



MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

DATE: May 16, 2013

SUBJECT: Agenda for Board Meeting of the Authority May 16, 2013

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Authority Matters

Bond Projects

Loans/Grants/Guarantees

Incentive Programs

Board Memorandums

Real Estate

Executive Session

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

April 9, 2013

MINUTES OF THE MEETING

Members of the Authority present: Al Koepp, Chairman; Melissa Orsen representing the Executive Branch; Jim Leonard representing the State Treasurer; Fred Zavaglia representing the Commissioner of the Department of Labor and Workforce Development; Nancy Graves representing the Commissioner of the Department of Banking and Insurance; Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Public Members: Joseph McNamara, Vice Chairman; Marjorie Perry, Harold Imperatore, Charles Sarlo, Larry Downes, Richard Tolson, Jerry Langer, Ray Burke, First Alternate Public Member; Elliot M. Kosoffsky, Second Alternate Public Member; and Brian Nelson, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Also present: Michele Brown, Chief Executive Officer of the Authority; Timothy Lizura, President and Chief Operating Officer; Deputy Attorney General Bette Renaud; Amy Herbold, 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. Brown 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. Brown 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 14, 2013 regular and executive session meeting minutes. A motion was made to approve the minutes by Ms. Perry, seconded by Mr. McNamara, and was approved by the 15 voting members present.

Mr. Tolson abstained because he was not present for the meeting.

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

CEO Brown and Chairman Koepp welcomed new Board member Jerry Langer to the Board.

AMENDED BOND RESOLUTIONS

PROJECT: United Methodist Homes of N.J. Obligated Group **APPL.#38126**
LOCATION: Statewide
PROCEEDS FOR: Refunding
FINANCING: \$39,600,000, Tax-Exempt
MOTION TO APPROVE: Ms. Perry **SECOND:** Ms. Graves **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

PROJECT: Bais Yaakov High School of Lakewood, Inc. **APPL.#38055**
LOCATION: Lakewood Township/Ocean
PROCEEDS FOR: Refinancing
FINANCING: \$1,600,000, Tax-Exempt
MOTION TO APPROVE: Mr. Zavaglia **SECOND:** Mr. Kosoffsky **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Blair Academy **APPL.#38157**
LOCATION: Blairstown Township/Warren
PROCEEDS FOR: Construction of new building or addition, purchase of equipment and machinery
FINANCING: \$10,000,000 Tax-Exempt
MOTION TO APPROVE: Ms. Perry **SECOND:** Ms. Graves **AYES:** 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Mr. Imperatore recused himself because his family is involved with Blair Academy.

PRELIMINARY RESOLUTIONS

PROJECT: Newark City & 36-54 Rector Urban Renewal LLC **APPL.#38101**
LOCATION: Newark City/Essex
PROCEEDS FOR: Construction of new building or addition, renovation of existing building
FINANCING: N/A
MOTION TO APPROVE: Mr. Tolson **SECOND:** Mr. McNamara **AYES:** 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

Ms. Perry recused herself because she is familiar with the project.

PROJECT: Portuguese Baking Company, LP **APPL.#38235**
LOCATION: Newark City/Essex
PROCEEDS FOR: Purchase of equipment and machinery
FINANCING: N/A
MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Ms. Perry **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

LOANS/GRANTS/GUARANTEES

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

INFORMATION ONLY: The next item was a summary of Funding Status for the Petroleum Underground Storage Tank and Hazardous Discharge Site Remediation Fund Programs.

The following projects were presented under the Petroleum Underground Storage Tank Program.

PROJECT: Kathy Bonilla **APPL.#37846**
LOCATION: Howell Township/Monmouth
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: \$133,922 Petroleum UST Remediation, Upgrade and Closure Fund Grant
MOTION TO APPROVE: Ms. Perry **SECOND:** Ms. Kokas **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT:6

PROJECT: Graciliano Carmona and Claudia Carmona **APPL.#37861**
LOCATION: Paterson City/Passaic
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: \$149,004 Petroleum UST Remediation, Upgrade and Closure Fund Grant
MOTION TO APPROVE: Ms. Perry **SECOND:** Ms. Kokas **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

INFORMATION ONLY: The next item was is a summary of the Petroleum Underground Storage Tank Program projects approved by the Delegated Authority.

HAZARDOUS DISCHARGE SITE REMEDIATION FUND PROGRAM

The following municipal projects were presented under the Hazardous Discharge Site Remediation Fund Program

PROJECT: Tri-County Community Action Partnership **APPL.#37808**
LOCATION: Bridgeton City/Cumberland
PROCEEDS FOR: Remedial Investigation
FINANCING: \$130,342 Hazardous Discharge Site Remediation Fund Grant
MOTION TO APPROVE: Ms. Perry **SECOND:** Ms. Kokas **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

INCENTIVE PROGRAMS

BUSINESS EMPLOYMENT INCENTIVE PROGRAM

PROJECT: High Road Press, LLC **APPL.#38176**
LOCATION: Moonachie Borough/Bergen **BUSINESS:** Printing & Publishing
GRANT AWARD: 50% **Business Employment Incentive grant, 10 years**
MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Burke **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

PROJECT: New Prime, Inc. **APPL.#38195**
LOCATION: To Be Determined **BUSINESS:** Shipping/Transportation
GRANT AWARD: 35% **Business Employment Incentive grant, 10 years**
MOTION TO APPROVE: Mr. Nelson **SECOND:** Mr. Zavaglia **AYES:** 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

Mr. Langer recused himself because of a potential conflict of interest regarding the transportation industry.

URBAN TRANSIT HUB TAX CREDIT PROGRAM

ITEM: College Avenue Redevelopment Associates LLC
REQUEST: To approve the Urban Transit Hub Tax Credit program application for College Avenue Redevelopment Associates LLC under P.L. 2007, c.346, P.L. 2008, as amended on July 26, 2011, for the amount of up to 35% of eligible costs, not to exceed \$33 million.
MOTION TO APPROVE: Mr. Tolson **SECOND:** Mr. Nelson **AYES:** 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

Mr. Imperatore recused himself because a family member is on the advisory board.

ITEM: Beacon Redevelopment LLC or Nominee
REQUEST: To approve the Urban Transit Hub Tax Credit program application for Beacon Redevelopment LLC or Nominee under P.L. 2007, c.346, P.L. 2008, as amended on July 26, 2011, for the amount of up to 35% of eligible costs, not to exceed \$33 million.
MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Tolson **AYES:** 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

Mr. Sarlo recused himself because he previously worked on the project.

ITEM: Journal Square Associates LLC
REQUEST: To approve the Urban Transit Hub Tax Credit program application for Journal Square Associates LLC under P.L. 2007, c.346, P.L. 2008, as amended on July 26, 2011, for the amount of up to 35% of eligible costs, not to exceed \$33 million.
MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. McNamara **AYES:** 16
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

ITEM: Urban Transit Hub Tax Credit Program Residential Competitive Solicitation Project Recommendations

REQUEST: To approve the declination of Harborside Unit A LLC. Although this project was deemed eligible under terms of the solicitation, it is being recommended for declination as it received the lowest score of the four firms that were scored and was the third Jersey City Project (which exceeds the two projects per municipality maximum established in the solicitation). There were an additional seven submissions received. Although these projects were meritorious in their own right, they did not meet all the technical eligibility requirements of the solicitation, and therefore were not scored and are being recommended for declination. The seven projects are: 1) RBH-TRB Newark Holdings LLC, 2) PHMII Associated LLC, 3) Matrix Upper Lot Urban Renewal LLC, 4) Two Center Street Urban Renewal LLC, 5) TDAF 1 Springfield Avenue Holding Urban-Renewal Company LLC, 6) Haddon Avenue UTH LLC, and 7) Bridge View Development LLC.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

President/COO Lizura provided a brief overview of the Urban Transit Hub Tax Credit program to enhance clarity for the public on how benefits are awarded under the program.

Mr. Nelson left and reentered the room at this time.

BOARD MEMORANDUMS

ITEM: Carlin Realty
\$354,111 Direct Loan
P19091

REQUEST: Extend the loan balloon maturity for 5 years to 02/01/2018.

MOTION TO APPROVE: Mr. Tolson **SECOND:** Ms. Graves **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

ITEM: Gran Prix Partners, LP
P37573

REQUEST: To the release of the limited personal guarantees of Kenneth Brier and Ted Drauschak, which were provided in consideration of the EDA's direct loan to Gran Prix Partners approved by the board on August 14, 2012.

MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Tolson **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

FOR INFORMATION ONLY: Summary of the projects approved under Delegated Authority in March 2013:

New Jersey Business Growth Fund: Humes & Kaplan, LLC (P38189).

Premier Lender Program: 60 Lockwood Associates, LLC (P38082).

Small Business Fund Program: Hampton-Clarke, Inc. (P38056).

Camden ERB: Camden Special Services District (37953).

FOR INFORMATION ONLY: Summary of the projects approved under Delegated Authority during the first quarter of 2013.

FOR INFORMATION ONLY: Summary of the incentives modifications approved during the first quarter of 2013.

