from presentment; and for items requiring approval from Seller's Board, within 45 days from presentment by Purchaser, subject to the Governor's 10-day veto period. Where required by law, Seller will sign (or, as applicable with respect to the Environmental Carve Out Parcels, make commercially reasonable diligent efforts to cause the Army to sign) as owner or applicant on applications made by Purchaser so as not to cause a delay or disruption in Purchaser's efforts to pursue and obtain the Approvals. At Closing, Seller shall assign any permits or approvals related to the Project to Purchaser.

- b. Seller shall join Purchaser in filing and recording any necessary subdivision plat or plats in the County Clerk's office, which facilitates the dedication of streets, rights-of-way, and any easements, to the extent reasonably necessary, prior to the Closing provided that the cost and expense for same is paid solely by the Purchaser. Immediately prior to Closing, Purchaser shall post the necessary performance guarantees and inspection fees required to permit the filing of the subdivision plat with the County Clerk's Office.

29. **Parties Liable.** This Agreement is binding upon the Parties and all who succeed to their rights and responsibilities.

30. **Assignment.**

- a. Seller shall have the right to assign this Agreement without the consent of Purchaser to the State of New Jersey or any division thereof.

- b. Purchaser shall not have the right to assign this Agreement without first obtaining the express written consent of the Seller, which consent shall not be unreasonably withheld, provided that (i) the assignee is owned or controlled by Purchaser; (ii) the assignee is approved by the State of New Jersey's Department of the Treasury Chapter 51 Review Unit for compliance with the State of New Jersey's laws governing political contributions; (iii) the assignee has demonstrated to the satisfaction of FMERA that the potential assignee has the financial ability to meet the funding requirements of the assignee's project; (iv) the assignee provides the Seller with an unqualified and unconditional acceptance of the terms and conditions of this Agreement including but not limited to the redevelopment obligations to the extent that they relate to the portion of the Property and Project being assigned; (v) the assignment will not

delay the Completion of the Project; and (vi) the assignee provides FMERA with satisfactory proof of the managerial experience and project experience of the assignee with projects of similar size and magnitude to the assignee's project.

c. The Parties agree that if Seller authorizes an assignment in accordance with the terms herein, then Seller shall enforce this Agreement against the assignee and Seller shall release Purchaser from any and all duties, obligations, claims and damages arising under this Agreement, provided that the assignee has unconditionally accepted the assignment of this Agreement.

d. Notwithstanding the foregoing, Purchaser shall have the right to assign this Agreement to an Affiliate of the Purchaser, such as an urban renewal entity created to undertake the Purchaser's Project, without first obtaining the Seller's consent provided that the Affiliate or urban renewal entity is approved by the State of New Jersey's Department of the Treasury Chapter 51 Review Unit for compliance with the State of New Jersey's laws governing political contributions and the Affiliate or urban renewal entity provides the Seller with an unqualified and unconditional acceptance of the terms and conditions of this Agreement.

31. Successors and Assigns. This Agreement shall inure to the benefit of and shall bind the Parties and their successors and assigns.

32. Entire Agreement. It is understood and agreed that all understandings and agreements between the parties regarding purchase, sale and conveyance of the Property are merged in this Agreement which alone fully and completely expresses their agreement. This Agreement replaces and supersedes any previous agreements between the Purchaser and the Seller regarding the purchase, sale and conveyance of the Property. This Agreement can only be changed by an

agreement in writing signed by both Purchaser and Seller. The Seller states that the Seller has not made any other Agreement to sell the Property to anyone else.

33. Governing Law.

a. This Agreement shall be governed by, interpreted under and construed and enforced in accordance with, the laws of the State of New Jersey without respect to any principles of conflict of law, both as to interpretation and performance. Seller and Purchaser waive any statutory or common law presumption which would serve to have this document construed in favor and against either party as the drafter.

b. The Seller and the Purchaser agree that any and all claims made or to be made against the Seller based in contract law, including but not limited to, claims and damages described in Section 23(a) for all out of pocket costs and expenses, shall be governed by and subject to the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

34. Partial Invalidity. If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by Law.

35. Headings. The headings of the various Sections and Exhibits of this Agreement have been inserted only for the purposes of convenience, and are not part of this Agreement and shall not be deemed in any manner to modify, explain or restrict any of the provisions of this Agreement.

36. **No Partnership or Joint Venture.** Nothing contained in this Agreement will make or will be construed to make the parties hereto joint venture partners with each other, it being understood and agreed that the only relationship between Purchaser and Seller hereunder is that of Seller and Purchaser. Nor should anything in this Agreement render or be construed to render either of the parties hereto liable to the other for any third party debts or obligations due the other party.

37. **No Third-Party Rights or Benefits.** Nothing in this Agreement shall be construed as creating any rights of enforcement against any person or entity that is not a party to this Agreement, nor any rights, interest or third-party beneficiary status for any entity or person other than Purchaser and Seller. This Agreement is not an obligation of the State of New Jersey or any political subdivision thereof (other than FMERA) nor shall the State or any political subdivision thereof (other than FMERA) be liable for any of the obligations under this Agreement. Nothing contained in this Agreement shall be deemed to pledge the general credit or taxing power of the state or any political subdivision thereof (other than FMERA).

38. **No Waiver.** No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other documents furnished in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege, or the exercise of any other right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

39. **Time Periods.** All time periods contained in this Agreement shall expire at 5:00 p.m. Eastern Time on the date performance is due and any performance after such time and any Notice received after such time shall be deemed to have occurred on the next business day. In the event that any date falls on a weekend or any other day which commercial banks in the State of New Jersey are closed or permitted to be closed, the date shall be deemed to extend to the next weekday.

40. **Publication.** Purchaser and Seller agree (a to consult with and cooperate with each other on the content and timing of all press releases and other public announcements relating to the transactions contemplated by this Agreement and (b that Purchaser shall not issue any announcement or statement without the express written approval of Seller as to the text of the announcement.

41. **Recording or Notice of Pendency.** Purchaser shall not record nor attempt to record this Agreement; however, Purchaser may record the following: a) a memorandum or "short form" of this Agreement, b) a Notice of Settlement or c) other reporting requirements under the Federal Securities Laws or other securities laws applicable to the Purchaser, provided that the documents that Purchaser proposes to record are provided to the Seller for review and approval, which shall not be unreasonably delayed or withheld, prior to recording. In the event Purchaser records this Agreement, without having obtained the prior written consent of Seller thereto, then Purchaser shall be deemed in material incurable default under this Agreement and Seller shall be authorized without any notice whatsoever: (i) to terminate this Agreement and (ii) to take the Initial Deposit set forth in Section 5, including interest as liquidated damages, such damages being difficult, if not impossible to ascertain. This Section shall survive the termination of the Agreement.

42. **Authority Representations of Purchaser and Seller.** Purchaser and Seller hereby represent to each other on and as of the date of this Agreement and on and as of the transfer(s) provided for herein, that each have full capacity, right, power and authority to execute, deliver and perform this Agreement, and all required action and approvals therefore have been duly taken and obtained. The individual(s) signing this Agreement and all other documents executed or to be executed pursuant hereto on behalf of Seller and Purchaser shall be duly authorized to sign the same on Purchaser's and Seller's behalf and to bind Seller and Purchaser thereto. This Agreement and all documents to be executed pursuant to Seller and Purchaser are and shall be binding upon and enforceable against Seller and Purchaser in accordance with their respective terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulations or ruling of any court or governmental authority, or conflict with, result in a breach of, or constitute a default under any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Purchase or Seller is bound.

43. **Lis Pendens.** Unless Seller defaults, Purchaser hereby waives any right or privilege to place a lis pendens upon the Property or any property owned or controlled by FMERA and, accordingly, notwithstanding anything contained herein to the contrary, Purchaser shall be liable for all damages, including, but not limited to Seller's costs of removing the lis pendens plus treble damages, for Purchaser's failure to comply with the terms hereof. This Section shall survive the termination of this Agreement.

44. **Political Campaign Contributions.**

44.1 For the purpose of this Section , the following shall be defined as follows:

(a) “Contribution” means a contribution reportable by a recipient under “The New Jersey Campaign Contributions and Expenditures Reporting Act” P.L. 1973, c. 83 (C.19:44A-1 et seq.), a contribution made to a legislative leadership committee, a contribution made to a municipal political party committee or a contribution made to a candidate committee or election fund of any candidate for or holder of the office of Lieutenant Governor. Currently, contributions in excess of \$300 during a reporting period are deemed “reportable” under these laws.

(b) “Business Entity” means:

(i) a for-profit entity as follows:

A. in the case of a corporation: the corporation, any officer of the corporation, and any person or business entity that owns or controls 10% or more of the stock of corporation;

B. in the case of a general partnership: the partnership and any partner;

C. in the case of a limited partnership: the limited partnership and any partner;

D. in the case of a professional corporation: the professional corporation and any shareholder or officer;

E. in the case of a limited liability company: the limited liability company and any member;

F. in the case of a limited liability partnership: the limited liability partnership and any partner;

- G. in the case of a sole proprietorship: the proprietor; and
- H. in the case of any other form of entity organized under the laws of this State or other state or foreign jurisdiction: the entity and any principal, officer, or partner thereof;

- (ii) any subsidiary directly or indirectly controlled by the Business Entity;
- (iii) any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the Business Entity, other than a candidate committee, election fund, or political party committee;
- (iv) principals who own or control more than 10 percent of the profits or assets of a Business Entity or 10 percent of the stock in the case of a Business Entity that is a corporation for profit (“Principals”); and
- (v) with respect to an individual who is included within the definition of Business Entity, the individual’s spouse or civil union partner, and any child residing with the individual, provided, however, that, P.L. 2005, c. 51 shall not apply to a contribution made by such spouse, civil union partner, or child to a candidate for whom the contributor is entitled to vote or to a political party committee within whose jurisdiction the contributor resides unless such contribution is in violation of section 9 of P.L. 2005, c. 51 (C.19:44A-20.1 et seq.) (“Chapter 51”).

(c) PL 2005, c. 51 — means Public Law 2005, chapter 51 (C. 19:44A-20.13 through C. 19:44A-20.25, inclusive) as expanded by Executive Order 117 (Gov. Corzine, September 24, 2008).

44.2 The terms, restrictions, requirements and prohibitions set forth in P.L. 2005, c. 51 are incorporated into this Agreement by reference as material terms of this Agreement with the same force and effect as if P.L. 2005, c. 51 were stated herein its entirety. Compliance with P.L. 2005, c. 51 by Purchaser shall be a material term of this Agreement.

44.3 Purchaser hereby certifies to the Authority that commencing on and after October 15, 2004, Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) has not solicited or made any Contribution of money, pledge of Contribution, including in-kind Contributions, that would bar a contract agreement between Purchaser and the Authority pursuant to P.L. 2005, c. 51. Purchaser hereby further certifies to the Authority that any and all certifications and disclosures delivered to the Authority by Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) are accurate, complete and reliable. The certifications made herein are intended to and shall be a material term of this Agreement and if the Treasurer of the State of New Jersey determine that any Contribution has been made in violation of P.L. 2005, c. 51, the Authority shall have the right to declare this Agreement to be in default.

44.4 Purchaser hereby covenants that Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) shall not knowingly solicit or make any Contributions of money, or pledge of a Contribution, including in-kind Contributions, to a candidate committee or election fund of any candidate or holder of the public office of Governor of New Jersey or to any New Jersey state or county political party committee prior to the expiration or earlier termination of this Agreement. The provisions of this Section 44.4 are intended to and shall be a material term of this Agreement and if the Treasurer of the

State of New Jersey determines that any Contribution has been made by Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) in violation of P.L. 2005, c. 51, the Authority shall have the right to declare this Agreement to be in default.

44.5 In addition to any other Event of Default specified in this Agreement, the Authority shall have the right to declare an event of default under this Agreement if: (i) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits a Contribution in violation of P.L. 2005, c. 51, (ii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) knowingly conceals or misrepresents a Contribution given or received; (iii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits Contributions through intermediaries for the purpose of concealing or misrepresenting the source of the Contribution; (iv) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits any Contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee; (v) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) engages or employs a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any Contribution, which if made or solicited by Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) directly would violate the restrictions of P.L. 2005, c. 51; (vi) Purchaser (or any of its

Principals, subsidiaries and political organizations included within the definition of Business Entity) funds Contributions made by third parties, including consultants, attorneys, family members, and employees; (vii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) engages in any exchange of Contributions to circumvent the intent of P.L. 2005, c. 51; (viii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) directly or indirectly through or by any other person or means, does any act which would violate the restrictions of P.L. 2005, c. 51; or (ix) any material misrepresentation exists in any Political Campaign Contribution Certification and Disclosure which was delivered by Purchaser to the Authority in connection with this Agreement.

44.6 The Parties agree that on May 6, 2015 FMERA received confirmation from the Department of the Treasury's Chapter 51 Review Unit that Purchaser was approved for 2 year Chapter 51/EO117 certification. Purchaser hereby acknowledges and agrees that pursuant to P.L.2005, c. 51, Purchaser shall have a continuing obligation to report to the Office of the State Treasurer, Political Campaign Contribution Review Unit of any Contributions it makes during the term of this Agreement. If after the effective date of this Agreement and before the entire Purchase Price is paid to the Authority, any Contribution is made by Purchaser and the Treasurer of the State of New Jersey determines such Contribution to be a conflict of interest in violation of P.L. 2005, c. 51, the Authority shall have the right to declare this Agreement to be in default.

45. Notices: Any notices required to be given under this Agreement must be in writing and shall be addressed as follows:

to: Fort Monmouth Economic Revitalization Authority
P.O. Box 267
Oceanport, New Jersey 07757
Attention: Bruce Steadman, Executive Director

With a copy to:

Riker Danzig Scherer Hyland & Perretti LLP
Headquarters Plaza
One Speedwell Avenue
Morristown, NJ 07962-1981
Attention: John M. Pellecchia, Esq.

and

to: RADAR Properties, LLC
Roller Road East
Ocean, New Jersey 07712
Attention: Bharat Parikh, Managing Member

With a copy to: Giordano, Halleran & Ciesla, P.C.
125 Half Mile Road, Suite 300
Red Bank, New Jersey 07701-6777
Attention: Michael A. Bruno, Esq.

All notices which must be given under this Agreement are to be given either by:

- (1) personal service,
- (2) certified mail, return receipt requested, addressed to the other party at their address specified above, or
- (3) overnight delivery service, addressed to the other party at their address specified above (e.g. Federal Express, United Parcel Service, DHL, United State Postal Service Next Day Mail).

Either party may change the address to which notice must be provided pursuant to this Agreement by providing notice, in accordance with this provision, to the other party at that party's last-identified address, provided that such change of address shall not take effect until five (5) days following the date of such notice.

Each party authorizes the other to rely in connection with their respective rights and obligations under this Agreement upon approval by the parties named above or any person designated in substitution or addition hereto by notice, in writing, to the party so relying.

46. Brokerage Commissions. FMERA's broker is Cushman & Wakefield of New Jersey, Inc. Seller shall pay any broker commission due to Cushman and Wakefield of New Jersey, Inc. at Closing. Seller and Purchaser represent to each other that each has had no dealings with any other broker, salesperson or agent in connection with the sale of the Property. In no event shall Seller be responsible for any commission to a broker other than Cushman & Wakefield of New Jersey, Inc. arising from this transaction. The provisions of this Section shall survive Closing and/or any termination of this Agreement.

47. Counterparts. This Agreement may be simultaneously executed in several counterparts, or with counterpart signature pages, and may be delivered by facsimile or electronic mail, it being understood that all such counterparts or counterpart signature pages, taken together, shall constitute one and the same instrument.

48. Exhibits. By execution of this Agreement, Seller and Purchaser acknowledge receipt of all Exhibits described in this Agreement, with the exception of Exhibits C and D.

49. Recitals. The Recitals are incorporated herein as if restated at length.

50. Utilities.

a. Purchaser shall have the right to connect Building 2525 to, and use, the existing sanitary sewer system leading to sewer main in Guam Lane at its sole cost and expense.

b. Purchaser shall be responsible for all costs associated with the design, repair and connection of the existing sanitary sewer line from the Property to the sewer main in Guam

Lane in accordance with the terms of the letter agreement between Seller and Purchaser dated July 30, 2015, a copy of which is attached hereto as Exhibit E.

c. Purchaser shall be responsible for all costs associated with the design and installation of a water line from the intersection of Corregidor Road and Heliport Drive to the Property in accordance with the terms of the letter agreement between Seller and Purchaser dated July 30, 2015, a copy of which is attached hereto as Exhibit E.

d. Purchaser shall be responsible for establishing new electric service to the Property.

e. Purchaser shall be responsible for replacement, repair, maintenance and/or relocation of all utilities within the Property, subject to Seller's review and approval.

f. Purchaser shall have the exclusive right to ownership and continued use of the geothermal HVAC system and well field located on the Property.

51. Right of Entry.

1. Provided that Purchaser has not terminated this Agreement or is in default hereunder, at any time subsequent to Purchaser's completion of Due Diligence, Purchaser may request that ~~Seller~~that Seller grant Purchaser a license to enter the Property prior to Closing for the purposes of initiating interior demolition, alterations to the exterior or renovation of the Improvements ("Activities"). The license will be for \$1.00 and will be an absolutely net basis.

2. The parties agree that the license for entry is not intended and will not create a leasehold interest in the Property, and that Purchaser will be precluded from sub-licensing or sub-leasing the Property during the license term. The license will terminate upon Closing or earlier termination of this Agreement.

3. Seller will not, under any circumstance, reimburse the Purchaser for undertaking any improvements to the property and Seller will own any fixtures that the Purchaser installs until title closing occurs.

4. Purchaser agrees that any work undertaken by Purchaser and its consultants and/or contractors will comply with all applicable permits, approvals, ordinances, statutes, regulations, building codes and other applicable laws.

5. Purchaser covenants and agrees to, at all times, indemnify, protect and save harmless FMERA from and against all cost or expense resulting from any and all losses, damages, detriments, suits, claims, demands, costs and charges, which FMERA or the Property may directly or indirectly suffer, sustain or be subject to by reason or on account of Sellers entry upon the Property and surrounding area as a result of the aforementioned Activities or in connection to any work contemplated by Section 51 of this Agreement by Purchaser, its contractors, subcontractors, agents, officers, employees or invitees. In addition, Purchaser shall require its respective contractors, consultants, agents, and representatives to defend, indemnify, and hold harmless FMERA from and against any and all claims, actions, suits, complaints, and proceedings, including but not limited to any attorney's fees, costs of defense, judgments and damages which arise from or are in any way connected with the contractors', consultants', agents', or representatives' entry upon the Property or from the aforementioned Activities or in connection to any work contemplated by Section 51 of this Agreement.

6. All consultants, agents, assignees, contractors, subcontractors, officers, or employees of Purchaser shall be covered by adequate Workers' Compensation.

7. Purchaser agrees that any claims asserted against FMERA based in contract law in connection with this right of entry shall be subject to the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq. and that any claims asserted against FMERA based in tort law in connection with this permit shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq.

8. Purchaser agrees that it:

a. will not create any condition during its entry upon the Property, which violates any municipal, state or other regulatory agency or is dangerous;

b. will not permit the creation of any liens affecting the Property and shall promptly pay and discharge any claims or liabilities which may become a lien against the Property; and

c. will maintain in force and effect, insurance for liability and property damage in the minimum amounts of \$1,000,000 per occurrence and \$5,000,000 aggregate naming FMERA each as an additional insured and provide proof of same to FMERA prior to entry on the Property.

52. Miscellaneous.

a. Prior to Closing, Purchaser shall elect one of the following options with respect to the existing water tower on the Property: (i) Purchaser shall take title to the water tower, assume all rights and responsibilities of Seller under existing leases with cellular service providers for the location of cellular communications equipment on the water tower, and be responsible for the demolition of the water tower within three (3) years of the date of Closing; or (ii) Seller shall carve the water tower (including rights of ingress and egress) out of the Property to be conveyed, retain all rights and responsibilities under existing leases with cellular service providers for the location of cellular communications equipment on the water tower, and be

responsible for the demolition of the water tower. Once demolished, Seller shall convey the water tower parcel to Purchaser via quitclaim deed for no additional consideration.

b. Purchaser responsible for demolition of Building 2535 and any other improvements on the south side of Laboratory Road.

c. Seller shall convey and Purchaser shall accept title to the environmental carve-out parcel (ECP 28), a former septic tank location partially on the Property, via quitclaim deed for no additional consideration upon Army's receipt of a No Further Action letter or equivalent environmental clearance from the NJ Department of Environmental Protection and the Army's conveyance of said carve-out parcel to Seller. Said conveyance by Seller to Purchaser shall be subject to any and all additional conditions and restrictions set forth in the Army's Deed to FMERA for ECP 28.

d. Seller shall use best efforts to accomplish the dedication of Heliport Drive as a public right of way. Purchaser acknowledges that the land required for the street dedication has been deducted from the 13.5 acre parcel described in Seller's February 13, 2015 Request for Offers to Purchase.

e. Prior to Closing, Purchaser to have the option of taking ownership of any/all of the office furniture currently located in storage trailers on the Property for no additional consideration. Seller shall remove the storage trailers prior to Closing.

Wherefore the Seller and Purchaser have signed this Agreement as of the date first written above.

ATTEST:

FORT MONMOUTH ECONOMIC
REVITALIZATION AUTHORITY, Seller

By: _____
Bruce Steadman
Executive Director

ATTEST:

RADAR Properties, LLC

By: _____
Managing Member

STATE OF NEW JERSEY)
)
COUNTY OF Monmouth)

The foregoing instrument was acknowledged before me this ___ day of _____, 2015, by RADAR Properties, LLC, a limited liability company of the State of New Jersey authorized to do business in the State of New Jersey (the "Company"), by _____, its Managing Member, on behalf of the Company.



