



MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: May 8, 2012
SUBJECT: Agenda for Board Meeting of the Authority May 8, 2012

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Bond Projects

Loans/Grants/Guarantees

Incentive Programs

Board Memorandums

Real Estate

Executive Session– OPMA Exemption N.J.S.A. 10:4-12b(7)

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

April 10, 2012

MINUTES OF THE MEETING

Members of the Authority present: Al Koepp, Chairman; Chris Jeter representing the State Treasurer; Wayne Staub representing the Commissioner of the Department of Environment Protection; Fred Zavaglia representing the Department of Labor and Workforce Development; Nancy Graves representing the Commissioner of the Department of Banking and Insurance; Public Members: Joseph McNamara, Vice Chairman; Richard Tolson, Larry Downes, Marjorie Perry, Charles Sarlo, Harold Imperatore, Ray Burke, First Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Absent from the meeting: Matt McDermott representing the Executive Branch; Kate Whitman, Public Member; Elliot M. Kosoffsky, Second Alternate Public Member; and Brian Nelson, Third Alternate Public Member.

Also present: Caren Franzini, Chief Executive Officer of the Authority; Bette Renaud, Deputy Attorney General; Regina Egea and Nicole Crifo, Governor's Authorities' Unit and staff.

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

Pursuant to the Internal Revenue Code of 1986, Ms. Franzini 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. Franzini 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 March 15, 2012 meeting minutes. A motion was made to approve the minutes by Mr. McNamara, seconded by Mr. Downes, and was approved by the 11 voting members present.

Ms. Perry abstained because she was not present at the previous meeting.

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

AUTHORITY MATTERS

ITEM: 2011 Comprehensive Annual Report

REQUEST: To approve the Authority's comprehensive annual report for 2011, as required under Executive Order No. 37 (2006).

MOTION TO APPROVE: Ms. Perry **SECOND:** Ms. Graves **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

PROJECT: SPCI Realty, LLC* **APPL.#37387 & 37367**
LOCATION: Elizabeth City/Union
PROCEEDS FOR: Equipment and Refund
FINANCING: \$765,000 (est.) Tax-Exempt Bond & \$2,735,000 (est.) Tax-Exempt Bond, not to exceed \$3,500,000 combined
MOTION TO APPROVE: Ms. Perry **SECOND:** Ms. Graves **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Young Men's Christian Association of Hunterdon * **APPL.#37343**
LOCATION: Single County - Multi City/Hunterdon
PROCEEDS FOR: Refinance, Land Acquisition
FINANCING: \$4,400,000 (est.) Tax-Exempt Bond
MOTION TO APPROVE: Mr. Staub **SECOND:** Ms. Perry **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Youth Consultation Service, Inc.* **APPL.#37335 & 37336**
LOCATION: Statewide/Multi County
PROCEEDS FOR: Refinancing and Refund
FINANCING: \$9,920,000 (est.) & 2,965,000 (est.), not to exceed \$12,885,000, in one or two series, combined
MOTION TO APPROVE: Mr. Burke **SECOND:** Mr. Tolson **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PRELIMINARY BOND RESOLUTIONS

PROJECT: Port Authority of New York & New Jersey **APPL.#37352**
LOCATION: Statewide/Multi County
PROCEEDS FOR: Infrastructure
MOTION TO APPROVE: Mr. Tolson **SECOND:** Mr. McNamara **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

INCENTIVE PROGRAMS

BUSINESS EMPLOYMENT INCENTIVE PROGRAM, BUSINESS RETENTION & RELOCATION ASSISTANCE GRANT PROGRAM

PROJECT: Diversified Information Technologies, Inc. **APPL.#37297 & 37298**
LOCATION: Millville City/Cumberland **BUSINESS:** Communications
GRANT AWARD: 80% **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Ms. Graves **SECOND:** Mr. Downes **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Diversified Information Technologies, Inc. **APPL.#37297 & 37298**
LOCATION: Millville City/Cumberland **BUSINESS:** Communications
GRANT AWARD: \$225,000 (est.), **Business Retention and Relocation Assistance grant**, 1 year
MOTION TO APPROVE: Mr. Tolson **SECOND:** Ms. Perry **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PROJECT: Maximum Quality Foods, Inc. **APPL.#37288 & 37290**
LOCATION: Linden City/Union **BUSINESS:** Wholesale
GRANT AWARD: 50% **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Mr. Staub **SECOND:** Mr. Downes **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Maximum Quality Foods, Inc. **APPL.#37288 & 37290**
LOCATION: Linden City/Union **BUSINESS:** Wholesale
GRANT AWARD: \$351,000 (est.), **Business Retention and Relocation Assistance grant**, 1 year
MOTION TO APPROVE: Ms. Graves **SECOND:** Ms. Perry **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PROJECT: Metropolitan Vacuum Cleaner Co., Inc. **APPL.#37351**
LOCATION: Oakland Borough/Bergen **BUSINESS:** Other Manufacturing
GRANT AWARD: 50% **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Mr. Downes **SECOND:** Ms. Graves **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Torrent Pharma **APPL.#37326**
LOCATION: TBD **BUSINESS:** Pharmaceuticals
GRANT AWARD: 35% **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Mr. Tolson **SECOND:** Mr. Staub **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM

PROJECT: Mt. Laurel Development, LLC

LOCATION: Mount Laurel/Burlington County

REIMBURSEMENT GRANT: Up to \$10,792,039

MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. McNamara **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

URBAN TRANSIT HUB TAX CREDIT PROGRAM

ITEM: 36-54 Rector Street LLC

REQUEST: To modify the existing approval of the Urban Transit Hub Tax Credit to increase the award amount over ten years from \$13,377,967 to \$20,666,625.

MOTION TO APPROVE: Ms. Graves **SECOND:** Mr. Staub **AYES:** 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

Ms. Perry abstained because she may pursue a business relationship with the project.

GROW NEW JERSEY ASSISTANCE PROGRAM

PROJECT: Ascena Retail Group Inc. and Dress Barn Inc.

LOCATION: Mahwah Township/Bergen County

REQUEST: To approve the \$32,400,000 Grow New Jersey tax credit award

MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Downes **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PROJECT: Lockheed Martin Corporation

LOCATION: Moorestown Township/Burlington County

REQUEST: To agree with the finding that jobs are risk as represented in the CEO certification

MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Tolson **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PROJECT: Lockheed Martin Corporation

LOCATION: Moorestown Township/Burlington County

REQUEST: To approve the \$40,000,000 Grow New Jersey award

MOTION TO APPROVE: Mr. Staub **SECOND:** Ms. Graves **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PROJECT: Royal Wine Corporation, Kenover Marketing Corporation, and affiliates
LOCATION: Bayonne City/Hudson County
REQUEST: To agree with the finding that jobs are risk as represented in the CEO certification

MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. McNamara **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PROJECT: Royal Wine Corporation, Kenover Marketing Corporation, and affiliates
LOCATION: Bayonne City/Hudson County
REQUEST: To approve the \$22,890,000 Grow New Jersey award

MOTION TO APPROVE: Mr. Tolson **SECOND:** Ms. Graves **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PROJECT: Teva Pharmaceuticals USA, Inc.
LOCATION: Florham Park Borough/Morris County
REQUEST: To approve the \$15,050,000 Grow New Jersey award

MOTION TO APPROVE: Mr. Staub **SECOND:** Mr. Downes **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

CLEAN ENERGY SOLUTIONS

ITEM: EDA-BPU AARA MOU Amendment

REQUEST: To approve the American Recovery and Reinvestment Act Memorandum of Understanding amendment between the Board of Public Utilities and the New Jersey Economic Development Authority concerning the transfer of approximately \$3 million in unspent State Energy Plan funds.

MOTION TO APPROVE: Mr. Staub **SECOND:** Ms. Graves **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

ITEM: New Product Approval – Large Scale CHP-Fuel Cells Program

REQUEST: To approve the proposed Large Scale Combined Heat and Power-Fuel Cells Program that will be initiated with a \$20 million competitive grant solicitation.

MOTION TO APPROVE: Mr. Staub **SECOND:** Ms. Graves **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

BOARD MEMORANDUMS

ITEM: Sequins Inc. DBA Sequin City
\$221,250 Direct Loan

REQUEST: Consent to twelve month principal moratorium and extension of the loan amortization.

MOTION TO APPROVE: Ms. Perry **SECOND:** Ms. Graves **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

ITEM: Woodrose Properties Golden Swan, LLC – P21755

REQUEST: To approve modifications of the \$750,000 Direct Loan under the Fund for Community Economic Development program.

MOTION TO APPROVE: Mr. Downes **SECOND:** Ms. Graves **AYES:** 10

RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

Mr. McNamara abstained because his firm is partners with the firm on other real estate projects.

Mr. Tolson abstained because of his close working relationship with Northeast Regional Council of Carpenters.

FOR INFORMATION ONLY: The next item is a summary of the Business Employment Incentive Program modifications and the Urban Enterprise Zone Energy Sales Tax Exemption for Manufactures approved under Delegated Authority in the 1st quarter ending March 2012.

FOR INFORMATION ONLY: The next item is a summary of the Delegated Authority approvals in the 1st quarter ending March 2012.

FOR INFORMATION ONLY: The next item is a summary of the projects approved under Delegated Authority in 1st Quarter 2012:

New Jersey Business Growth Fund: Robert Bifani, LLC; Incineration Recycling Services, Inc.

NJ Main Street Program: J.L. Dobbs, Inc.; Montville Petroleum Inc.; Northview, Inc.; Wayne Minimart, Inc.

Premier Lender Program: 1595 MacArthur Blvd, LLC

EDISON INNOVATION

ITEM: Technology Accelerator

REQUEST: Approval of the TechLaunch Limited Partnership investment documents to allow for the investment as approved at the February 14, 2012 board meeting.

MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Tolson **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

REAL ESTATE

ITEM: Acquisition and Rehabilitation of Five State Police Barracks Budget Revision

REQUEST: To approve the proposed budget revision for the State Police Barracks Acquisition and Rehabilitation project.

MOTION TO APPROVE: Ms. Perry **SECOND:** Ms. Graves **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

ITEM: Higher Education Public Private Partnership Program

The College of New Jersey

“Campus Town” Development

REQUEST: To approve the authorization of the College of New Jersey’s application for housing and commercial retail development, subject to the conditions presented to the Board.

MOTION TO APPROVE: Mr. Staub **SECOND:** Ms. Graves **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

EXECUTIVE SESSION

FOR INFORMATION ONLY: The following were approved under delegated authority (Executive Session) during 1Q 2012. They are reported in Executive Session as the businesses are operating and/or litigation is currently pending.

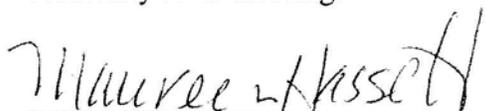
There were no comments from the Members.

PUBLIC COMMENT

There was no comment from the public.

There being no further business, on a motion Mr. Tolson, and seconded by Ms. Perry, the meeting was adjourned at 11:37a.m

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.



Maureen Hassett, Assistant Secretary



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: May 8, 2012

RE: Chief Executive Officer's Report to the Board

NEW JERSEY BUSINESS ACTION CENTER NAMES NEW ACTING EXECUTIVE DIRECTOR

Last month, Lt. Governor Kim Guadagno named New Jersey Manufacturers (NJM) Insurance vice president of legislative affairs Michael J. Van Wagner as new acting executive director of the New Jersey Business Action Center (BAC). Van Wagner will replace Linda Kellner, who previously served as acting executive director for the past two years.

"I am excited to have Michael join our team and building on the great work we've already accomplished at the New Jersey Business Action Center," Lt. Governor Guadagno said in a statement. "I know his extensive business experience will help BAC excel as an instrument to grow our state's economy and create jobs for New Jerseyans."

Van Wagner worked for NJM for 29 years, where he served as a division manager of underwriting and vice president of reinsurance. He has served as the company's vice president of legislative affairs since 2006.

EDA staff has worked closely with Linda Kellner upon her being named acting executive director at BAC two years ago, and we would like to thank her for her efforts and partnership which have led to several major business retention and relocation wins for the State of New Jersey. We would also like to formally welcome Michael Van Wagner and we look forward to working with him and BAC to help businesses grow and create jobs in New Jersey.

GLOBAL PHARMACEUTICAL COMPANY ESTABLISHES NORTH AMERICAN HEADQUARTERS IN NEW JERSEY

On April 25, global biopharmaceutical company Ipsen Biopharmaceutical Inc. announced the opening of its new commercial headquarters in Basking Ridge. Based in Paris, France, Ipsen is a global specialty-driven pharmaceutical company focused in the areas of neurology, endocrinology, uro-oncology, and hemophilia. EDA provided Ipsen with a \$4.4 million

Business Employment Incentive Program (BEIP) grant which will support the creation of 91 new jobs and leverage over \$1.5 million in capital investment.