REAL ESTATE

ITEM: License Agreement

Waterfront Technology Center at Camden

REQUEST: To approve to enter into a License Agreement with Sunesys, LLC, a service provider to tenants at the Waterfront Technology Center at Camden that is owned and operated by the Authority.

MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Tolson **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

OFFICE OF RECOVERY

ITEM: NJEDA Office of Recovery – Hurricane Sandy

Appointment of Accountability Officer and Designation of Records Custodian

REQUEST: To designate an “Accountability Officer” and a “Records Custodian” for the Authority’s newly created Office of Recovery to administer Sandy-related Federal reconstruction funds for business assistance and economic revitalization efforts.

MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. McNamara **AYES:** 16

RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

ITEM: Tourism Marketing of Superstorm Sandy-Impacted Areas

The project was withheld from consideration.

PUBLIC COMMENT

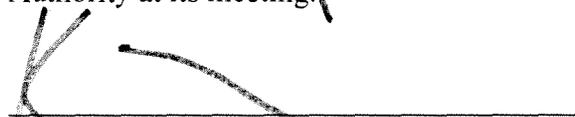
Mr. Carl J. Kuehner, Sr., consultant to BLT Real Estate thanked the board for supporting the Beacon Redevelopment project, adding that the former site of the Margaret Hague Hospital has been vacant for over 20 years.

Mr. Christopher Paladino, President of Devco thanked the Board for this for its support of the College Avenue Redevelopment project, an investment which will create a thousand construction jobs.

Mr. Murray Kushner, Chairman of Kushner Real Estate Group, thanked the Board for its support of the Journal Square Associates project, and added that but for the EDA's prior assistance in Jersey City, the new project would not have happened.

There being no further business, on a motion Ms. Perry, and seconded by Mr. Zavaglia, the meeting was adjourned at 11:25.

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.



Kim Ehrlich, Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

April 30, 2013

MINUTES OF THE SPECIAL MEETING

Members of the Authority present: Jim Leonard representing the State Treasurer; Commissioner Hal Wirths of 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; and Brian Nelson, Third Alternate Public Member.

Present via conference call: Al Koepp, Chairman; Melissa Orsen representing the Executive Branch; Public Members: Marjorie Perry, Harold Imperatore, Charles Sarlo, Larry Downes, Richard Tolson, Jerry Langer, Ray Burke, First Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Also present: Michele Brown, Chief Executive Officer of the Authority; Timothy Lizura, President and Chief Operating Officer; Deputy Attorney General Bette Renaud; Amy Herbold, Governor's Authorities' Unit; and staff.

Absent from the meeting: Colleen Kokas representing the Commissioner of the Department of Environmental Protection; and Elliot M. Kosoffsky, Second Alternate Public Member,

Chairman Koepp called the meeting to order at 2pm.

Pursuant to the Internal Revenue Code of 1986, Ms. Brown 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. Brown 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

OFFICE OF RECOVERY

ITEM: Superstorm Sandy New Program Creation: Stronger NJ Business Grants

REQUEST: To approve the creation of a new economic recovery program proposed under the DCA, Community Development Block Grant Disaster Recover Action Plan approved by the US Department of Housing and Urban Development: Stronger NJ Business Grants and the associated delegated authority to staff to administer the program.

MOTION TO APPROVE: Mr. McNamara **SECOND** Comm. Wirths **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Business Process Outsourcing Services - Stronger NJ Business Grant Program
REQUEST: To approve the oversight of an expenditure of a maximum not to exceed \$12 million in Community Development Block Grant Disaster Relief funds for the purpose of securing a firm to provide turn-key Business Process Outsourcing services to the Authority's recently created Office of Recovery to administer and operate the Stronger NJ Business Grant Program, under the supervision of the Office of Recovery.

MOTION TO APPROVE: Ms. Perry **SECOND:** Ms. Graves **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

ITEM: Tourism Marketing of Superstorm Sandy-Impacted Areas
REQUEST: To ratify and approve the Authority's oversight of an expenditure of up to \$25 million in Community Development Block Grant Disaster Recovery funds in order to advance comprehensive tourism marketing campaign to assist Superstorm Sandy-impacted communities and facilitate the economic recovery of the State's tourism assets.

MOTION TO APPROVE: Mr. McNamara **SECOND:** Ms. Orsen **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Memorandum of Understanding and Occupancy – Russel Hall – Fort Monmouth
REQUEST: To approve (i) the execution of a MOU with the Fort Monmouth Economic Revitalization Authority (FMERA) for approximately 3,200 square feet of office space in Russel Hall at Fort Monmouth in order to administer the proposed Stronger NJ Business Grants program; and (ii) delegate authority to staff to amend the MOU for additional space at Fort Monmouth for nominal consideration.

MOTION TO APPROVE: Mr. Tolson **SECOND:** Ms. Perry **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Subrecipient Agreement with the Department Of Community Affairs to Implement the Community Development Block Grant Disaster Recovery Program through the Economic Revitalization Program

REQUEST: To approve the execution of Subrecipient Agreement between the EDA and DCA to implement the Community Development Block Grant Disaster Recovery program through the Economic Revitalization Program.

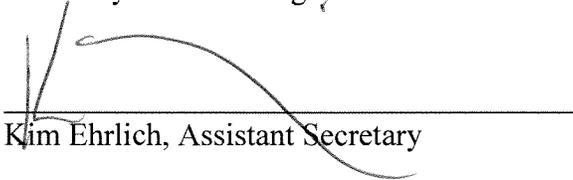
MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Nelson **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

PUBLIC COMMENT

Ms. Linda Ferraro, 451 Bays View Terrace, Seaside Heights addressed the board stating that she is a 2nd homeowner from Seaside Heights whose home was profiled on a NJ channel a week ago. She asked which forms she needed to complete and how long it would take to receive funding . She stated that she couldn't afford to wait much longer because the mold in her house would continue to grow. Chairman Koepp's request for an EDA staff member to meet with Ms. Ferraro immediately following the meeting was agreed to by EDA CEO Michele Brown.

There being no further business, on a motion Mr. Nelson, and seconded by Ms. Perry, the meeting was adjourned at 2:45pm.

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



Kim Ehrlich, Assistant Secretary



MEMORANDUM

TO: Members of the Authority

FROM: Michele A. Brown
Chief Executive Officer

DATE: May 16, 2013

RE: Chief Executive Officer's Report to the Board

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT APPROVES NEW JERSEY'S DISASTER RECOVERY PLAN - EDA LAUNCHES STRONGER NJ BUSINESS GRANT PROGRAM

Last month, Governor Chris Christie and U.S. Housing and Urban Development (HUD) Secretary Shaun Donovan announced HUD's approval of New Jersey's disaster recovery plan to help homeowners and businesses following Superstorm Sandy. The Action Plan outlined how the State will utilize \$1,829,520,000 Community Development Block Grant (CDBG) funding to help homeowners, renters, businesses and communities impacted by Superstorm Sandy including \$460 million of which Governor Christie has tasked EDA with advancing as support for the recovery of New Jersey's storm-impacted businesses and communities.

Just two days after HUD's Action Plan approval was announced, EDA announced that we are now accepting applications for the first of our CDBG-funded small business assistance programs – the Stronger NJ Business Grant program. This program provides up to \$50,000 per impacted location and up to \$250,000 per entity to eligible small businesses and non-profit organizations which sustained a minimum of \$5,000 in physical damage from Superstorm Sandy. Eligible uses of grant funds include reimbursement of working capital, inventory, equipment, renovation and new construction at the place of business.

The program has generated significant interest. More than 300 businesses, organizations and municipalities subscribed to program updates through the intake form on EDA's website in the brief two day period between HUD's approval of the Action Plan and the launch of the Stronger NJ Business Grant program. To date, more than 800 businesses, organizations and municipalities have joined the EDA's mailing list to receive updates on these CDBG-funded recovery assistance programs. To manage the high level of interest in the Stronger NJ Business Grant program and to help answer questions involving the application process, the EDA Office of Recovery has opened a customer service hotline at 1-855-SANDY-BZ as well as a customer service inbox at StrongerNJBusiness@njeda.com.

In addition to the launch of the Stronger NJ Business Grant program, EDA has launched the first components of our Post-Sandy tourism campaign to support the Jersey Shore. The first elements of the campaign to launch in early May were online advertising, social media outreach (Facebook/Twitter) digital billboards counting down to Memorial Day, and large vinyl billboards appearing throughout NJ, NY and eastern Pennsylvania, as well as in secondary markets in Baltimore, Washington DC, and Eastern Canada.. Launching this week were television and radio spots in the aforementioned markets. EDA is now working on a PR-event strategy to coordinate and support events throughout New Jersey to highlight our areas that are open and ready for fun. EDA's advertising strategy will drive audiences to <http://www.strongerthanthestorm.com> where potential visitors will find information about upcoming events and other information regarding the Jersey Shore as a destination.