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

RE: FMERA Purchase and Sale & Redevelopment Agreement with Lennar for
Parcels C & C1 in Tinton Falls

DATE: October 15, 2015

Request

The Members are asked to consent to the Fort Monmouth Economic Revitalization Authority (“FMERA”) entering into the redevelopment agreement that is contained within FMERA’s Purchase and Sale & Redevelopment Agreement (“PSARA”) with US Home Corporation, a wholly owned subsidiary of Lennar Corporation (“Lennar”), for Parcels C and C1 in the Tinton Falls section of the former Fort Monmouth.

Background

FMERA was created by P.L. 2010, c. 51 (“the Act”) to carry out the coordinated and comprehensive redevelopment and revitalization of Fort Monmouth. The Act designates the New Jersey Economic Development Authority (“NJEDA”) as a designated redeveloper for any property acquired by or conveyed to FMERA and authorizes FMERA to enter into redeveloper agreements with the NJEDA for the redevelopment of the Fort, while also allowing FMERA to enter into redevelopment agreements directly with private developers.

FMERA executed a Memorandum of Agreement (“MOA”) with the Army as of June 25, 2012 that enabled the Army to formally accept FMERA’s Economic Development Conveyance (“EDC”) application and begin the process of conveying Phase One properties to FMERA for redevelopment. The Project is located within the Fort’s Phase One area. FMERA received title to all of the remaining Phase One properties from the Army by deed dated May 29, 2014.

FMERA issued two Requests for Offers to Purchase (“RFOTPs”) in connection with the planned redevelopment of Parcels C and C1 in Tinton Falls on March 26, 2013. Parcel C is a 40± acre lot

that formerly contained enlisted family housing and currently contains one building, the former Post Chapel, built in 1942 and slated for demolition. The Fort Monmouth Reuse and Redevelopment Plan ("Reuse Plan") calls for Parcel C to be a mixed-use town center, accommodating up to 239 newly constructed residential units, along with up to 107,000 square feet of retail and other commercial development. Parcel C1 is a 12± acre tract located in the Tinton Falls Reuse Area, containing three buildings, which are also slated for demolition. In accordance with Reuse Plan Amendment #1, the property can accommodate up to 49 newly constructed residential units. Per FMERA's Land Use Rules, 20% of the housing units developed on Parcels C and C1 shall be affordable to low- and moderate-income households. The RFOTPs were advertised in the Asbury Park Press and the Star Ledger, and posted to the FMERA, NJEDA and New Jersey State Business Portal websites. The response date for offers to purchase Parcels C and C1 was June 10, 2013.

FMERA received three proposals for Parcel C and three proposals for Parcel C1. Some firms submitted multiple scenarios for redevelopment. An evaluation team scored the proposals independently, according to criteria and weightings contained in each RFOTP and the Sales Rules. Lennar, a national homebuilding and real estate development company, submitted the highest scoring proposals for both Parcels C and C1. Lennar also submitted the highest price proposals for both parcels. As part of their analysis, the evaluators reviewed the Lennar proposals for compliance with the Reuse Plan in all aspects. Since Tinton Falls is no longer requesting a library on Parcel C, it was expected that a Plan Amendment would be needed for Parcel C and all bidders were informed of this potential plan amendment in the RFOTP for Parcel C. Because of potential site constraints on Parcel C1, Lennar's proposals will also need a Plan Amendment to shift some of the housing from Parcel C1 to Parcel C; however, the total number of housing units on the two parcels will remain unchanged. A proposed Plan Amendment containing these changes was approved on August 26, 2015 by the FMERA Board for transmittal to the three host municipalities for the statutory 45-day comment period.

As the leading proposer for both Parcels C and C1, Lennar's submission is being considered one project. The proposals call for a total of 288 residential units, 20% of which will be affordable to low- and moderate-income households. Lennar's conceptual site plans for both Parcels C and C1 emphasize connectivity through the site to the adjacent road network, while promoting pedestrian activity within the development to link the neighborhoods with retail and commercial uses. Parcel C includes a community green as a neighborhood space, and both parcels include tree-lined streets and sidewalks to create a green network throughout the community. The site concept for each parcel utilizes traditional-styled design.

At its April 23, 2014 meeting, the FMERA Board authorized staff to enter into exclusive negotiations with Lennar. Pursuant to the Sales Rules, Lennar made an additional deposit of 10% of the proposed purchase price that will be credited to Lennar at closing and executed a letter agreement confirming that the forty-five day exclusive negotiations period commenced on July 9, 2014. As provided under the Sales Rules, the negotiations were exclusive in that FMERA agreed not to consider any other proposals and cease negotiations with any other parties for the purchase of the property and instead negotiate with Lennar in good and reasonable faith for the purchase and sale of Parcels C and C1. Lennar agreed to terminate negotiations and discussions for the purchase of other competing property during the exclusive negotiating period. Both

parties agreed to keep all negotiations confidential to the extent permissible under New Jersey law. Subsequent to FMERA's Board action authorizing exclusive negotiations with Lennar, the other two bidders elected to withdraw their proposals and waive their standing to challenge FMERA's selection of a purchaser, and FMERA refunded their deposits. By letter dated August 22, 2014, FMERA's Executive Director extended the exclusive negotiating period for an additional thirty (30) days, as permitted by the Sales Rules. At their September 2014 meeting, the FMERA Board authorized a sixty (60) day extension of the exclusive negotiating period. FMERA staff and Lennar continued to make significant progress toward the negotiation of a mutually acceptable PSARA for Parcels C and C1, and on that basis the FMERA Board authorized an additional extension of the exclusive negotiating period through March 18, 2015. The parties continued to negotiate beyond that date, and staff is pleased to advise that the parties have reached agreement on business terms for Lennar's purchase and redevelopment of the property.

Purchase and Sale & Redevelopment Agreement

Lennar will pay \$15.2 million for the property, reflecting the combined amount of its proposals for Parcels C and C1 (\$12 million and \$3.2 million, respectively). Pursuant to FMERA's June 25, 2012 Economic Development Conveyance Agreement with the Army, FMERA will receive 20% of the net sale proceeds from Parcel C and 37% of the net sale proceeds from Parcel C1, with the Army receiving the balance. Closing will occur within 30 days of satisfaction of the conditions precedent to closing, which include: Lennar completing due diligence and obtaining all approvals necessary to develop the project; receipt of a final remediation document from either the New Jersey Department of Environmental Protection or purchaser's Licensed Site Remediation Professional; an amendment to the Reuse Plan to accommodate the project; and the consent of the NJEDA Board. The parties will endeavor to satisfy these contingencies within 15 months of expiration of the due diligence period. Lennar will have the option of extending its 12-month time period for obtaining project approvals by an additional six months if it has not obtained them within the initial timeframe. FMERA will convey the property to Lennar in as-is condition, but with clear title and subject to the Army's on-going obligations under CERCLA to address any pre-existing contamination that may exist on the property. Parcel C1 contains two environmental carve-out areas that are still Army-owned. The Army is in the process of pursuing unrestricted No Further Action determinations from the New Jersey Department of Environmental Protection for these former septic fields. FMERA's closing with Lennar is also contingent on the Army's conveyance of these carve-out areas to FMERA free of any environmental restrictions.

The project will consist of the development of approximately 243 residential units (townhomes, stacked townhomes and/or apartments) and 58,000 sf of retail and other non-residential uses on Parcel C, and approximately 45 single-family detached homes on Parcel C1. Twenty percent of the 288 total residential units will be affordable homes, and will be located on Parcel C. FMERA and/or the Affordable Housing Alliance will have an option to acquire up to twenty of the affordable homes for use as permanent supportive housing units, as required by FMERA's legally binding agreement for the accommodation of special needs populations. Lennar will commence construction of the project no later than 60 days after closing, and complete construction within five years. Provided the purchaser is diligently pursuing completion of the

project, Lennar shall have the right to extend the time period for completing the project for an additional three years. FMERA will have a right to repurchase the property if construction is not timely commenced or completed. The purchaser will also be obligated to create 35 permanent jobs at the property within five years of closing, or pay a penalty of \$1,500 for each job not created.

Based on the redevelopment provisions of the PSARA between FMERA and Lennar, FMERA staff concludes that the essential elements of a redevelopment agreement between FMERA and Lennar are sufficiently addressed and that it is not necessary for FMERA to enter into a separate redevelopment agreement with Lennar for its development of Parcels C and C1. Attached is a substantially final form of PSARA approved by FMERA's Board at its September 16, 2015 meeting. The final terms of the PSARA will be subject to the approval of FMERA's Executive Director and the Attorney General's Office.

Recommendation

In summary, I am requesting that the Members consent to FMERA entering into the redevelopment agreement contained within the Purchase and Sale & Redevelopment Agreement with US Home Corporation, a wholly-owned subsidiary of Lennar Corporation, for Parcels C and C1 in the Tinton Falls section of the former Fort Monmouth.



Timothy J. Lizura
President/Chief Operating Officer

Attachment: Purchase and Sale & Redevelopment Agreement
Prepared by: Donna T. Sullivan and David E. Nuse

**PURCHASE AND SALE AGREEMENT
AND REDEVELOPMENT AGREEMENT**

BETWEEN

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY

as Seller,

AND

US HOME CORPORATION, a wholly owned subsidiary of Lennar Corporation

as Purchaser

As of September , 2015

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EXHIBIT LIST

- Exhibit A - Conceptual Site Plans [ATTACH FROM ENA]
- Exhibit B - Metes and Bounds Description of the Environmental Carve Out Parcels
- Exhibit C - Metes and Bounds Description of the Land
- Exhibit D - Programmatic Agreement between Army and NJ SHPO
- Exhibit E - Seller Board Consents
- Exhibit F - Form of Certificate of Completion [FMERA TO PROVIDE]
- Exhibit G - Promissory Note
- Exhibit H - Off-Site Work
- Exhibit I - Form of Memorandum of Agreement
- Exhibit J - Form of Discharge of Memorandum of Agreement
- Exhibit K - July 2, 2015 SHPO Letter regarding Kronenburg Mural
- Exhibit L – Agreement with Affordable Housing Alliance

**PURCHASE AND SALE AGREEMENT AND
REDEVELOPMENT AGREEMENT**

This **PURCHASE AND SALE AGREEMENT AND REDEVELOPMENT AGREEMENT** is made as of _____, 2015 between **FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY** (“Seller”), a public body corporate and political constituted as an independent authority and instrumentality of the State of New Jersey, pursuant to P.L. 2010, c. 51, N.J.S.A. 52:27I-18 et seq., whose address is 502 Brewer Avenue, Oceanport, New Jersey 07757, and **US HOME CORPORATION**, a wholly owned subsidiary of Lennar Corporation, a corporation of the State of Delaware, located at 2465 Kuser Road, Floor 3, Hamilton, New Jersey 08690 (“Purchaser”). Seller and Purchaser are collectively referred to herein as the “Parties”.

WITNESSETH:

WHEREAS, on behalf of the United States Secretary of Defense, the Office of Economic Adjustment recognizes Seller as the local redevelopment authority for Fort Monmouth, located in the Boroughs of Oceanport, Eatontown and Tinton Falls, New Jersey;

WHEREAS, Seller publicly advertised Requests for Offers to Purchase (“RFOTP”) land and improvements located in the Charles Wood Area of Fort Monmouth known as Parcel C and Parcel C1, now located within the Borough of Tinton Falls (“Parcels C and C1”) in accordance with Seller’s Rules for the Sale of Real and Personal Property, N.J.A.C. 19:31C-2.1 et seq.;

WHEREAS, there exists an Economic Development Conveyance Agreement (“EDC Agreement”), between the United States Department of the Army (the “Army”) and Seller dated June 25, 2012 which addresses the terms by which the Army shall transfer to Seller a portion of Fort Monmouth, which includes Parcels C and C1;

WHEREAS, Seller is bound by the terms and conditions of the EDC Agreement;

WHEREAS, pursuant to that certain quitclaim deed recorded on June 30, 2014 in the Monmouth County Register's Office by which the Army conveyed to Seller all of Parcels C and C1 (excluding the Environmental Carve Out Parcels (as defined below)) and certain other land in Fort Monmouth (the "Army Quitclaim Deed"). Seller has provided Purchaser with a copy of the Army Quitclaim Deed in effect as of the Effective Date;

WHEREAS, Seller and Purchaser have entered into an Exclusive Negotiation Agreement, dated July 9, 2014 (as the same has been previously extended and amended, the "ENA") for the purpose of exclusively negotiating the terms and conditions for the purchase and sale of the Property (as defined below);

WHEREAS, Seller has adopted the Fort Monmouth Reuse and Redevelopment Plan, last amended September 2012 (as same may be amended from time to time, the "Plan") for the redevelopment of Fort Monmouth;

WHEREAS, by this Agreement (as defined below), Seller desires to appoint Purchaser as the redeveloper of the Property in accordance with N.J.A.C. 19:31C-3.24(a) and intends for this Agreement to serve as the "redevelopment agreement" which is required by N.J.A.C. 19:31C-3.24(a);

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, the Property subject to and in accordance with the terms and conditions set forth herein.

NOW THEREFORE, for good and valuable consideration, the mutual receipt and legal sufficiency of which the Parties hereby acknowledge, Seller and Purchaser hereby agree as follows:

DEFINITIONS

For all purposes of this Agreement, the following terms shall have the respective meanings set forth below:

1. Definitions:

“Affiliate” means with respect to Purchaser, any other Person directly or indirectly controlling or controlled by, or under common Control with Purchaser or Lennar. For purposes of this definition the term “Control” (including the correlative meanings of the term “controlled by” and “under common control with”) as used with respect to Purchaser, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management, operations and policies of Purchaser, whether through the ownership of voting securities or by contract or otherwise.

“Affordable Home” shall mean either a townhome, stacked townhome, or apartment with a bedroom mix as defined by the Affordable Housing Regulations that meets the following requirements: (i) (a) is reserved for occupancy by low or moderate income households in accordance with Affordable Housing Regulations; (b) has a restriction on the sales prices and/or rental rates as determined in accordance with the Affordable Housing Regulations; (c) can only be sold to Qualified Purchasers or leased to low or moderate income households in accordance with the Affordable Housing Regulations; and (d) contains the number of bedrooms as required by the Affordable Housing Regulations; and/or (ii) otherwise qualifies as a dwelling unit that is sufficient for occupancy by low or moderate income households in accordance with the Affordable Housing Regulations.

“Affordable Housing Regulation(s)” shall mean the requirements established pursuant to the Fair Housing Act (N.J.S.A. 52:27D-301 et seq.) and all other applicable laws, court

decisions and regulations relating to the Fair Housing Act.

“Agreement” means this Purchase and Sale Agreement and Redevelopment Agreement, dated above, as same may be amended, modified or supplemented from time to time by written instrument signed by the Parties.

“All Approvals” means all Non-Appealable Final Approvals, permits, decisions, reviews, will serve letters and agreements issued by municipal, county, state, federal and quasi-governmental authorities (including, without limitation, Seller, the Borough of Tinton Falls, the NJ Department of Transportation, the NJDEP (as defined below), NJ State Historic Preservation Officer (“SHPO”)) and applicable utility providers required by Purchaser in its reasonable discretion to obtain demolition and building permits for all the residential, commercial and other non-residential uses on the Property and related off-site improvements so as to allow the continuous development of the Project and which Approvals shall contain terms and conditions (including, without limitation, bonding requirements) that are acceptable to Purchaser in its reasonable discretion, including but not limited to, the following Non-Appealable Final Approvals: (i) the mandatory conceptual review approval of the Project by Seller which is required pursuant to N.J.A.C. 19:31C-3.20(c); (ii) preliminary and final subdivision approval that separates the Project’s components into residential areas, commercial and other non-residential areas, open space areas (if applicable), streets, rights of way and easements (including a sewer easement); and (iii) preliminary and final site plan and subdivision approval for the residential, commercial and other non-residential uses on the Property, including the required review by Seller in connection with “d” variances; (iv) a Final Remediation Document issued to Purchaser by either the NJDEP or Purchaser’s LSRP that documents that the Property has been remediated to Purchaser’s reasonable satisfaction and which includes a covenant not to sue pursuant to either

N.J.S.A. 58:10B-13.1 or N.J.S.A. 58:10B-13.2; (v) any and all demolition permits and approvals that would permit Building 2540 and the Kronenburg Mural to be demolished without further historic preservation consultations or any other actions under the Programmatic Agreement (as defined herein); and (vi) will serve letters from applicable utility providers.

“Approval” means permits, decisions, reviews and agreements issued by municipal, county, state, federal and quasi-governmental authorities needed or otherwise reasonably required by Purchaser in its reasonable discretion to develop the Property and/or obtain demolition and building permits for all of the contemplated residential uses, commercial and other non-residential uses on the Property and related off-site improvements.

“Approval Period” shall be the period which commences upon the expiration of the Due Diligence Period and expires 12 months after the later of (i) enactment of the final, non-appealable Plan Amendment, and (ii) expiration of the Due Diligence Period; provided, however, that if Purchaser is unable to obtain All Approvals within 12 months after the expiration of the Due Diligence Period, then Purchaser shall have the right, exercisable by providing written notice to Seller, to extend the Approval Period for an additional period of 6 months as long as Purchaser is diligently seeking to obtain the Approvals (subject to further extension as expressly provided herein).

“Army” means the United States of America, acting by and through the Secretary of the Army and any division, department or agency thereof.

“Army Quitclaim Deed” means the deed conveying the majority of the Property from the Army to FMERA which was recorded on June 30, 2014 in the Monmouth County Register’s Office at Deed Book 9070 Page 9803. The Army Quitclaim Deed does not include the Environmental Carve Out Parcels which will be transferred by a subsequent deed from the Army

to FMERA after the Army issues the Subsequent FOST.

“Blackout Period” shall have the meaning ascribed thereto in Section 41.

“Building 2540” has the meaning ascribed thereto in Section 3.

“Bulk Sale Escrow” shall have the meaning ascribed thereto in Section 51.

“Business Entity” shall have the meaning ascribed thereto in Section 47.1(b).

“CERCLA” means the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§9601, et seq.

“CERCLA Covenants” shall have the meaning ascribed thereto in Section 23.

“Closing” shall mean the consummation of the transfer of the Property from Seller to Purchaser and the transfer of the Purchase Price from the Purchaser to Seller in accordance with the terms and provisions of this Agreement.

“Closing Statement” shall have the meaning ascribed thereto in Section 15.c.

“Complete”, **“Completed”** or **“Completion”** means the issuance of a certificate of occupancy or temporary certificate of occupancy by the Municipality for a building or any unit or other portion thereof to be occupied for residential, commercial or other non-residential use as part of the Project.

“Commercial Development” means that portion of the Property which is intended to be used for retail or other non-residential uses in accordance with Exhibit A.

“Contiguous Controlled Property” shall have the meaning ascribed thereto in Section 45.f.

“Contribution” shall have the meaning ascribed thereto in Section 47.1.

“Corporate Approval” shall have the meaning ascribed thereto in Section 13.c.

“Deed” has the meaning ascribed thereto in Section 15.c.

“Deposit” shall mean, collectively, the Initial Deposit and the Second Deposit described in Section 4 herein, together with any and all interest earned thereon.

“Discharge” pursuant to N.J.S.A. 58:10-23.11b, as same may be amended, means any intentional or unintentional action or omission resulting in the releasing, spilling, leaking, pumping, pouring, emitting, emptying-, injecting, escaping, leaking, or dumping of Hazardous Substances into the environment.

“Due Diligence Period” means the sixty (60) day period commencing on the Effective Date of this Agreement and ending at 11:59 p.m. on the 60th day thereafter (subject to extension as herein provided), during which Purchaser, at its sole cost and expense may investigate any and all matters relating to its purchase of the Property and development of the Project to determine whether the as-is condition of the Property is satisfactory to Purchaser.

“EDC Agreement” shall have the meaning ascribed thereto in the Recitals hereof.

“Effective Date” means the date on which this Agreement is fully and finally authorized and executed, or such other date as may be agreed in writing by the Parties.

“ENA” shall have the meaning ascribed thereto in the Recitals hereof.

“Environmental Carve Out Parcels” shall mean approximately 0.516 acres surrounding Septic Tank 2 – ECP 28 located within Block 101, Lot 1 and approximately 0.216 acres surrounding Septic Tank 3 – ECP 28 located within Block 101, Lot 1, both of which are located within Parcel C1 of the Property and are more particularly described in Exhibit B to this Agreement. The Environmental Carve Out Parcels have not yet been conveyed by the Army to Seller, but are contemplated to be conveyed to Seller after the Army issues the Subsequent FOST. In accordance with the terms of this Agreement, the Closing shall not occur until the Environmental Carve Out Parcels have been conveyed to Seller.

“Environmental Carve Out Parcels Quitclaim Deed” shall have the meaning ascribed thereto in Section 16.