The newly opened headquarters now houses Ipsen's leadership team that includes senior marketing talent in specialty endocrinology and neurology – company's two lead drug categories – and pharmaceutical industry expertise in medical, regulatory, legal, ethics and compliance, and business operations functions.

EDA LAUNCHES TWO NEW PRODUCTS TO SUPPORT INTERNATIONAL TRADE, ENERGY EFFICIENCY IN NEW JERSEY

On May 1, EDA launched the New Jersey Global Growth Financing Program – a joint program with Citibank designed to assist New Jersey companies engaged in or seeking to engage in international trade.

The program, which the Board approved in January, provides up to a \$5 million bank loan or line of credit with partial EDA guarantees of up to 50% for the funding of real estate or equipment and working capital lines of credit. The company must commit to job creation/retention in the State of New Jersey (one job created for every \$50,000 of EDA exposure), except for manufacturing companies, who must agree to maintain jobs in New Jersey and are exempt from job creation requirements.

On April 25, EDA launched another new product in EDA's Clean Energy Solutions portfolio - the Large Scale CHP-Fuel Cells (LSCHP-FC) Program. Funded by the New Jersey Board of Public Utilities (BPU), and jointly developed by the EDA and BPU, the program is designed to support the development, design, and construction of high efficiency Combined Heat and Power (CHP) and Fuel Cell (FC) projects in New Jersey.

The LSCHP-FC Program offers project-based grants to New Jersey-based Government, (Federal, State, or Local), Commercial, Institutional or Industrial entities (including 501 c (3)) with a Combined Heat and Power (CHP) or Fuel Cell (FC) project with electric generating capacity of greater than one megawatt. The grant award will be a function of the system size and amount of electricity that the CHP-Fuel Cells project generates. Total LSCHP-FC Program awards cannot exceed \$3 million per project with maximum percent of project cost capped at 30% for CHP and 45% for Fuel Cell Projects.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY (FMERA) UPDATE

On Tuesday, April 24, 2012 the FMERA Board of Directors approved a revised Memorandum of Agreement (MOA) with the U.S. Army. The MOA has been negotiated over the past several months and is the foundation document that contains the key terms of the Economic Development Conveyance (EDC) agreement, which dictates how the property will be transferred from the U.S. Army to FMERA. The U.S. Army has committed to executing the agreement on or about May 16, 2012. In addition to approving the MOA, the FMERA Board approved a purchase-sale agreement with CommVault Systems, Inc. for the sale of Parcel E, a 55 acre tract

in the Tinton Falls section of the former Fort Monmouth property. The sale of Parcel E will be the first transaction in the effort to redevelop Fort Monmouth. An action related to this is in the Board agenda today. With these key milestones in place, FMERA is poised to move the Fort's revitalization forward.

FINANCING ACTIVITY

In the first quarter of 2012, the EDA has closed financing and incentives totaling just over \$116 million for 49 projects that are expected to support the creation of over 1,000 new jobs, the retention of over 5,500 existing jobs at risk of leaving New Jersey, and involve total public/private investment of over \$371 million in New Jersey's economy. In addition to the aforementioned projects above, other businesses assisted in April include:

NRG Energy Center Princeton LLC, which closed on a \$3 million loan and a \$2 million grant under the Clean Energy Solutions Capital Investment Program. NRG Thermal, a developer of combined heat and power energy centers throughout the United States, is developing an on-site "Energy Center" comprised of a central utility plant, combined heat and power facility, and a thermal energy storage system that will produce electricity, steam, and chilled water to The University Medical Center of Princeton at Plainsboro, a 237 single patient room, acute care hospital in Plainsboro, NJ. This assistance will leverage \$35.8 million in public/private investment.

DSM Nutritional Products, LLC, which closed on a \$2.76 million loan and a \$690,000 grant under the Clean Energy Solutions Capital Investment Program. DSM Nutritional Products is the world's leading supplier of vitamins, carotenoids, and other fine chemicals to the feed, food, pharmaceutical and personal care industries. This project involves the purchase and installation of a 7.5 megawatt cogeneration unit, which will replace an existing 40 megawatt that, due to changing production needs, is now too large to operate economically and has been out of service for four years. This assistance will leverage \$13.6 million in capital investment.

Prestige Industries , LLC and Prestige Industries Incorporated, which executed a Business Employment Incentive Program (BEIP) grant for just under \$845,000 to support the creation of 176 new jobs in North Bergen. Prestige Corporation is the holding company for First Ave. Cleaning Corp., the single largest hospitality valet and full-service commercial laundry service provider in the tri-state area. This assistance enabled the company to move to North Bergen from the Bronx, bringing 46 existing jobs as well as 130 new jobs to North Bergen. This assistance will leverage \$7.3 million in public/private investment.

Montville Petroleum Inc., which closed on a \$516,000 EDA participation of a \$2.3 million TD Bank loan through the Main Street Business Assistance Program. Montville Petroleum, Inc. operates an Exxon gas station located in Montville, NJ. Operations include a convenience store branded as Tiger Mart, which has an ATM and sells lottery tickets. This assistance supported the creation of 2 new jobs.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees or exhibitors at 24 events in April. These events included the 4th Annual Cleantech Investment Forum in Philadelphia, the Life Sciences Vendors Conference in Monroe Township, the 2012 Not-for-Profit Conference in Randolph, and the Mercer County: Building Momentum Economic Summit in West Windsor.



Carl Fj

BOND RESOLUTIONS



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

SUBJECT: NJEDA/2012 School Facilities Construction Refunding Bonds

DATE: May 8, 2012

BACKGROUND

On March 15, 2012, the Members of the Authority approved the adoption of the Twenty-Eighth Supplemental School Facilities Construction Bond Resolution (the "Twenty-Eighth Supplemental Resolution") authorizing the issuance of one or more series of the 2012 Refunding Bonds in the amount not to exceed \$650 million (the "2012 Refunding Bonds").

APPROVAL REQUEST

Pursuant to Subchapter 6.7 (Fee Waiver) of the Authority's rules, the Chief Executive Officer, with the approval of the Members, may waive, postpone or decrease the Authority's closing fees for State projects in accordance with the directive of the State Treasurer. Under existing regulations, the Authority bond closing fee for the 2012 Refunding Bonds would be \$300,000. In consultation with the State Treasurer and given that the issuance of the 2012 Bonds were the refunding of existing bonds, the Members are requested to approve a decrease in bond closing fee for the 2012 Refunding Bonds to \$200,000.

RECOMMENDATION

Based upon the above description, Staff recommends the Approval Request.

Prepared by: Teresa Wells

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

APPLICANT: UMM Energy Partners, LLC

P36870

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: Normal Ave.

Montclair Township (T/UA) Essex County

GOVERNOR'S INITIATIVES:

(X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

UMM Energy Partners, LLC is a special purpose entity recently formed to design, develop, construct, own, operate and maintain the Montclair State University Energy Project (the "Energy Project"). The Energy Project on the campus of Montclair State University will include the total replacement of the existing combined heat and power facility with a new facility that will include electric production to serve the campus, chilled water to provide air conditioning and steam for heat. UMM Energy Partners is wholly owned by Energenic, which is equally owned by DCO Energy, LLC and Marina Energy, LLC. Energenic is an independent energy development company specializing in the development, engineering, construction, operation, maintenance and management of central energy centers, renewable energy projects, and combined heat, chilling and power production facilities.

The Board Members also approved the proposed Energy Project by Montclair State University under the Higher Education Private Public Partnership Program at the December 11, 2011 Board meeting, subject to certain conditions, including securing the bond financing by UMM Energy Partners, LLC.

There are two related prior bond financings: 1) In June 2010, Authority assistance enabled Provident Group - Montclair Properties L.L.C. via a tax-exempt and taxable bond financing totalling \$234,990,000, to construct a 2,000 bed student housing project on the campus. The housing project was one of the first public-private partnership projects on a public university property in the State under the NJ Economic Stimulus Act of 2009 and was completed on schedule and is open for the 2011-2012 academic year.

2) ACR Energy Partners, also owned by Marina Energy and DCO Energy, closed on a \$118,600,000 tax exempt and taxable bond financing in 2010 to finance a portion of the construction costs of the Atlantic City Inlet District Energy Center, providing energy to the Revel Entertainment Complex and other nearby properties.

This project qualifies for tax-exempt bond financing as an Exempt Public Facility - Local District Heating or Cooling Facility - under Section 142(a)(9) of the 1986 Internal Revenue Code as amended.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to finance a portion of the construction costs of the Montclair State University Energy Project consisting of a new cogeneration facility of combined heat, chilling and power facility as well as the purchase machinery and equipment. The land where the new facility will be located will be leased by the applicant and developer, UMM Energy Partners, from the University. In addition, bond proceeds will be used for the payment of capitalized interest on the Bonds during construction of the Energy Project, funding separate debt service reserve accounts for each series of Bonds and the payment of the costs of issuing the Bonds. The Bonds are expected to be rated by Moody's with an investment grade rating (Baa).

FINANCING SUMMARY:

BOND PURCHASER: Raymond James & Associates, Inc. (Underwriter)

AMOUNT OF BOND:	\$60,000,000 (estimated) Series A Tax-exempt Bonds	\$30,000,000 (estimated) Series B Taxable Bonds
TERMS OF BOND:	30 years (max.) Fixed rate bonds not to exceed 8%, estimated rate as of 4/23/12 is 6.09%.	17 years (max.); Fixed rate bonds not to exceed 8%, estimated rate as of 4/23/12 is 5.93%.

ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	\$44,908,020
Purchase of equipment & machinery	\$15,730,000
Debt service reserve fund	\$7,247,038
Project Management	\$7,000,000
Renovation of existing building	\$6,816,781
Interest during construction	\$5,792,508
Engineering & architectural fees	\$2,860,000
Finance fees	\$1,320,522
Legal fees	\$610,000
TOTAL COSTS	\$92,284,869

JOBS: At Application 0 Within 2 years 8 Maintained 0 Construction 450

PUBLIC HEARING: 05/08/12 (Published 04/23/12) **BOND COUNSEL** McManimon & Scotland

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: T. Wells

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

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

APPLICANT: The Seeing Eye, Inc.

P37370

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 10 Washington Valley Road Morris Township (N) Morris

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

APPLICANT BACKGROUND:

The Seeing Eye, Inc. is an educational not-for-profit organization with the primary purpose of helping blind and visually impaired people achieve independence and mobility through the use of trained guide dogs. It was founded in 1929 in Tennessee, and moved to New Jersey in 1932. James A. Kutsch, Jr., Ph.D., is serving as its President and CEO.

With a staff of approximately 175 and over 700 active volunteers, this organization breeds and raises dogs; trains instructors; teaches dogs to guide blind persons; and instructs them in the proper use and handling of the dogs so that the visually impaired can live independently.

The Applicant closed four prior tax-exempt bond issues, including refunding bonds, through the EDA from 1991 to 2005. The most recent issue (P16465 in 2005) has an outstanding principal balance of \$18,340,000, which is in compliance.

The Seeing Eye, Inc. is undertaking a capital improvement project consisting of the expansion and modernization of the multi-purpose main student building, construction of a parking garage, and the expansion of an administrative building along with related equipment upgrades and site improvements.

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 Internal Revenue Code of 1986, 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 expand and modernize its facilities along with equipping and furnishing same, plus pay or fund related costs, including the cost of issuance, capitalized interest during construction, and a debt service reserve fund, if required.

FINANCING SUMMARY:

BOND PURCHASER: Morgan Stanley & Co. LLC (Underwriter)

AMOUNT OF BOND: Up to \$25,000,000 - Tax-Exempt Bond

TERMS OF BOND: Up to 30 year term(s), term and/or serial bonds; term bonds callable after Year 10 at par; fixed rate(s) not to exceed 9%.