FY 2014 STATE BUDGET REVIEW

Last month, EDA President/COO Tim Lizura and I appeared before the Senate Budget and Appropriations Committee and Assembly Budget Committee as part of the Legislature's review of the Governor's Proposed Fiscal Year 2014 State Budget. In opening remarks and follow up responses to committee members, I presented an overview of the EDA's assistance provided to businesses in 2012, summary of proposed grant financing and marketing campaign in support of the State's recovery and rebuilding efforts following Superstorm Sandy, and update on the reuse and redevelopment of Fort Monmouth. In response, the committees recognized the importance of incentives for job creation and redevelopment as well as the EDA's success in advancing economic growth initiatives.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY (FMERA) UPDATE

FMERA continues to move the former Fort's redevelopment forward. FMERA and the Army continue to have regular discussions on the future transfer of the balance of the Main Post, under the Phase 2 Memorandum of Agreement (MOA). These discussions are helping to further a positive working relationship that will result in a revitalized former Fort Monmouth, and job creation.

On May 6, 2013 FMERA publically issued a Request For Offers To Purchase (RFOTP) for Building 2705 in the Tinton Falls section of the former Fort. Building 2705 is a 47,600 sf, one-story former research facility. Constructed in 1971, the building was last used for night vision research and systems engineering. Taking into account the parking and setback requirements of the proposed Land Use Rules, FMERA staff has determined that Building 2705 and its two outbuildings would require a parcel measuring approximately 5.5 acres. The parcel size would increase to about 7.25 acres if the geothermal well field located south of the building were included. Proposals are due by 12:00 pm on June 3, 2013.

FMERA also has three pending RFOTPs for Parcels B, C and C1. Proposals for those three tracts are due on June 10, 2013. Parcel B is located in the Eatontown section of the former Post and Parcels C and C1 are located in the Tinton Falls section. All four parcels are included in the Phase 1 Economic Development Conveyance (EDC) Agreement with the Army.

CLOSED PROJECTS IN APRIL 2013

Through April 30, 2013, EDA has closed financing and incentives totaling more than \$134 million for 48 projects that are expected to support the creation of more than 1,200 new jobs, the support of more than 7,500 existing jobs, including more than 2,200 jobs at risk of leaving New Jersey, and involve total public/private investment of more than \$312 million in New Jersey's economy. Among the businesses assisted in March:

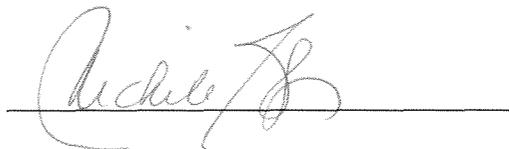
EisnerAmper LLP, which closed on Business Employment Incentive Program (BEIP) grant for just over \$1.8 million and a Business Retention and Relocation Assistance Grant (BRRAG) for just over \$1.1 million. EisnerAmper is a leading full-service accounting and advisory firm that provides audit, accounting, tax services, corporate finance, internal audit and risk management, litigation, consulting and other professional advisory services to a broad range of clients. This assistance will enable the company to consolidate its existing N.J. offices into one location in Woodbridge as opposed to relocating to NY or PA. As a result of this assistance, the company will be retaining 255 jobs at risk of leaving NJ and expects to create 100 new jobs. EDA's assistance to this company is expected to leverage \$8.6 million in capital investment.

Metaline Products, Inc. which closed on \$1.35 million in tax exempt bond financing and a \$450,000 direct loan under the Premier Lender program. Metaline Products is a South Amboy-based display design manufacturing company that creates and manufactures point of purchase displays, as well as provides graphic design services and manufactures modular storage bins called Mobos. As a result of this assistance, the company expects to create 10 new jobs within two years.

Telecom Assistance Group, Inc., which closed on a \$33,000 guarantee of a PNC Bank loan under the New Jersey Business Growth Fund. Telecom Assistance Group is a West Berlin-based manufacturer and distributor of specialty products for the telecommunications industry. As a result of this assistance, the company expects to create 10 new jobs within two years.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees or exhibitors at 32 events in April. These included the NJ Bankers' Women In Banking Conference in Somerset, the NJ Technology Council Entrepreneur Boot Camp at Rutgers University, and the NJBIN First Annual Business Incubator Awards in Bordentown.



AUTHORITY MATTERS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: May 16, 2013

RE: 2012 Comprehensive Annual Report

Request

The Members of the Board are requested to approve the Authority's comprehensive annual report for 2012, as required under Executive Order No. 37 (2006).

Background

Each year since inception, as directed under our enabling legislation, the Authority designs and distributes our Annual Report of accomplishments and activities to support economic development in New Jersey. Beginning in 2006, in order to meet the requirements of Executive Order No. 37 (2006), our Annual Report is combined with our audited financial statements and serves as our "comprehensive annual report" for 2012.

The audited financial statements for the year ending December 31, 2012 were prepared pursuant to Generally Accepted Accounting Principles for a government entity. I am also pleased to inform the Board that the independent accounting firm of Ernst & Young has issued an unqualified opinion with regard to the 2012 financial statements.

Certification accompanying the financial statements has been executed by the Chief Executive Officer and the Chief Financial Officer that the EDA has followed its standards, procedures and internal controls.

On April 9, 2013, per its Charter, as well as section 9 of Executive Order 122 (2004), the Audit Committee reviewed the draft comprehensive annual report, including the 2012 audited financial statements prior to release and considered the relevancy, accuracy and completeness of the information presented. Also pursuant to Executive Order 122 (2004), the independent auditor met with the Audit Committee, where it was reported that the financial audit resulted in no negative findings or internal control deficiencies. Subsequent to the meeting and its review of the report, the Committee recommended that the report be presented to the Board for approval.

Under Executive Order No. 37 (2006), the Authority is required to obtain approval of a comprehensive annual report from its Board of Directors. Upon approval, this report will be submitted to the Authorities' Unit, posted to the EDA website, and transmitted electronically to members of the Legislature.

Recommendation:

Authority staff has prepared the comprehensive annual report for 2012 as required under Executive Order No. 37 (2006) and recommends Members' approval in order to submit the report to the Governor's Authorities' Unit, post to Authority website, and transmit to the Legislature.

A handwritten signature in black ink, appearing to read "J. S. [unclear]", is written over a horizontal line. The signature is stylized and cursive.

Prepared by: Erin Gold



New Jersey Economic Development Authority Annual Report 2012

Message from EDA Board Chairman Al Koeppel

As Chair of the Board of the New Jersey Economic Development Authority (EDA), 2012 was an evolutionary year as we said goodbye to longtime Chief Executive Officer (CEO) Caren Franzini and ushered in a new era of leadership under Michele Brown.

While transitions can be challenging, this change provided the EDA with an opportunity to enhance our operations and better meet the needs of our business community. Today, the EDA's executive structure involves Michele as CEO and Tim Lizura as President and Chief Operating Officer. This has enabled the sustained high performance of the Authority and allowed us to achieve new levels of success as an organization.

The accomplishments of the EDA in 2012 are a result of the strong and visionary leadership of Governor Chris Christie and his administration; a talented and dedicated staff of professionals; an informed and active business community; and, an engaged and effective Board of Directors who continue to encourage exceptionally high levels of performance throughout the Authority.

As the Board charged with overseeing the State's significant tax incentive programs, we share the Governor's and the Authority's commitment to full accountability and transparency. With the good counsel and advice of Board members, I am proud that the EDA continues to administer all of its programs with the utmost due diligence and integrity, and in strict compliance with enabling legislation.

As we look to take on additional responsibilities in the aftermath of Superstorm Sandy, I am confident that we have the people and processes in place to successfully advance our core responsibility of job creation and economic growth, as well as our new charge to support the rebuilding of our businesses and communities.

Our success as an organization is a testament to a business philosophy that facilitates quick adaptability to marketplace needs, and productive partnerships with public, private and community organizations across New Jersey. I thank the Board for its service in 2012, and congratulate the Authority on its accomplishments of the last year.



Al Koeppel
EDA Board Chair



Message from EDA CEO Michele Brown and President & COO Tim Lizura

2012 marked an extraordinary year at the EDA as we continued our work to spur economic growth in New Jersey, and acted swiftly to address the State's recovery in the aftermath of Superstorm Sandy. On behalf of the EDA, we thank the Christie Administration, the State Legislature, the EDA Board and New Jersey's business community for making 2012 a remarkable success, even in these challenging times.

It is an honor to contribute to the economic well-being of the Garden State through the creation of new jobs and investment, and a privilege to have been called upon by Governor Chris Christie to support the recovery of our businesses and communities as we rebuild New Jersey.

By all accounts, the EDA continued to successfully meet the Governor's 2012 objectives that were related to helping New Jersey communities grow and prosper. We are fairly unique in this regard due to the extensive programs and services we offer to accomplish these goals. We are committed to helping businesses of all sizes, whether Fortune 500 corporations or microenterprises; and we remain steadfast in our work to spur community investment and improve the lives of New Jerseyans across the State.

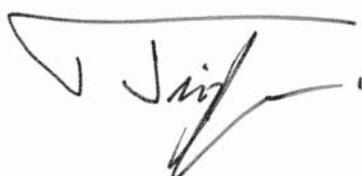
As a result of New Jersey's more favorable tax and regulatory climate, a highly effective Partnership for Action team led by Lieutenant Governor Kim Guadagno, and new programs and policies that bolstered economic activity, the EDA finalized nearly \$700 million in financing assistance, business incentives and tax credits in 2012. This assistance is leveraging over \$1.4 billion of investment in New Jersey's economy, generating more than 4,820 new, permanent jobs and 3,030 construction jobs, and retaining 10,910 Jersey jobs that were at risk of leaving the State.