“Environmental Laws” or **“Environmental Law”** shall mean each and every applicable federal, state, regional, and local laws, statutes, ordinances, regulations, rules, codes, consent decrees, judicial or administrative orders or decrees, guidance, directives, judgments or requirements relating to environmental contamination, damage to or protection of the environment, environmental conditions, or the use, handling, processing, distribution, generation, treatment, storage, disposal, manufacture or transport of Hazardous Substances, materials or wastes, as same may be amended, including, but not limited to, the *Comprehensive Environmental Response, Compensation and Liability Act* (“**CERCLA**”) (42 U.S.C. §§ 9601-9675); the *Resource Conservation and Recovery Act of 1976* (“**RCRA**”) (42 U.S.C. §§ 6901, *et seq.*); the *Clean Water Act* (33 U.S.C. §§ 1251, *et seq.*); the *New Jersey Spill Compensation and Control Act* (the “**Spill Act**”) (N.J.S.A. 58:10-23.11, *et seq.*); the *Industrial Site Recovery Act* (“**ISRA**”) (N.J.S.A. 13:1K-6, *et seq.*); the *New Jersey Underground Storage of Hazardous Substances Act* (N.J.S.A. 58:10A-21, *et seq.*), the *New Jersey Water Pollution Control Act* (N.J.S.A. 58:10A-1 *et seq.*); the *Brownfield and Contaminated Site Remediation Act* (“**BCSRA**”) (N.J.S.A. 58:10B-1, *et seq.*); the *New Jersey Site Remediation Reform Act* (“**SRRA**”) (N.J.S.A. 58:10C-1 *et seq.*); and all of the rules and regulations promulgated thereunder.

“ERISA” shall have the meaning ascribed thereto in Section 44.b.

“Escrow Agent” means DeCotiis, FitzPatrick & Cole, LLP.

“Escrow Holdback Side Letters” shall have the meaning ascribed thereto in Section 15.c.

“Final Remediation Document” pursuant to N.J.S.A. 58:10-23.11b, as it may be

amended, means a no further action letter (“NFA”) issued by the NJDEP pursuant to N.J.S.A. 58:10B-1 et al., or a RAO issued by an LSRP pursuant to N.J.S.A. 58:10C-14.

“Finding of Suitability to Transfer” or **“FOST”** means the document entitled “Draft Final Finding of Suitability to Transfer, (FOST), Fort Monmouth, New Jersey, Fort Monmouth, Charles Wood Area,” dated August 2013 and prepared by the Army. The purpose of the FOST is to document the environmental suitability for transfer of the Property (excluding the Environmental Carve Out Parcels) from the Army to Seller consistent with CERCLA Section 120(h) and Department of Defense Policy. In addition the FOST includes CERCLA Notice, Covenant and Access Provisions and other Deed Provisions and the Environmental Protection Provisions necessary to protect human health or the environment after transfer of the Property from the Army to Seller. The FOST does not document the environmental suitability for the transfer of the Environmental Carve Out Parcels which will be the subject of the Subsequent FOST.

“Force Majeure” shall mean the failure, or significant delay of performance by Seller or Purchaser of any provision of this Agreement by reason of the following: labor disputes, strikes, picket lines, boycott efforts, war (whether or not declared), riots, terrorism, latent defects or conditions (environmental or otherwise) in the Property or in neighboring properties, political gridlock or legislative inaction, governmental delays, the cancellation, postponement or continuation of hearings before governmental agencies, failure of Seller to approve or sign (and cause the Army to approve or sign), as applicable, within the time periods provided in Section 30, failure or inability of the Municipality or any other governmental authorities to schedule a hearing with respect to any of Purchaser’s applications for Approvals to take place within 45 days after the submission of a complete application therefore, significant distress in the financial

markets, significant distress in the commercial banking system, significant distress in the market for mixed-use developments similar to the Project, the absence of reasonable demand for mixed-use developments similar to the Project that would make the development of the Project reasonably commercially viable for Purchaser, casualties and the adjustment of insurance claims, pending condemnation actions of portions of the Property, condemnation of portions of the Property which frustrate or hinder the development or completion of the Project, shortage of materials, inability to obtain labor or materials at commercially reasonable prices, moratorium regarding sewer, water or any other utilities, litigation or appeals filed against either Seller or Purchaser affecting the Property or against (directly or indirectly) the Plan, the Project or any permits or approvals sought or obtained by Purchaser for the Project, natural disasters, storms, floods, fires, tornadoes, earthquakes, hurricanes or other acts of God. In such cases, notwithstanding anything to the contrary provided herein, neither Seller nor Purchaser shall be in default of this Agreement if the delay, hindrance or failure to perform is by reason of any of the aforementioned acts, events or circumstances. However, any extension of the timeframes for performance of obligations set forth in this Agreement for Force Majeure shall be contingent upon the Party claiming a Force Majeure notifying the other Party in writing within thirty (30) days of the occurrence of the act, event or circumstance resulting in the failure or delay of performance. The time of performance hereunder (including the Approval Period) shall be extended for the period of the delay occurring as a result of the Force Majeure event; provided, however, that in no event shall the extension of Approval Period exceed 24 months in the aggregate for Force Majeure or Tolling events which impact Purchaser's ability to obtain All Approvals.

"Hazardous Substances" means any element, compound, material, mixture, substance,

chemical or waste that is defined or listed as hazardous, hazardous substance, hazardous material or hazardous waste in any Environmental Law, including, without limitation, petroleum and petroleum products set forth in N.J.A.C. 7:1E-1.7, all substances set forth in N.J.A.C. 7:1E Appendix A, and all substances set forth in 42 U.S.C. §9601(14), as same may be amended from time to time.

“Home” shall mean a single family detached structure, townhome, stacked townhome, or apartment, sold or rented, for which there are no restrictions or limitations under the Affordable Housing Regulations on the sale or rental price.

“Initial Deposit” has the meaning ascribed thereto in Section 4.

“Job Creation Penalty” has the meaning ascribed thereto in Section 6.g.

“Jobs Report” has the meaning ascribed thereto in Section 6.g.

“Kronenburg Mural” has the meaning ascribed thereto in Section 3.

“Lot Subject to Reversion” has the meaning ascribed thereto in Section 6.a.

“LSRP” shall mean a licensed site remediation professional, qualified and licensed to perform site remediation in New Jersey pursuant to the terms of the SRRA.

“Municipality” shall mean the Borough of Tinton Falls, in the County of Monmouth, State of New Jersey.

“NJEDA” shall mean the New Jersey Economic Development Authority.

“NJDEP” shall mean the New Jersey Department of Environmental Protection.

“NJ SHPO” has the meaning ascribed thereto in Section 3.

“No Further Action Letter” (“NFA”) has the same meaning as set forth at N.J.S.A.

58:10B-1.

“Non-Appealable Final Approval” shall mean an Approval where the time to challenge or appeal the grant or denial of the Approval, or a term or condition of the Approval, before any administrative body or court of law has expired, and no challenge or appeal is pending. The term shall also mean an Approval granted after a challenge or appeal has been filed where the challenge or appeal has been decided in Purchaser’s favor (without the possibility of further challenge or appeal), and all terms and conditions contained in the Approval are acceptable to Purchaser in its reasonable discretion.

“Notice” has the meaning ascribed thereto in Section 48.

“OFAC” shall have the meaning ascribed thereto in Section 44.b.

“Off-Site Work” shall have the meaning ascribed thereto in Section 45.e.

“Parcels C and C1” shall have the meaning ascribed thereto in the Recitals hereof.

“Permanent job” has the meaning ascribed thereto in Section 5.g.

“Person” means an individual, partnership, Limited Liability Company, corporation, business trust, Joint Stock Company, trust, unincorporated association, joint venture, government authority, or other entity of whatever nature.

“Plan” shall have the meaning ascribed thereto in the Recitals hereof.

“Plan Amendment” shall have the meaning ascribed thereto in Section 45.c.

“Post-Closing Adjustment Letter” shall have the meaning ascribed thereto in Section 15.c.

“Preliminary Approval” shall have the meaning set forth in N.J.S.A. 40:55D-6.

“Preliminary Site Plan Approval” and **“Preliminary Subdivision Approval”** shall mean Preliminary Approval for a “site plan” and a “subdivision,” respectively, as such terms are defined in N.J.S.A. 40:55D-7.

“Principals” has the meaning ascribed thereto in Section 47.1.

“Programmatic Agreement” has the meaning ascribed thereto in Section 3.

“Project” means development on the Property consisting of approximately the following: (a) on Parcel C: (i) approximately 58,000 s.f. of retail and other non-residential uses and approximately 243 residential units broken down into a mix of townhomes, stacked townhomes and/or apartments, including all Affordable Homes required for the Project; (b) on Parcel C1: approximately 45 single family detached homes. Affordable Homes shall be in a quantity of twenty percent (20%) of the total number of residential units in the Project (“Affordable Obligation”) that shall be marketed, sold and deed restricted as Affordable Homes to Qualified Purchasers or to an affordable housing operator who may rent the Affordable Homes in accordance with the Affordable Housing Regulations. The Project is further described herein at Section 6 and depicted in the conceptual site plans attached hereto as Exhibit A. However, notwithstanding anything to the contrary provided in the foregoing, the Parties hereby agree that the foregoing definition of **“Project”** as well as the description thereof set forth on Exhibit C shall be hereinafter amended by them upon the issuance of All Approvals for the Project, in order to reflect any deviation between the foregoing description and conceptual site plans and the development of the Property that Purchaser is actually able to obtain Approvals for (including, without limitation, site plan approvals).

“Property” means portions of Block 101, Lot 1 located in the Charles Wood Area of Fort Monmouth, now located within the Borough of Tinton Falls, Monmouth County consisting of Parcel C (approximately 39 acres) and Parcel C1 (approximately 12 acres) (the **“Land”**), together with all buildings, structures and improvements located on the Land and all other rights, benefits and appurtenances belonging thereto and conveyed to Seller by the Army, including, without limitation, (i) all minerals, oil, gas, and other hydrocarbon substances thereon; (ii) all

adjacent strips, streets, roads, alleys and rights-of-way, public or private, open or proposed; (iii) all easements, privileges, and hereditaments, whether or not of record; (iv) all access, air, water, riparian, development, utility, and solar rights; and (v) all permits, approvals, site plans, surveys and reports pertaining to any of the foregoing. The Land is further described in Section 3 and is also depicted in the metes and bounds descriptions that are attached hereto as Exhibit C.

“Purchaser” shall mean US HOME CORPORATION, a wholly owned subsidiary of Lennar Corporation (**“Lennar”**), a corporation of the State of Delaware, located at 2465 Kuser Road, Floor 3, Hamilton, New Jersey 08690.

“Purchase Price” is the price that Purchaser shall pay Seller as consideration for the Property as provided in Section 4 herein, subject to adjustment, credit, pro-ration and holdback as provided herein. The Purchase Price shall be paid as described in Sections 4 and 5.

“RFOTP” shall have the meaning ascribed thereto in the Recitals hereof.

“Qualified Purchasers” shall mean low and moderate income households who are permitted to acquire an Affordable Home under the Affordable Housing Regulations or an affordable housing operator who intends to rent the applicable Affordable Homes to low to moderate income households in accordance with the Affordable Housing Regulations.

“Remediation Acknowledgment” has the meaning ascribed thereto in Section 23.b.

“Required Removal Items” has the meaning ascribed thereto in Section 12.b.

“Response Action Outcome” or **“RAO”** shall mean an unrestricted Response Action Outcome for the entire Property issued by an LSRP in compliance with the terms of the SRRA, that demonstrates the Property has been remediated in accordance with all Environmental Laws.

“Second Deposit” has the meaning ascribed thereto in Section 4.

“Seller’s Broker” shall have the meaning ascribed thereto in Section 49.

“Seller’s Monetary Cap” means Seller’s share of the Purchase Price net of real estate commissions and homeless trust fund payments pursuant to the EDC Agreement, the maximum amount of which will never exceed the total sum of: (i) 17% multiplied \$12,000,000 which represents the portion of the Purchase Price attributable to Parcel C; and (ii) 32% multiplied by \$3,200,000 which represents the portion of the Purchase Price attributable to Parcel C1.

“Subsequent FOST” shall mean the finding of suitability of transfer that the Army shall issue with respect to the Environmental Carve Out Parcels that deem the Environmental Carve Out Parcels suitable for transfer from the Army to Seller.

“Supportive Housing” shall have the meaning ascribed thereto in Section 5.k.

“Supportive Housing Cost” shall have the meaning ascribed thereto in Section 5.k.

“The Act” shall mean the “Fort Monmouth Economic Revitalization Authority Act,” N.J.S.A. 52:271-20, *et seq.*

“Tolling” (including correlative meanings of “Toll” and “Tolled”) shall mean a period of time during which all time frames and obligations of Purchaser or Seller as set forth in this Agreement are suspended in accordance with the terms of this Agreement and which suspension of time frames and obligations shall continue until the act, event or circumstance causing the Tolling is resolved to the reasonable satisfaction of the Party seeking the benefit of a Tolling period. The Party seeking the benefit of a Tolling period must provide the other Party with notice of the happening of the Tolling event within thirty (30) days of the occurrence of the Tolling event.

2. **Purchase and Sale Agreement.** Subject to the terms and conditions set forth in this Agreement and the performance by the Parties of all of the obligations hereunder, Seller agrees

to sell and convey to Purchaser, and Purchaser agrees to purchase and acquire from Seller, the Property. Seller will sell and convey to Purchaser the Property in its AS-IS condition in accordance with the terms of this Agreement, which consists of: (a) the Land and all the buildings, other improvements and fixtures on the Land; and (b) all of the other transferable rights, benefits and appurtenances belonging to the Land and such buildings, other improvements and fixtures thereon.

3. The Land. The Land is comprised of approximately 51 acres of land in two parcels located within Block 101, Lot 1, in the Charles Wood Area of Fort Monmouth now located in the Borough of Tinton Falls. The Land consists of Parcel C which is approximately 39 acres in area, which borders on Tinton Avenue, Pearl Harbor Avenue/Municipal Drive and Corregidor Road formerly located in Fort Monmouth and which is now located in Tinton Falls. Parcel C is a former residential area that has been demolished; only one building remains on Parcel C which is a former chapel. The Land also consists of Parcel C1 which is approximately 12 acres in area, which is located south of Corregidor Road and between Heliport/Satellite Roads and Guam Lane formerly in the Charles Wood Area of Fort Monmouth and now located in Tinton Falls. Parcel C1 includes the Environmental Carve Out Parcels. Parcel C1 also contains three buildings, 2539, 2540 and 2541. Purchaser acknowledges that Building 2540 ("Building 2540") contains the Kronenburg Mural ("Kronenburg Mural") which is listed in the October 2009 Programmatic Agreement between the U.S. Army and the New Jersey State Historic Preservation Officer (the "NJ SHPO") attached as Exhibit D to this Agreement (the "Programmatic Agreement"). The Land is more fully described in Exhibit C. The Environmental Carve Out Parcels are more particularly described in Exhibit B.

4. **The Purchase Price.** The Purchase Price shall be Fifteen Million Two Hundred Thousand and 00/100 Dollars (\$15,200,000.00), subject to credits, apportionments, holdbacks and adjustments as expressly provided herein. Purchaser will pay the Purchase Price as follows:

At the time of submission of its bid, Purchaser deposited an initial deposit of \$760,000.00 (the "Initial Deposit") with Seller and Seller has transferred said Initial Deposit, with interest, to its counsel's Attorney Trust Account \$ 760,000

An additional deposit of \$1,520,000.00 was deposited with Seller's counsel's Attorney Trust Account by Purchaser upon the execution of the ENA (the "Second Deposit") \$ 1,520,000

Balance to be paid at closing of title, by wire transfer, in cash or by certified check (subject to credits, adjustments, pro-rations and holdbacks at closing as provided in this Agreement) \$12,920,000

Total Purchase Price

\$15,200,000.00

5. Redevelopment Agreement, Certificate of Completion Requirements, Job Creation & Capital Investment.

a. As a condition precedent to Closing, Seller shall appoint Purchaser as the redeveloper of the Property in accordance with N.J.A.C. 19:31C-3.24(a) and agrees that this Agreement shall serve as the redevelopment agreement which is required by N.J.A.C. 19:31C-3.24(a). Seller's Board of Directors has approved and consented to this Agreement (a copy of which consent is attached hereto as Exhibit E).

b. Seller hereby agrees that, pursuant to N.J.A.C. 19:31C-3.24(f), upon the Completion of any portion of the Project (including, without limitation, any particular individual unit, Home or Affordable Home or any particular commercial space within the Commercial Development) upon the request of an applicant, Seller shall issue a certificate of completion, in the form annexed hereto as Exhibit F, for such portion of the Project. Notwithstanding anything to the contrary provided herein, the issuance of a certificate of completion for any portion of the Property shall conclusively evidence that the option to repurchase that is afforded to Seller as provided in Section 6 below shall have expired and shall be of no further force and effect with respect to such portion of the Property. Each request of an applicant for a certificate of completion shall be submitted on a properly completed and submitted Seller certificate of completion application form, in the form annexed hereto as Exhibit F, which shall request the following information:

- i. the applicant's certification to Seller that all applicable improvements for the portion of the Project in question have been completed in accordance

- with the relevant approvals and the redevelopment agreement provisions of Section 6 of this Agreement;
- ii. copies of the relevant certificates of occupancy for the portion of the Project in question, issued by the applicable code official of the Municipality; and
 - iii. a certification of the applicant that the redevelopment agreement provisions of Section 6 of this Agreement are in full force and effect and the applicant is not aware of any default by Purchaser in the performance of its obligations hereunder, or any fact which, upon giving of notice would constitute an event of default hereunder.

c. Seller selected Purchaser as the redeveloper for the Property based upon the following factors concerning the Project that are material to Seller's selection of Purchaser: i) the Purchase Price; ii) estimated jobs to be created at or relocated to the Property as stated in Purchaser's Response to the RFOTP which estimated that 168 construction jobs and 34 permanent jobs would be created at Parcel C and that 42 construction jobs and 1 permanent job would be created at Parcel C1; iii) the proposed peak capital investment of \$53 million at Parcel C and a proposed peak capital investment at Parcel C1 of \$11.7 million; iv) Purchaser's financial capability to meet the proposed terms of purchase and project completion; v) the proposed future use of the Property; vi) impact upon the Municipality, and vii) confirmation that Purchaser's proposed use is consistent with the Plan. See N.J.A.C. 19:31C-2.14.

d. Purchaser represents that it is purchasing the Property with the intent to develop the Project consistent with the terms of this Agreement. Copies of Purchaser's conceptual site plans for the Project are attached as Exhibit A.

e. Purchaser shall at its sole cost and expense use commercially reasonable, diligent efforts to seek to obtain All Approvals within the Approval Period, as the Approval Period may be extended as provided in the definition of the term Approval Period and by an applicable Tolling or Force Majeure event. If Purchaser is unable to obtain All Approvals to its reasonable satisfaction within the Approval Period, then Purchaser may terminate this Agreement upon written notice to Seller, upon which termination the Escrow Agent shall return the Deposit to Purchaser in accordance with the terms of the Escrow Agreement. Purchaser shall have the right, but not the obligation to undertake any litigation or administrative appeal to obtain All Approvals, including the right to litigate or appeal to the ultimate decision maker, and any such litigation or appeal shall constitute a Force Majeure hereunder for so long as Purchaser diligently pursues such appeal. If any Person, including but not limited to Purchaser initiates litigation or otherwise appeals the grant, denial or revocation of any of Approval, the Approval Period shall be Tolloed and suspended during the time of such litigation or appeal, provided that no such Tolling period shall extend the Approval Period by more than 24 months in the aggregate for all Tolling or Force Majeure events. If Purchaser determines in its reasonable discretion that it is not likely that Purchaser will obtain All Approvals within the Approval Period or any extension period resulting from a Tolling or Force Majeure event, then Purchaser may terminate this Agreement upon written notice to Seller, upon which termination the Escrow Agent shall return the Deposit to Purchaser in accordance with the terms of the Escrow Agreement.

f. Subject to Force Majeure, Purchaser shall comply with the following Project schedule:

- 1) Commence the development of the Project no later than 60 days after Closing; it being understood and agreed that the commencement of development of the Project shall be deemed to have been satisfied by the commencement of any demolition, site-work,

grading or other preliminary physical on-site activities on any portion of the Property associated with the contemplated development of the Project; Complete construction of the entire Project within 5 years from Closing; provided, however, that if Purchaser is pursuing completion of the Project with reasonable diligence, but has not completed the Project within such 5 year period, Purchaser shall have the right to extend the Completion date for an additional 3 year period.