ENHANCEMENT: N/A

PROJECT COSTS:

Renovation of existing building	\$16,395,000
Debt service reserve fund	\$2,500,000
Engineering & architectural fees	\$2,200,000
Interest during construction	\$2,000,000
Contingency & misc.	\$1,000,000
Finance fees	\$250,000

Purchase of equipment & machinery	\$200,000
Construction of roads, utilities, etc.	\$200,000
Legal fees	\$150,000
Renovation of existing equipment & machi	\$100,000
Accounting fees	\$5,000
TOTAL COSTS	<hr/> <u>\$25,000,000</u> <hr/>

JOBS: At Application 175 Within 2 years 4 Maintained 0 Construction 136

PUBLIC HEARING: 05/08/12 (Published 04/19/12) BOND COUNSEL: McCarter & English, LLP

DEVELOPMENT OFFICER: H. Friedberg APPROVAL OFFICER: D. Sucsuz



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: May 8, 2012

SUBJECT: Fort Monmouth Economic Recovery Authority

Request:

Approval is requested for a credit facility totaling \$4.5 million to Fort Monmouth Economic Revitalization Authority (“FMERA”) for general working capital purposes and renovation costs associated with two construction projects. The credit facility will be comprised of three components:

- Facility A - \$500,000 working capital term loan at Prime plus 100 basis points (floor of 3%) fixed at closing with a 12 month term. No payments will be required as interest will be accrued and capitalized with all outstanding principal and interest due upon maturity.
- Facility B - \$300,000 term loan at Prime plus 100 basis points (floor of 3%) with a 12-month draw period where interest will be accrued and capitalized followed by a 5-year term and 10-year amortization. FMERA will have 24 months to close on the facility and commence the 12-month draw period.
- Facility C - \$3,700,000 term loan at Prime plus 100 basis points (floor of 3%) with a 12-month draw period where interest will be accrued and capitalized followed by a 5-year term and 10-year amortization. FMERA will have 24 months to close on the facility and commence the 12-month draw period.

Facilities A, B and C will be secured by an assignment of FMERA’s interest in the pending US General Services Administration (“GSA”) lease (if obtained) and a lien on the project property/leasehold improvements should ownership be transferred to FMERA. Of note, FMERA will share rent and sales proceeds with the Army at varying percentages for each transaction and only FMERA’s proportionate share will be available to support the proposed loans.

Background:

FMERA was created to manage the revitalization of the 1,126 acres of real estate at Fort Monmouth following the closure of the base in September 2011 that displaced more than 5,500 jobs. FMERA has a multitude of tools available to revitalize the site including: undertaking redevelopment projects; adopting development and design guidelines; adopting land use regulations in connection with the provision of utilities, streets, roads or other infrastructure required for the implementation of the revitalization plan. Of note, FMERA is staffed with EDA employees and the EDA has been designated as the master redeveloper for Fort Monmouth.

Facility A will be utilized to fund general working capital needs which will be comprised primarily of legal fees, architectural costs and engineering expenses. The loan will be fully advanced at closing. It is expected that this facility will be repaid from FMERA's interest in the proceeds from the sale of Parcel E (a 55 acre parcel) to CommVault (a publically-traded software and data management company). FMERA and CommVault entered into an Exclusive Negotiations Agreement on March 20, 2012 and the terms of the transaction are currently being negotiated. Of note, CommVault indicated that it will have 2,500 employees at the site. In the event that this transaction is not completed, the loan will be repaid from FMERA's share of rent and sales proceeds from various assets including the golf course, the Health Clinic Parcel, the GSA Parcel and any other sales or leases that might arise.

Facility B will be used to partially fund the conversion of a 10,650 square-foot building that formerly served as the Post Library to a professional office building that will be occupied by FMERA. An RFP has been issued requesting bids for the renovations and the project is expected to have a total cost of \$450,000. The Office of Economic Adjustment, a division of the U.S. Department of Defense ("DOD"), is expected to provide a minimum grant of \$150,000 to fund a portion of the project and the remaining costs will be funded with the \$300,000 proposed loan. This project is expected to create at least 20 construction jobs. It is expected that this facility will be repaid from FMERA's portion of the proceeds from the sale of Parcel E to CommVault. In the event that this transaction is not completed, the loan will be repaid from FMERA's share of rent and sales proceeds from various assets including the golf course, the Health Clinic Parcel, the GSA Parcel and any other sales or leases that might arise.

Facility C will be used to fund the renovation of an 86,719 square-foot building that will be occupied by GSA. The project is expected to have a total cost of \$3.7 million and will be funded entirely with the proposed loan. The loan is expected to be repaid from FMERA's portion of the rental income from the GSA lease, which is expected to be finalized by September of 2012. Funding the proposed loan will be contingent upon obtaining an executed lease with the GSA that generates sufficient rental income to FMERA to service the annual debt payments plus operating expenses as measured by a minimum debt service coverage ratio of 1.10x. Of note, this project is expected to create 30 construction jobs and at least 200 permanent full-time jobs.

All three loans will be due in full upon sale of the proposed GSA property should that occur prior to their maturities.

Recommendation:

Approval is requested for the \$4.5 million credit facility as proposed due to the strong public purpose of revitalizing the Fort Monmouth site.

Conditions:

1. Satisfactory review of resolution(s) from FMERA's Board authorizing them to enter into the proposed loan agreements.
2. Satisfactory review of FMERA Board approved budgets showing the need and uses for the proposed loan funds. Prior to the disbursement of each loan, the EDA will review the details surrounding the use of the proceeds to ensure it complies with this approval.
3. No conditions for Facility A.
4. Satisfactory review of the accepted bid for the conversion of the former Post Library to disburse the \$300,000 from Facility B.
5. Satisfactory review of the lease agreement with GSA that evidences there will be sufficient rental income to service the annual payments from the proposed debt plus operating expenses as measured by a minimum debt service coverage ratio of 1.10x to disburse the \$3.7 million from Facility C.
6. All outstanding exposure will be required to be paid in full in the event that the GSA property is sold.



**HAZARDOUS DISCHARGE SITE REMEDIATION FUND
PROGRAM**



MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: May 8, 2012
SUBJECT: Hazardous Discharge Site Remediation Fund Program

The following municipal grant project has been approved by the Department of Environmental Protection for a grant to perform Remedial Investigation and Remedial action activities. The scope of work is described on the attached project summary.

Municipal Grant:

Borough of Northvale..... \$295,577

Prepared by: Lisa Petrizzi

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

APPLICANT: Borough of Northvale

P37376

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 254 Livingston Ave.

Northvale Borough (N)

Bergen

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

APPLICANT BACKGROUND:

The Borough of Northvale received grants annually from 1999-2005 and again in 2009 in the aggregate amount of \$3,518,535 to conduct Preliminary Assessment (PA), Site Investigation (SI) and Remedial Investigation (RI) activities at the Tect/Danzig project site.

The project site, identified as Block 303, Lot 5, is a vacant 2 acre parcel of land which has numerous environmental areas of concern (AOC), including confirmed soil and groundwater contamination believed to be the result of buried drums from previous site operations. The Borough of Northvale has foreclosed on the project site and has satisfied Proof of Site Control. It is the Borough's intent, upon completion of the environmental investigation activities to redevelop the project site for commercial/retail use to support the existing shopping center, as outlined in the Borough's site-specific Redevelopment Plan. Additionally, due to the significant environmental impacts and potential threat to the public water supply, NJDEP has deemed this as a high priority project.

APPROVAL REQUEST:

The Borough of Northvale is requesting supplemental grant funding to perform additional Remedial Investigation (RI) activities in the amount of \$295,577 at the Tect/Danzig project site, for a total funding to date of \$3,814,112.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$295,577

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$295,577
EDA administrative cost	\$500
TOTAL COSTS	<u><u>\$296,077</u></u>

APPROVAL OFFICER: K. Junghans

INCENTIVES

BUSINESS EMPLOYMENT INCENTIVE PROGRAM
BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT
SALES AND USE TAX EXEMPTION

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM**

APPLICANT: Achieve 3000, Inc.

P37407

PROJECT LOCATION: 1985 Cedar Bridge Avenue Lakewood Township Ocean County

GOVERNOR'S INITIATIVES:

(X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Achieve 3000, Inc. ("Achieve"), formed in 2000, delivers on-line education content and training to children, adults, and teachers through sales and subscriptions with school districts, corporations, government organizations and nonprofit organizations. The applicant has developed patent pending, proprietary technology to deliver web-based, differentiated instruction solutions to reach a school's entire student population, from mainstream and English language learners to special needs, and gifted and talented. The applicant launched in 2011 its first differentiated core for Science, in partnership with National Geographic School Learning. Today, Achieve is serving more than one million students across the United States, approximately 4% of the market. Inc. magazine included Achieve on its 2011 annual list of the nation's fastest growing private companies for the fifth consecutive year. Among the applicant's investors is NJ Technology Council Venture Fund, SBIC, LP, of which the Authority is a limited partner investor. The applicant is economically viable.

MATERIAL FACTOR:

Achieve is seeking a BEIP grant to create 25 jobs to support its growth. In addition, the applicant will be seeking a BRRAG grant (P37410) at the May 2012 Board meeting to retain 80 jobs in Lakewood. Currently, the applicant is working in a cramped 11,000 s. f. facility and is in need of additional space. Under consideration is leasing 18,000 s. f. in Lakewood, approximately 5 miles from its current location, or moving to a 16,400 s. f. facility in Bristol, PA. The current Lakewood lease expires May 31, 2012 and the landlord will allow them to go month to month until a decision is made. The applicant is estimating project costs to be \$850,000. Management has indicated that a favorable decision by the Authority to award the BEIP and the BRRAG are a material factor in the company's decision to remain and continue to grow the business in NJ. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate.

APPROVAL REQUEST:

PERCENTAGE: 80%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Achieve 3000, Inc. to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 511,000
 (not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 80

ELIGIBLE BEIP JOBS: Year 1 10 Year 2 15 Base Years Total = 25

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$20,440

ANTICIPATED AVERAGE WAGES: \$80,000

ESTIMATED PROJECT COSTS: \$850,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$638,750

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$447,125

PROJECT IS: (X) Expansion (X) Relocation Lakewood

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: (X) Domestic () Foreign

DEVELOPMENT OFFICER: P. Bagga

APPROVAL OFFICER: M. Krug

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Lakewood Township	N/A
2. Job Creation	25	1
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	80	1
4. Industry:	communications	0
	Designated : _____ Non-Designated : <u> X </u>	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$850,000	1
7. Average Wage:	\$ 80,000	4

TOTAL: 9

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	<u> 20% </u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	<u> 20% </u>
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	_____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	<u> 10% </u>
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	_____
Company is working cooperatively with a public or non-profit university on research and development	10%	_____
Project is located within Federally-owned land approved from closure under a Federal Base Realignment And Closing Commission or military installations allowing private business activity.	15%	_____

Total Bonus Points: **50 %**

Total Score :

Total Score per formula:	9 = 30 %
Construction/Renovation :	5 %
Bonus Increases :	50 %
Total Score (not to exceed 80 %):	80 %

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT**

APPLICANT: Achieve 3000, Inc. P37410

COMPANY ADDRESS 1091 River Avenue Lakewood Ocean County

PROJECT LOCATION: 1985 Cedar Bridge Avenue Lakewood Ocean County

GOVERNOR’S INITIATIVES:

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

APPLICANT BACKGROUND:

Achieve 3000, Inc. (“Achieve”), formed in 2000, delivers on-line education content and training to children, adults, and teachers through sales and subscriptions with school districts, corporations, government organizations and nonprofit organizations. The applicant has developed patent pending, proprietary technology to deliver web-based, differentiated instruction solutions to reach a school's entire student population, from mainstream and English language learners to special needs, and gifted and talented. The applicant launched in 2011 its first differentiated core for Science, in partnership with National Geographic School Learning. Today, Achieve is serving more than one million students across the United States, approximately 4% of the market. Inc. Magazine included Achieve on its 2011 annual list of the nation's fastest growing private companies for the fifth consecutive year. Among the applicant's investors is NJ Technology Council Venture Fund, SBIC, LP, of which the Authority is a limited partner investor.

MATERIAL FACTOR/NET BENEFIT:

Achieve is seeking a BRRAG to retain 80 jobs in Lakewood. In addition, the applicant will be seeking a BEIP grant (P37407) at the May 2012 Board meeting to create 25 jobs to support its growth. Currently, the applicant is working in a cramped 11,000 s. f. facility and is in need of additional space. Under consideration is leasing 18,000 s. f. in Lakewood, approximately 5 miles from its current location, or moving to a 16,400 s. f. facility in Bristol, PA. The current Lakewood lease expires May 31, 2012 and the landlord will allow them to go month to month until a decision is made. The applicant is estimating project cost to be \$850,000. The applicant has demonstrated the grant of these tax credits will result in a net benefit to the State of \$15.8 million. Management has indicated that a favorable decision by the Authority to award the BEIP grant and the BRRAG is a material factor in the company’s decision to remain in New Jersey. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate.

APPROVAL REQUEST:

TAX CREDIT TERM: 1 year
COMMITMENT DURATION: 6 years

The Members of the Authority are asked to approve the proposed BRRAG benefit to Achieve 3000, Inc. to encourage the company to remain 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 amount and the term. 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 and the term that corresponds to the actual criteria that have been met.

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in NJ unless the applicant had a pre-application meeting with the Authority during the grandfathering period.

2. If the applicant enters into a lease for the project site, the term of the lease will be no less than 8 years exclusive of any renewal options.
3. Expenditures totaling at least twice as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before September 30, 2012 in order to remain eligible for the bonus award.
4. No employees subject to a BEIP grant or another BRRAG are eligible for calculating the benefit amount of this BRRAG.
5. If the applicant remains in a location at which it currently operates, expenditures totaling at least as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before September 30, 2012.