Moving forward in 2013, the EDA will continue to carry out the bold agenda of the Christie Administration to spur job creation and economic development, and ensure that our storm-impacted businesses and communities are able to thrive once again. The U.S. Department of Housing and Urban Development (HUD) approved New Jersey's Community Development Block Grant (CDBG) Disaster Recovery Action Plan on April 29, 2013, which paved the way for the EDA to launch the first of our business recovery programs. The Stronger NJ Business Grant program will utilize \$260 million of the \$460 million CDBG allocation that the State set aside for the recovery of impacted businesses.

It is our pleasure to report on the EDA's hard work during 2012 in the pages that follow. To learn more about opportunities for business growth and recovery throughout New Jersey, we invite you to visit www.njeda.com or www.NewJerseyBusiness.gov.



Michele A. Brown
EDA CEO



Timothy J. Lizura
EDA President & COO

2012 Annual Report

2012 Results

EDA Results 2012	
Projects Assisted	228
Total Assistance	\$698 million
Public/Private Investment	\$1.46 billion
Estimated New Permanent Jobs	4,822
Estimated Construction Jobs	3,030
Estimated Retained "At Risk" Jobs*	10,912

*New Metric

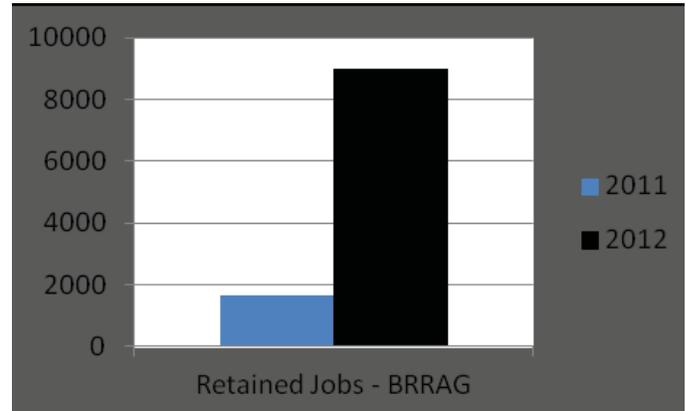
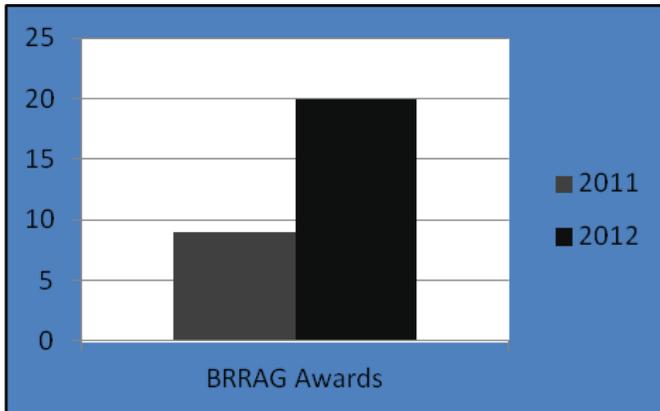
EDA Results 1974 - 2012	
Projects Assisted	11,309
Total Assistance	\$22.3 billion
Public/Private Investment	\$49.2 billion
Estimated New Permanent Jobs	327,704
Estimated Construction Jobs	335,789

EDA Mission

The New Jersey Economic Development Authority (EDA) is an independent State agency that finances small and mid-sized businesses, administers tax incentives to retain and grow jobs, revitalizes communities through redevelopment initiatives, and supports entrepreneurial development by providing access to training and mentoring programs.

2012 Highlights

Retaining Jersey Jobs



Award Winning Programs, Policies, Projects & People

New Jersey EDA
Program of the Year – Urban Transit Hub
 Northeastern Economic Developers Association

New Jersey EDA
Achievement in Targeted Incentives -- Urban Transit Hub
 Business Facilities Magazine

New Jersey Partnership for Action
Achievement in Reorganization of Economic Development
 Business Facilities Magazine

NJTC Annual Gala Awards
CareKinesis – Growth Company of the Year
Sparta Systems – IT/Software Company of the Year
FieldView Solutions – Enviro/Energy Company of the Year

NAIOP Deal of the Year Awards
Panasonic Corporation – Economic Impact
Goya Foods – Economic Impact
Realogy Corporation – Creative Office

New Jersey Future Smart Growth Awards
Gateway Transit Village – Transit-Oriented Development Partnership

Michele Brown, CEO
NJBIZ Power 50 – Real Estate

Maureen Hassett, SVP Finance & Development
Real Estate Forum – Women of Influence

Supporting Small Business Growth and Entrepreneurial Development

In 2012, New Jersey experienced one of the most devastating storms in its history. Lives were lost, homes and businesses were destroyed, and communities in the north, south and particularly along the coast, suffered immeasurably. Emblematic of the flexibility and ingenuity that has defined the New Jersey Economic Development Authority (EDA) over its nearly 40 year history, the organization acted quickly to support the state's recovery and assist impacted businesses.

Family-owned and operated **Riggins Oil Inc.** is one of the largest New Jersey-based distributors of gasoline and diesel. Located in Vineland, the company was continuously supplying gasoline, diesel and heating oil immediately after the storm, experiencing a 75-percent increase in call volume. Riggins' focus was supplying fuel to critical infrastructure, as well as to key elements of the emergency response, including emergency generators at fire and police stations. When the company needed to extend its line of credit to support the increased workload, EDA staff contacted Riggins' commercial bank. As a result of this outreach, the company's line was extended within 12 hours, ensuring uninterrupted access to credit for the company and continuous service to the state.

To help companies access cash while awaiting insurance proceeds, the EDA relaunched the Main Street Disaster Relief Program in the aftermath of the storm. In partnership with its more than 40 Premier Lender banking partners, the EDA is able to offer guarantees of up to \$500,000 for commercial lines of credit, providing quick access to cash for businesses that are awaiting insurance proceeds.

The EDA also created a \$2 million program to boost the lending capacity of Community Development

“Governor Christie's team worked night and day with Riggins to get the gasoline and emergency generator fuel to the places that needed it most. His Administration's work to clear bureaucratic hurdles and quickly implement common sense solutions helped limit the damage and speed the recovery.”
- Riggins Oil CEO Paul Riggins

Financial Institutions (CDFIs) that are offering support to small businesses impacted by the storm. The first investment of \$500,000 helped support **New Jersey Community Capital's REBUILD New Jersey** loan fund, which was created to aid recovery for small businesses in areas most severely impacted by the storm.

Michael Sodano and Nancy Sabino received a REBUILD loan after the storm impacted the expansion of **The ShowRoom**, a movie theater in the heart of Asbury Park. The co-owners opened a single-screen theater in 2009 and were in the midst of constructing a new, three-screen venue across the street when the storm hit. The REBUILD loan helped to cover the costs associated with the construction and opening delays. The ShowRoom's new theater officially opened at the end of January.

In response to the devastation facing small businesses in the aftermath of the storm, longtime EDA partner UCEDC, a not-for-profit economic development corporation, launched a low-interest working capital loan program offering small business owners up to \$25,000 at 2-percent interest for five years. **The Storm Recovery Loan Program**, supported in part by a grant from Investors Bank, features a two-week turn-around, no collateral requirements, no pre-payment penalties, and no processing or application fees.

Supporting Small Business Growth and Entrepreneurial Development

When storm surge from Sandy drove five feet of water through **Planet Food's** commercial property in Keyport, first-floor tenant and renowned restaurant, **Drew's Bayside Bistro**, was forced to shut its doors. Building owners Patrick and Helen Norris turned to UCEDC for help with a storm recovery loan. Coupled with their own capital investment, the \$15,000 loan from UCEDC will rebuild the first floor infrastructure, replace electrical wiring, and ensure the reopening of the popular bistro.

The EDA formed a strategic partnership with UCEDC in 2008 to further the state's reach into underserved communities and provide greater access to resources for aspiring entrepreneurs and small business owners. UCEDC offers various training workshops throughout the state, including a series of courses that help develop financial and business literacy for business owners at all stages of maturation, and a comprehensive Entrepreneurial Training Initiative that walks entrepreneurs through all aspects of starting a business. Through its microloans, SBA 7(a) and 504 loans, UCEDC also offers a range of financing vehicles to address business needs at every stage of growth. In 2012, UCEDC benefitted from a \$500,000 "Loan to Lender" from the EDA to enhance the capacity of its financing programs.

Women- and Hispanic-owned **Appearance Plus Day Spa** in Metuchen received a \$15,000 microloan to support working capital needs. The full service salon and spa employs a staff of five people. A \$15,000 working capital line of credit is helping **24/7 Courier Services** maintain its operations in Mountainside. The minority-owned company, which expects to add one new employee to its existing staff of five, provides around-the-clock commercial and personal delivery services to the tri-state area. In Lanoka Harbor, woman-owned start-up **Sew What's New** is benefiting from a \$23,000 microloan to support equipment and working capital needs.