- 2) The provisions of this Section 5(f) shall survive Closing.
- 3) Notwithstanding anything to the contrary provided herein, if the commencement, continued prosecution or Completion of any portion of the Project is impacted by a Force Majeure, the applicable time periods set forth above shall be Tolloed and suspended during the time of such impact.

g. Within thirty (30) days of receiving a written request from Seller, Purchaser shall provide Seller with a report of the number of jobs (inclusive of construction jobs and permanent jobs) that have been created at the Property by the undertaking of the Project (“Jobs Report”). For purposes of this Section 5.g, a “permanent job” shall mean and refer to a job that does not have a specific finite ending date or pre-determined time limit, as opposed to a construction job which is intended to last only until the applicable construction project is completed. To the extent that Purchaser fails to have achieved the creation of 35 permanent jobs at the Property within 5 years from the Closing, then Purchaser shall be liable to pay to Seller \$1,500 for each permanent job under 35 that has not been created within the Property during such timeframe (the “Job Creation Penalty”), as Purchaser’s sole liability for its failure to create 35 permanent jobs at the Property. This Section 5.g shall survive Closing. The obligation to provide a Jobs Report shall continue until the earlier of: (i) the Project generating at least 35 permanent jobs at the Property; or (ii)

Purchaser making a \$1,500 payment for each permanent job that has not been created within the Property within five (5) years of the Closing.

h. Prior to Closing, Purchaser shall provide the Seller with a declaration of covenants and restrictions upon the Property for review and approval by the Seller. The declaration of covenants and restrictions shall run with the land and shall contain the following and which shall expire upon the issuance of a Certificate of Completion issued by Seller:

- 1) The uses of the Property shall be limited to those uses permitted pursuant to the Plan, as same is to be amended in accordance with this Agreement, subject to any variances or other permissions granted by applicable municipal authorities, provided same are in accordance with the Act.
- 2) Purchaser, as the approved redeveloper, will commence and complete the Project within the period of time established in this Agreement; and
- 3) Purchaser, as the approved redeveloper, will not sell, lease or transfer the Property, the Project or this Agreement prior to the Completion of the Project without the written consent of FMERA. Notwithstanding the foregoing, nothing herein shall preclude the Purchaser from engaging in marketing, sales and leasing activities in connection with the Project.

i. The Parties agree to cooperate with regard to the placement of signage on the Property after the Effective Date, which signage will contain information reasonably acceptable to both Parties regarding the Project. The Parties agree that the signage may be updated to include additional information as the Project progresses.

j. To the extent that Seller requests Purchaser to prepare renderings of the Project and to the extent that said requests are reasonable, Purchaser agrees to provide Seller with

renderings of the Project so that Seller may use same for public presentations and to further market the Property and Fort Monmouth.

k. Seller shall have the right to satisfy its obligation to provide up to 20 units of supportive housing (“Supportive Housing”) by having options for the Affordable Housing Alliance or Seller, at Seller’s sole discretion, to purchase from Purchaser up to 20 Affordable Homes. Purchaser shall develop 20 Affordable Homes in accordance with the bedroom counts specified in Section 2 of the August 27, 2008 Legally Binding Agreement for Homeless Provider Services between Seller and the Affordable Housing Alliance, attached hereto as Exhibit L (the “LBA”). Specifically, the LBA specifies the following mix of Supportive Housing: five (5) one-bedroom units, ten (10) two-bedroom units, four (4) three-bedroom units, and one (1) four-bedroom unit. The Supportive Housing shall count toward Purchaser’s Affordable Obligation as provided in the Affordable Housing Regulations. Purchaser will construct the 20 Affordable Housing units in two (2) or more phases of no more than ten (10) units per phase. Upon commencing construction of a phase of Affordable Housing units, Purchaser shall notify the Affordable Housing Alliance and Seller of the scheduled completion date of the Affordable Housing units, and the Affordable Housing Alliance and/or Seller, at Seller’s sole discretion, shall have a period commencing on receipt of notice and ending ninety (90) days prior to their scheduled completion date, provided Purchaser diligently proceeds with construction, (“Supportive Housing Option Period”) to exercise an option to acquire all the units in the phase. If the option is exercised for a phase, (A) Purchaser and the Affordable Housing Alliance and/or Seller, at Seller’s sole discretion, shall enter into a written agreement, consistent with the terms of this Agreement, for the conveyance of the Affordable Housing units in the phase for use as Supportive Housing upon

completion of construction of the units in exchange for payment by the Affordable Housing Alliance and/or Seller, at Seller's sole discretion, to Purchaser for each unit in the amount of the lesser of (i) one hundred percent (100%) of Purchaser's costs to construct such Supportive Housing, or (ii) the corresponding sales prices for Affordable Homes of the same bedroom count, as determined in accordance with the Affordable Housing Regulations ("Supportive Housing Cost") and (B) Seller or the Affordable Housing Alliance shall provide Purchaser with evidence sufficient to confirm, in Purchaser's reasonable judgment, that the Affordable Housing Alliance and/or Seller has sufficient funds to pay the Supportive Housing Cost for all the units in the phase. If neither Seller nor the Affordable Housing Alliance exercises its option to acquire any of the homes in a phase prior to the expiration of the Supportive Housing Option Period for that phase, such option shall automatically terminate and expire and Purchaser shall be free to sell, transfer, lease or convey any such homes as Affordable Homes to Qualified Purchasers in accordance with the Affordable Housing Regulations. Purchaser shall have no obligation to own or operate the Supportive Housing. The provisions of this Section 5.k shall survive the Closing.

6. **Reversion to Seller.** a. The quitclaim deed from Seller to Purchaser shall provide that if the timeframes in Section 5(f) above have not been met, then Seller, as its sole and exclusive remedy, shall have the right of reversion of title, at Seller's sole option, to any subdivided lot (each lot subject to reversion is referred to as a "Lot Subject to Reversion") on which a Home, Affordable Home, or Commercial Development is to be constructed on the Property; provided, however, that Seller's foregoing right of reversion shall in no event be applicable to any lot if (i) Purchaser has commenced construction, as evidenced by the installation of footings and foundations (not the issuance of a demolition permit) on any portion of the residential or retail

structure that is to be attached to the structure that is to be constructed on the Lot Subject to Reversion or (ii) Purchaser has not entered into a contract for sale to a bona fide purchaser of the Home or Affordable Home as evidenced by a document executed by Purchaser and its bona fide purchaser and said contract for sale has not been terminated; or (iii) Purchaser has not obtained a certificate of occupancy or temporary certificate of occupancy from the Municipality for any portion of the residential or retail structure that is to be attached to the structure that is to be constructed on the Lot Subject to Reversion.

b. Should Seller exercise this reverter option, Seller and Purchaser agree that (i) \$1,420,000.00 is the value of all of the lots or lot that will be the subject of the Commercial Development. Seller shall pay Purchaser \$1,420,000.00 if all of the lots that comprise the Commercial Development becomes subject to this reverter option. If however the Commercial Development has been subdivided into lots and if one or more of those lots constitutes a Lot Subject to Reversion, then Seller shall pay the Purchaser a per square foot amount for the lot or lots that become subject to this reverter option based upon the overall value of \$1,420,000 for the lots that comprise the Commercial Development. In addition, Seller shall pay the Purchaser the prorated amount of the costs of the improvements installed to benefit the Commercial Development (if any) incurred by the Purchaser, excluding any allocated overhead costs, profit, interest and carrying costs (i.e. property taxes, maintenance and property management expenses), or the appraised value of the improvements, whichever is greater; (ii) if the Lot Subject to Reversion is in the residential portion of the Project and no improvements have been made to that Lot, then the Purchaser shall be paid \$53,800.00 per stacked townhouse lot; \$66,000.00 per townhouse lot and \$78,500.00 per single family detached house Lot; or (iii) if the Lot Subject to Reversion is in the residential portion of the Project and improvements have been

made to that Lot, then the Purchaser shall be paid the corresponding Lot price above for the Lot plus the prorated amount of costs of the improvements installed to benefit said Lot (if any) incurred by Purchaser, excluding any allocated overhead costs, profit, interest and carrying costs (i.e. property taxes, maintenance and property management expenses), or the appraised value of the improvements, whichever is greater.

c. Notwithstanding anything herein to the contrary, Seller agrees to provide Purchaser with ninety (90) days advance written notice of Seller's intent to exercise its right of reverter and the Purchaser shall have the opportunity to cure within said notice period.

d. The Seller's right of reversion shall survive the Closing and/or termination of this Agreement, and shall run with the land on any portion of the Property that is subject to the Seller's right of reversion pursuant to Section 6a. The quitclaim deed from Seller to Purchaser shall also include the following: (i) that Seller's right of reversion shall not apply to any portion of the Property that has been conveyed to the Municipality or to the Homeowners Association and (ii) that the right of reversion shall automatically and immediately terminate and be released for each and every portion of the Property, including each subdivided lot, that evidences the installation of footings and foundations, or the issuance of a certificate of occupancy or temporary certificate of occupancy by the Municipality for a Home, Affordable Home, or commercial building that is to be attached to the structure that is to be constructed on the Lot Subject to Reversion.

e. Purchaser or its successors and assigns may request that the Seller execute a release evidencing the termination of Seller's right of reversion on any portion of the Property that has been Completed upon the presentation of (i) proof of Completion and (ii) a form of release that shall be recorded at the sole cost and expense of the Purchaser or its successors and assigns.

7. **Job Security.** At Closing, Purchaser shall secure its obligation to create 35 permanent jobs at the Project, through the posting of a bond, letter of credit, corporate guaranty, cash escrow or promissory note (which note shall be in the form attached at Exhibit G), in the amount of \$52,500. The provisions of this Section 7 shall survive Closing, and shall be a continuing obligation of the Purchaser until five (5) years after the Closing, at which time the Purchaser shall pay the penalty set forth in Section 5 for each job that is not created within the Project or be released of its obligation upon presentation of proof of the creation of 35 permanent jobs within the Project.

8. **INTENTIONALLY OMITTED**

9. **INTENTIONALLY OMITTED.**

10. **Purchaser Financially Able to Close.** Purchaser represents that it has or will have sufficient cash available at Closing, and has a satisfactory credit rating to complete the purchase without financing. The Closing shall not be contingent upon Purchaser or any other Person obtaining financing to pay the Purchase Price.

11. **ENA and Deposit Monies.**

a. The ENA is hereby terminated by the Parties.

b. The Deposit is currently being held in escrow by the Escrow Agent and shall continue to be held in escrow by the Escrow Agent in its interest-bearing Attorney Trust Account in accordance with the terms set forth in this Agreement. The Escrow Agent has executed a counterpart of this Agreement in the space provided below for its signature to acknowledge its obligations with respect to the Deposit hereunder.

c. Upon termination of this Agreement during the Due Diligence Period, the Deposit and all

accrued interest shall be promptly returned to Purchaser by the Escrow Agent upon the request of Purchaser.

d. Except as provided in Section 11.c above and 11.g below, following the expiration of the Due Diligence Period, all instructions to the Escrow Agent regarding the Deposit shall be given jointly in writing by both Seller and Purchaser. The Escrow Agent is authorized to rely upon any document reasonably believed by the Escrow Agent to be signed jointly by the Parties.

e. In the event of any dispute between the Parties with regard to the Deposit, the Escrow Agent shall retain the Deposit and all accrued interest pending receipt of joint written directions from the Parties or a final and binding order of a court of competent jurisdiction. However, in the event of any dispute between the Parties with regard to the Deposit, the Escrow Agent may elect to place the Deposit and all accrued interest with a court of competent jurisdiction and notify the Parties, at which time the Escrow Agent shall have no further obligation pursuant to this Agreement.

f. At Closing, Purchaser shall receive a credit against the Purchase Price in the amount of the Deposit and all interest accrued thereon. If Purchaser terminates this Agreement in accordance with any termination right hereunder, the Escrow Agent shall refund the Deposit and all accrued interest to Purchaser within three business days of such termination notice.

g. In the event that the Agreement is terminated by Seller because Purchaser defaults and said default is not cured within the time frames established herein, then the Escrow Agent shall pay Seller Two Hundred Fifty Thousand Dollars (\$250,000.00) from the Deposit as liquidated damages and shall return the remainder of the Deposit and all accrued interest to Purchaser.

h. The provisions of this Section 11 shall survive the Closing or earlier termination of this Agreement.

12. Title and Survey Investigation.

a. Seller agrees that prior to and as a condition precedent to Closing, Seller shall deliver title to the Property that is good, marketable, fee simple title, valid of record and insurable at regular rates.

b. If Purchaser elects to obtain a title search and survey, then no later than the end of the Due Diligence Period, Purchaser shall deliver to Seller a copy of Purchaser's title search and survey together with a list of objections. Not later than ten (10) days after Seller receives Purchaser's objections, Seller shall notify Purchaser which of the objections, if any, Seller shall cure prior to or at the Closing, including when and in what manner said items are to be cured. If Purchaser is dissatisfied with Seller's response or lack of response, Purchaser may either terminate this Agreement within 30 days of receipt of Seller's response (or within 30 days of Seller's failure to respond), in which case Purchaser shall receive the Deposit and all accrued interest from Escrow Agent in accordance with Section 11 of this Agreement, or proceed under this Agreement. If Purchaser elects to proceed under this Agreement after Seller supplies an unsatisfactory response or no response, then Purchaser's election is deemed an acceptance of the objections by Purchaser and Seller shall have no further obligation to cure Purchaser's title and survey objections either prior to or at Closing. However, notwithstanding anything to the contrary provided herein, Seller agrees that it shall cause any judgment liens, monetary liens and/or mortgages recorded against or which otherwise impact the Property or any portion thereof, and provided same were not caused or created by Purchaser, to be released and discharged of record prior to the Closing, including, without limitation, any and all mortgages or other liens or encumbrances securing Seller's obligations to the Army under the EDC Agreement (collectively, the "Required Removal Items"), provided that Seller shall not be obligated to

expend more than Seller's Monetary Cap to remove such Required Removal Items. In the event the cost to remove all Required Removal Items exceeds the sum of Seller's Monetary Cap, Seller shall undertake and use reasonable good faith efforts to have the Army agree to provide any sums in excess of Seller's Monetary Cap that may be necessary to discharge and Required Removal Items. If the Army does not agree to provide the excess funds necessary to remove the Required Removal Items, Purchaser shall have the right to terminate this Agreement, whereupon the Deposit and all accrued interest shall be promptly returned to Purchaser by the Escrow Agent.

c. Purchaser shall have the further right to order a run-down title examination(s) and/or a survey update at any time prior to Closing, at Purchaser's sole cost and expense, and to submit to Seller any title and/or survey objections which may have arisen since the initial title and survey examination. The provisions of subsection b. above shall also apply with respect any such title and/or survey objections, except that such objections do not need to be provided by Purchaser prior to the expiration of the Due Diligence Period. Notwithstanding anything to the contrary provided herein, Seller must remove and discharge of record any title objection, and correct any survey objection, which may arise as a result of a breach or violation by Seller of the terms of this Agreement.

d. If Seller fails to meet the requirements of Section 12.a, or if Seller has agreed to cure a title or survey objection pursuant to Section 12.b and fails to do so, or if Purchaser has additional title and/or survey objections as a result of its run-down title examination pursuant to Section 12.c and Seller fails to cure such objections, then Seller shall be in material default in its obligations under this Agreement and Purchaser may (i) delay Closing to a date mutually agreed upon by Seller and Purchaser so that Seller or Purchaser may remove or cure such non-permitted

exception at Seller's expense; (ii) close title and pay the Purchase Price with sufficient sums from the Purchase Price, as determined by Purchaser's title company, as being necessary cure or clear such non-permitted exceptions being placed into escrow with title company, to be used by Purchaser to cure or clear such non-permitted exception at Seller's expense; or (iii) terminate this Agreement, whereupon the Deposit and all accrued interest shall be promptly returned to Purchaser by the Escrow Agent, or avail itself of any of the other rights and remedies afforded to Purchaser pursuant to Section 25 below upon a breach by Seller. In the event that the Purchaser elects to proceed in accordance with Section 12.d (ii) the amount placed into escrow with the Escrow Agent to be used by Purchaser to cure or clear such non-permitted exceptions at Seller's expense shall not exceed the Seller's Monetary Cap. In the event that Seller's Monetary Cap is insufficient to cover Seller's obligation to cure or clear such non-permitted exceptions, Seller shall undertake and use reasonable good faith efforts to have the Army agree to provide any sums in excess of Seller's Monetary Cap that may be necessary to cure or clear such non-permitted exceptions. If the Army consents to such request, at the Closing such excess sums shall also be placed into escrow with Escrow Agent to be used by Purchaser to cure or clear such non-permitted exceptions. In the event that the Army does not consent to provide the excess funds necessary on or before the Closing, Purchaser shall have the right to terminate this Agreement, whereupon the Deposit and all accrued interest shall be promptly returned to Purchaser by the Escrow Agent.

e. From and after the date of this Agreement, Seller shall not cause, permit, undertake, execute or otherwise allow any further lien or encumbrance on the Property, any construction work, remediation, investigation or other disturbance or change in the condition of the Property, or any lease, license or other use of the Property without Purchaser's prior written consent,

which consent may be withheld for any reason. Prior to the Closing and except as provided in strict compliance with Section 43, Purchaser shall not cause any encumbrance to be recorded against the Property by or through the actions of Purchaser without Seller's prior written consent, which consent may be withheld for any reason. The provisions of this Section 12.e shall survive the Closing.

13. Due Diligence Period.

a. Purchaser and its agents shall have the right, during the Due Diligence Period, and at all times during the term of this Agreement, to access the Property, to inspect the Property and to investigate any and all matters relating thereto, including, but not limited to, existing zoning requirements, the physical condition of the Property, the environmental condition of the Property and its environs, title, the development potential of the Property, market conditions, and any other matters Purchaser deems relevant to its decision to purchase the Property. Seller agrees to make available all plans, files and all other documents and information within its possession or control relevant to the Property and the Project as a whole available to Purchaser for its inspection and shall make reasonable efforts to assist Purchaser in obtaining such additional information from the Army or other sources as may be reasonably requested by Purchaser.

b. This Agreement is expressly contingent upon Purchaser's satisfaction, in its sole discretion, with its due diligence of the Property and the Project. Purchaser may terminate this Agreement in its sole, absolute and unfettered discretion prior to 11:59 PM Eastern Time on the last day of the Due Diligence Period. Upon termination of this Agreement during the Due Diligence Period, the Deposit and all accrued interest shall be promptly returned to Purchaser by the Escrow Agent upon the request of Purchaser.

c. During the Due Diligence Period, Purchaser shall seek approval from Lennar

Corporation's Corporate Investment Committee to purchase the Property pursuant to this Agreement (the "Corporate Approval"). Notwithstanding any provision contained in this Agreement to the contrary, Purchaser's obligations under this Agreement are contingent upon Purchaser's receipt of the written Corporate Approval prior to the expiration of the Due Diligence Period. In the event that Purchaser fails to deliver to Seller a written copy of the Corporate Approval prior to the expiration of the Due Diligence Period, this Agreement shall be null and void and Escrow Agent shall promptly (within three business days) return the Deposit and all accrued interest to Purchaser, and neither Seller nor Purchaser shall have any further rights or obligations under this Agreement, except as may be otherwise set forth in this Agreement. No waiver of such condition shall be implied, but shall be expressed, if at all, only by written notice from the Corporate Investment Committee of Lennar Corporation specifically waiving such condition.

d. Purchaser and its agents shall provide Seller with proof of the following insurances prior to being provided access to the Property:

(i) Comprehensive General Liability policy (including insurance with respect to owned or operated motor vehicles which may be provided under a separate policy) as broad as the standard coverage form currently in use in the State of New Jersey, which shall not be circumscribed by any endorsements limiting the breadth of coverage. The policy shall include an additional insured endorsement (broad form) for contractual liability. Limits of liability shall be maintained at the level of Three Million (\$3,000,000.00) Dollars, except automobile liability may be at a minimum of One Million (\$1,000,000) Dollars, for each occurrence of bodily injury, death, and property damage liability. Seller shall be named an additional insured on this policy;

(ii) Worker's Compensation applicable to the Laws of the State of New Jersey and

Employer's Liability Insurance with limits of not less than One Hundred Thousand (\$100,000) Dollars per occurrence for bodily injury liability and One Hundred Thousand (\$100,000) Dollars occupational disease per employee with an aggregate limit of Five Hundred Thousand (\$500,000) Dollars occupational disease;

e. Purchaser and its agents shall repair any material damage which is directly caused by its investigations and shall restore the Property to substantially the same condition as existed immediately prior to such investigations (excluding; however, any latent or other pre-existing conditions which may be found or exacerbated by Purchaser's investigations); it being understood and agreed, however, that since Seller intends for the improvements on the Property to be demolished rather than occupying them, there shall be no requirement to restore any damage caused by Purchaser's investigations to any improvement on the Property which does not, in the sole opinion of Seller, render such improvement hazardous or dangerous. Purchaser hereby indemnifies and holds Seller harmless from any material damage to property or injury to persons (excluding; however, any latent or other pre-existing conditions which may be found or exacerbated by Purchaser's investigations and any claims for diminution in value) to the extent caused by any negligent act or omission of Purchaser or Purchaser's agents or representatives in the performance of Purchaser's investigation of the Property prior to Closing, except to the extent that such damage or injury is the result of or exacerbated by Seller's or its agents' negligence or intentional acts or omissions or any latent or other pre-existing conditions which may be found or impacted by Purchaser's investigations. The provisions of this Section 13.e survive the termination of this Agreement for a period of two (2) years.