END OF APPLICANT'S FISCAL YEAR:	December 31
CAPITAL INVESTMENT MUST BE MADE BY:	September 30, 2012
SUBMISSION DATE OF CPA CERTIFICATION:	December 31, 2012
TOTAL ESTIMATED GRANT AWARD OVER TERM:	\$ 180,000
APPLICANT TAX PERIOD 1 APPROVAL (2013):	\$ 180,000
ELIGIBLE BRRAG JOBS:	80
YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:	\$ 1,500
BONUS AWARD PER EMPLOYEE:	\$ 750
TOTAL YEARLY TAX CREDITS INCLUDING BONUS:	\$ 2,250
ANTICIPATED AVERAGE WAGES:	\$ 80,000
ESTIMATED TOTAL GROSS ANNUAL PAYROLL:	\$ 6,400,000
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 6 YRS:	\$ 1,226,400
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 850,000
OPERATED IN NEW JERSEY SINCE:	2000
PROJECT IS: (X) Expansion () Relocation	
CONSTRUCTION/RENOVATION: (X) Yes () No	
DEVELOPMENT OFFICER: P. Bagga	APPROVAL OFFICER: M.Krug

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM**

APPLICANT: Dendreon Distribution, LLC, Dendreon Corporation and Affiliates P37402

PROJECT LOCATION: 200 Crossing Boulevard Bridgewater Township (N) Somerset County

GOVERNOR'S INITIATIVES:

() Urban (X) Edison () Core () Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Dendreon Distribution, LLC is an indirect wholly-owned subsidiary of Dendreon Corporation, which focuses on the discovery, development and commercialization of novel therapeutics expected to significantly improve cancer treatment options for patients. Dendreon is headquartered in Seattle, Washington, and is traded on the NASDAQ Global Market under the symbol DNDN. The Applicants are economically viable.

Founded in 1992, Dendreon Corporation is exploring the application of additional active cellular immunotherapy product candidates and small molecules for the potential treatment of a variety of cancers. Dendreon's first and only commercialized product is Provenge® (sipuleucel-T). Provenge® was approved by the U.S. Food and Drug Administration (FDA) in April 2010 for the treatment of prostate cancer.

In order to grow the national and soon global revenues of Provenge®, Dendreon is planning a relocation and realignment of certain divisions and functions, such as marketing, distribution, and select administrative and executive positions of the company. The Applicant's current plan calls for the relocation of 85 positions in their Seattle headquarters to Bridgewater, New Jersey.

Dendreon Corporation has an existing BEIP in Morris Plains (Hanover Township proper), P16224. This active BEIP project closed on August 18, 2006, and is in compliance.

MATERIAL FACTOR:

The Applicants are seeking a BEIP grant to support creating 85 jobs in a new site in New Jersey. The group has submitted a cost benefit analysis comparing the cost of similar facilities in New Jersey and Seattle, Washington. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate. The Authority staff recommends the award of the proposed BEIP grant.

APPROVAL REQUEST:

PERCENTAGE: 80%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Dendreon Distribution, LLC, Dendreon Corporation to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 4,250,000

(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 344

ELIGIBLE BEIP JOBS: Year 1 50 Year 2 35 Base Years Total = 85

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$50,000

ANTICIPATED AVERAGE WAGES: \$150,000

ESTIMATED PROJECT COSTS: \$4,381,353

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$6,069,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$4,853,500

PROJECT IS: () Expansion (X) Relocation Seattle, Washington

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: Washington

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: J. Kenyon

APPROVAL OFFICER: D. Sucsuz

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Bridgewater Township	N/A
2. Job Creation	85	2
	Targeted : <u> X </u> Non-Targeted : _____	
3. Job at Risk:	0	0
4. Industry:	Biotechnology	2
	Designated : <u> X </u> Non-Designated : _____	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$4,381,353	2
7. Average Wage:	\$ 150,000	4

TOTAL: 12

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	<u> 20% </u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	_____
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	<u> 15% </u>
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	_____
Company is working cooperatively with a public or non-profit university on research and development	10%	_____
Project is located within Federally-owned land approved from closure under a Federal Base Realignment And Closing Commission or military installations allowing private business activity.	15%	_____

Total Bonus Points: **35 %**

Total Score :

Total Score per formula:	12 = 40 %
Construction/Renovation :	5 %
Bonus Increases :	35 %
Total Score (not to exceed 80 %):	80 %

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – BUSINESS RETENTION AND RELOCATION ASSISTANCE
GRANT**

APPLICANT: Ginsey Industries, Inc. P37380

COMPANY ADDRESS(ES): 281 Benigno Boulevard Bellmawr Boro. Camden County
1240 Forest Park West Deptford Township Gloucester County

PROJECT LOCATION: 2078 Center Square Road Logan Township Gloucester County

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

APPLICANT BACKGROUND:

Founded in 1952, Ginsey Industries, Inc. (d/b/a Ginsey Home Solutions) is a manufacturer and distributor of pet, baby, juvenile and adult home furnishings and bath accessories. This multi-channel supplier of bath and home products for the entire family manufactures two of its products in its existing Bellmawr facility. Most of their more than two dozen bath and home products are made or marketed under licensed trademarks such as Disney, Nickelodeon, Procter & Gamble, Rubbermaid, Sesame Street, Springs Industries, Warner Brothers, and HGTV. A few examples of their products are tub floor mats, toilet seats, and other bath solutions and products for children and pets.

In New Jersey, Ginsey Home Solutions currently has 72 employees in two sites: 60 positions in Bellmawr and 12 positions in West Deptford. The company is considering a cost savings plan and a consolidation. With a BRRAG grant, the company will relocate its current headcount at these two locations to a single new business location in Logan Township, New Jersey. Ginsey Home Solutions also anticipates the creation of 10 new positions.

MATERIAL FACTOR/NET BENEFIT:

The Applicant is seeking a BRRAG grant to support retaining and relocating 72 BRRAG eligible employees located in New Jersey. The company has submitted a cost benefit analysis comparing the cost of similar facilities in New Jersey and Pennsylvania. The company has represented that a favorable decision by the Authority to award the BRRAG grant is a material factor in the Applicant's decision to remain within New Jersey and hence not to relocate these jobs outside of the State. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate. The model that the EDA uses to determine the net benefit of a BRRAG project to the State of New Jersey determined that the net benefit of this BRRAG project to the State is \$6.2 million. The Authority staff recommends the award of the proposed Business Retention and Relocation Assistance Grant.

APPROVAL REQUEST:

TAX CREDIT TERM: 1 year
COMMITMENT DURATION: 6 years

The Members of the Authority are asked to approve the proposed BRRAG benefit to Ginsey Industries, Inc. to encourage the company to remain within 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 amount and the term. 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 and the term that corresponds to the actual criteria that have been met.

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in NJ unless the applicant had a pre-application meeting with the Authority during the grandfathering period.
2. If the applicant enters into a lease for the project site, the term of the lease will be no less than 8 years exclusive of any renewal options.
3. Expenditures totaling at least twice as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before December 31, 2012 in order to remain eligible for the bonus award.
4. No employees subject to a BEIP grant or another BRRAG are eligible for calculating the benefit amount of this BRRAG.
5. If the applicant remains in a location at which it currently operates, expenditures totaling at least as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before December 31, 2012.

END OF APPLICANT'S FISCAL YEAR:	December 31
CAPITAL INVESTMENT MUST BE MADE BY:	December 31, 2012
SUBMISSION DATE OF CPA CERTIFICATION:	February 28, 2013
TOTAL ESTIMATED GRANT AWARD OVER TERM:	\$162,000
APPLICANT TAX PERIOD 1 APPROVAL (2013):	\$162,000
ELIGIBLE BRRAG JOBS:	72
YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:	\$1,500
BONUS AWARD PER EMPLOYEE:	\$750
TOTAL YEARLY TAX CREDITS INCLUDING BONUS:	\$2,250
ANTICIPATED AVERAGE WAGES:	\$47,229
ESTIMATED TOTAL GROSS ANNUAL PAYROLL:	\$3,400,488
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS (6 years):	\$449,399
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$355,000
OPERATED IN NEW JERSEY SINCE:	November 1990
PROJECT IS: (X) Expansion (X) Relocation	
CONSTRUCTION/RENOVATION: (X) Yes () No	
DEVELOPMENT OFFICER: J. Kenyon	APPROVAL OFFICER: D. Sucsuz

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM**

APPLICANT: Goltens-New York Corp.

P37401

PROJECT LOCATION: To be determined

Locations Unknown (N)

Unknown County

GOVERNOR'S INITIATIVES:

() Urban () Edison (X) Core () Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Goltens-New York Corp., is an affiliated operating company of Goltens Worldwide Management Corp., which has an executive office in Manasquan, NJ, together with more than 20 companies spanning over 25 locations in approx. 15 countries with over 1,300 employees. Goltens-New York Corp. conducts the company's operations in NY. Founded in NY in the 1940's and family owned, Goltens is an independent provider of specialized repair, maintenance, reconditioning and related products and services to the marine-based shipping industry. Providing repair services to ship owners, managers and manufacturers, the company specializes in higher value services such as machining, complex large engine repair and time sensitive emergency repair work. The company also performs routine work, such as blasting, repainting and engine repair work. The applicant is economically viable.

MATERIAL FACTOR:

Goltens-New York Corp. is seeking a BEIP grant to support the relocation of its New York operations from its existing facility in Brooklyn to New Jersey. The company is seeking to lease or purchase at least a 20,000 sq. ft. industrial facility in New Jersey to maintain an East Coast presence. The alternative is to remain in Brooklyn. Management has indicated that the BEIP grant will be a material factor in the company's decision to go forward with the project. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate. Should Goltens-New York choose a site in a smart growth area, the estimated award could increase to 80%, with a value of \$527,400.

APPROVAL REQUEST:

PERCENTAGE: 30%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Goltens-New York Corp. to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 197,775
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 4

ELIGIBLE BEIP JOBS: Year 1 25 Year 2 5 Base Years Total = 30

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$6,592

ANTICIPATED AVERAGE WAGES: \$73,300

ESTIMATED PROJECT COSTS: \$550,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$659,250

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$791,100

PROJECT IS: () Expansion (X) Relocation New York

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: J. Kenyon

APPROVAL OFFICER: T. Wells

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Locations Unknown	N/A
2. Job Creation	30	1
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	0	0
4. Industry:	repair shops	0
	Designated : _____ Non-Designated : <u> X </u>	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$550,000	1
7. Average Wage:	\$ 73,300	3

TOTAL: **7**

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	_____
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	_____
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	_____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	_____
Company is working cooperatively with a public or non-profit university on research and development	10%	_____
Project is located within Federally-owned land approved from closure under a Federal Base Realignment And Closing Commission or military installations allowing private business activity.	15%	_____

Total Bonus Points: **0 %**

Total Score :

Total Score per formula:	7 = 25 %
Construction/Renovation :	5 %
Bonus Increases :	0 %
Total Score (not to exceed 80 %):	30 %

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM**

APPLICANT: Lonza Group Ltd. & subsidiaries

P37418

PROJECT LOCATION: 90 Boroline Rd & 25 Commerce Allendale Borough (N) Bergen County

GOVERNOR'S INITIATIVES:

Urban Edison Core Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Lonza Group Ltd. and subsidiaries ("Lonza"), dating back to 1897 and headquartered in Basel Switzerland, is a world-wide supplier to the pharmaceutical, healthcare and life science industries. Products and services span its customers' needs from research to final product manufacture. It is the global leader in the production and support of active pharmaceutical ingredients both chemically as well as biotechnologically and has strong capabilities in large and small molecules, peptides, amino acids and niche bioproducts used in the development of novel medicines and healthcare products. In addition, Lonza is a leader in cell-based research, endotoxin detection and cell therapy manufacturing. Furthermore, the company is a leading provider of value chemical and biotech ingredients to the nutrition and agriculture markets. Lonza operates world-wide in 45 production and research and development facilities with over 11,000 employees. The applicant is economically viable.

In 1969 Lonza America, Inc. started operations in the U.S. with a focus on chemical specialties. In 2011, Lonza acquired Arch Chemicals, a global biocides company, to create a Microbial Control division providing solutions to destroy or to inhibit the growth of harmful microorganisms in the areas of water treatment, personal care, health and hygiene, industrial preservation, materials protection, and wood treatment. Arch Chemicals has operations in Allendale and South Plainfield, NJ.