*Appearance Plus Day Spa Proprietors
Dinah & Maritza Diaz*

In 2012, UCEDC provided loans totaling \$580,000 to support 18 small businesses across the state; over 60% went to women- or minority-owned businesses

Supporting Small Business Growth and Entrepreneurial Development

“These borrowers could not qualify under regular banking requirements, but because of the GNEC lending activities, small businesses are opening and expanding in northern New Jersey. EDA’s loan will help ensure we are able to continue to provide that critical support.”
- Mike Wall, Executive Director, Greater Newark Enterprises Corporation

In September, the EDA closed on a \$500,000 “Loan to Lender” to support the **Greater Newark Enterprises Corporation** (GNEC), a CDFI serving the northern New Jersey community. The EDA’s loan requires a commitment of \$500,000 in additional capital, stimulating a total of \$1 million in new funding for the GNEC to provide to small businesses. Formed in 2007, the GNEC provides financial assistance and training to small businesses in a variety of areas, including financial literacy for entrepreneurs, business planning and business management across a myriad of industries. GNEC has graduated more than 150 individuals from its entrepreneurial training curriculum, and has provided approximately \$1.5 million in financing to small businesses throughout northern New Jersey. Of the loans provided, 93-percent were to minority-owned enterprises and 70-percent of those businesses were located in underserved communities.

The “Loan to Lenders” program, targeted to established CDFIs, is funded with \$3 million from New Jersey’s State Small Business Credit Initiative federal allocation, announced by Governor Chris Christie in October 2011.

In addition to leveraging partnerships with local and not-for-profit economic development organizations, the EDA’s efforts to fuel economic growth and job creation are strengthened by its strong partnership with New Jersey’s banking community.

The EDA works with its more than 40 Premier Lender banking partners to offer low-cost financing opportunities with faster turnaround through the Statewide Loan Pool Program. Eligible businesses may qualify for EDA participations or guarantees of up to 50-percent of the bank loan for fixed assets or working capital. The streamlined loan approval process involves the EDA reviewing finance applications within five days, the result of which speeds the flow of capital to growing businesses in the state. Quick turnaround time from approval to closing provides a strong incentive for borrowers, while the EDA’s exposure by participating in or guaranteeing a portion of a loan reduces the lender’s risk.

Headquartered in Lawrenceville, **LMT-Mercer Group** is the largest manufacturer of vinyl fence, deck and railing accessories in the United States and Canada. In July, the company received a \$1.7 million loan from EDA Premier Lender JP Morgan Chase that included a 50-percent EDA participation through the Statewide Loan Pool Program. The assistance is helping LMT acquire and renovate a second location in Pennington for its growing company. LMT previously received assistance from the EDA to support its 2009 expansion in Lawrenceville. At the time, LMT expected to create 25 new jobs, growing to a staff of 65. LMT has actually created 43 new jobs, exceeding their anticipated growth. The company expects to create 20 additional jobs at the new location in Pennington.

Supporting Small Business Growth and Entrepreneurial Development

The Main Street Business Assistance Program was advanced in order to help businesses in New Jersey access capital. The program provides financial support to commercial banks in New Jersey to assist in offering loans, guarantees and line of credit guarantees to small businesses and not-for-profit organizations.

Located in West Deptford, **J.L. Dobbs, Inc.** is a rental service for cranes and operators. In April, the company sought to refinance \$2 million of existing equipment loans to improve its cash flow. Premier Lender Roma Bank approved a \$1.15 million loan that was contingent on a 50-percent EDA guarantee for 24 months under the Main Street Business Assistance Program. In addition, Roma approved a \$200,000 working capital line of credit that also includes a 50-percent EDA guarantee. The company expects to maintain its staff of 14 and create one new job.

When the **Millville Rescue Squad** needed cash flow relief and working capital, the non-profit organization also turned to the Main Street Business Assistance Program. In November, Premier Lender Susquehanna Bank provided a \$2.5 million loan that included a 20-percent EDA participation, and a \$1 million line of credit that included a nine-month, 50-percent EDA guarantee. The organization, one of the largest non-profit rescue squads in southern New Jersey, provides a full spectrum of medical transportation services, local 911 EMS services, non-emergency ambulance services, mobility assistance, and specialty care transport services.

Through the New Jersey Business Growth Fund, the EDA partners exclusively with Premier Lender PNC Bank to support credit-worthy companies that are retaining or creating jobs in the state. Launched in 2004, the program offers up to a \$3 million PNC Bank loan with a 25- or 50-percent EDA guarantee. Funding can be



Millville Rescue Squad

used for machinery and equipment or real estate. The program had required that one new job be created for every \$50,000 in guarantees. Beginning in 2012, the program expanded to include job maintenance in order to assist a greater number of businesses, and in particular, those challenged by a difficult economy. Since inception, the program has supported over 300 businesses with \$150 million in bank loans and approximately \$46 million in EDA guarantees.

In 2012, **R. Fanelle & Sons** used a \$150,000 PNC Bank loan backed by a 25-percent guarantee to purchase new equipment and machinery for its scrap iron and metal yard in the City of Camden. R. Fanelle & Sons has been family-owned and operated in Camden for nearly 100 years and credits itself as the City's first scrap yard. The company employs 32 people.

Supporting Small Business Growth and Entrepreneurial Development

Through the Small Business Fund, the EDA provides below-market rate financing as either direct loans or guarantees to eligible businesses. **Doggy Care of Jersey City** received a \$281,275 direct loan from EDA, which was used in conjunction with financing from PNC Bank to purchase its facility on Luiz Marin Boulevard.

The company was recently formed to open the doggy daycare operation in Jersey City under the trade name of Club Barks. This new location represents an expansion of the Club Barks brand, and provides exposure to a high-visibility area in Jersey City. The company expects to create 17 new jobs over the next two years.

To support the Christie Administration's focus on helping New Jersey businesses expand globally, the EDA announced in May that it was partnering with Citi's Commercial Banking group to launch the New Jersey Global Growth Financing Program. The new initiative offers low-interest loans to New Jersey companies currently engaged or looking to engage in international trade. Through the program, Premier Lender Citi will provide up to \$50 million in term loans and lines of credit to New Jersey companies over the next three years. EDA will offer guarantees on individual transactions of up to 50-percent of the Citi financing, not to exceed \$1.5 million for term loans and \$500,000 for lines of credit.

As a result of EDA's guarantee, companies will benefit from interest rates that are typically lower than

“ “Through the New Jersey Global Growth Financing Program, Citi will capitalize on the combination of its local market experience and international expertise to help local companies grow and create jobs. ” ”
- Robert Koar, President, Citi's Eastern Regional Commercial Banking Group

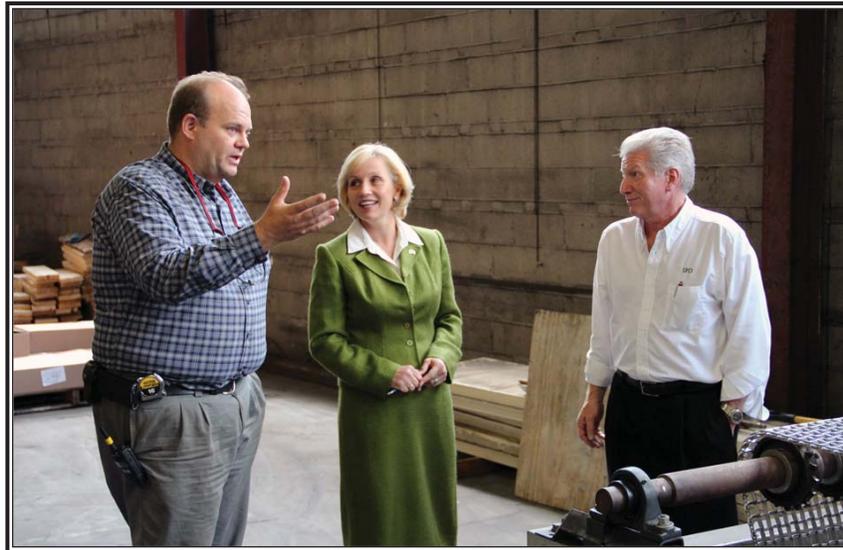
conventional pricing, as well as from more flexible loan terms. As a global banking firm with a comprehensive international market presence, New Jersey businesses will also benefit from the global expertise that Citi offers.

Through tax-exempt bond financing, the EDA supports manufacturing companies and not-for-profit organizations across the state. The EDA serves as a conduit issuer of these private activity bonds, which provide long-term financing with either a fixed or variable interest rate.

As part of her manufacturing tour in October, Lt. Governor Guadagno visited **Superior Powder Coating, Inc.** (SPCI), an Elizabeth-based metal finisher. In 2012, this longtime EDA customer received an \$827,826 tax-exempt bond to purchase new manufacturing equipment, as well as a \$750,000 direct loan for working capital and to refinance existing loans. The company expects to add 16 new positions to its existing staff of 139.