14. Conditions Precedent to Closing.

a. Purchaser's obligation to consummate the Closing contemplated under this Agreement is subject to and conditioned upon the following: The receipt by Purchaser of All Approvals within the Approval Period (as such Approval Period may be extended as permitted herein). Despite anything to the contrary herein, Purchaser may elect to waive some of the Approvals or All Approvals (provided that Purchaser may not elect to waive permits and Approvals related to either (x) the demolishing of the Kronenburg Mural or (y) mandatory conceptual review) and close on the Property without said Approvals;

(i) Receipt by Purchaser of a Final Remediation Document that demonstrates that any area of concern or Hazardous Substance at the Property has been remediated in accordance with all applicable Environmental Laws and which includes a covenant not to sue pursuant to either N.J.S.A. 58:10B-13.1 or N.J.S.A. 58:10B-13.2;

(ii) Seller shall have performed all covenants, agreements and conditions required by this Agreement to be performed by Seller prior to Closing and shall have cured all defaults;

(iii) Seller shall have satisfied all provisions herein relating to title and survey objections and the conveyance of fee simple marketable title insurable at regular rates in accordance with Section 12;

(iv) Seller obtaining amendments to the Plan in the sole discretion of Seller's Board that allows for the development of the Project as contemplated in this Agreement, as reflected in the Approvals actually obtained by Purchaser, in a manner which is acceptable to Purchaser in its reasonable discretion;

(v) The Subsequent FOST shall have been issued by the Army and be satisfactory to Purchaser in its reasonable discretion and the Environmental Carve Out Parcels shall have been conveyed to Seller by the Army pursuant to a quit claim deed which is acceptable to Purchaser in its reasonable discretion;

(vi) All permits, approvals, actions and consultations (including, without limitation, photo recordation) under the Programmatic Agreement shall have been obtained by Seller, and Seller shall have completed the photo recordation, at Seller's cost, in order to permit Building 2540 located on Parcel C1 and the Kronenburg Mural which is contained therein to be demolished without further permits, approvals, actions or consultations and Seller shall have obtained evidence, reasonably satisfactory to Purchaser, from the parties to the Programmatic Agreement which confirms that the entirety of the Property is no longer subject to the Programmatic Agreement;

(vii) Since the Subsequent FOST and Final Remediation Document for Parcel C1 are not expected until the first quarter of 2016, Purchaser shall have a period of thirty (30) days after the issuance of the Final Remediation Document for Parcel C1 to review the results and inspect Parcel C1. In the event that Purchaser is dissatisfied with the terms of the Final Remediation Document or the Purchaser's inspection of Parcel C1, Purchaser shall have the right to terminate this Agreement prior to the expiration of such thirty (30) day period by providing written notice to Seller, whereupon the Deposit and all accrued interest shall be promptly returned to Purchaser by the Escrow Agent. In addition, since the Closing is not expected to occur for some period of time thereafter, Purchaser shall have the right to access the Property for the purpose of updating Purchaser's environmental inspections of the

Property. If such updated inspections reveal that a new environmental condition has occurred since Purchaser's last inspection, and ("New Environmental Defect"), and such New Environmental Defect could reasonably be expected to have an adverse impact on Purchaser or on Purchaser's development of the Project, then Purchaser shall have the right to either (1) terminate this Agreement, whereupon the Deposit and all accrued interest shall be promptly returned to Purchaser by the Escrow Agent; (2) delay Closing to a date reasonably specified by Purchaser and agreed by Seller to allow sufficient time for Seller or the Army or the other responsible third party to remediate the New Environmental Defect and obtain a Final Remediation Document with respect thereto prior to the Closing; or (3) proceed to Closing and pay the Purchase Price; provided, however, that a sum equal to Seller's Monetary Cap, shall be placed into escrow with Purchaser's title company, which sum shall be used by Purchaser to address or remediate such New Environmental Defect and obtain a Final Remediation Document with respect thereto. In the event Seller's Monetary Cap is insufficient to address or remediate such New Environmental Defect and obtain the applicable Final Remediation Document, Seller shall undertake and use reasonable good faith efforts to have the Army agree to provide any sums in excess of Seller's Monetary Cap that may be necessary to remediate such New Environmental Defect and obtain the applicable Final Remediation Document. If the Army consents to such request, at the Closing such excess sums shall also be placed into escrow with Purchaser's title company to be used by Purchaser to address or remediate such New Environmental Defect and obtain the applicable Final Remediation Document. If the Army does not agree to provide the excess funds necessary to remediate the New

Environmental Defect and provide the Final Remediation Document, Purchaser shall have the right to terminate this Agreement, whereupon the Deposit and all accrued interest shall be promptly returned to Purchaser by the Escrow Agent;

(viii) Seller's representations and warranties provided herein shall be true, correct and complete as of the date of Closing;

(ix) NJEDA Board consent to FMERA's selection of Purchaser as the redeveloper of the Property; and

(x) Neither Seller nor Purchaser has terminated this Agreement in accordance with the terms set forth in this Agreement.

b. Seller's obligation to consummate the Closing contemplated under this Agreement is subject to and conditioned upon the following:

(i) Purchaser shall have performed all covenants, agreements and conditions required by this Agreement to be performed by Purchaser prior to or as of Closing and shall have cured all defaults;

(ii) Purchaser's representations and warranties provided herein shall be true, correct and complete as of the date of Closing; and

(iii) Neither Seller nor Purchaser has terminated this Agreement in accordance with the terms set forth in this Agreement.

c. Seller and Purchaser mutually agree that either Party may waive the performance of a covenant or a condition by the other Party, or may waive the cure of the other Party's default at any time prior to Closing or at Closing.

15. Time and Place of Closing.

a. The Closing shall take place on a mutually acceptable business day which is not later than thirty (30) days after the satisfaction or waiver of the conditions precedent to Closing detailed in Section 14.a. The Closing will be held at the offices of Purchaser's counsel. In the event that the conditions precedent to Closing detailed in Section 14.a shall have not been satisfied within fifteen (15) months following the expiration of the Due Diligence Period, Purchaser may, in its sole discretion, terminate this Agreement upon written notice to Seller, following which the Escrow Agent shall promptly return the Deposit and all accrued interest to Purchaser.

b. If any event constituting a Force Majeure is in effect at the time of the Closing which prevents either Party from consummating the Closing, then the date for the Closing shall be Tolloed and suspended for an equal number of days not to exceed twenty-four (24) months in the aggregate for all such Force Majeure or Tolling events.

c. Seller shall deliver the following documents at Closing-, duly executed and delivered by Seller to Purchaser, in form and substance satisfactory to Purchaser and to Purchaser's title company: (1) a quitclaim deed for the Property in recordable form (the "Deed") along with all applicable residency certificates (GIT/REP), affidavits of consideration (RTF-1) and such other transfer tax forms as may be required in connection with the transaction contemplated by this Agreement; (2) affidavit of title; (3) entity resolution and such other due existence, good standing and authority documentation as shall be reasonably requested; (4) paid receipt of Seller's Broker; (5) tax and utility bills showing that no payments are due or outstanding; (6) a bill of sale and blanket assignment of all permits and approvals related to the Project (including any permits or approvals issued to the Army as owner of the Environmental Carve Out Parcels,

which Seller shall cause the Army to assign to Seller in connection with the transfer of the Environmental Carve Out Parcels to Seller) as well as all improvements, buildings, personal property and intangible property which comprise a part of the Property; (7) an IRS Form 1099 and a certificate of non-foreign status in accordance with Section 1445 of the Internal Revenue Code; (8) the declaration of covenants and restrictions contemplated by Sections 5 and 6 in recordable form and otherwise meeting the requirements of this Agreement, together with all necessary affidavits to permit the recordation thereof immediately prior to the recordation of the Deed; (9) a closing settlement statement showing all of the payments, adjustments, credits and pro-rations provided for in this Agreement (the "Closing Statement"); (10) a certification that all of Seller's representations and warranties set forth in this Agreement are true, correct and complete as of the date of Closing; (11) any and all other documentation reasonably required to effectuate the Closing (including, without limitation, side letter agreements evidencing any necessary escrow holdbacks of portions of the Purchase Price which are contemplated herein or are otherwise agreed to by the Parties ("Escrow Holdback Side Letters")); (12) a post-Closing adjustments letter whereby the Parties agree to readjust the pro-rations should any error or mistake be discovered within twelve (12) months of Closing (the "Post-Closing Adjustment Letter"); and (13) an affidavit of title in such form as is required by Purchaser's title company in order to provide Purchaser with a title insurance policy insuring title to the Property. Purchaser shall deliver the balance of the Purchase Price (net of the Deposit and all accrued interest and subject to adjustments, credits, pro-rations and holdbacks contemplated herein or otherwise agreed to by the Parties) and duly executed and delivered counterparts of the Closing Statement, any Escrow Holdback Side Letters and the Post-Closing Adjustment Letter at Closing.

d. At Closing, Purchaser shall pay the balance of the Purchase Price due from Purchaser at

Closing (net of the Deposit and all accrued interest and subject to adjustments, credits, pro-rations and holdbacks contemplated herein or otherwise agreed to by the Parties), at Purchaser's option by either wire transfer, certified check or attorney trust account check.

16. Transfer of Ownership. Upon receipt of payment of the balance of the Purchase Price due at Closing, Seller shall transfer ownership of the Property to Purchaser via a properly executed quit claim Deed. This Deed and the other applicable closing deliverables between the Parties shall include a metes and bounds description of the Property that, at Purchaser's election, shall be based upon either the boundary survey supplied and paid for by Seller which is attached hereto as Exhibit C or the survey to be prepared by Purchaser following receipt of the Approvals, at Purchaser's sole cost and expense. The quitclaim deed between the Purchaser and Seller shall be subject to all notices, CERCLA Covenants, covenants, access provisions, deed provisions and environmental protection provisions recorded upon the Property as set forth in the Army Quitclaim Deed and the quitclaim deed transferring the Environmental Carve out Parcels from the Army to the Seller (the "Environmental Carve Out Parcels Quitclaim Deed"), which shall be in substantially the same form as the Army Quitclaim Deed, but for the Subsequent FOST and the legal description of the Environmental Carve Out Parcels to be conveyed thereunder, together and any covenants and restrictions that must be recorded pursuant to the existing requirements of N.J.A.C. 19:31C-3.24.

17. Personal Property and Fixtures. Many items of property become so attached to a building or other real property that they become a part of it. These items are called fixtures. They include such items as fireplaces, patios and built-in shelving. All fixtures are INCLUDED in this sale unless they are listed below as being EXCLUDED. All personal property and fixtures are INCLUDED in this sale unless they are listed below as being EXCLUDED.

The following fixtures are EXCLUDED from this sale: **none**.

The following personal property is EXCLUDED from this sale: **none**.

18. Physical Condition of the Property. This Property is being sold "AS IS". The Seller does not make any claims or promises about the condition or value of any of the Property included in this sale. The Purchaser has inspected the Property and relies on this inspection and any rights, if any, which may be provided for elsewhere in this Agreement. Until Closing, the Seller agrees to maintain the grounds and secure but not maintain the buildings and improvements, as it is the intention of the Parties that the Purchaser shall demolish the buildings and improvements at Purchaser's expense following the Closing.

In the event that the Purchaser opts to demolish the buildings and improvements prior to Closing, the Parties shall enter into an agreement such as a Right of Entry, License or Use and Occupancy Agreement that sets forth the terms and conditions under which the Purchaser is authorized to enter the Property and demolish the buildings and improvements.

19. INTENTIONALLY OMITTED

20. INTENTIONALLY OMITTED

21. Acknowledgment and Covenants Regarding FOST and Subsequent FOST

a. Purchaser and Seller acknowledge that the Army is responsible for the environmental investigation and certain types of remediation of the Property, as required by applicable law. Purchaser and Seller acknowledge that each has received the FOST. Purchaser and Seller agree that to the extent that the notices, covenants, access provisions, deed provisions and environmental protection provisions concerning the Property found in the FOST are contained in the Army Quitclaim Deed, then such terms shall run with the land. Except for the rights and remedies otherwise provided to Purchaser herein, Purchaser, its assignees and

corporate successors covenant and hold harmless Seller, and shall make no claim against Seller, its successors and assigns, whether based upon strict liability, negligence or otherwise, concerning noise, environmental, land use, pollution, vibrations, or any similar problems, for any damage, direct or consequential, to any person or persons, or to property or otherwise, or for any other relief, which may arise from the condition of the Property (environmental or otherwise) as of the date of Closing or the fact that the Property is subject to the FOST and the Army Quitclaim Deed. This covenant shall survive Closing and if the terms are included in the Army Quitclaim Deed, then such terms shall also run with the land and be binding upon the Purchaser and its successors and assigns.

b. Purchaser and Seller acknowledge that the Army may be responsible for the environmental investigation and certain types of remediation of the Environmental Carve Out Parcels, as required by applicable law. Seller shall provide Purchaser with any drafts of the Subsequent FOST that the Army shall provide to Seller as well as with the final Subsequent FOST as soon as the final signed Subsequent FOST is received from the Army. Seller shall provide the Army with any comments to the draft Subsequent FOST that Purchaser may provide to Seller. Seller agrees that Seller shall request of the Army that copies of the draft and final Subsequent FOST be provided to Seller at the earliest possible opportunity so that any comments may be addressed and discussed. Purchaser and Seller agree that to the extent that the notices, covenants, access provisions, deed provisions and environmental protection provisions in the Subsequent FOST are contained in the quitclaim deed received by Seller from the Army for the Environmental Carve Out Parcels, then such terms shall run with the land that comprises the Environmental Carve Out Parcels and be binding upon Purchaser and its successors or assigns following Closing. Except for the rights and remedies otherwise

provided to Purchaser herein, Purchaser, its assignees, and corporate successors covenant and hold harmless Seller, and shall make no claim against Seller, its successors and assigns, whether based upon strict liability, negligence or otherwise, concerning the condition of the Environmental Carve Out Parcels (environmental or otherwise) as of the date of Closing or the fact that the Environmental Carve Out Parcels are subject to the quitclaim deed from Army to Seller. This covenant shall survive Closing.

22. Risk of Loss . Seller shall be responsible for all losses and damages to the Property by fire, windstorm, casualty or other cause, and for all damages or injuries to persons or property occurring thereon or relating thereto (except as may be caused by acts of the Purchaser or its officers, employees, agents, contractors, licensees or sub lessees) prior to Closing. Notwithstanding the foregoing, Seller shall have no obligation to repair, replace or demolish any portion of the Property that is damaged or destroyed prior to Closing, but Seller shall take reasonably appropriate measures to ensure that the Property is secure. Seller and Purchaser agree that any damage or destruction to the Property shall not otherwise affect the rights and responsibilities under this Agreement, and that Purchaser shall not be entitled to any offset against the Purchase Price for any damage or destruction to the buildings, structures fixtures or improvements located on, under or above the Property that might occur prior to Closing, as it is the intention of the Parties that the Purchaser shall demolish the buildings and the improvements at Purchaser's expense. The Risk of Loss shall only be transferred to the Purchaser in the event that the Purchaser undertakes the demolition of the buildings and improvements at the Purchaser's sole expense prior to Closing.

23. Environmental Matters. a. Purchaser and Seller acknowledge that pursuant to CERCLA, the Army may retain certain responsibilities to remediate certain Army caused

environmental contamination (e.g., other than mold, asbestos containing materials, lead-based paint and commercially-applied pesticides and termiticides) that may be present on the Property as of the date of the Army Quitclaim Deed or the date of the quitclaim deed for the Environmental Carve Out Parcels from the Army to Seller, as applicable. The Parties acknowledge that the Deed for the Property from Seller to Purchaser shall contain certain covenants required by CERCLA (the "CERCLA Covenants") which covenants are contained in the Army Quitclaim Deed and will be contained in the subsequent deed from the Army to Seller for the Environmental Carve Out Parcels.

Except as otherwise provided herein, Seller shall not bear any responsibility or liability to Purchaser or its successors or assigns for the presence of mold, asbestos containing materials, lead-based paint or commercially applied pesticides and termiticides on the Property as of or after the Closing. Purchaser shall be solely responsible for the proper disposal of any mold, asbestos containing materials, lead-based paint or commercially applied pesticides encountered during the demolition of buildings and improvements on the Property.

b. If Seller receives notice from any Person at any time prior to the Closing that any Discharge of a Hazardous Substance has occurred on the Property which has not already been documented in the FOST or the Subsequent FOST, then Seller shall provide Purchaser with notice of the Discharge on the Property within three (3) days of receiving notice. Seller shall advise Purchaser within thirty (30) days of receiving the notice of Discharge whether or not Seller or the Army or other responsible third party shall remediate such Discharge and obtain a Final Remediation Document prior to the Closing that is satisfactory to Purchaser and will permit the development of the Project and all future use of the Property as intended by the Project without delay, alteration or additional cost (the "Remediation Acknowledgment"). If Seller has

not provided Purchaser a Remediation Acknowledgement by the expiration of such thirty (30) day period, then Purchaser shall have same rights and remedies provided to Purchaser in Section 14.a(viii) for a New Environmental Defect.

c. If Seller has provided the Remediation Acknowledgment and Seller or the Army or the other responsible third party subsequently fails to undertake such remediation of the Discharge or provide the necessary Final Remediation Document prior to the date that all other conditions precedent to Closing set forth in Section 14.a shall have been satisfied or waived, then such failure shall be deemed a material breach by Seller hereunder and Purchaser may (1) terminate this Agreement, whereupon the Deposit and all accrued interest shall be promptly returned to Purchaser by the Escrow Agent; (2) delay Closing to a date reasonably specified by Purchaser to allow sufficient time for Seller or the Army or the other responsible third party to remediate the Discharge and obtain the required Final Remediation Document prior to the Closing; or (3) Purchaser may proceed to Closing and pay the Purchase Price; provided, however, that a sum equal to Seller's Monetary Cap, shall be placed into escrow with Purchaser's title company, which sum shall be used by Purchaser to address or remediate such Discharge and obtain the applicable Final Remediation Document.

24. Termination of Agreement. If this Agreement is validly and properly terminated in accordance with its terms, Purchaser and Seller shall be free of liability to each other, except (subject to the terms of Section 11 herein) for the return of the Deposit and all accrued interest that may be owed and any obligations that specifically survive termination of the Agreement. This Section 24 shall survive termination of the Agreement.

25. Default by Seller.

a. If Seller shall be unable or fail to convey the Property in accordance with the terms of this Agreement, then Purchaser shall have the right to terminate this Agreement, whereupon the Deposit and all accrued interest shall be promptly returned to Purchaser. In addition, Purchaser shall be entitled, as its sole and exclusive remedy, to payment by Seller to Purchaser of liquidated damages in the amount of Two Hundred Fifty Thousand Dollars (\$250,000.00). Upon reimbursement to Purchaser of the Deposit (plus all accrued interest) and payment by Seller to Purchaser of the liquidated damages, neither party shall have any further rights or obligations hereunder, except any rights or obligations that specifically survive the termination of this Agreement.

b. Purchaser acknowledges that the remedies set forth in this Section 25 are Purchaser's exclusive remedies in the event of any breach of or default under this Agreement by Seller in the performance of its obligations, covenants and warranties under this Agreement which are to be performed at or prior to the Closing.

c. Purchaser agrees that prior to declaring the Seller in default hereunder, Purchaser shall provide Seller with sixty (60) days advance written notice of such default and Seller shall have the right to cure such default within sixty (60) days of the receipt of written notice of default. The Approval Period and Purchaser's time for performance of any of its obligations hereunder shall be tolled and suspended during the sixty (60) day cure period for the amount of time Seller takes to effectuate a cure.

26. Default by Purchaser.

- a. The following occurrences shall be a default by Purchaser of the terms of this Agreement:
- (i) Failure of Purchaser to observe and perform any covenant, representation,

warranty or agreement of Purchaser hereunder, and continuance of such failure for a period of sixty (60) days after receipt of written notice from Seller specifying the nature of such failure and requesting that such failure be remedied.

(ii) Purchaser shall have (a) applied for or consented to the appointment of a custodian, receiver, trustee or liquidator of all or a substantial part of its assets; or (b) a custodian shall have been legally appointed for Purchaser's assets with or without consent of Purchaser and such appointment shall not have been dismissed after a period of ninety (90) consecutive days; or (c) Purchaser has (1) has made a general assignment for the benefit of creditors, or (2) has filed a voluntary petition in bankruptcy or a petition or an answer seeking an arrangement with its creditors under the federal Bankruptcy Code; or (d) a petition in bankruptcy shall have been filed against Purchaser, and shall not have been dismissed for a period of ninety (90) consecutive days.

(iii) Except if as a result of a Force Majeure or Tolling, if Purchaser is not diligently pursuing All Approvals at any time that Seller is not in default of its obligations hereunder such that it is not reasonably likely that All Approvals will be able to be obtained by the expiration of the Approval Period (as it may be extended hereunder), then Seller shall be entitled to send Purchaser written notice that Purchaser will be in default under this Agreement unless it continues to diligently pursue All Approvals. In the event that Purchaser had not been diligently pursuing All Approvals then Purchaser shall be in default hereunder.

(iv) Purchaser shall cause any encumbrance or lien to be recorded against the Property prior to the Closing by or due to the actions of Purchaser without Seller's prior written consent, including any materialmen's or mechanic's lien from suppliers or contractors engaged by or due to the actions of Purchaser and shall remove or discharge or bond over to the reasonable

satisfaction of Seller such lien or encumbrance at the sole cost and expense of Purchaser within sixty (60) days after written demand by Seller to do so.

b. If Purchaser shall be in default under this Agreement in accordance with Section 26.a above prior to the Closing, then Seller, as its sole and exclusive remedy, may terminate this Agreement by giving notice thereof to Purchaser. Upon any such termination, Seller shall retain as liquidated damages the portion of the Deposit stated in Section 11.g above and Escrow Agent shall return the balance of the Deposit and all accrued interest to Purchaser, following which neither party shall have any further rights or obligations hereunder, except any rights or obligations that specifically survive the termination of this Agreement.

c. Seller agrees that prior to declaring Purchaser in default, Seller shall provide Purchaser with sixty (60) days advance written notice of such default and Purchaser shall have the right to cure such default within sixty (60) of receipt of written notice of the default.