MATERIAL FACTOR:

With the acquisition of Arch Chemicals by Lonza, the companies are in the process of integrating and consolidating. Under the proposed plan, up to 40 Arch Chemicals employees/positions currently located in Norwalk, CT would be consolidated into the Allendale, NJ location. There are currently 148 existing NJ employees. The alternative is to relocate the NJ and Connecticut employees to Atlanta, GA where Lonza also has a significant presence. The applicant is seeking a BRRAG for the retention of 148 employees currently located in Allendale and seeking a BEIP grant to create an additional 40 new jobs. Management has indicated that the grants will be a material factor in the company's decision to remain and expand in New Jersey.

APPROVAL REQUEST:

PERCENTAGE: 60%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Lonza Group Ltd. & subsidiaries to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 691,800

(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 202

ELIGIBLE BEIP JOBS: Year 1 30 Year 2 10 Base Years Total = 40

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$17,295

ANTICIPATED AVERAGE WAGES: \$85,000

ESTIMATED PROJECT COSTS: \$755,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$1,153,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$1,037,700

PROJECT IS: Expansion () Relocation _____

CONSTRUCTION: Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: _____

APPLICANT OWNERSHIP: Domestic Foreign Switzerland

DEVELOPMENT OFFICER: J. Kenyon

APPROVAL OFFICER: T. Wells

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Allendale Borough	N/A
2. Job Creation	40	1
	Targeted : <u> X </u> Non-Targeted : _____	
3. Job at Risk:	148	1
4. Industry:	Biotechnology	2
	Designated : <u> X </u> Non-Designated : _____	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$755,000	1
7. Average Wage:	\$ 85,000	4

TOTAL: **11**

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	<u>20%</u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	_____
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	_____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	_____
Company is working cooperatively with a public or non-profit university on research and development	10%	_____
Project is located within Federally-owned land approved from closure under a Federal Base Realignment And Closing Commission or military installations allowing private business activity.	15%	_____

Total Bonus Points: **20 %**

Total Score :

Total Score per formula:	11 = 35 %
Construction/Renovation :	5 %
Bonus Increases :	20 %
Total Score (not to exceed 80 %):	60 %

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT**

APPLICANT: Lonza Group Ltd. and subsidiaries

P37427

COMPANY ADDRESS: 90 Boroline Road and 25 Commerce Drive, Allendale, Bergen County

PROJECT LOCATION: Same as above

GOVERNOR'S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core

APPLICANT BACKGROUND:

Lonza Group Ltd. and subsidiaries ("Lonza"), dating back to 1897 and headquartered in Basel Switzerland, are world-wide suppliers to the pharmaceutical, healthcare and life science industries. Products and services span its customers' needs from research to final product manufacture. It supports production of active pharmaceutical ingredients both chemically as well as biotechnologically and has strong capabilities in large and small molecules, peptides, amino acids and niche bioproducts used in the development of novel medicines and healthcare products. In addition, Lonza is a leader in cell-based research, endotoxin detection and cell therapy manufacturing. Furthermore, the company is a provider of value chemical and biotech ingredients to the nutrition and agriculture markets. Lonza operates world-wide in 45 production and research and development facilities with over 11,000 employees.

In 1969, Lonza America, Inc. started operations in the U.S. with a focus on chemical specialties. In 2011, Lonza acquired Arch Chemicals, a global biocides company, to create a Microbial Control division providing solutions to destroy or to inhibit the growth of harmful microorganisms in the areas of water treatment, personal care, health and hygiene, industrial preservation, materials protection, and wood treatment. Arch Chemicals has operations in Allendale and South Plainfield, NJ.

MATERIAL FACTOR/NET BENEFIT:

With the acquisition of Arch Chemicals by Lonza, the companies are in the process of integrating and consolidating. Under the proposed plan, up to 40 Arch Chemicals employees/positions currently located in Norwalk, CT would be consolidated into the Allendale, NJ location. There are currently 148 existing NJ employees. The alternative is to relocate the NJ and Connecticut employees to Atlanta, GA where Lonza also has a significant presence. The applicant is seeking a BRRAG for the retention of 148 employees currently located in Allendale and seeking a BEIP grant to create an additional 40 new jobs. Management has indicated that the grants will be a material factor in the company's decision to remain and expand in New Jersey. The applicant has demonstrated that the grant of these tax credits will result in a net benefit to the State of \$22 million.

APPROVAL REQUEST:

TAX CREDIT TERM: 1 year
COMMITMENT DURATION: 6 years

The Members of the Authority are asked to approve the proposed BRRAG benefit to Lonza Group Ltd. and subsidiaries to encourage the company to remain 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 amount and the term. 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 and the term that corresponds to the actual criteria that have been met.

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in NJ unless the applicant had a pre-application meeting with the Authority during the grandfathering period.
2. If the applicant enters into a lease for the project site, the term of the lease will be no less than 8 years exclusive of any renewal options.
3. Expenditures totaling at least twice as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before 11/15/2012 in order to remain eligible for the bonus award.
4. No employees subject to a BEIP grant or another BRRAG are eligible for calculating the benefit amount of this BRRAG.
5. If the applicant remains in a location at which it currently operates, expenditures totaling at least as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before 11/15/2012.

END OF APPLICANT'S FISCAL YEAR:		December 31
CAPITAL INVESTMENT MUST BE MADE BY:		11/15/2012
SUBMISSION DATE OF CPA CERTIFICATION:		12/31/2012
TOTAL ESTIMATED GRANT AWARD OVER TERM:	\$	333,000
APPLICANT TAX PERIOD 1 APPROVAL (2013):	\$	333,000
ELIGIBLE BRRAG JOBS:		148
YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:	\$	1,500
BONUS AWARD PER EMPLOYEE:	\$	750
TOTAL YEARLY TAX CREDITS INCLUDING BONUS:	\$	2,250
ANTICIPATED AVERAGE WAGES:	\$	99,750
ESTIMATED TOTAL GROSS ANNUAL PAYROLL:	\$	14,763,000
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 6 YRS:	\$	3,417,579
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$	755,000
OPERATED IN NEW JERSEY SINCE:		1980
PROJECT IS: (X) Expansion () Relocation		
CONSTRUCTION/RENOVATION: (X) Yes () No		
DEVELOPMENT OFFICER: J. Kenyon		APPROVAL OFFICER: T. Wells

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM**

APPLICANT: Vitamin Shoppe Industries, Inc.

P37360

PROJECT LOCATION: To be determined

Locations Unknown (N)

Unknown County

GOVERNOR'S INITIATIVES:

() Urban () Edison (X) Core () Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Founded in 1977, Vitamin Shoppe Industries, Inc., a wholly owned subsidiary of Vitamin Shoppe, Inc., is a specialty retailer and direct marketer of nutritional products, offering over 18,000 items from more than 400 name brands, ranging from vitamins and minerals to nutritional supplements, herbs, sports nutrition formulas, homeopathic remedies and health and beauty aids, with more than 500 locations in 38 states. Some of its brands are: Twinlab, Solgar, Garden of Life, Country Life, Natrol, Nature's Way, Solaray, Source Naturals, Enzymatic Therapy, Nature's Plus, Burt's Bees, Optimum, and MuscleTech. Vitamin Shoppe currently houses both its headquarters and warehouse operations in North Bergen, NJ, with a total current employment of 509 employees. The applicant is economically viable.

Vitamin Shoppe is currently receiving a 65% BEIP, covering 322 employees, that closed in April 2002, for the North Bergen facility.

MATERIAL FACTOR:

Vitamin Shoppe Industries, Inc. has reached its capacity at the North Bergen facility and wishes to relocate its headquarters to a new facility, which could accommodate the expansion of its corporate function and allow its warehouse function to expand at the current location in North Bergen. Vitamin Shoppe is evaluating NJ locations for its headquarters against a location in Pearl River, NY. Management has indicated that the BEIP grant will be a material factor in the company's decision to go forward with the project. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate. Should Vitamin Shoppe choose a site in a smart growth area, the estimated award could increase to 80%, with a value of \$1,869,600.

APPROVAL REQUEST:

PERCENTAGE: 40%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Vitamin Shoppe Industries, Inc. to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 934,800
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 509

ELIGIBLE BEIP JOBS: Year 1 50 Year 2 50 Base Years Total = 100

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$9,348

ANTICIPATED AVERAGE WAGES: \$76,000

ESTIMATED PROJECT COSTS: \$8,221,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$2,337,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$2,570,700

PROJECT IS: (X) Expansion (X) Relocation North Bergen, NJ

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: T. Wells

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Locations Unknown	N/A
2. Job Creation	100	2
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	0	0
4. Industry:	wholesale	0
	Designated : _____ Non-Designated : <u> X </u>	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$8,221,000	2
7. Average Wage:	\$ 76,000	4

TOTAL: **10**

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	_____
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	_____
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	_____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	_____
Company is working cooperatively with a public or non-profit university on research and development	10%	_____
Project is located within Federally-owned land approved from closure under a Federal Base Realignment And Closing Commission or military installations allowing private business activity.	15%	_____

Total Bonus Points: 0 %

Total Score :

Total Score per formula:	10 = 35 %
Construction/Renovation :	5 %
Bonus Increases :	0 %
Total Score (not to exceed 80 %):	40 %

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



MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: May 8, 2012

RE: **Lacey Plaza, LLC**
Economic Redevelopment and Growth Grant Program

Request

The Members are asked to approve the application of Lacey Plaza, LLC (“Lacey” the “Applicant”, “Developer” or the “Company”), which is a joint venture between Lacey Apple Land, LLC and Wainco Lacey, LLC for reimbursement of certain taxes for a Lacey, Ocean County project under a "state incentive grant" by the EDA pursuant to the Economic Redevelopment and Growth Grant (“ERG”) program set forth in N.J.S.A. 52:27D-489c (“Act”).

The total project costs are estimated to be \$17,025,022. The total qualified costs under the ERG Act are **\$16,825,022**. The recommended reimbursement is **20%** of the eligible costs, not to exceed **\$3,365,004**.

Project Description

Lacey Plaza, LLCs undertaking the development of a new, 81,506-square-foot shopping center on 11.53 acres at the intersection of Route 9 and Lakeside Road in Lacey, Ocean County, New Jersey. The proposed retail center will accommodate approximately seven tenants (of which the main anchor will likely be a supermarket leasing 40,000 square feet). With an estimated total project cost of \$17 million, the Lacey Plaza Project will leverage modest job creation and economic development in Lacey Township. The Developer expects to aggressively recruit nationally known retail stores to reach the full occupancy once construction commences later in 2012. The development of Lacey Plaza has been in the planning stage for an estimated 10 years and this parcel was first acquired by the Developer in 2006. Lacey Plaza is designed to complement and boost the Township’s expanding commercial sector, supporting increased sales and the economic vitality of the entire corridor along Route 9. Over the past five years, areas proximate to the project location along Route 9 have attracted Home Depot, Kohl’s, Staples and Wal Mart which has helped create a sub-regional market to serve the communities between Toms River (Route 37) and Manahawkin (Route 72) as well as thousands of seasonal tourists and residents who patronize the New Jersey shore destinations. Further, this site represents the last site in the Township that can accommodate

tenants of this magnitude due to amended CAFRA regulations which have restricted any future large scale commercial development in the municipality. Upon completion, Lacey Plaza is expected to generate 88 new, full time, direct jobs and will infuse more than \$1.9 million annually into the local economy through employee wage compensation (average salaries are approximately \$20,000). The project is also anticipated to generate more than \$800,000 annually in local and state taxes.

The Applicant has not secured construction and/or permanent financing at this time (however a letter of interest in financing the Project was provided by PNC Bank). The Applicant's goal is to obtain the required funding within the next three months.

Project Ownership

The project Applicant is Lacey Plaza, LLC, which is a recently formed operating entity which will develop what is considered phase 2 at this site. The Applicant acquired the site in 2006 and in 2008 built an aggregate of 14,400 square feet of space which currently has Applebee's, Hudson City Savings Bank, A T & T and Pan Asia Restaurant as tenants (and is considered phase 1 and 100% leased). The second phase of the project was to be developed upon completion of phase 1 but stalled due to the economic downturn coupled with inability to attract necessary tenants and financing to ensure the success of the Project.

Lacey Plaza, LLC is owned 62.5% by Lacey Apple Land, LLC (which is owned primarily by the Doherty family) and 37.5% by Wainco Lacey, LLC (which is owned primarily by Stuart Wainberg and his family trust). The owner's exhibit significant resources to complete the project (per financial statements submitted to the Authority as detailed in the attached confidential memorandum).

The Doherty family's main operating entity is Doherty Enterprises, Inc. which was founded in 1985 by Edward Doherty. Ed Doherty began his career at Mobil Oil and followed by Burger King (both positions were real estate related) and a ten year stint at Marriott (reaching VP and Manager of Restaurant Division which encompassed 1,200 franchises). Doherty Enterprises began with 19 Roy Rogers Restaurants and over the past 27 years expanded into Applebee's Neighborhood Grill and Bar, Wendy's, Rio Bravo Cantinas (later Chevys Fresh Mex), Panera Bread and Shannon Rose Irish Pub. As of April, 2012, Doherty Enterprises operates 61 Applebee's, 30 Panera Bread Bakery Cafes, 2 Chevy Fresh Mex and 3 Shannon Rose Irish Pubs with estimated annual sales exceeding \$300 million. The enterprise has an executive team of ten individuals with extensive restaurant, real estate and management experience (and includes Ed's three children).