“ “Thanks to financial assistance from the state, we've been able to operate a successful business, provide jobs for 139 workers, most of who live in Union County, and will soon hire 16 more workers. ” ”
- Peter G. Markey, CEO, Superior Powder Coating, Inc.

Supporting Small Business Growth and Entrepreneurial Development



Lt. Governor Guadagno tours SPCI in Elizabeth as part of her manufacturing tour

With the help of a \$19.14 million tax-exempt bond issued by the EDA in June 2012, **The Seeing Eye** is undertaking a major campus renovation project, which includes the expansion and modernization of the multi-purpose main student building, the expansion of an administrative building, and related site improvements. As part of her not-for-profit tour in December, Lt. Governor Kim Guadagno and EDA Senior Vice President of Finance and Development Maureen Hassett visited the organization to meet with CEO Jim Kutsch and tour the campus, which is in the midst of construction.

The Seeing Eye 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. The organization boasts a staff of 171 and over 700 active volunteers who instruct an annual average of 270 students to use Seeing Eye® dogs. CEO Jim Kutsch is a graduate of The Seeing Eye program and is the proud owner of his seventh Seeing Eye® dog, Colby.



Jim Kutsch, CEO of The Seeing Eye, pictured with his Seeing Eye® dog Colby, and Chairman of the Seeing Eye Board of Trustees Lewis M. Chakrin.

Promoting Business Attraction, Expansion and Retention

“ You know you’re not going to win every fight, but I think it is fair to say that in this administration, you will have a fight. If you want to come to New Jersey, we will fight to bring you here. ”
- Lt. Governor Kim Guadagno

In a still challenging economy and increasingly competitive global marketplace, State incentive programs have helped to advance significant projects in New Jersey that create and retain jobs and leverage private investment in the local economy. Consistent with the statutes creating these programs, and reflective of the EDA’s commitment to protect the investment of public funds, these incentives include vigorous protections for taxpayers; one of the most critical being that no funding is provided upfront. Rather, projects must first generate new tax revenue, complete capital investments, and/or hire or retain employees to receive benefits.

Companies that have chosen to locate new facilities or expand in New Jersey have taken advantage of the Business Employment Incentive Program (BEIP), which continues to be a powerful tool to attract and encourage businesses to grow in the state. Approved businesses receive annual cash grants for up to ten years. Grant amounts are based on a percentage – up to 80-percent – of the state income taxes withheld from the employees who fill the newly created jobs. Coupled with the proactive business outreach that is the hallmark of the Christie Administration, companies are once again choosing to locate and grow in the Garden State.

In Bridgewater, **Allergan, Inc.** opened its new R&D center in September. The decision by this global, technology-driven multi-specialty healthcare company to locate its new research and development center in New Jersey will create as many as 400 high-paying jobs and inject \$12 million of private investment in the

local economy. Allergan’s headquarters are located in California, but the company looked east to expand because of the talent in the region. Thanks to personal outreach by Governor Christie and the work of the Partnership for Action, New Jersey triumphed over Pennsylvania for the new facility. Governor Christie and Choose New Jersey met with Allergan Chief Executive Officer David Pyot in California to demonstrate New Jersey’s commitment to work with the company to bring its R&D facility to the Garden State. The Business Action Center provided Allergan with advocacy services and identified potential sites for the new facility, and a BEIP executed in June proved to be the final piece in successfully attracting the company to New Jersey.

Enhanced by Governor Christie in 2011, the Business Retention and Relocation Assistant Grant (BRRAG) continued to be an effective tool in 2012 as the EDA worked to keep companies and jobs in New Jersey.

“ We were spending a lot of money transplanting people from the East Coast to the West...it did come down to talent availability and dollars and cents. ”
-Allergan Chief Executive Officer David Pyot

Promoting Business Attraction, Expansion and Retention

The BRRAG program involves the utilization of corporation business tax credits, or insurance premiums tax credits, awarded to businesses to encourage economic development and job creation while preserving existing jobs in New Jersey. The program now offers up to \$2,250 per year for up to six years, per job retained in the state.

With a meaningful incentive for retention, the EDA executed 20 BRRAG awards in 2012, supporting the retention of over 9,000 jobs “at risk” of leaving the State of New Jersey. In comparison, nine BRRAGs tied to 1,640 retained jobs were finalized in 2011.

In February, Governor Christie and Lt. Governor Guadagno joined The Hampshire Companies at a groundbreaking event for its new office building in Madison. **Realogy Corporation**, the parent company of real estate franchise brands including Better Homes and Gardens Real Estate, ERA and Sotheby’s International Realty, will soon be relocating its headquarters to the 270,000-square-foot, LEED-certified facility. To encourage this move and the retention of the company’s more than 950 employees, EDA executed a BRRAG with Realogy in May. The company considered relocating its operations out of state, and credits the Christie Administration and the enhanced BRRAG for its decision to remain and invest in Morris County.

A BRRAG executed in June helped encourage **Evonik Degussa Corporation** to keep its headquarters and nearly 340 employees in New Jersey. When the lease on its office space in Parsippany expired, Evonik sought



Governor Christie and Lt. Governor Guadagno at the groundbreaking of Realogy Corporation’s new headquarters in Madison

out other locations in the United States, including Alabama. Rather than move out of state, the company reinvested in New Jersey by moving its headquarters to a new facility in Parsippany. The company is the North American arm of Evonik Corporation, an industrial group from Germany and one of the world leaders in specialty chemicals.

In November, EDA CEO Michele Brown attended the grand opening of **Sparta Systems Inc.’s** new headquarters in Hamilton. With its lease set to expire, the company was searching for a new facility and seriously considered a move to Pennsylvania.

“ As a global company with locations in over 100 countries, we were in a position to locate our headquarters anywhere. We were strongly considering relocating to North Carolina, but the state administration’s dedication to business development allowed us the great opportunity to stay and grow our business right here in New Jersey in a new, state-of-the art headquarters. ”

- Richard A. Smith, President and CEO, Realogy

Promoting Business Attraction, Expansion and Retention



Lt. Governor Guadagno visited Evonik's new headquarters in July to announce the new Office of International Business Development and Protocol within the New Jersey Business Action Center

“ Most recently, Evonik Degussa Corporation was in the position of either moving to another state or remaining and growing in New Jersey. Our decision to stay and expand was in our company's best interest. New Jersey is taking bold steps to become more business friendly. And these efforts are working. The Garden State provides exciting opportunities for corporations to succeed and grow.”

- Tom Bates, Evonik Degussa Corporation's Regional President

With the help of BEIP and BRRAG awards, the company ultimately chose its Mercer County location, ensuring the retention of more than 80 existing Jersey jobs and the creation of 60 new, high-wage positions. Sparta is a leading provider of enterprise quality management software, with over customers, including the top 20 pharmaceutical and biotechnology companies and the top ten medical device vendors. In addition to its headquarters in New Jersey, the company has locations in Israel, the United Kingdom, and Hong Kong.

“ The State's unwavering support made our decision to move to Hamilton an easy one, and we look forward to what lies ahead in our company expansion.”

- Eileen Martinson, CEO, Sparta Systems



EDA CEO Michele Brown joined Eileen Martinson, CEO of Sparta Systems, at the company's grand opening in Hamilton

Encouraging Community Investment and Growth

“ Under the stewardship of Governor Chris Christie and the New Jersey Economic Development Authority, programs such as the Urban Transit Hub Tax Credit and the Economic Redevelopment and Growth Program have helped transform entire neighborhoods, created tens of thousands of jobs and prevented several major corporations from leaving the state. ”

- Richard Tucker, CEO and President, Tucker Development Corporation and developer of Courtyard by Marriott in Newark

With support from the Urban Transit Hub Tax Credit (Hub), Economic Redevelopment and Growth (ERG), and Grow New Jersey Assistance (Grow NJ) programs, the Christie Administration is helping to advance transformational projects that are spurring job growth and economic expansion in communities throughout the state. Together, these programs have effectively worked to stimulate the local economy while yielding a net positive impact to New Jersey.

Unique to New Jersey, the award-winning Hub program was designed to encourage transit-centered, sustainable development in nine targeted communities that have historically suffered from disinvestment. Through the program, a developer or owner making a minimum \$50 million capital investment in a designated Urban Transit Hub may be eligible for tax credits equal to up to 100 percent of the qualified capital investment. At least 250 employees must work full-time at the project site. Projects meeting the 250 full-time job requirement with existing employees are eligible for tax credits of up to 80-percent, while projects creating 200 or more new jobs are eligible for up to 100 percent. Through the writing of this report

in early March 2013, 19 commercial and residential projects have been approved for Hub awards totaling just over \$1.02 billion. These projects represent the capital investment of more than \$2.27 billion in New Jersey's economy, and will lead to the creation of an estimated 4,900 new, permanent jobs and 10,300 construction jobs, as well as the retention of 2,935 jobs that were "at risk" of leaving the state.