27. Adjustments at Closing / Assessments for Municipal Improvements.

a. Purchaser and Seller agree to adjust the following expenses as of the closing date: water charges and sewer charges, if any. Since the Property is exempt from taxes, taxes shall not be adjusted at Closing; however, Seller shall be solely responsible for any taxes that may be outstanding or otherwise be due and payable at the time of Closing. Purchaser or Seller may require that any person with a valid claim or right affecting the Property be paid from the proceeds of this sale.

b. Certain municipal improvements, including, but not limited to, sidewalks and sewers, may result in the Municipality charging property owners to pay for the improvement. All unpaid charges (assessments) against the Property for work completed before the date of Closing will be paid by Seller at or before Closing, unless such assessments resulted from action taken by the

Municipality in connection with Purchaser's Approvals, then Purchaser shall pay such assessments. If the improvement is not completed before the date of Closing then only Purchaser will be responsible. If the improvement is completed at or before Closing, but the amount of the charge (assessment) has not been determined by the Municipality, then Seller will pay an estimated amount at Closing (unless such assessments resulted from action taken by the Municipality in connection with Purchaser's Approvals, then Purchaser shall pay such assessments). When the amount of the charge is finally determined by the Municipality, Seller will pay any deficiency to Purchaser (if the estimate proves to have been too low), or Purchaser will return any excess to Seller (if the estimate proves to have been too high).

c. Notwithstanding anything to the contrary provided herein, at Closing, Seller shall pay (i) the costs it incurs in connection with the consummation of the transactions contemplated hereby, including, without limitation, the fees of its counsel; (ii) any documents necessary to clear title or survey objections; (iii) payments due to Seller's Broker; and (iv) the New Jersey Realty Transfer Fee payable pursuant to N.J.S.A. 46:15-5 *et. seq.* and applicable implementing regulations, if any, and any other transfer taxes imposed by the State of New Jersey or any county or municipality thereof, other than any applicable "controlling interest transfer tax" and "mansion tax", that are imposed upon or payable in connection with the sale of the Property and the subsequent recordation of the Deed.

28. Possession. At Closing, Purchaser will be given sole possession of the Property, subject only to the Army's right of access to the Property pursuant to the Army Quitclaim Deed. The delivery of the Deed for the Property by Seller to Purchaser and possession of the Property from Seller to Purchaser and the acceptance of possession of the Property by Purchaser shall be

deemed full performance by Seller of its obligations under this Agreement, except for any duties that expressly survive Closing as provided herein.

29. **Liens.** In the event that an objection to title consists of an unpaid lien of a defined amount attributable to Seller, Seller has the right to satisfy the lien from the sales proceeds.

30. **Assignment of Permits and Approvals.**

a. Seller agrees to reasonably cooperate with Purchaser and use diligent and commercially reasonable efforts to obtain any required Seller or Army signatures or consents in a commercially reasonable manner in connection with Purchaser's efforts to obtain the Approvals for the development of the Project on the Property. Any land use applications which are consistent with the Concept Plan that Purchaser requests Seller to execute or obtain the Army's signatures thereto, shall be returned by Seller to Purchaser signed within ten (10) days of the date that Purchaser submits them to Seller (other than as to the mandatory conceptual review and any requested amendments to the Plan that require approval of Seller's Board). With respect to all other requests for signatures or consents, (such as mandatory conceptual review and any requested amendments to the Plan that require approval of Seller's Board), Seller shall obtain same, where applicable, from its Executive Director, within one week of presentation; from Seller's Real Estate Committee, within 30 days from presentment; and for items requiring approval from Seller's Board, within 45 days from presentment by Purchaser, subject to the Governor's 10-day veto period. Where required by law, Seller will sign (or, as applicable with respect to the Environmental Carve Out Parcels, make commercially reasonable diligent efforts to cause the Army to sign) as owner or applicant on applications made by Purchaser so as not to cause a delay or disruption in Purchaser's efforts to pursue and obtain the Approvals. Any delay in obtaining necessary signatures or consents beyond the foregoing time periods shall constitute

an event entitling Purchaser to Tolling of the Period. At Closing, Seller shall assign any permits or approvals related to the Project to Purchaser.

b. Seller shall join (and make commercially reasonable efforts to cause the Army to join, as applicable, with respect to the Environmental Carve Out Parcels) Purchaser in filing and recording a subdivision plat or plats in the County Clerk's office, which facilitates the subdivision of the lots within the Project desired by Purchaser as well as the dedication of streets, rights-of-way, and any easements (including a sewer easement), to the extent reasonably necessary, prior to the Closing. The cost and expense for same shall be paid solely by Purchaser, except to the extent that any such dedication (e.g., the dedication of certain streets and rights of way) is a part of the Off-Site Work required to be performed by Seller hereunder, which costs shall be paid solely by Seller.

31. Parties Liable. This Agreement is binding upon the Parties and all who succeed to their rights and responsibilities.

32. Assignment.

a. Seller shall have the right to assign this Agreement without the consent of Purchaser, but upon at least 30 days prior written notice to Purchaser, to the State of New Jersey or any division thereof which, pursuant to applicable law, shall succeed to the ownership of the Property and the rights and obligations of Seller under the EDC Agreement, the Army Quitclaim Deed, the Plan, and that is recognized as the local redevelopment authority of the Property under applicable law, including, without limitation, N.J.A.C. 52:27I. However, in the event that any such assignment shall operate to prevent, frustrate or otherwise hinder the intended development of the Project as contemplated herein, then the occurrence such assignment shall entitle Purchaser to terminate this Agreement. Upon any such termination by Purchaser, the Escrow Agent shall promptly

return the Deposit and all accrued interest to Purchaser following which return of the Deposit (and accrued interest) from Seller this Agreement shall be terminated and neither party shall have any further rights or obligations hereunder, except any rights or obligations that specifically survive the termination of this Agreement.

b. Except as provided in Sections 32.d. and e. below, Purchaser shall not have the right to assign this Agreement prior to Completion of the Project without first obtaining the express written consent of Seller, which consent shall not be unreasonably withheld provided that (i) the assignee is approved by the State of New Jersey's Department of the Treasury Chapter 51 Review Unit for compliance with the State of New Jersey's laws governing political contributions; (ii) the assignee has demonstrated to the satisfaction of Seller that the potential assignee has the financial ability to meet the funding requirements of the assignee's project; (iii) the assignee provides Seller with an unqualified and unconditional acceptance of the terms and conditions of this Agreement including but not limited to the redevelopment obligations to the extent that they relate to the portion of the Property and Project being assigned; (iv) the assignment will not delay the Completion of the Project; (v) the assignee provides Seller with satisfactory proof of the managerial experience and project experience of the assignee with projects of similar size and magnitude to the assignee's project; (vi) the proposed assignee is an Affiliate of Seller; and (vii) if applicable to the assignee's portion of the Project, the assignee agrees to comply with any and all legally imposed affordable housing requirements , including but not limited to setting aside twenty (20%) percent of the housing units to be developed by the assignee for Affordable Homes .

c. The Parties agree that if an assignment by Purchaser is permitted in accordance with the terms herein, or if Seller otherwise authorizes any such assignment by Purchaser, then Seller

shall enforce this Agreement against the assignee as Purchaser hereunder and Seller shall release Purchaser from any and all duties, obligations, claims and damages arising under this Agreement, provided that the assignee has unconditionally accepted the assignment of this Agreement.

d. Notwithstanding anything in the foregoing to the contrary, at any time, Purchaser shall have the right to assign this Agreement to (i) the successor to Purchaser by merger, the operation of law or the sale of all or substantially all of Purchaser's assets; or (ii) an Affiliate of Purchaser, such as an urban renewal entity or single purpose entity created to undertake the Project; without first obtaining Seller's consent provided that the successor to Purchaser by merger, the operation of law or the sale of all or substantially all of Purchaser's assets, Affiliate or urban renewal entity is approved by the State of New Jersey's Department of the Treasury Chapter 51 Review Unit for compliance with the State of New Jersey's laws governing political contributions and the successor to Purchaser by merger, the operation of law or the sale of all or substantially all of Purchaser's assets, Affiliate or urban renewal entity provides Seller with an unqualified and unconditional acceptance of the terms and conditions of this Agreement.

e. Notwithstanding anything to the contrary provided herein, nothing in this Agreement shall be deemed to prevent or otherwise restrict Purchaser from obtaining financing and granting a mortgage or mortgages and other liens or encumbrances for the purpose of financing costs associated with the development, construction and marketing of the Project.

33. Successors and Assigns. This Agreement shall inure to the benefit of and shall bind the Parties and their permitted successors and assigns.

34. Entire Agreement. It is understood and agreed that all understandings and agreements between the parties regarding purchase, sale and conveyance of the Property are merged in this

Agreement which alone fully and completely expresses their agreement. This Agreement replaces and supersedes any previous agreements between Purchaser and Seller regarding the purchase, sale and conveyance of the Property. This Agreement can only be changed by an agreement in writing signed by both Purchaser and Seller. Seller states that Seller has not made any other Agreement to sell the Property to anyone else.

35. Governing Law.

a. This Agreement shall be governed by, interpreted under and construed and enforced in accordance with, the laws of the State of New Jersey without respect to any principles of conflict of law, both as to interpretation and performance. Seller and Purchaser waive any statutory or common law presumption which would serve to have this document construed in favor and against either party as the drafter.

b. Seller and Purchaser agree that any and all claims made or to be made against Seller based in contract law, shall be governed by and subject to the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq. and agree that any and all claims made against Seller based in tort law shall be governed by and subject to the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq.

36. Partial Invalidity. If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by Law.

37. **Headings.** The headings of the various Sections and Exhibits of this Agreement have been inserted only for the purposes of convenience, and are not part of this Agreement and shall not be deemed in any manner to modify, explain or restrict any of the provisions of this Agreement.

38. **No Partnership or Joint Venture.** Nothing contained in this Agreement will make or will be construed to make the parties hereto joint venture partners with each other, it being understood and agreed that the only relationship between Purchaser and Seller hereunder is that of seller and purchaser. Nor should anything in this Agreement render or be construed to render either of the parties hereto liable to the other for any third party debts or obligations due the other party.

39. **No Third-Party Rights or Benefits.** Nothing in this Agreement shall be construed as creating any rights of enforcement against any person or entity that is not a party to this Agreement, nor any rights, interest or third-party beneficiary status for any entity or person other than Purchaser and Seller. This Agreement is not an obligation of the State of New Jersey or any political subdivision thereof (other than Seller) nor shall the State or any political subdivision thereof (other than Seller) be liable for any of the obligations under this Agreement. Nothing contained in this Agreement shall be deemed to pledge the general credit or taxing power of the state or any political subdivision thereof (other than Seller).

40. **No Waiver.** No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other documents furnished in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or

privilege, or the exercise of any other right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

41. Time Periods and Blackout Period. All time periods contained in this Agreement shall expire at 11:59 p.m. Eastern Time on the date performance is due and any performance after such time and any Notice received after such time shall be deemed to have occurred on the next business day. In the event that any date falls on a weekend or any other day which commercial banks in the State of New Jersey are closed or permitted to be closed, the date shall be deemed to extend to the next weekday that commercial banks in the State of New Jersey are not closed. Notwithstanding anything to the contrary provided herein, Purchaser shall not be obligated to make any payment hereunder, including, without limitation, payment of any portion of the Deposit, nor shall Purchaser be obligated to close on the purchase of the Property under this Agreement, at any time during the last five (5) business days of the months of February, May, August or November (each, a "Blackout Period"). Any payment otherwise due hereunder during a Blackout Period shall be due and payable on the 3rd business day after the applicable Blackout Period. Any Closing that would otherwise occur during any Blackout Period shall occur on the 3rd business day after the applicable Blackout Period.

42. Publication. Purchaser and Seller agree (i) to consult with and cooperate with each other on the content and timing of any and all press releases and other public announcements relating to the transactions contemplated by this Agreement, and (ii) that any press release to be used with respect to the transactions contemplated hereby will be in the form agreed to by the Parties. Accordingly, Purchaser shall not issue any announcement or statement relating to the transactions contemplated by this Agreement without the express written approval of Seller as to

the text of the announcement and Seller shall not issue any announcement or statement relating to the transactions contemplated by this Agreement without the express written approval of Purchaser as to the text of the announcement.

43. Recording/Memorandum of Agreement. In the event Purchaser elects to proceed with this Agreement following the Due Diligence Period, Purchaser shall have the right to record a memorandum of agreement of this Agreement, in the form attached hereto as Exhibit I (“Memorandum of Agreement”). Simultaneously with the execution of this Agreement, Seller shall execute and deliver the Memorandum of Agreement to Purchaser’s attorney, Fox Rothschild, LLP (“Purchaser’s Attorney”) to hold in escrow and only release, if at all, upon delivery of Corporate Approval to Seller. In the event this Agreement terminates prior to delivery of Corporate Approval, Purchaser’s Attorney shall deliver the original Memorandum of Agreement to Escrow Agent. Simultaneously with the execution of this Agreement, Purchaser shall execute and deliver to Escrow Agent a discharge of memorandum of agreement in the form attached hereto as Exhibit J (“Discharge of Memorandum of Agreement”). If this Agreement terminates for any reason other than a Seller default, Escrow Agent shall be authorized to release the Discharge of Memorandum of Agreement for recording with the County Clerk. If this Agreement terminates as a result of a Seller default, upon Seller’s payment of the amounts due pursuant to Section 25.a, Escrow Agent shall be authorized to release the Discharge of Memorandum of Agreement for recording with the County Clerk. Except for (a) the Memorandum of Agreement, (b) a Notice of Settlement, and (c) any reporting requirements under the Federal Securities Laws or other securities laws applicable to the Purchaser, Purchaser shall not record nor attempt to record any other document or instrument against the Property, or make any reference to this Agreement in any other recorded document, without the prior written

consent of Seller in its sole, arbitrary, and absolute discretion. In the event Purchaser makes any recording in violation of the terms of this Agreement without having obtained the prior written consent of Seller thereto, then Purchaser shall be deemed in material incurable default under this Agreement and Seller shall be authorized without any notice whatsoever: (i) to terminate this Agreement and (ii) to take the Initial Deposit set forth in Section 4, including interest as liquidated damages, such damages being difficult, if not impossible to ascertain. This Section shall survive the termination of the Agreement.

44. Representations of Purchaser and Seller. a. Purchaser and Seller each hereby represent to the other that on and as of the date of this Agreement and on and as of the date of Closing provided for herein, that (i) it has full capacity, right, power and authority to execute, deliver and perform this Agreement, and all required action and approvals therefore have been duly taken and obtained; (ii) the individual(s) signing this Agreement and all other documents executed or to be executed pursuant hereto on its behalf shall be duly authorized to sign the same on its behalf and to bind it thereto; (iii) this Agreement and all documents to be executed pursuant to this Agreement by it are and shall be binding upon and enforceable against it in accordance with their respective terms (principles of equity, bankruptcy and creditors' rights laws excepted); (iv) the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by it will not violate any judgment, order, injunction, decree, regulations or ruling of any court or governmental authority binding upon it, or conflict with, result in a breach of, or constitute a default by it under any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which it is bound; provided, however, that the foregoing representations and

warranties of Purchaser are subject to receipt of Corporate Approval in accordance with Section 13.c.

b. Seller hereby makes the following additional representations and warranties to Purchaser as of the Effective Date and the date of the Closing:

(i) At no time during the Seller's ownership of the Property has Seller operated the Property as an "industrial establishment" within the meaning of ISRA.

(ii) Seller is solvent, has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy, admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally. Seller has received no written notice of (a) the filing of an involuntary petition by Seller's creditors, (b) the appointment of a receiver to take possession of all, or substantially all, of Seller's assets, or (c) the attachment or other judicial seizure of all, or substantially all, of Seller's assets.

(iii) To the best knowledge of Seller, there are no actions, suits or proceedings (including, but not limited to, bankruptcy) pending or, to Seller's knowledge, threatened against Seller, the Project or the Property or affecting Seller, the Project or the Property which, if determined adversely to Seller, the Project or the Property would adversely affect the Project, the Property or Seller's ability to perform its obligations hereunder and there are no judgments, decrees or orders entered on a suit or proceeding against Seller, the Project or the Property, an adverse decision in which might, or which judgment, decree or order does, adversely affect Seller's ability to perform its obligations pursuant to, or Purchaser's rights under, this Agreement, or which seeks to restrain, prohibit,

invalidate, set aside, rescind, prevent or make unlawful this Agreement or the carrying out of this Agreement or the transactions contemplated herein or which materially adversely affects the Project or the Property.

(iv) Seller has not received any written notice from any governmental agency or other government instrumentality respecting Seller's or the Property's violation of any applicable law, ordinance, rule or regulation or requiring the correction of any condition with respect to the Property, or any part thereof, by reason of a violation of any applicable federal, state, county or municipal law, code, rule, or regulation, which has not been previously cured. Seller has received no written notice from any governmental entity that the Property currently violates any currently applicable laws, regulations, ordinances, building codes, or rules of any applicable municipal, local, state, or federal jurisdiction, including, without limitation, zoning ordinances, building codes, or laws governing access for handicapped persons. Seller has received no written notice that the Property or the intended use of the Property as contemplated by the Project would violate any restrictions, covenants, or similar agreements affecting the Property.

(v) Seller has not commenced condemnation proceedings with respect to the Property and has not received any written notice from any governmental agency or official to the effect that any condemnation proceeding is pending or contemplated in connection with the Property.

(vi) There are no leases, agreements, or service or any other contracts which affect or will be otherwise binding upon Purchaser as owner of the Property following the consummation of the Closing, except for this Agreement, the declaration or covenants

and restrictions contemplated herein, any documents of record which are recorded against the Property (including, without limitation, the Army Quit Claim Deed and the quit claim deed for the Environmental Carve Out Parcels) and any documents that may be entered into by and between Purchaser and applicable Municipal authorities in connection with the grant of All Approvals.

(vii) Seller has not received any written notice of any current or pending private or governmental actions, suits or enforcement proceedings against the Army, Seller or the Property relating to the presence, investigation, removal, remediation, restriction or monitoring of hazardous materials or the potential breach of any Environmental Laws, and, to Seller's knowledge, none have been threatened. Seller has not entered into any unrecorded commitments or agreements with any governmental agencies or authorities regarding hazardous materials or the compliance with Environmental Laws.

(viii) Except as disclosed in the FOST or the Subsequent FOST, Seller is not aware of the presence on, in or about the Property of (a) any underground storage tanks or (b) any hazardous materials (other than hazardous materials of kinds and in amounts ordinarily and customarily used or stored in properties similar to the Property for the purposes of cleaning or other maintenance or operations and otherwise in compliance with applicable Environmental Laws).

(ix) The Property is exempt from taxation and no taxes or assessments are due, pending or subject to a roll-back assessment under applicable law.

(x) None of Seller's assets (including the Property) constitute "plan assets" (within the meaning of Section 3(42) of the Employee Retirement Income Security Act of

1974, as amended (“ERISA”) and applicable regulations thereunder issued by the U.S. Department of Labor) of an “employee benefit plan” (as defined in Section 3(3) of ERISA) or of a “plan” as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended.

(xi) There are no tenants, licensees or occupants of the Property and the Property shall be delivered to Purchaser at Closing vacant and otherwise free and clear of the rights or occupancy of any and all tenants, licensees or other occupants.

(xii) Seller is not a foreign person within the meaning of Section 1445(f) of the Internal Revenue Code.

(xiii) Neither Seller nor any controlling beneficial owner of Seller: (i) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury (“OFAC”) pursuant to Executive Order No. 133224, 66 Fed. Reg. 49079 (September 25, 2001) (the “Order”) and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable orders (such lists are collectively referred to as the “Lists”); (ii) is a person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Order; or (iii) is owned or controlled by, or acts for or on behalf of, any person or entity on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Order.

c. Promptly upon Seller’s receipt of notice, Seller shall notify Purchaser in writing of any event or condition that will cause a change in the facts relating to, or the truth of, any of the

above representations or warranties. In the event Purchaser determines, in its reasonable judgment, that any such change or modification to any of the above representations and warranties of Seller would have a material adverse effect on Purchaser's ability to develop the Property as contemplated in this Agreement, Seller shall not be in default hereunder (unless such modifications were caused by or the result of actions of Seller in violation of the terms of this Agreement), but the change to the representation and/or warranty shall be deemed a failure of a condition precedent to Purchaser's obligation to consummate Closing, entitling Purchaser to the right to terminate this Agreement, whereupon the Deposit and all accrued interest shall be promptly returned to Purchaser.

d. The representations and warranties set forth in sections (ii), (iii), (v), (vii) and (xiii) of Section 44.b. above shall survive the Closing for a period of two (2) years.