Stuart Wainberg has a 28 year career in the real estate industry with the past 23 years at Wainco Realty, LLC. This entity is a developer and owner of shopping centers, hotels, restaurants, mobile home parks and mixed use urban projects in the Northeast. Mr. Wainberg also has arranged and consulted on numerous sales, acquisitions and management of real estate development projects for corporate clients. Mr. Wainberg has a partnership arrangement with Benderson Development Company which is one of the largest developers of shopping centers in the US whereby he completed approximately 2 million square feet in new space (additionally a project under development called Buffalo Pike Associates in Hamilton, NJ was approved by the Authority in March 2012 for an \$11.4 million ERG).

Project Uses

<i>Uses</i>	<i>Total Project Costs</i>	<i>ERG Eligible Project Costs</i>
Land	\$ 1,680,000	\$ 1,680,000
Hard Costs	\$ 12,820,379	\$ 12,820,379
Interest Costs	\$ 342,000	\$ 342,000
Soft Costs	\$ 2,182,643	\$ 1,982,643
TOTAL USES	\$ 17,025,022	\$ 16,825,022

ERG eligible amount above excludes \$200,000 in operating costs. Hard costs includes \$2.2 million in site preparation work completed mainly in 2008 when phase 1 was completed with annual expenses thereafter to maintain the property for future development.

Project Sources

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

<i>Sources</i>	<i>Amount</i>
Developer Equity (35%)	\$ 5,958,776
Debt (65%)	\$ 11,066,246
TOTAL SOURCES	\$ 17,025,022

The sources and uses above reflect the project with the ERG subsidy excluded. The project gap is calculated based on the Equity Internal Rate of Return identified in the gap analysis, which will be discussed below. These returns are calculated with and without the ERG cash flow to compare the returns.

Gap Analysis

EDA staff has reviewed the application of Lacey Plaza, LLC to determine if there is a project financing gap. This financing gap was determined by analyzing the applicant's pro-forma and comparing the returns with and without the ERG. Based on guidance from the applicant coupled with a letter of interest from PNC Bank, it was assumed that the project would be able to attract a construction and permanent loan for 65% of the development costs (at 6% interest and a 25 year amortization). For modeling purposes, staff utilized these assumptions as well as the developer's anticipated pro forma and projections (supported by an independent market study) of the project and compared the returns with and without the ERG over 10 years.

With ERG	Without ERG
Equity IRR 9.48% (Market Range = 15-20%)	Equity IRR 3.70% (Market Range = 15-20%)

As indicated in the chart above, the project would not otherwise be completed without the benefit of the ERG. **With the benefit of the ERG, the Equity IRR is 9.48% making the returns less than the market ranges provided by the EDA's contracted consultant Jones Lang Lasalle ("JLL").** It is noted that the Equity IRR with ERG increases to 11.77% if a more aggressive

capital stack of 20% equity and 80% debt is utilized in financial model. The additional revenue from the prospective ERG would enable Lacey Plaza, LLC to move forward with the project.

Net Positive Benefit Analysis

The Authority has conducted the required Net Benefit Analysis and has found that the present value of the ongoing Net Positive Benefits to the State at a 6% discount rate over a 20 year period is \$5.6 million. An additional \$2 million in one time net benefits is also generated by the project based upon the construction related costs, jobs and multipliers. The Net Positive Benefit calculation included:

- 1] 66% of the incremental annual corporate business tax;
- 2] 66% of the incremental gross income tax;
- 3] 100% of the incremental one-time tax generated from the Project's construction;
- 4] 100% of the incremental indirect tax revenues from spending and earnings;
- 5] 0% of the sales tax generated by the retail portion of the Project

66% of all the incremental annual corporate business tax and incremental gross income tax was considered in calculating the Net Benefits for the Lacey Plaza, LLC project because the majority of jobs are in the retail trade sector. Following the policies of the EDA, sales taxes were excluded from the calculation as the project is not deemed a destination. Therefore, it is assumed that there will be no additional new sales tax benefits to the State.

Other Statutory Criteria

In order to be eligible for the program, the project must exhibit the following:

The economic feasibility and the need of the redevelopment incentive agreement to the viability of the project. The likelihood that the project shall upon completion is capable of generating new tax revenue in an amount in excess of the amount necessary to reimburse the developer for the project costs as provided in the redevelopment agreement.

Due to the reduced retail rents available in communities like Lacey Township, it is not economically feasible to develop new projects without an incentive like the ERG. This is illustrated by the project returns amounting to dramatically below the market when the ERG is excluded. The benefit of the ERG payment would be to increase the returns to a level still below market but acceptable for the developer to move the project forward.

The members of the development team have a combined 40 years of experience bringing new projects to market which have been well received and successful. The team desires to meet local community needs for commercial development but tailors its projects to each community to bolster tourism, private investment, and the local quality of life. Recognizing the opportunity to build upon and strengthen the commercial success in the Township over the past few years, Lacey Plaza is undertaking the development of this project to complement the existing retail on Route 9. Amid a challenging economic climate and real estate market in New Jersey, the ERG program provides an attractive incentive to make private investment in the state economically feasible at this time. But for the prospect of securing an ERG grant to incentivize the development of Lacey Plaza, the developer would not proceed with phase 2 at this time. With final site plan approval already

obtained as well as much of the on and off site work already completed, the project has a high degree of readiness to proceed.

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 Lacey Plaza project is needed to support the Township's growing residential population and tax base. The Authority has received a market feasibility study performed by an independent third party that indicates both the demand for the proposed retail tenant mix as well as the positive impact of the Project on the region. The Township is situated between underserved markets of Toms River to the North and Manahawkin to the South. Although commercial growth has been experienced in the Township in recent years, sales have been lost to neighboring communities as customers are forced to leave the area for goods, services and entertainment that is not currently available in the Township. Situated along State Route 9, the project site has high visibility and is located on the Township's established retail corridor. The residential population is approximately 26,500 and Ocean County is the fastest growing county in New Jersey (13% growth from 2000 to 2010) with a population of 576,500.

The project is consistent with State Planning Goals (revitalizing the state, cities and towns by leveraging private investment to generate job growth for the local community and promote economic development and commercial growth, improving the quality of life and standard of living for the residents, providing new shopping amenities that attract local residents and tourists), Regional (consistent with county comprehensive land use goals and planning objectives which evidences the need for concentrated mixed use centers and is aligned with the Ocean County Comprehensive Master Plan which seeks to reduce unemployment, enhance the tax base by encouraging commercial operations to locate or expand in the County) and goals of the municipality (commitment to establish larger retail base to retail sales tax dollars and having a stable commercial ratable tax base). The project is appropriately zoned for commercial use and enjoys strong support from local officials

Lacey Township reported an unemployment rate of 11.6% for the most recently reported month of September 2011. In comparison, Ocean County's unemployment rate was 11.2% in January 2012 both of which are well above State of New Jersey's 9% unemployment rate reported in February of 2012. The jobs created as a result of this project will provide important employment opportunities for City residents. The project will generate approximately 88 new, full time, direct jobs upon completion, as well as 44 part time and 55 temporary construction jobs. Sales tax generation is estimated at \$450,000 annually along with one time tax generation from the project estimated at \$430,000.

Recommendation

Authority staff has reviewed the Lacey Plaza, LLC application and finds that it is consistent with eligibility requirements of the Act. The Treasury has reviewed the application and notified the Authority of the adequacy of the project's estimated tax revenues and specified the percentage reimbursement of total project costs. Therefore, contingent on Treasury's approval, it is recommended that the Members approve the application and authorize the CEO of the Authority to

execute an Incentive Grant Agreement with the Applicant and the State Treasurer, subject to final review and approval of the Office of the Attorney General. All disbursements under the ERG program are subject to annual appropriation by the New Jersey State Legislature.

Closing of the Incentive Grant Agreement and the reimbursement of any taxes is contingent upon Lacey Plaza, LLC meeting the following conditions regarding the Project:

1. The State Treasurer's approval of the ERG Grant; and
2. Copies of all required State and federal government permits, copies of all local planning and zoning board approvals and evidence of site control for the redevelopment Project; and
3. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant in its application to the Authority for the ERG.

Reimbursement shall commence upon:

1. Completion of construction and issuance of a permanent certificate of occupancy;
2. Submission of a detailed list of all eligible costs, which costs shall be satisfactory to the NJEDA; and
3. Sufficient new taxes have been paid to the NJ Treasury and appropriated.

The NJ Treasury annually tracks taxes received from job sites and remits reimbursement equal to a percentage of funds collected during the year.

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

Total Eligible Project Costs: \$ 16,825,022.

Eligible Taxes for Reimbursement: Sales and other eligible taxes not to exceed \$3,365,004 over 20 years.

Recommended Grant: 20% of actual costs, not to exceed \$3,365,004 to be paid over a maximum period of 20 years.



Prepared by: Michael A. Conte

URBAN TRANSIT HUB TAX CREDIT PROGRAM



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: May 8, 2012

SUBJECT: **Ahold eCommerce Sales Company LLC**
Urban Transit Hub Tax Credit Program

Request

The Members are asked to approve the Urban Transit Hub Tax Credit (“UTHTC”) program application for Ahold eCommerce Sales Company LLC (the “Applicant”) under P.L. 2007, c.346, P.L. 2008, as amended on July 26, 2011, as the tenant in the proposed new warehouse/distribution operation center on an eligible site, with at least 250 employees, in Jersey City, New Jersey for a tax credit in the amount up to \$34,561,347 or \$3,456,135 annually for 10 years (which equates to the cumulative net benefits nominal value). In any year the Applicant does not have 200 new jobs at the project site the credit is reduced to \$27,649,078 or \$2,764,908 annually for 10 years. The Project’s total cost is \$94,284,941 and eligible cost is \$90,706,585. The net benefits to the State are calculated over 7.5 years reflecting 75% of the proposed 10 year lease.

Project Description

The Applicant, a wholly owned subsidiary of Ahold USA, Inc. (“Ahold USA”), is contemplating opening a new facility to service the Applicant’s expansion into the Metro New York market. The proposed facility will be a packaging and distribution site that will provide fulfillment and distribution services and grocery products through a commercial supply and service agreement with the Chicago based internet retailer Peapod LLC, which is also a subsidiary of Ahold USA.

The Applicant anticipates employing 500 full-time employees at the new facility. This includes the addition of 380 new employees in New Jersey over five years in the following job classifications: receiving and replenishment, fulfillment, transportation and operations support/administration. In addition, location of the new facility in New Jersey would retain 90 transportation employees (currently employed by an affiliate of the Applicant) who will be consolidated into the new facility from other locations in New Jersey. The applicant will also consolidate 30 additional transportation jobs into the new facility that were not deemed to be “at risk”.

The Applicant has identified a suitable site to lease at a Prologis-owned distribution center at Routes 1 & 9 in Jersey City, New Jersey. The proposed space would be approximately 344,000 square feet in the 878,403 square foot facility. The landlord would complete the vertical improvements to the facility as per the specifications of the Applicant and the Applicant would enter into a 10 year lease, with renewal options. In addition, the Applicant will install robotic machinery and technology in the facility to create a state of the art grocery fulfillment center.

The Applicant has applied for the UTHTC to make the New Jersey location financially viable. The Project Site has been verified to be in an eligible municipality and is located within one mile of the CSX Kearny Intermodal Yard, which will be utilized by the Applicant to transport product, including significant product from the West Coast. The Applicant expects that this intermodal transportation will reduce costs and also minimize its carbon footprint, which aligns with the company's corporate sustainability initiatives.

The Applicant is also considering locating the new facility in West Nyack, New York. The Applicant has the potential to qualify for a variety of New York state incentives, including the New York State Excelsior Program which includes Excelsior Jobs Tax Credit and Excelsior Investment Credit as well as property tax abatements. The Applicant conducted a financial comparison of the New Jersey and New York alternatives and the New York option could potentially provide the Applicant with significant savings annually.

Under the UTHTC rules, the Applicant must employ at least 250 full time employees at the Project Site by January 13, 2016, and they anticipate meeting this requirement when the fit-out of the facility is completed in early 2013. The estimated total capital investment in the project as it relates to the vertical improvements of the leased facility, leasehold improvements, technology costs and machinery and equipment costs is approximately \$94,284,941. The eligible capital investment of the costs relative to the development of the Applicant's space was determined to be \$90,706,585 which does not include developer fees and ineligible operating costs of the landlord. The Authority recommends approval of this project for a tax credit in an amount up to \$34,561,347 based on the results of the net benefit analysis and qualifying cost breakdown. If the New Jersey site is selected, the Applicant expects to commence construction in the next few months and be completed in early 2013.