ERG is another powerful redevelopment tool that provides reimbursement incentive grants so developers can utilize new state and local incremental taxes generated from a project to fund a gap in the total project cost. The program utilizes up to 75-percent of the incremental increase in certain state and local revenue sources attributed to the project to provide gap financing of up to 20-percent of the total project cost, paid out over a period of up to 20 years. Through the end of February 2013, 20 projects have been approved for ERG awards totaling approximately \$454 million. These projects are injecting an estimated \$2.7 billion of private investment in New Jersey's economy, and are expected to create 10,975 new, permanent jobs and 9,880 construction jobs.

Encouraging Community Investment and Growth

Building on the success of the HUB and ERG programs, Governor Christie signed the bill implementing Grow NJ in January 2012 to further encourage private investment and the creation and retention of New Jersey jobs. Through the program, eligible businesses can receive an annual tax credit of \$5,000 - \$8,000 for ten years for each full-time job created or retained. Grow NJ also provides for enhanced funding in return for significant capital investments that maximize economic activity. To be eligible, a business must make capital investments of at least \$20 million at a qualified facility and create or retain a minimum of 100 jobs. In the first year of its launch, Grow NJ supported 15 projects with awards totaling over \$391.5 million; this is leveraging \$877.9 million of private investment, the creation of 1,200 new, permanent jobs and 4,085 construction jobs, and the retention of 5,990 jobs that were “at risk” of leaving New Jersey.

Following the approval of its Grow NJ award, **Ascena Retail Group and Dress Barn Inc.** announced in October plans to move its existing combined corporate headquarters to a 129,000-square-foot facility in Mahwah. The leading national specialty retailer of apparel for women and “tween” girls expects to invest more than \$38.4 million and create 405 new jobs. An estimated 315 construction jobs will also be created.

Grow NJ helped to encourage **Burlington Coat Factory Warehouse Corporation** to renew its commitment to the Garden State. In June, the company announced it will remain in New Jersey and build a new \$41 million, 180,000-square-foot headquarters in Burlington County that will accommodate 120 new full-time employees, in addition to its current workforce of 626. The multi-story office building will be situated on an undeveloped 50-acre parcel of land in Florence. This project also involves the expected creation of over 285 construction jobs.

Grow New Jersey and Urban Transit Hub tax credits helped to nearly fill the 880,000-square-foot warehouse and distribution center that Prologis is building on the

site of a former Jersey City landfill. The facility, three miles from New York City and the New Jersey Turnpike, offered the location and access that both **Peapod and Imperial Bag & Paper Co.** were looking for.

Online grocery seller Peapod, a subsidiary of Ahold US Inc., was looking for a facility to support its expansion into the Metro New York market. Urban Transit Hub tax credits helped encourage the company to choose the location in Jersey City. Peapod anticipates 500 full-time employees at the new facility, which includes the addition of 380 new employees in New Jersey over five years and the retention of 90 existing transportation-related employees. Imperial Bag & Paper Company, one of the Northeast’s leading distributors of paper, packaging and janitorial supplies, currently operates out of three sites in Bayonne. To increase efficiency, the company sought to consolidate its operations and more than 360 employees into one site, and was considering Jersey City or a location in New York. A Grow NJ award was a key factor in its decision to choose Jersey City.

Both Peapod and Imperial Bag & Paper Co. signed leases in December and will essentially split 740,000 square feet of the new space Prologis is developing.

“On behalf of Burlington Coat Factory, I would like to thank Governor Christie, Lt. Governor Guadagno and the State of New Jersey for making it possible to maintain our corporate headquarters within the state. We are very excited and look forward to many more years of continued growth in New Jersey.”
-Burlington Coat Factory President and CEO Thomas Kingsbury

Encouraging Community Investment and Growth



Governor Christie attends the groundbreaking of Goya's new headquarters and distribution center in Jersey City

In September, Governor Christie was on hand to celebrate the groundbreaking of **Goya Food's** new corporate headquarters and distribution center in Jersey City. The 617,000-square-foot, \$127 million facility, which represents the largest expansion in the company's history, is expected to be completed by 2014. Goya was approved for a tax credits through the Hub program to encourage the company to remain and grow in New Jersey, preserving more than 315 at risk jobs and creating an estimated 175 new, permanent positions, as well generating 750 construction jobs. The company also credits advocacy it received from the Business Action Center as critical to its location decision.

EDA President and Chief Operating Officer Tim Lizura joined Lt. Governor Guadagno in December to celebrate the groundbreaking of **Pearson Inc.'s** new headquarters in Hoboken. The textbook publisher signed a long-term, 206,000-square-foot lease with SJP Properties, which allowed for the construction of the new, 500,000-square-foot Waterfront Corporate Center III building. Pearson had considered moving its entire workforce to New York; a HUB award helped encourage the company to remain and invest in New Jersey. Pearson will retain 900 jobs when it moves to its new headquarters in July 2014. The project is also expected to generate 600 construction jobs. The mixed-use building is the final piece of Hoboken's 26-acre waterfront master plan and the last phase of SJP's three-building office and retail development.



EDA President & COO Tim Lizura at the groundbreaking for Pearson Inc.'s new headquarters in Hoboken

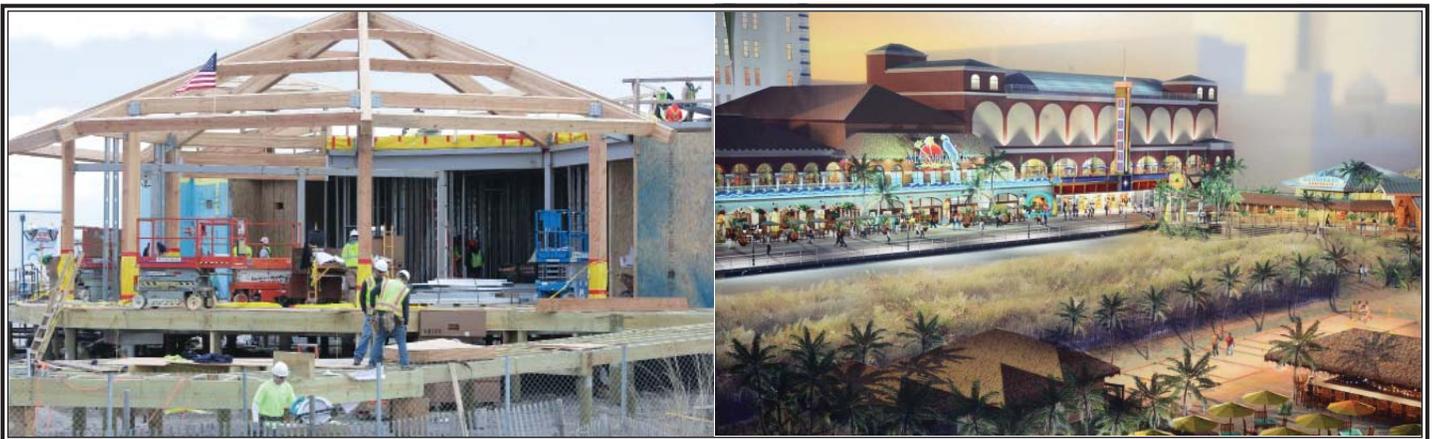
Encouraging Community Investment and Growth

“ We extend our gratitude to the Governor and Lt. Governor for the State’s investment, as well as the support of the New York and New Jersey Port Authority, in our choice of this Hoboken location. Together along with our partner, SJP Properties, we are creating a green and affordable waterfront home for our world-class workforce and investing in the technology essential to Pearson’s mission to foster learning and achievement around the globe. ”
-Rich Glicini, Pearson’s Senior Vice President for People and Social Responsibility

Building on the Christie Administration’s commitment to revitalizing Atlantic City, the Governor announced in July that a “Margaritaville” complex will soon be coming to the Resorts Casino Hotel. Supported by the ERG program, the project is being built on the site of the former Steeplechase Pier behind Resorts that was destroyed in a 1988 fire. The \$43.2 million project will include retail stores, a renovated gaming floor and

entry hall, a new food court and the Landshark Pier, which will feature a Landshark Bar & Grill, surf shop, and outdoor recreation area. Non-gambling attractions such as Margaritaville remain vital to Atlantic City’s revival, and this project will help to generate nearly 300 new, permanent jobs and over 200 construction jobs.

“ The Margaritaville project at Resorts is an amazing step forward for Atlantic City. Our investment coupled with the Jimmy Buffett Margaritaville brand is a huge coup for Atlantic City and I am extremely proud to say it was Resorts and the state of New Jersey that made it happen. ”
- Morris Bailey, owner of Resorts Casino Hotel



Construction has commenced for the new Landshark Bar and Grill, which will soon become part of the new “Margaritaville” complex of Resorts Casino Hotel.

Encouraging Community Investment and Growth

Spotlight: Newark

The Christie Administration's economic development policy has focused largely on revitalizing urban communities and nowhere is that more evident than in the City of Newark. Through the use of EDA-administered tax credits, a host of transformational projects are either under construction or have already been completed.