45. Seller Covenants.

a. **The Kronenburg Mural.** Seller covenants that the letter dated July 2, 2015 and attached hereto as Exhibit K, from the Deputy SHPO Officer, is sufficient to confirm that all obligations under the Programmatic Agreement with respect to the Kronenburg Mural and Building 2540 have been satisfied. Prior to the expiration of the Due Diligence Period, Seller shall deliver to Purchaser such evidence as is reasonably necessary to confirm that the parties to the Programmatic Agreement have released the Property from the obligations thereunder and that the Property will be conveyed to Purchaser at the Closing free and clear of such obligations.

b. **Exclusivity.** Seller agrees that provided Purchaser is not in default beyond any applicable notice and cure period, during the term of this Agreement, Seller shall negotiate exclusively with Purchaser for the sale of the Property. To that end, as long as Purchaser is not in

default of its obligations hereunder, Seller will not discuss, market or negotiate for the sale of the Property with any other prospective purchaser or broker during the term of this Agreement and Seller will terminate any such discussions, marketing or negotiations (other than with Purchaser) that may have commenced.

c. **Plan Amendments and Subdivision.** Within six (6) months of the Effective Date, Seller shall enact amendments to the Plan that allows for the development of the Project in the manner contemplated by this Agreement (“Plan Amendment”). Seller shall provide drafts of such amendments to Purchaser for its review and comment prior to their being enacted. Such amendments shall be subject to the approval of Seller’s Board in its sole discretion. Prior to Closing, Seller shall reasonably cooperate and coordinate with Purchaser to obtain all signatures to the applicable approved subdivision map as shall be necessary to allow Purchaser to record the map immediately following the recordation of the Deed (upon posting any required fees and bonds). Obtaining all such signatures shall be a condition precedent to Purchaser’s obligation to consummate the Closing hereunder. If the Plan Amendment has not been finalized within the six (6) month time period provided, Purchaser shall have the right to terminate this Agreement, whereupon the Deposit and all accrued interest shall be promptly returned to Purchaser by the Escrow Agent.

d. **Easements.** Seller agrees that it shall grant to Purchaser and its successors and assign such easements and rights of way over the property and lands of Seller as shall be reasonably necessary for the proper development and/or operation of the Project and the Property. The provisions of this Section 45.d shall survive the Closing.

e. **Off-Site Work.** Seller has completed all off-site work through the reconstruction of Corregidor Road as described on Exhibit H attached hereto (collectively, the “Off-Site Work”).

f. **ISRA Covenant.** In the event that (i) consummation of the transactions contemplated by this Agreement and the sale of the Property to Purchaser shall trigger the requirements of ISRA, and/or (ii) any “industrial establishment” within the meaning of ISRA has operated at the Property or at any other property that is located on any lot or block contiguous to the Property which is under any Seller’s control or the control of any Seller’s tenants or affiliates and which is used in conjunction with any business operated on the Property (“Contiguous Controlled Property”) since December 31, 1983, Seller shall conclude any required assessment, investigations, remediation and other remedial actions with respect to the Property, if any, in accordance with ISRA, the BCSR and the SRRA, and any guidance of the NJDEP implementing ISRA, BCSR or SRRA, and provide to Purchaser at least five (5) business days in advance of the Closing either: (w) a “negative declaration,” (x) a “de minimis quantity exemption” (y) a “no further action/covenant not to sue letter,” or (z) a RAO in each instance, satisfactory in all respects to Purchaser and issued, as applicable, by the NJDEP or LSRP acting pursuant to BCSR and SRRA providing that there has been no discharge of hazardous substances or hazardous wastes at the Property or that any discharge of hazardous substances or hazardous wastes at the Property has been remediated in accordance with all applicable Environmental Laws and NJDEP regulations and guidance, including, but not limited to, remediation standards and presumptive remedies, provided however that such remediation shall not involve the use of any institutional controls, engineering controls and/or other land use or other restrictions of any type whatsoever on the future use of the Property. Notwithstanding anything to the contrary

provided herein, (A) Purchaser shall have no obligation to close the transactions contemplated hereby if Seller has failed to comply with any of its obligations in this Section 45.f, and (B) Seller shall in all events remain responsible for compliance with ISRA, BCRSA and SRRA, including without limitation any penalties imposed by the NJDEP for failure to comply with ISRA, BCRSA or SRRA. The provisions of this Section 45.f shall survive the Closing.

46. Intentionally Omitted.

47. Political Campaign Contributions.

47.1 For the purpose of this Section 47, the following shall be defined as follows:

A. "Contribution" means a contribution reportable by a recipient under "The New Jersey Campaign Contributions and Expenditures Reporting Act" P.L. 1973, c. 83 (C.19:44A-1 et seq.), a contribution made to a legislative leadership committee, a contribution made to a municipal political party committee or a contribution made to a candidate committee or election fund of any candidate for or holder of the office of Lieutenant Governor. Currently, contributions in excess of \$300 during a reporting period are deemed "reportable" under these laws.

B. "Business Entity" means:

(i) a for-profit entity as follows:

- a. in the case of a corporation: the corporation, any officer of the corporation, and any person or business entity that owns or controls 10% or more of the stock of corporation;
- b. in the case of a general partnership: the partnership and any partner;
- c. in the case of a limited partnership: the limited partnership and any partner;
- d. in the case of a professional corporation: the professional corporation and any shareholder or officer;

- e. in the case of a limited liability company: the limited liability company and any member;
- f. in the case of a limited liability partnership: the limited liability partnership and any partner;
- g. in the case of a sole proprietorship: the proprietor; and
- h. in the case of any other form of entity organized under the laws of this State or other state or foreign jurisdiction: the entity and any principal, officer, or partner thereof;

(ii) any subsidiary directly or indirectly controlled by the Business Entity;

(iii) any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the Business Entity, other than a candidate committee, election fund, or political party committee;

(iv) principals who own or control more than 10 percent of the profits or assets of a Business Entity or 10 percent of the stock in the case of a Business Entity that is a corporation for profit (“Principals”); and

(v) with respect to an individual who is included within the definition of Business Entity, the individual’s spouse or civil union partner, and any child residing with the individual, provided, however, that, P.L. 2005, c. 51 shall not apply to a contribution made by such spouse, civil union partner, or child to a candidate for whom the contributor is entitled to vote or to a political party committee within whose jurisdiction the contributor resides unless such contribution is in violation of section 9 of P.L. 2005, c. 51 (C.19:44A-20.1 et seq.) (“Chapter 51”).

C. PL 2005, c. 51 — means Public Law 2005, chapter 51 (C. 19:44A-20.13 through C.

19:44A-20.25, inclusive) as expanded by Executive Order 117 (Gov. Corzine, September 24, 2008).

47.2 The terms, restrictions, requirements and prohibitions set forth in P.L. 2005, c. 51 are incorporated into this Agreement by reference as material terms of this Agreement with the same force and effect as if P.L. 2005, c. 51 were stated herein its entirety. Compliance with P.L. 2005, c. 51 by Purchaser shall be a material term of this Agreement.

47.3 Purchaser hereby certifies to Seller that commencing on and after October 15, 2004, Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) has not solicited or made any Contribution of money, pledge of Contribution, including in-kind Contributions, that would bar a contract agreement between Purchaser and Seller pursuant to P.L. 2005, c. 51. Purchaser hereby further certifies to Seller that any and all certifications and disclosures delivered to Seller by Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) regarding compliance with Chapter 51 are accurate, complete and reliable. The certifications made herein are intended to and shall be a material term of this Agreement and if the Treasurer of the State of New Jersey determines that any Contribution has been made in violation of P.L. 2005, c. 51, Seller shall have the right to declare this Agreement to be in default.

47.4 Purchaser hereby covenants that Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) shall not knowingly solicit or make any Contributions of money, or pledge of a Contribution, including in-kind Contributions, to a candidate committee or election fund of any candidate or holder of the public office of Governor of New Jersey or to any New Jersey state or county political party committee

prior to the expiration or earlier termination of this Agreement. The provisions of this Section 47.5 are intended to and shall be a material term of this Agreement and if the Treasurer of the State of New Jersey determines that any Contribution has been made by Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) in violation of P.L. 2005, c. 51, Seller shall have the right to declare this Agreement to be in default.

47.6 In addition to any other Event of Default specified in this Agreement, Seller shall have the right to declare an event of default under this Agreement if: (i) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits a Contribution in violation of P.L. 2005, c. 51, (ii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) knowingly conceals or misrepresents a Contribution given or received; (iii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits Contributions through intermediaries for the purpose of concealing or misrepresenting the source of the Contribution; (iv) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits any Contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee; (v) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) engages or employs a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any Contribution, which if made or solicited by Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business

Entity) directly would violate the restrictions of P.L. 2005, c. 51; (vi) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) funds Contributions made by third parties, including consultants, attorneys, family members, and employees; (vii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) engages in any exchange of Contributions to circumvent the intent of P.L. 2005, c. 51; (viii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) directly or indirectly through or by any other person or means, does any act which would violate the restrictions of P.L. 2005, c. 51; or (ix) any material misrepresentation exists in any Political Campaign Contribution Certification and Disclosure which was delivered by Purchaser to Seller in connection with this Agreement.

47.7 The Parties acknowledge that on February 14, 2013 Seller received confirmation from the Department of the Treasury's Chapter 51 Review Unit that Purchaser was approved for 2 year Chapter 51/EO117 certification. Purchaser hereby acknowledges and agrees that pursuant to P.L.2005, c. 51, Purchaser shall have a continuing obligation to report to the Office of the State Treasurer, Political Campaign Contribution Review Unit of any Contributions it makes during the term of this Agreement. If after the effective date of this Agreement and before the entire Purchase Price is paid to Seller, any Contribution is made by Purchaser and the Treasurer of the State of New Jersey determines such Contribution to be a conflict of interest in violation of P.L. 2005, c. 51, Seller shall have the right to declare this Agreement to be in default.

48. Notices: Any notice sent under this Agreement (a "Notice") must be in writing and shall be addressed as follows:

to Seller: Fort Monmouth Economic Revitalization Authority
502 Brewer Avenue

Oceanport, New Jersey 07757
Attention: Bruce Steadman, Executive Director
Fax:
Phone:
E-mail:

With a copy to: DeCotiis, FitzPatrick & Cole, LLP
500 Frank W. Burr Boulevard, Suite 31
Teaneck, NJ 07666
Attention: Douglas F. Doyle, Esq.
Fax: (201) 928-0588
Phone: (201) 347-2128
E-mail: dfoyle@decotiislaw.com

And

to Purchaser: US HOME Corporation, (Lennar)
2465 Kuser Road, Third Floor
Hamilton, New Jersey 08690
Attention: Robert Calabro, Director of Land, Lennar New Jersey Division
Fax: (609) 245-2230
Phone: (609) 245-2200 ext. 161
E-mail: robert.calabro@lennar.com

With a copy to: Lennar Corporation
700 N.W. 107th Avenue
Miami, Florida 33172
Attention: Corporate Counsel
Fax: (305) 229-6650
Phone: (305) 229-6584
E-mail: mark.sustana@lennar.com

And to: Fox Rothschild LLP
15 Maple Avenue
Morristown, New Jersey 07960
Attention: Deirdre E. Moore, Esq.
Fax: (973) 992-7101
Phone: (973) 326-7103
E-mail: dmoore@foxrothschild.com

And

to the Escrow Agent: DeCotiis, FitzPatrick & Cole, LLP
500 Frank W. Burr Boulevard, Suite 31
Teaneck, NJ 07666

Attention: Douglas F. Doyle, Esq.
Fax: (201) 928-0588
Phone: (201) 347-2128
E-mail: ddoyle@decotiislaw.com

All Notices are to be given either by:

- (1) personal service,
- (2) certified mail, return receipt requested,
- (3) reputable overnight delivery service which requires a confirmatory signature upon receipt (e.g. Federal Express, United Parcel Service, DHL, United State Postal Service Next Day Mail).

Either party may change the address to which Notice must be provided pursuant to this Agreement by providing Notice, in accordance with this provision, to the other party at that party's last-identified address, provided that such change of address shall not take effect until five (5) days following the date of such Notice, or

- (4) e-mail or facsimile transmission, if a copy of said notice is also sent by reputable overnight delivery or personal service as provided above.

Each party authorizes the other to rely in connection with their respective rights and obligations under this Agreement upon approval by the parties named above or any person designated in substitution or addition hereto by Notice, in writing, to the party so relying.

49. Brokerage Commissions. Seller and Purchaser each represents and warrants to the other that it has had no dealings with any broker, salesperson or agent in connection with the sale of the Property, except for Seller's broker, Cushman & Wakefield ("Seller's Broker"). Seller shall be solely responsible for the payment of all fees and commissions due to Seller's Broker. The provisions of this Section shall survive the Closing.

50. **Counterparts.** This Agreement may be simultaneously executed in several counterparts, or with counterpart signature pages, and may be delivered by facsimile or electronic mail, it being understood that all such counterparts or counterpart signature pages, taken together, shall constitute one and the same instrument.

51. **Bulk Sale Transfer Act.** The parties hereby acknowledge that pursuant to P.L. 2007, Chapter 100 (A5002) and the provisions of N.J.S.A. 54:50-38, the transactions set forth herein may be considered a bulk sale by Seller and, therefore, Purchaser is required to notify the Director of the Division of Taxation in the Department of the Treasury of the State of New Jersey (the "Department"), at least 10 days prior to the transfer of title, of the proposed sale and of the price, terms, and conditions of the transaction. Both Seller and Purchaser shall cooperate with each other in submitting necessary forms and information to the Department in connection with their compliance with these requirements. Purchaser shall promptly submit the required Form C-9600 and a copy of this Agreement and Seller shall promptly submit the required Form TTD. In the event the Department determines that some or all of Seller's proceeds are to be held back as an escrow pending a determination by the Department of any taxes due and owing from Seller, then one hundred percent (100%) of such funds as shall be determined by the Department shall be withheld out of Seller's proceeds at the Closing and deposited in escrow with the Escrow Agent. Even if Purchaser receives a letter from the Department prior to Closing demanding a specified sum due ("Demand Letter"), Purchaser shall have a right to hold back one hundred percent (100%) of the amount specified in the Demand Letter. The Escrow Agent hereby agrees to hold any such held back proceeds in escrow (the "Bulk Sale Escrow") in accordance with this Agreement until such time as this Agreement provides that it shall be released. Upon demand by the Department, Purchaser shall have the right to direct the Escrow Agent, by written notice, to

disburse any or all of the Bulk Sale Escrow to pay off the Department's demand. Upon any such written notice from Purchaser, the Escrow Agent shall immediately disburse to the Department such amounts from the Bulk Sale Escrow as Purchaser requests. However, if the amount of the Department's demand exceeds the amount of the Bulk Sale Escrow, then Purchaser shall not be required to direct the Escrow Agent to release the Bulk Sale Escrow to the Department until the Department confirms that it will issue a tax clearance letter upon the receipt of such funds from the Bulk Sale Escrow. Purchaser shall be responsible for submitting the required notification of the pending sale to the Department and Seller agrees to fully cooperate with any such submissions and to promptly provide any information or certificates requested by the Department. Once the final tax clearance letter has been obtained confirming that no additional amounts are due, and then the balance of the Bulk Sale Escrow, if any, shall be paid to Seller. Provided that Purchaser has timely submitted the required notification of the pending sale to the Department, notwithstanding anything to the contrary provided herein, Purchaser may, upon written notice to Seller, postpone the Closing until an escrow requirements letter or tax clearance letter, as applicable, has been obtained from the Department. Seller agrees to reimburse Purchaser and its successors and assigns for any and all amounts of Seller's outstanding tax obligations for which the Department holds Purchaser or its successors and assigns responsible. The provisions of this Section 51 shall survive the Closing.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

WHEREFORE Seller and Purchaser have signed this Agreement as of the date first written above.

ATTEST:

FORT MONMOUTH ECONOMIC
REVITALIZATION AUTHORITY, Seller

By: _____

Name: Bruce Steadman

Title: Executive Director

ATTEST:

US HOME CORPORATION, a Delaware
corporation, Purchaser

By: _____

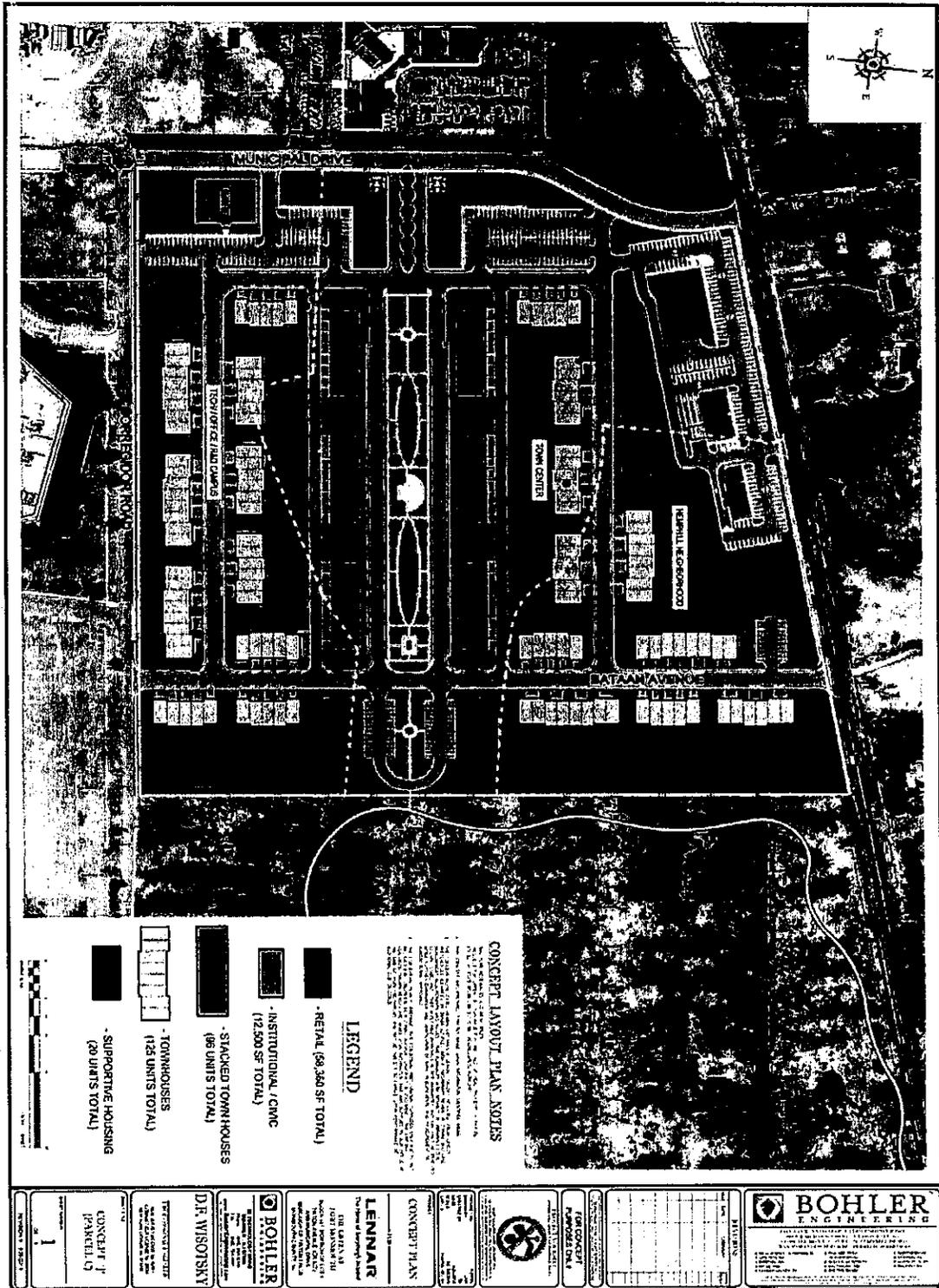
Name: Robert Calabro

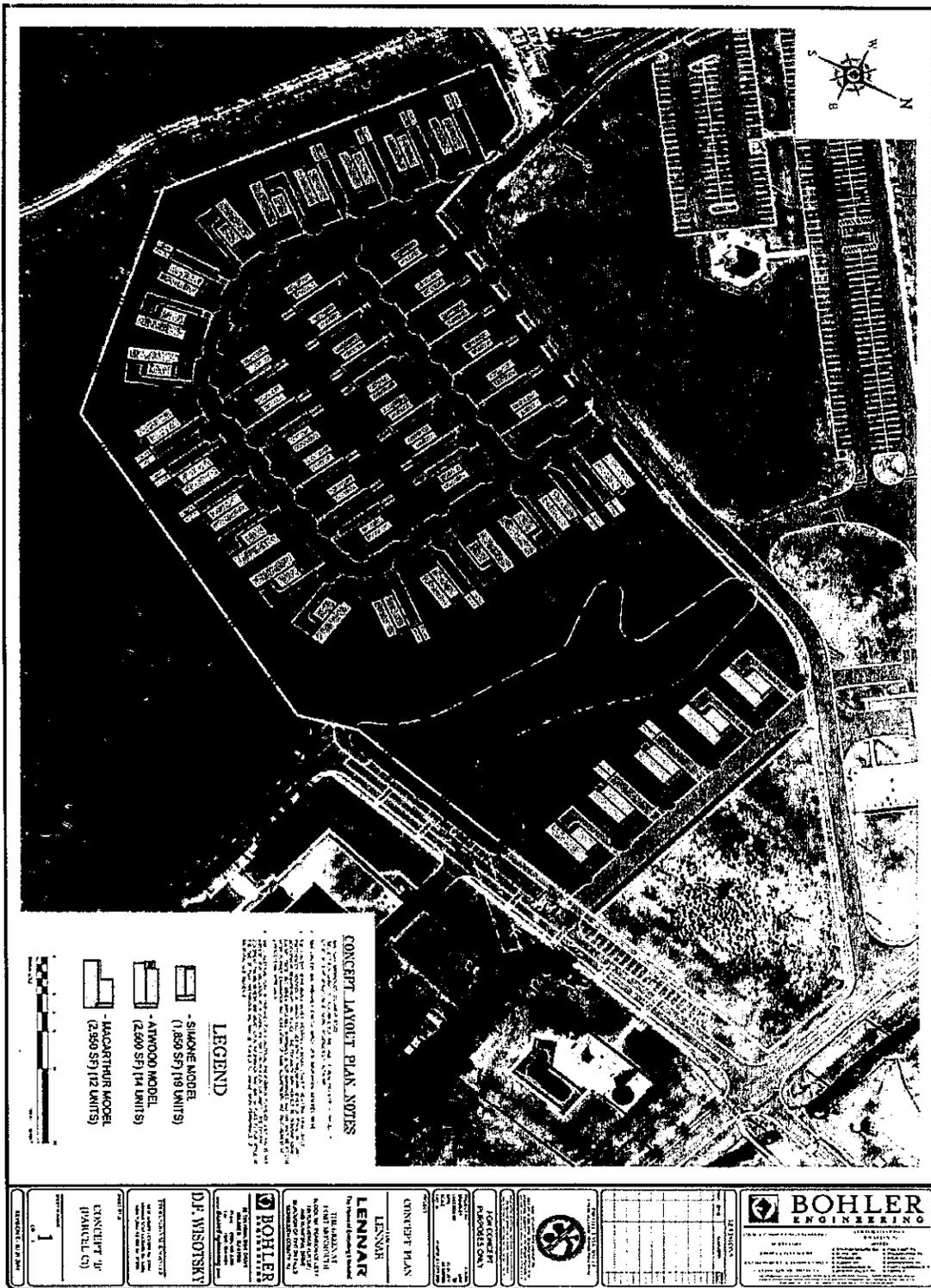
Title: Vice President

EXHIBIT A
Conceptual Site Plan

EXHIBIT A

EXHIBIT C Conceptual Site Plans





CONCEPT LAYOUT PLAN NOTES

1. ALL DIMENSIONS ARE IN FEET AND INCHES. DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.

2. ALL DISTANCES ARE TO CENTERLINE UNLESS OTHERWISE NOTED.

3. ALL DISTANCES ARE TO CENTERLINE UNLESS OTHERWISE NOTED.

4. ALL DISTANCES ARE TO CENTERLINE UNLESS OTHERWISE NOTED.

5. ALL DISTANCES ARE TO CENTERLINE UNLESS OTHERWISE NOTED.

6. ALL DISTANCES ARE TO CENTERLINE UNLESS OTHERWISE NOTED.

7. ALL DISTANCES ARE TO CENTERLINE UNLESS OTHERWISE NOTED.

8. ALL DISTANCES ARE TO CENTERLINE UNLESS OTHERWISE NOTED.

9. ALL DISTANCES ARE TO CENTERLINE UNLESS OTHERWISE NOTED.

10. ALL DISTANCES ARE TO CENTERLINE UNLESS OTHERWISE NOTED.

- LEGEND**
- SIMONE MODEL
(1,850 SF) 118 UNITS
 - ATWOOD MODEL
(2,500 SF) 114 UNITS
 - MACARTHUR MODEL
(2,350 SF) 112 UNITS