Finding Regarding Jobs At Risk

Staff has reviewed the economic analysis presented by the Applicant that details the cost differential between the alternative locations that indicates significant cost savings were the company to move out of state. The Applicant did not acknowledge, and staff review did not reveal any facts that would tie the company's existing NJ jobs to NJ, i.e. union contracts, NJ regulated entities or services, specialized labor force needs, or stranded assets. As such, staff has included the economic activity of these "at risk" jobs in its calculation of the net benefits to the State.

Based upon details provided as part of the application and in conjunction with their consultant, the annual all-in cost of the West Nyack, NY alternative totals \$16.6 million and the Jersey City, NJ alternative totals \$17.8 million (both are similar sized facilities and include no incentives). The New Jersey option is considerably more costly as annual occupancy charges are significantly higher than what is available with an out of state alternative before factoring in the potential impact of the UTHTC

at the Jersey City location. Pursuant to the program requirements, CEO certification was received in order to include the 90 “at risk” jobs in the application as part of the Authority’s Net Benefits Analysis calculation.

Pursuant to the Act, as amended on July 26, 2011, which requires the Members of the Authority to make a factual finding regarding “Jobs at Risk”, staff has reviewed the full economic analysis of all locations under consideration by the Applicant, including proposed lease terms for the Jersey City location in New Jersey and documentation for the potential out-of-state location in New York and has independently made a factual finding that the 90 jobs which have been certified by the CEO of an affiliate of the Applicant as being “at risk” meet the statutory requirement of same under the Act, as amended.

Project Ownership

The Applicant is a subsidiary of Ahold USA. Ahold USA’s ultimate parent is Koninklijke Ahold N.V., an international retailing group based in The Netherlands, with operating units in Europe and the United States. Ahold USA supports four regional divisions – Stop & Shop New England, Stop & Shop New York Metro, Giant Landover, and Giant Carlisle – which operate a total of more than 750 supermarkets in 14 states and the District of Columbia, along with Peapod, an online grocery shopping/delivery service. Ahold USA’s brands include Stop & Shop, Giant, Martin’s and Peapod.

Ahold and its affiliates operate more than 3,000 stores and currently employ approximately 218,000 people worldwide, with more than 117,000 people across the United States. The Stop & Shop New York Metro Division alone employs almost 8,400 full-time and part-time employees in New Jersey. The founding company of Ahold opened the first store in the Netherlands in 1887. For the year ended 12/31/11, net sales were \$39 billion (\$24 billion in the U.S.), operating income was \$1.7 billion (\$1 billion in the U.S.) and net income was \$1.4 billion. Cash from operating activities is the company’s primary source of liquidity. In June 2011, Ahold completed the refinance of a \$1.5 billion credit facility. Liquidity at 12/31/11 was approximately \$4.7 billion and included cash and available credit facility. Total assets as of 12/31/11 were \$19.4 billion, including \$3 billion in cash. Ahold shares trade on the NYSE Euronext (AHOLD KON).

Project Budget for the 344,000 Square Foot Development (tenant portion only):

Item	Total Development Cost	Eligible Capital Investment
Land, Site Work, Building Shell, Interior Construction, Contingency and Parking (Landlord’s Costs)	\$27,018,725	\$27,018,725
Architect & Engineering, Insurance, Legal, Developers Fee, Contingency and Other Soft Costs (Landlord’s Costs)	\$7,321,511	\$3,743,155
Equipment, Technology Costs, Leasehold Improvements (Applicant’s Costs)	\$59,944,705	\$59,944,705
TOTAL	\$94,284,941	\$90,706,585

The UTHTC eligible project costs above exclude the development fee of the landlord as well as ineligible operating costs of the landlord. Landlord hard and soft costs include only those allocable to

the Applicant's proposed leased space of 344,000 square feet and Prologis' total costs for the 878,403 square foot facility are projected to be approximately \$87 million.

Net Positive Benefit Analysis

Pursuant to the UTHTC rules, the Authority calculates the Net Positive Benefit of the project based on the new jobs to the state, unless the Applicant submits material facts to demonstrate the "at risk" nature of any relocated employees. The Applicant's executives have certified that the 90 employees, considered for relocation, are "at risk" of leaving the State. From a net benefit perspective, there are 90 at risk jobs plus 380 new jobs to New Jersey. The average salary of the 470 employees is \$35,433 and is comprised of 61% warehouse positions, 16% administrative and 23% transportation. The analysis did not include the 30 consolidated jobs that are not considered at risk.

The UTHTC statutes allow that the authority may consider the transfer of an existing job from one location of the State to another location in the State as the creation of a new job in the net positive benefit analysis if the chief executive officer submits a certification that the jobs are at risk of leaving the State and that the business intends to employ not fewer than 500 full-time employees at the new facility. As further explained above in Finding Regarding At Risk Jobs, the Applicant has certified that there are 90 at risk jobs. Furthermore, the Applicant has certified that they intend to employ at least 500 full-time employees at the new facility and Authority staff has verified the reasonableness of this certification given the capacity of the new facility and the existing employees that will be consolidated in the new facility, both at risk and not at risk.

The Authority conducted the required Net Benefit Analysis for this project based on 470 jobs at the Project site and has found that the cumulative net present value of the Net Positive Benefits to the state of New Jersey over 7.5 years is approximately \$28 million using a 6% discount rate. The total Net Benefit to the State includes one-time construction costs associated with the proposed Jersey City facility, direct tax revenue (Corporate Business Tax, Gross Income Tax, Real Estate Tax and Utility Tax) and the indirect tax revenue expected to be generated by the Company over 7.5 years. This figure includes \$5.6 million in additional benefits as a result of the 25% bonus factor because the Applicant's employees are deemed logistics / warehouse (associated with the use of freight and logistics). Use of this bonus factor, approved in a June 8, 2010 memorandum to the Board, compensates for the fact that the low wage nature of manufacturing and grocery stores negatively skews the net benefit test for these projects.

The present value of the award is the value of the nominal 10 years of tax credits, which when discounted at 6% provides the 110% net benefits required. In this instance, the nominal award is \$34,561,347 representing the cumulative value of the award over 10 years. Discounted at 6%, the net present value of the award is \$25.4 million. Should the Applicant not create 200 new jobs at the site, the maximum grant for any year would be \$2,764,908 (which equates to an aggregate 10 year award of \$27,649,078 or 80% of the recommended award).

As of April 30, 2012, \$248,583,206 in tax credits has been approved under the UTHTC program for qualified residential projects and \$696,484,642 for commercial projects for a total of \$945,067,848. After approval of this Project, the total tax credits approved under the UTHTC program will increase to \$731,045,989 for commercial projects and \$979,629,195 for all projects.

Recommendation

Staff has reviewed the application for consistency with the Act and Rules, as amended, implementing the UTHTC Program and recommends approval of the following:

1] that Members of the Authority have reviewed staff’s finding of fact analysis that 90 jobs are at risk and concurs with this finding.

2] Application for a tax credit in a maximum amount estimated at \$34,561,347. If 200 new jobs are not created at the Project site, the amount of the award is reduced to \$27,649,078. The NJEDA will provide the Applicant with an approval letter for the total amount of the credit.

Pursuant to the rules governing the program, the project will need to meet certain milestones within 12 months of approval in order to maintain the project’s credit approval.

These milestones include:

- 1) Site control
- 2) Site plan approval
- 3) Other project specific items which may be added

Upon project completion, the Authority shall issue a tax credit certificate based on the final qualified costs, not to exceed the approved amount. The tax credit certificate shall indicate that the Applicant may take one tenth of the total credit annually over ten years when accompanied by a letter issued by NJEDA indicating the project is compliant with program guidelines. The Applicant will be required to maintain full time employment in each of the ten years of the tax credit period of at least 80% of the total Statewide employment (which was 1,960 as of 12/31/2011, the last tax accounting year end prior to application) as well as not reduce full time employment at all sites excluding the Project site by more than 20% or they shall forfeit tax credits in any year until such time as these thresholds have been re-instated.



Caren S. Franzani
Chief Executive Officer

Prepared by: Christine Caruso

NJEDA Economic Impact Model

NJEDA Economic Impact Model (2008 Rims data)

County Number	9
Address	Route 1 & 9, Jersey City
County	Hudson
Ongoing Jobs(Direct)	470
One Time Jobs(Direct)	653

State & Local Direct Ongoing

	Consumer Goods	Select Industry Sector
Sales Tax	\$0	@7%
Corporate Income Tax (CBT)	\$0	@9%
Gross Income Tax	\$496,849	@4%
Misc. State Tax Revenue	\$0	Input
Property Tax (Default to Total Const Value*3%)	\$523,242	@4%
Direct Ongoing Annual Taxes	\$1,020,091	a

State Indirect Ongoing

Annual Corp Spending	\$80,591,331	Direct Output Composite
Final Demand Output Multiplier	1.49x	Direct Output Composite Multiplier
Indirect Annual Spending	\$39,422,539.14	Direct Output Composite*(Direct .Mult-1)
At 3.5 % Tax Rate	\$1,379,789	b
Annual Payroll	\$12,421,215	Direct Earnings Composite
Indirect Effect Earnings Multiplier	1.31x	Direct Earnings Composite Multiplier
Indirect Earnings	\$3,909,055.80	Direct Earnings Composite*(Indirect .Mult-1)
At 4% Tax Rate	\$156,362	c
Indirect Ongoing Annual Taxes	\$1,379,789	b

Total State Ongoing Net Benefits

Annual Net Benefit	\$2,556,242	a+b+c
Cumulative Net Benefit (20yrs w/ 3% yearly inflation)	\$21,159,033	
Present Value @6%	\$16,499,535	d

One Time

Construction Value	\$87,503,191	@300psf
Direct One Time Taxes on Spending	\$6,125,223	Count to total only if project is NOT in a UEZ zone.
Direct Construction Multiplier	1.48x	
Indirect One Time Spending	\$41,660,269	
Spending Tax Rate	7.0%	
Ind One Time Taxes on Spending	\$2,916,219	
Assumed Portion of Const. on Labor	50%	Input
Dir One Time Earnings	\$43,751,596	
Earnings Tax Rate	5%	Input
Dir One Time Taxes on Earning	\$2,187,580	
Direct Effect Earnings Multiplier	1.36x	
Indirect One Time Earnings (50% of Construction)	\$15,632,445	
Earnings Tax Rate	5%	Input
Ind One Time Taxes on Earnings	\$781,622	
Total One Time Tax Benefits	\$5,885,421	e

Total State Benefits

Total One Time Tax Benefits	\$5,885,421	e
Total State Ongoing Benefits (PV @ 6%)	\$16,499,535	d
Total Benefits	\$22,384,956	d+e
Implied Maximum Loan at 110% Coverage Ratio Before Adjustments	\$25,437,450	Freight or Urban Grocery Store Adjusted

Maximum HUB Award Test	
Total Qualifying Costs (NJEDA Cost Analysis sheet)	\$90,706,585
Max Loan Amount	\$25,437,450
Nominal Value of HUB Credits	\$34,561,347

GROW NEW JERSEY ASSISTANCE PROGRAM

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

APPLICANT: Soundview Paper LLC

PROJECT LOCATION: 1 Market Street Elmwood Park Borough Bergen County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

In April 2012, Soundview Paper LLC acquired Marcal Paper Mills, a regional tissue manufacturer and distributor based in Elmwood Park, New Jersey. The company is one of the oldest environmentally friendly paper companies in the United States. For over 60 years, Marcal has been making paper products using recycled paper. Recently, however, the company has struggled and it is Soundview's mission to return the paper company to profitability. Soundview is an affiliate of Atlas Holdings LLC, a private equity firm with experience in the pulp and paper industry. The applicant has demonstrated the financial ability to undertake the proposed project.

MATERIAL FACTOR/NET BENEFIT:

Soundview's management is in the process of making a strategic location decision for Marcal's operations in order to make the company as competitive as possible. Under consideration is moving the business to a lower cost location in South Carolina. The alternative is to invest \$47 million at its current New Jersey facility in a series of capital projects designed to increase operational efficiency and improve energy costs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and as a result the management of Soundview 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 that states that the application has been reviewed and the information submitted and representations contained therein are accurate. It is estimated that the project would have a net benefit to the State of \$157.5 million over the 15 years that the company would be committed to keep the jobs here.

FINDING OF JOBS AT RISK:

The applicant has certified that the 509 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 jobs listed in the application are at risk of being located outside of New Jersey.

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; 2) approve the proposed Grow New Jersey grant to encourage Soundview Paper LLC to remain 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.

After the approval of this project by the Authority, the total amount of tax credits approved under the Grow New Jersey Assistance Program will increase to \$135,790,000 of the \$200,000,000 available.

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 \$20 million after board approval, but no later than July 28, 2017.
3. No employees that are subject to a BEIP, BRRAG, or Urban Transit Hub 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, or Urban Transit Hub 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.

<u>Grant Calculation</u>	
BASE GRANT PER EMPLOYEE:	\$5,000
BONUS INCREASES:	
(\$1,000 per item with a max of \$3,000)	
INDUSTRY:	0
PUBLIC TRANSIT:	0
HIGH SALARIES:	0
AFFECTED SITE:	0
BONUS PER EMPLOYEE:	<u>\$0,000</u>
TOTAL GRANT PER EMPLOYEE:	\$5,000
ELIGIBLE JOBS:	
New Jobs:	0
Retained Jobs:	<u>509</u>
Total:	509
ANNUAL CREDIT AMOUNT (\$4,000,000 max):	\$2,545,000

TOTAL AMOUNT OF AWARD:	\$ 25,450,000
TERM:	10 years
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 47,351,000
QUALIFIED INCENTIVE AREA:	PA-1
MEDIAN WAGES:	\$ 47,900
STATEWIDE BASE EMPLOYMENT:	594
PROJECT IS: () Expansion () Relocation	
CONSTRUCTION: (X) Yes () No	
DEVELOPMENT OFFICER: P. Ceppi	APPROVAL OFFICER: K. McCullough

BOARD MEMORANDUMS



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: May 8, 2012

SUBJECT: Metropolitan YMCA of the Oranges
Hardyston Township, Sussex County, NJ
\$5,500,000 Tax Exempt Bond (P16417)

Request:

Consent to modifying the existing Bond to (i) reduce existing interest rate from 4.10% to 3.50%; (ii) to amend the First and Second Reset Dates; (iii) to add an additional 25 basis points to existing pricing formula of the First Reset Rate.

Background:

Metropolitan YMCA of the Oranges is a 501(c) (3) organization founded in 1885 to provide a variety of social, educational and recreational services.

In 2005, the Members approved a \$5,500,000 tax exempt Bond to refinance a conventional loan and finance equipment purchases. The Bonds were purchased by Lakeland Bank with a fixed rate to reset on 10th and 15th year anniversaries. The current balance of the Bond is \$4,046,110. This is a conduit financing; the Authority has no credit exposure.

The Bank has agreed to modify the Bond which in turn will allow the Borrower to take advantage of the lower market rates and reduce its debt service payments. Specifically, the Bank will (i) reduce the interest rate of the Bond from 4.10% to 3.50%; (ii) extend the First Reset Date from February 28, 2015 to May 28, 2017 and the Second Reset Date from February 28, 2020 to May 28, 2022; (iii) modify the First Reset Rate to include an additional 25 basis points to the existing spread of 175 basis points tied to the Federal Home Loan Bank of New York Five Year Amortizing Advance Rate (FHLBNYAA). The Second Reset Rate will remain the same, at 200 basis points tied to the FHLBNYAA. The February 28, 2025 maturity date of the Bond remains the same.

Wolff & Samson, Bond Counsel to the Authority, has reviewed this request and has opined that the tax-exempt status of the Bond will not be adversely affected as a result of this modification.

Recommendation:

Consent to the change in interest rate and accompanying provisions as described above. Approval will reduce debt service and interest expense for the Borrower.

Prepared By: Nancy C. Meyers



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: May 8, 2012

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

The following projects were approved under Delegated Authority in April 2012:

New Jersey Business Growth Fund:

- 1) Enright Chiropractic LLC (P37399), located in Lavallette Borough, Ocean County, was founded in 2000 as a chiropractic business. PNC Bank approved a \$130,000 loan with a five-year, 25% guarantee of principal outstanding, not to exceed \$32,500. Proceeds will be used to refinance an existing mortgage. Currently, the company has four employees and plans to create one new position within the next two years.

Direct Loan Program:

- 1) SPCI Realty, LLC (P37366), located in Elizabeth City, Union County, is a related real estate holding company. The operating company, Superior Powder Coating, Inc. was established in 1989 as a provider of high volume and electro powder coating services for a variety of industries including automotive, architectural, agricultural, military and maritime applications. The company was approved for a \$750,000 term loan to be used to refinance two existing EDA loans. The company plans to create ten additional positions over the next two years.

Camden ERB:

- 1) Khal Bnei Torah Inc. (KBT) (P37308), a nonprofit corporation established in 2005, is a synagogue operating a school for Hebrew studies in Lakewood. KBT is also the owner of a 1,294 two-story retail storefront property located at 1244 Haddon Avenue in the City of Camden. KBT has worked with Parkside Business and Community in Partnership's (PBCIP) program that helps Haddon Avenue property owners with improvements by providing grants in the amount of \$5,000 and assisting in finding tenants for the storefronts. The majority of façade improvements and renovations at the project site have been completed. The total project costs are \$51,645 of which \$32,295 in improvements are eligible under ERB's Business Improvement Incentive grant (BII). KBT is currently in negotiations with the owner/operator of a neighborhood barber shop/beauty salon to lease the storefront. The shop is expected to create eight jobs within the next two years. KBT was approved for a \$16,147.50 BII grant to fund 50% of the eligible building renovations.

Community Economic Development Program:

- 1) Franklin Township (P37345), located in Franklin Township, Gloucester County, is a municipality in Gloucester County that is proposing to redevelop a former Brownfields site as the Route Forty Food Center, site for several food processors. The County will be an ongoing partner with the Center to promote the products, services and companies that will boost business by helping develop and expand the agri-business base of companies that can serve product development at this site. The Township was approved for a Community Economic Development Program recoverable loan in the amount of \$50,000. Loan proceeds will be used to conduct a feasibility study, and to commence the design and approval of the subdivision and infrastructure construction for commercial redevelopment of a former Brownfields site.

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

Prepared by: D. Lawyer
DL/gvr

REAL ESTATE



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: May 8, 2012

RE: FMERA Purchase and Sale Agreement with CommVault Systems, Inc.

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 Agreement with CommVault Systems, Inc. (“CommVault”) for Parcel E 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 Authority as a designated redeveloper for any property acquired by or conveyed to FMERA and authorizes FMERA to enter into redeveloper agreements with the New Jersey Economic Development Authority (“Authority”) for the redevelopment of the Fort, while also allowing FMERA to enter into redevelopment agreements directly with private developers.

FMERA is currently finalizing a Memorandum of Agreement (“MOA”) with the Army. Upon execution of the MOA, the Army can formally accept FMERA’s Economic Development Conveyance (“EDC”) application and begin the process of conveying Phase One properties to FMERA for redevelopment.

In anticipation of the execution of the MOA, and the Army’s acceptance of the EDC application, FMERA issued its first Request for Offers to Purchase (“RFOTP”) in October 2011. The RFOTP was issued for Parcel E, a 55 acre tract in Tinton Falls. In November 2011, FMERA received four proposals, from American Properties at Monmouth, LLC; CommVault; Fieldstone Associates L.P.; and HovWest Land Acquisition LLC. The CommVault proposal was for commercial use, while the other three were for residential use. An evaluation team of Authority employees from the Trenton and Eatontown Offices reviewed and scored the proposals and ranked CommVault’s proposal as having the highest score.

CommVault is publicly traded on NASDAQ (CVLT), and currently employs approximately 1,370 worldwide with approximately 500 employees in Oceanport, New Jersey. CommVault is anxious to commence construction on Parcel E of a new worldwide headquarters which is planned to consist of up to 650,000 square feet of new office/research technology space in several buildings with associated site improvements, including a parking garage and house up to 2,500 employees. The first phase of CommVault's project will be a 200,000 to 250,000 square feet Class A office/research facility that is estimated to cost \$70 million. Through the Purchase and Sale Agreement that FMERA has negotiated with CommVault, CommVault agrees to complete the first phase of its worldwide headquarters facilities within 5 years of acquiring title and to create 225 new jobs at the site within 3 years of completing construction. The sale of Parcel E is contingent upon CommVault, the Borough of Tinton Falls and FMERA also entering into a redevelopment agreement that conforms to the redevelopment plan for the site that will be adopted by the Borough of Tinton Falls and approved by FMERA. With FMERA's approval, Tinton Falls has already designated the subject property as 'an area in need of redevelopment' under the NJ Local Redevelopment and Housing Law.

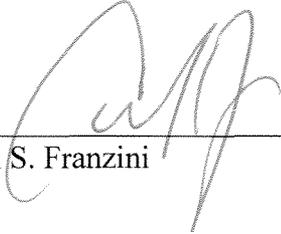
In support of this project, at the March 2012 meeting the Members approved CommVault's applications for a Business Employment Incentive Program grant for the creation of 250 estimated jobs, and a Business Retention and Relocation Assistance Grant for the retention of 300 eligible employees in New Jersey. CommVault is currently receiving a BEIP, covering 210 employees, which the Authority approved in 2007. These employees are not counted as eligible employees in the grants approved earlier this year.

At its April 2012 Board meeting, the members of FMERA authorized FMERA to enter into the Purchase and Sale Agreement with CommVault. A copy of the confidential draft Purchase and Sale Agreement is attached for your reference. Based on the redevelopment provisions that are incorporated into the Purchase and Sale Agreement between FMERA and CommVault and the fact that CommVault seeks to develop Parcel E for its own use, Authority staff concludes that the redevelopment agreement between FMERA and CommVault is sufficient and that it is not necessary for the Authority to enter into a redevelopment agreement with CommVault for its first phase of development on Parcel E.

Trenton and Eatontown Office staffs intend to prepare an Authority/FMERA designated redeveloper agreement for the balance of the Fort property after FMERA and the Army enter into the MOA and the Army accepts FMERA's EDC application. The designated redeveloper agreement will, among other things, formalize a process by which FMERA may directly enter into redevelopment agreements without formal Authority concurrence. In the interim and in order to accommodate CommVault's ambitious redevelopment schedule, I am asking the Members to consent to FMERA entering into this particular redevelopment agreement with CommVault for development of the first phase of its headquarters project on Parcel E.

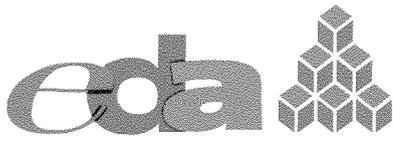
Recommendation

In summary, I am requesting that the Members consent to FMERA entering into a redevelopment agreement with CommVault Systems, Inc. for redevelopment of Parcel E in the Tinton Falls Section of the former Fort Monmouth property.



Caren S. Franzini

Prepared by: David E. Nuse
Managing Director – Real Estate



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Termination of Agreement and Assignment of Retail Tenant Leases
Retail Space Sublease Agreement between Treasury and the Authority
Trenton Office Complex Project

DATE: May 8, 2012

Summary

I am requesting the Members' approval to terminate the Authority's agreement to convert the existing Retail Space Sublease Agreement between Treasury and the Authority into a lease agreement between the parties when the project is conveyed to Treasury and to assign the retail tenant leases to Treasury's Department of Property Management and Construction (DPMC).

Background

Starting in 1989, the Authority acquired, financed and developed the Trenton Office Complex on behalf of the Department of the Treasury. Completed in 1992, the project consists of three buildings – the Motor Vehicles Services Commission (MVC), the former New Jersey Network headquarters – and a 1,300 car parking deck. The Authority leased the property to Treasury under a Lease Agreement, with the exception of the first floor retail space of the MVC building which was subleased back to the Authority. The Sublease Agreement outlined the roles and responsibilities of DPMC and the Authority for the leasing, operation and maintenance of the retail space.

Pursuant to the terms of the Lease Agreement, the entire property will be transferred to Treasury in June 2012, when the bonds are fully repaid. Since the Lease and Sublease are coterminous, the Sublease will also terminate in June. The Sublease Agreement included language that, at its conclusion, the Sublease Agreement would be converted into a lease between the parties if the property was not sold to a third party. Authority staff recently met with DPMC staff to discuss the continuation or termination of the Authority's services for the retail space. DPMC advised that upon the Authority's transfer of the property, it intends to self-manage the retail space and, therefore, not pursue its right to convert the Sublease Agreement to a lease. At closing, the Authority will also assign all six (6) retail leases to DPMC and have no further involvement with the project.

Recommendation

In summary, I am requesting the Members' approval to terminate the Authority's agreement to convert the existing Trenton Office Complex Retail Space Sublease Agreement into a lease agreement with Treasury, to assign the retail tenant leases to DPMC, and to execute documents mutually acceptable to Treasury, the Chief Executive Officer and the Attorney General's Office necessary to complete such transaction.



Caren S. Franzini

Prepared By: Donna T. Sullivan