<p>BOHLER ENGINEERING INCORPORATED</p> <p>10000 BOHLER DRIVE DALLAS, TEXAS 75243 PHONE: (214) 343-1111 FAX: (214) 343-1112 WWW.BOHLER-ENGINEERING.COM</p>	<p>LENNAIR By Special Licensing License 1500 W. WASHINGTON DALLAS, TEXAS 75201 PHONE: (214) 343-1111 FAX: (214) 343-1112 WWW.LENNAINC.COM</p>	<p>BOHLER ENGINEERING PROJECT NO. 10000 BOHLER DRIVE DALLAS, TEXAS 75243 PHONE: (214) 343-1111 FAX: (214) 343-1112 WWW.BOHLER-ENGINEERING.COM</p>	<p>LENNAIR PROJECT NO. 10000 BOHLER DRIVE DALLAS, TEXAS 75243 PHONE: (214) 343-1111 FAX: (214) 343-1112 WWW.LENNAINC.COM</p>	<p>CONCEPT PLAN DATE: 10/1/00 SCALE: AS SHOWN</p>	<p>LEGEND 1" = 100'</p>	<p>BOHLER ENGINEERING PROJECT NO. 10000 BOHLER DRIVE DALLAS, TEXAS 75243 PHONE: (214) 343-1111 FAX: (214) 343-1112 WWW.BOHLER-ENGINEERING.COM</p>	<p>LENNAIR PROJECT NO. 10000 BOHLER DRIVE DALLAS, TEXAS 75243 PHONE: (214) 343-1111 FAX: (214) 343-1112 WWW.LENNAINC.COM</p>	<p>CONCEPT PLAN DATE: 10/1/00 SCALE: AS SHOWN</p>	<p>LEGEND 1" = 100'</p>	<p>BOHLER ENGINEERING PROJECT NO. 10000 BOHLER DRIVE DALLAS, TEXAS 75243 PHONE: (214) 343-1111 FAX: (214) 343-1112 WWW.BOHLER-ENGINEERING.COM</p>	<p>LENNAIR PROJECT NO. 10000 BOHLER DRIVE DALLAS, TEXAS 75243 PHONE: (214) 343-1111 FAX: (214) 343-1112 WWW.LENNAINC.COM</p>	<p>CONCEPT PLAN DATE: 10/1/00 SCALE: AS SHOWN</p>	<p>LEGEND 1" = 100'</p>	<p>BOHLER ENGINEERING PROJECT NO. 10000 BOHLER DRIVE DALLAS, TEXAS 75243 PHONE: (214) 343-1111 FAX: (214) 343-1112 WWW.BOHLER-ENGINEERING.COM</p>	<p>LENNAIR PROJECT NO. 10000 BOHLER DRIVE DALLAS, TEXAS 75243 PHONE: (214) 343-1111 FAX: (214) 343-1112 WWW.LENNAINC.COM</p>	<p>CONCEPT PLAN DATE: 10/1/00 SCALE: AS SHOWN</p>	<p>LEGEND 1" = 100'</p>	<p>BOHLER ENGINEERING PROJECT NO. 10000 BOHLER DRIVE DALLAS, TEXAS 75243 PHONE: (214) 343-1111 FAX: (214) 343-1112 WWW.BOHLER-ENGINEERING.COM</p>	<p>LENNAIR PROJECT NO. 10000 BOHLER DRIVE DALLAS, TEXAS 75243 PHONE: (214) 343-1111 FAX: (214) 343-1112 WWW.LENNAINC.COM</p>	<p>CONCEPT PLAN DATE: 10/1/00 SCALE: AS SHOWN</p>	<p>LEGEND 1" = 100'</p>

Exhibit A

EXHIBIT B
Description of Environmental Carve Out Parcels

24 May 2013
100291701

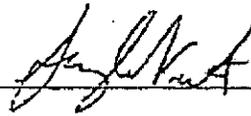
**WRITTEN DESCRIPTION
ENVIRONMENTAL CARVE-OUT PARCEL
KNOWN AS SEPTIC TANK 2 – ECP28
WITHIN BLOCK 101 LOT 1
IN THE BOROUGH OF TINTON FALLS
MONMOUTH COUNTY, NEW JERSEY**

BEGINNING at a point being the southeasterly corner of the Parcel described herein, said point being the following two courses and distances from the intersection of the westerly line of Hope Road, being 24.75 feet at right angles from its centerline, and the northerly line of lands now or formerly of Conrail – formerly Central Railroad of New Jersey (60 foot wide right-of-way) and running; thence

- A. Along said westerly line of Hope Road, being parallel with and 24.75 feet at right angles from its centerline, North 03°44'55" West, a distance of 443.58 feet to a point; thence
- B. Leaving said westerly line of Hope Road, South 86°15'05" West, a distance of 939.51 feet to the Point of Beginning and running; thence
 - 1) North 85°55'00" West, a distance of 133.00 feet to a point; thence
 - 2) North 04°05'00" East, a distance of 169.00 feet to a point; thence
 - 3) South 85°55'00" East, a distance of 133.00 feet to a point; thence
 - 4) South 04°05'00" West, a distance of 169.00 feet to the Point of BEGINNING.

Encompassing an area of 0.516 acres, more or less.

This description is prepared in accordance with a plan entitled, "ALTA/ACSM Land Title Survey, Fort Monmouth Charles Wood Area Environmental Carve-out Parcels" prepared by Langan Engineering and Environmental Services, Elmwood Park, New Jersey, Job No. 100291701, dated 24 May 2013, Drawing No. VB-101.

 5-24-13

Gary A. Veenstra
Professional Land Surveyor
New Jersey License No. GS37213

24 May 2013
100291701

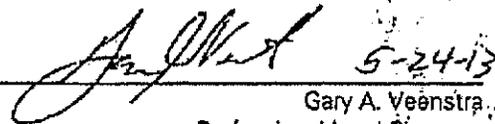
**WRITTEN DESCRIPTION
ENVIRONMENTAL CARVE-OUT PARCEL
KNOWN AS SEPTIC TANK 3 – ECP28
WITHIN BLOCK 101 LOT 1
IN THE BOROUGH OF TINTON FALLS
MONMOUTH COUNTY, NEW JERSEY**

BEGINNING at a point being the southeasterly corner of the Parcel described herein, said point being the following two courses and distances from the intersection of the westerly line of Hope Road, being 24.75 feet at right angles from its centerline, and the northerly line of lands now or formerly of Conrail – formerly Central Railroad of New Jersey (60 foot wide right-of-way) and running; thence

- A. Along said northerly line of lands now or formerly of Conrail – formerly Central Railroad of New Jersey, South 57°53'09" West, a distance of 621.18 feet to a point; thence
- B. Leaving said northerly line, North 32°06'51" West, a distance of 469.17 feet to the Point of Beginning and running; thence
 - 1) North 80°58'00" West, a distance of 97.00 feet to a point; thence
 - 2) North 09°02'00" East, a distance of 97.00 feet to a point; thence
 - 3) South 80°58'00" East, a distance of 97.00 feet to a point; thence
 - 4) South 09°02'00" West, a distance of 97.00 feet to the Point of BEGINNING.

Encompassing an area of 0.216 acres, more or less.

This description is prepared in accordance with a plan entitled, "ALTA/ACSM Land Title Survey, Fort Monmouth Charles Wood Area Environmental Carve-out Parcels" prepared by Langan Engineering and Environmental Services, Elmwood Park, New Jersey, Job No. 100291701, dated 24 May 2013, Drawing No. VB-101.



Gary A. Veenstra
Professional Land Surveyor
New Jersey License No. GS37213

EXHIBIT C
Metes and Bounds Description of the Land

EXHIBIT C



11 March 2013
100291701

**WRITTEN DESCRIPTION
PARCEL C
PART OF BLOCK 101, LOT 1
BOROUGH OF TINTON FALLS
MONMOUTH COUNTY, NEW JERSEY**

BEGINNING at a point on the southerly line of Tinton Avenue, also known as County Route 537 (various widths), being 24.75 feet at right angles from its centerline, said point being at the intersection of said southerly line of Tinton Avenue and the division line between Block 101 Lot 1 (lands now or formerly of the United States of America), on the east, and Block 100 Lot 1 (lands now or formerly of the Borough of Tinton Falls), on the west, and running; thence

1. Along said southerly line of Tinton Avenue, being parallel with and 24.75 feet at right angles from its centerline, North $71^{\circ}50'23''$ East, a distance of 1,278.89 feet to a bend point; thence
2. Still along said southerly line of Tinton Avenue, North $72^{\circ}14'23''$ East, a distance of 142.10 feet to a point; thence
3. Along the division line between lands known as Parcel C and Parcel E, South $08^{\circ}07'52''$ East, a distance of 1,385.92 feet to a point; thence
4. South $81^{\circ}41'38''$ West, a distance of 1,405.73 feet along a line running on the north side of Corregidor Road (a private road) to a point; thence
5. Along the aforementioned division line between Block 101 Lot 1 (lands now or formerly of the United States of America) and Block 100 Lot 1 (lands now or formerly of the Borough of Tinton Falls) North $07^{\circ}53'20''$ West, a distance of 318.10 feet to a bend point; thence
6. Still along said division line, North $07^{\circ}47'20''$ West, a distance of 825.65 feet to a point on the aforementioned southerly line of Tinton Avenue, being the point of BEGINNING.

Encompassing an area of 40.737 acres, more or less.

The above description is in accordance with a plan entitled "ALTA/ACSM Land Title Survey, Part of Block 101, Lot 1, Parcel C, Borough of Tinton Falls, Monmouth County, New Jersey" dated 11 March 2013 and prepared by Langan Engineering and Environmental Services, Inc.

 3-11-13

Gary A. Veenstra
Professional Land Surveyor
New Jersey License No. GS37213
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12 March 2013
100291701

**WRITTEN DESCRIPTION
PARCEL C1
PART OF BLOCK 101, LOT 1
BOROUGH OF TINTON FALLS
MONMOUTH COUNTY, NEW JERSEY**

COMMENCING at a point being the intersection of the westerly line of Hope Road (49.5 feet wide), also known as County Route 51, and the northwesterly line of lands now or formerly of Conrail, formerly Central Railroad of New Jersey (60 feet wide); thence

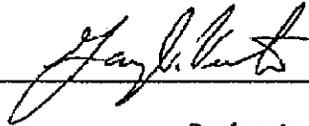
- A. Along said northwesterly line of lands now or formerly of Conrail, South 57°53'09" West, a distance of 566.72 feet; thence
 - B. Leaving said northwesterly line of lands now or formerly of Conrail, North 68°22'18" West, a distance of 849.15 feet to the point of BEGINNING and running; thence
1. North 68°22'18" West, a distance of 249.16 feet to a point; thence
 2. North 07°56'51" East, a distance of 39.91 feet to a point of curvature; thence
 3. Northeasterly along a curve to the right, having an arc distance of 95.30 feet, a radius of 223.00 feet and a central angle of 24°29'12" and being subtended by a chord which bears North 20°11'27" East, a distance of 94.58 feet to a point of tangency; thence
 4. North 32°26'03" East, a distance of 18.50 feet to a point; thence
 5. North 88°28'17" East, a distance of 69.89 feet to a point; thence
 6. North 84°23'58" East, a distance of 72.75 feet to a point; thence
 7. North 84°43'23" East, a distance of 10.94 feet to a point; thence
 8. North 09°00'21" East, a distance of 475.68 feet to a point; thence
 9. North 02°58'13" East, a distance of 105.10 feet to a point; thence
 10. North 03°50'13" East, a distance of 83.19 feet to a point of curvature; thence
 11. Northeasterly along a curve to the right, having an arc distance of 101.95 feet, a radius of 172.00 feet and a central angle of 33°57'44" and being subtended by a chord which bears North 20°49'04" East, a distance of 100.47 feet to a point of tangency; thence
 12. North 37°47'56" East, a distance of 49.67 feet to a point; thence
 13. South 87°40'17" East, a distance of 398.07 feet to a point; thence
 14. South 04°14'26" East, a distance of 391.83 feet to a point; thence
 15. South 49°33'55" East, a distance of 28.33 feet to a point; thence
 16. South 28°10'05" West, a distance of 35.46 feet to a point; thence
 17. South 14°03'52" West, a distance of 55.69 feet to a point; thence
 18. South 10°20'04" West, a distance of 183.80 feet to a point of curvature; thence
-



19. Southwesterly along a curve to the right, having an arc distance of 90.04 feet, a radius of 130.00 feet and a central angle of 39°41'02" and being subtended by a chord which bears South 30°10'35" West, a distance of 88.25 feet to a point; thence
20. South 23°58'45" West, a distance of 73.03 feet to a point; thence
21. South 15°37'41" West, a distance of 117.97 feet to a point; thence
22. South 69°58'24" West, a distance of 205.70 feet to a point; thence
23. South 84°59'24" West, a distance of 207.99 feet to the point of BEGINNING.

Encompassing an area of 12.000 acres.

The above description is in accordance with a plan entitled "ALTA/ACSM Land Title Survey, Part of Block 101, Lot 1, Parcel C1, Borough of Tinton Falls, Monmouth County, New Jersey" dated 12 March 2013 and prepared by Langan Engineering and Environmental Services, Inc.

 3-12-13

Gary A. Veenstra
Professional Land Surveyor
New Jersey License No. GS37213

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EXHIBIT D
Programmatic Agreement between Army and NJ SHPO

[Attached]

EXHIBIT E
Seller Board Consents

EXHIBIT F
Form of Certificate of Completion

EXHIBIT G
Promissory Note

Up to \$52,500.00

_____ County, New Jersey

For Value Received, US HOME CORPORATION, a corporation of the State of Delaware, whose address is 2465 Kuser Road, Floor 3, Hamilton, New Jersey 08690 (the "Maker") promises to pay **Fort Monmouth Economic Revitalization Authority**, a public body corporate and political constituted as an independent authority and instrumentality of the State of New Jersey, pursuant to P.L. 2010, c. 51, N.J.S.A. 52:27I-18 et seq., whose address is 502 Brewer Avenue, Oceanport, New Jersey 07757 (the "Holder"), in legal tender of the United States of America, an amount equal to the Job Creation Penalty (as defined in that certain **Purchase and Sale Agreement and Redevelopment Agreement dated [_____], 2015** by and between the Maker, as purchaser, and the Holder, as seller (the "Agreement")), if any, which is required to be paid by the Maker to the Holder in accordance with the express provisions of Section 6(g) of the Agreement, in the maximum aggregate principal sum of **UP TO FIFTY TWO THOUSAND FIVE HUNDRED AND 00/100 DOLLARS (\$52,500.00)**.

This Note is the promissory note referred to under Section 8 of the Agreement. This Note shall be construed and enforced in accordance with the laws of the State of New Jersey. Subject to the Agreement, the Maker agrees that the Holder shall have the rights and remedies available to a creditor under the laws of the State of New Jersey in addition to any other rights hereunder.

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Maker or Holder, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Notwithstanding anything to the contrary provided herein, the Holder agrees to cancel and return this Note to the Maker upon the earlier to occur of (i) the satisfaction of the Maker's obligations under Section 6(g) of the Agreement to pay the Job Creation Penalty, or (ii) the creation of 35 permanent jobs (as defined in the Agreement) at the Property (as defined in the Agreement).

WITNESS:

US HOME CORPORATION, a Delaware corporation
(Maker)

By: _____
Name: _____
Title: _____

EXHIBIT H
Off-Site Work

EXHIBIT H

EXHIBIT I

MEMORANDUM OF PURCHASE AND SALE AGREEMENT
AND REDEVELOPMENT AGREEMENT

THIS MEMORANDUM OF AGREEMENT, made and executed as of this _____ day of _____, 2015, by and between **FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY**, a public body corporate and political constituted as an independent authority and instrumentality of the State of New Jersey, pursuant to P.L. 2010, c. 51, N.J.S.A. 52:27I-18 et seq., whose address is 502 Brewer Avenue, Oceanport, New Jersey 07757 (“Seller”), and **US HOME CORPORATION**, a wholly owned subsidiary of Lennar Corporation, a corporation of the State of Delaware, located at 2465 Kuser Road, Floor 3, Hamilton, New Jersey 08690 (“Purchaser”). Seller and Purchaser are collectively referred to herein as the “Parties”.

WITNESSETH THAT:

Seller and Purchaser have entered into an Agreement for Purchase and Sale Agreement and Redevelopment Agreement dated _____, 2015 (the “**Agreement**”), whereby Seller agreed to sell and Purchaser agreed to purchase those certain tracts and parcels known and designated as [insert lots/blocks for Parcel C and Parcel C1], located in the Borough of Tinton Falls, Monmouth County, New Jersey and more particularly described on **Exhibits A (“Parcel C”) and Exhibit B (as to Parcel C1)** hereto (collectively, the “**Property**”), together with all approvals, buildings and improvements presently thereon or to be constructed thereon, and the appurtenances thereto appertaining, on the terms and conditions set forth in the Agreement.

This Memorandum of Agreement is solely for recording purposes and shall not be construed to alter, amend or supplement the Agreement.

Parties in interest requiring information regarding the relevant provisions of the Agreement to determine their obligations, rights or restrictions thereunder may obtain the same by writing to Purchaser at the address set forth above.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the day and year first above written.

ATTEST:

FORT MONMOUTH ECONOMIC
REVITALIZATION AUTHORITY, Seller

By:

Name: Bruce Steadman
Title: Executive Director

WITNESS:

US HOME CORPORATION, a Delaware
corporation, Purchaser

By:

Name: Robert Calabro
Title: Vice President

EXHIBIT I

EXHIBIT A
METES AND BOUNDS DESCRIPTION OF PARCEL C

EXHIBIT I

EXHIBIT B
DESCRIPTION OF PARCEL C1

EXHIBIT I

EXHIBIT J

DISCHARGE OF MEMORANDUM OF AGREEMENT

A certain Memorandum of Agreement dated _____, 2015, was made by and between by and between **FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY**, a public body corporate and political constituted as an independent authority and instrumentality of the State of New Jersey, pursuant to P.L. 2010, c. 51, N.J.S.A. 52:27I-18 et seq., whose address is 502 Brewer Avenue, Oceanport, New Jersey 07757 (“Seller”), and **US HOME CORPORATION**, a wholly owned subsidiary of Lennar Corporation, a corporation of the State of Delaware, located at 2465 Kuser Road, Floor 3, Hamilton, New Jersey 08690 (“Purchaser”). Seller and Purchaser are collectively referred to herein as the “Parties”.

Said Memorandum of Agreement was made to give record notice of an Agreement for Purchase and Sale of Real Estate dated _____, 2015 (the “**Agreement**”) whereby Seller granted Purchaser the right to purchase on the terms and conditions set forth in the Agreement that certain real property located in the Borough of Tinton Falls, Monmouth County, New Jersey and more particularly described on **Exhibit A** (as to Parcel C) and on Exhibit B (as to Parcel C1) attached hereto and made a part hereof. The Memorandum of Agreement was recorded in the Office of the Monmouth County Clerk on _____, 201__ in Book _____ at Page _____.

The Agreement has been terminated, and the Memorandum of Agreement may now be **DISCHARGED** and **CANCELLED** of record.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the day and year first above written.

ATTEST:

FORT MONMOUTH ECONOMIC
REVITALIZATION AUTHORITY, Seller

By:

Name: Bruce Steadman
Title: Executive Director

WITNESS:

US HOME CORPORATION, a Delaware
corporation, Purchaser

By:

Name: Robert Calabro
Title: Vice President

EXHIBIT A
METES AND BOUNDS DESCRIPTION OF PARCEL C

EXHIBIT J

EXHIBIT B
DESCRIPTION OF PARCEL C1

EXHIBIT J

EXHIBIT K

JULY 2, 2015 SHPO LETTER

EXHIBIT K

EXHIBIT L

AGREEMENT WITH AFFORDABLE HOUSING ALLIANCE