At its grand opening in September, Tucker Development's \$35 million **Courtyard by Marriott** became the first new hotel in Newark's downtown in over four decades. Adjacent to the Prudential Center, the 150-room hotel includes 14,000 square feet of street-level retail; in November, it was announced that Joe's Crab Shack would occupy nearly 5,400 square feet of the retail space. The project generated an estimated 175 construction jobs and over 50 new permanent jobs. Notably, Newark residents accounted for more than 30-percent of the construction workers, and as of December 2012, Newark residents accounted for roughly 50-percent of the permanent hires. The ERG-supported project also received financing through the EDA's issuance of a Redevelopment Area Bond that pledges new incremental taxes to support the project.

Around the corner from the Marriott, the restoration of the National State Bank Building is underway and will soon reemerge as **Hotel Indigo**, featuring 110 rooms, 6,000 square feet of space for a restaurant and 3,000 square feet of rooftop space.



The new Courtyard by Marriott in downtown Newark

The property was originally envisioned as residential rental units; however, after reviewing the City's Master Plan, the Hanini Group determined that a hotel in the area was more in line with Newark's vision of a 24/7 downtown. A market study concluded that the City could absorb the rooms created by both this and the Marriott project. Hotel Indigo is expected to create 171 construction jobs and 65 new permanent jobs. In August, the EDA closed on an ERG to support the \$29.6 million project.

Encouraging Community Investment and Growth

Spotlight: Newark

In November, EDA was on hand to celebrate the opening of the **RockPlaza Lofts**, which is part of a \$38 million project Fidelco Group is developing along Market Street in Newark. Supported by the ERG program, the mixed-use, multi-building development also includes the Syracuse, New York-based Dinosaur BBQ, which opened to much fanfare in May. RockPlaza Lofts consists of seven historic properties that have been rehabilitated and retrofitted for residential, retail and commercial opportunities.

The multi-property redevelopment is helping to bring a new mix of rental apartments, retail, galleries and restaurants to Newark's downtown, only steps away from Newark Penn Station. The full redevelopment is expected to create 140 permanent new jobs. The project also will create an estimated 80 construction jobs.



Located above the popular Dinosaur Bar-B-Que, RockPlaza Lofts held its grand opening event in November

“ Without any one component, but especially without those tax credits, this project would not be. These projects hinge on dollars, and these tax credits go to fill the gaps and make the difference. ”
- RBH Group President Ron Beit, developer of Teachers Village

Teachers Village

Spanning five blocks in Newark's downtown district, **RBH Group's Teachers Village** celebrated its groundbreaking in February. The 425,000-square-foot, mixed-use development will consist of residential units, pre-marketed to Newark's teachers; three charter schools and a daycare facility; and, 65,000 square feet of retail. The first phase of a larger development, Teachers Village will result in an estimated 450 construction jobs and 460 new permanent jobs.

Of the complex sources used to advance the project, the EDA approved both ERG and HUB awards, as well as providing financing through the issuance of a Redevelopment Area Bond. Other financing included loans from the City of Newark and Brick City Development Corporation, New Markets Tax Credits, and Community Development Block Grants.

Encouraging Community Investment and Growth

Spotlight: Newark

To continue New Jersey's record of excellence in education and ensure that every child has access to a quality education, the EDA has issued tax-exempt and taxable bonds, including Qualified School Construction Bonds (QSCBs) and Qualified Zone Academy Bonds (QZABs), to support the construction, expansion or enhancement of charter schools in the state.

In 2012, the EDA issued a \$17.46 million QZAB and a \$14.63 million QSCB to help TEAM Academy Charter Schools acquire a former public school building in Newark, and make renovations, for a combined 120,000-square-foot new elementary and middle school. TEAM Academy, a network of charter schools in Newark, currently serves over 1,800 students in grades K-2 and 5-12 in the City.

In December, the EDA finalized a \$7.8 million QZAB to help finance the planned renovation of several of North Star Academy's campuses. North Star Academy Charter School of Newark is a network of nine public charter schools serving over 2,200 students in grades K-12 across six campuses.

The financing will be used for a variety of purposes, including upgrades to classroom space, improvements to infrastructure, new roofs, safety upgrades, plumbing and bathroom upgrades, and the purchase of new furniture and fixtures.

In 2010, the State Treasurer authorized the allocation of \$35 million in QSCBs to the EDA to support charter school projects. The funding was fully exhausted and helped to create over 269,000-square-feet of new space, providing new or expanded educational opportunities to 3,760 students in Newark, Camden and Plainfield. In February 2013, it was announced that the EDA would receive another allocation of \$125 million, which it will jointly administer with the New Jersey Department of Education to support additional charter school projects.

Since Governor Christie took office in 2010, 46 charter schools have earned state approval and 25 new schools have opened, including nine in the City of Newark.

“ We must be able to fulfill our obligation to provide parents and their children with educational alternatives that include expanding high quality charter schools... by giving parents the power of choice, we are ensuring that students will have the opportunities they deserve for a bright and successful future. ”

- Governor Chris Christie

Encouraging Community Investment and Growth

Fort Monmouth Economic Revitalization Authority

On August 17, 2010, Governor Christie signed into law the "Fort Monmouth Economic Revitalization Authority Act," which created the Fort Monmouth Economic Revitalization Authority (FMERA) to provide investment, continuity and economic growth to the communities impacted by the federal government's decision to close Fort Monmouth. Staffed by EDA, FMERA replaced the Fort Monmouth Economic Revitalization Planning Authority (FMERPA) and is charged with advancing that entity's plan for reuse and redevelopment of the 1,126 acres of real estate that span parts of Eatontown, Oceanport and Tinton Falls.

2012 was an exciting year for FMERA as its staff and Board worked to accelerate redevelopment.

Seven years after the post was selected for closure by the Base Realignment and Closure Commission, the State took an historic step forward in May with the signing of a Memorandum of Agreement (MOA) transferring the Fort Monmouth property from the U.S. Army to FMERA. The Lt. Governor, FMERA Board Chairman James V. Gorman and Paul Cramer, Acting Deputy Assistant Secretary of the U.S. Army, participated in a signing ceremony held in Gibbs Hall. FMERA also took steps in 2012 to renovate the former

Fort Library in Oceanport into its new offices. Expected to be completed in the spring of 2013, all business and public meetings will be held at the new location.

In June, the FMERA Board approved Cushman & Wakefield/Continental Realty as the primary broker of the former Fort Monmouth property in June. Cushman & Wakefield provide master broker services to market, sell and lease the property to increase awareness of the Fort's opportunities, maximize value, and stimulate investment and job creation.

After substantial work in 2012, the State reached another significant milestone in early 2013 when the first sale of property was finalized between FMERA and **CommVault**, one of the world's fastest growing data storage companies. The global technology leader plans to undertake a three-phase project on the 55-acre "Parcel E" site in Tinton Falls. CommVault will make a substantial investment to complete Phase I, which involves the construction of an approximately 275,000-square-foot facility to serve as its worldwide corporate headquarters. Once the three phases of the project are completed, CommVault could create a total of up to 1,500 new jobs in the State.

“ CommVault is a world-class company with an outstanding management team whose dedication and perseverance proved invaluable as we advanced the first sale of property at the Fort. Today is a truly momentous day for the region and for all of us involved in the redevelopment process as we have achieved three key goals: job retention and creation, reinvestment and establishing an anchor that will undoubtedly enhance our ability to attract additional businesses and investors. ”

-FMERA Board Chairman James V. Gorman.

Fort Monmouth Economic Revitalization Authority

Led by Chairman Gorman, FMERA Board members include EDA Chairman Alfred Koeppe, Governor's Authorities Unit Director Regina Egea, Monmouth County Freeholder Lillian Burry, Eatontown Mayor Gerald Tarantolo, Oceanport Mayor Michael Mahon, Tinton Falls Mayor Michael Skudera, New Jersey Department of Community Affairs Commissioner Richard E. Constable III, Department of Environmental Protection Commissioner Bob Martin, New Jersey Department of Labor & Workforce Development Commissioner Harold Wirths, New Jersey Department of Transportation Commissioner James Simpson, and Public Members Dr. Robert Lucky and Robert Ades.

As FMERA moves forward in advancing the redevelopment plan, it remains committed to four central goals:

1. Job Creation
2. Re-Investment of Sale Proceeds within the Fort's footprint
3. Ensure Army Resolves Environmental Issues
4. Satisfied Stakeholders



FMERA expects to move to its new offices at the former Fort Library in Summer 2013

Growing New Jersey's Ecosystem of Innovation

“ LivinSport plans to relocate to the NJIT Enterprise Development Center. We want to be part of this growing techcommunity in New Jersey and contribute toward that. ”
- LivinSport Founder and TechLaunch graduate
Jason Webley

From real estate to financing programs, the EDA offers a continuum of assistance to support the growth of New Jersey's technology, life sciences and cleantech sectors.

As part of this effort, and in support of the Christie Administration's policy objectives, the EDA began to focus on two key areas in 2012: encouraging industry clusters in designated areas; and, strengthening collaboration between higher education and industry.

To drive the commercialization of innovative technology within the State and further strengthen collaboration with higher education, the EDA partnered with industry pioneer Mario Casabona to create New Jersey's first Technology Accelerator at Montclair State University. **TechLaunch**, which graduated its inaugural class in November, provided a select group of ten emerging Portfolio Companies early seed-stage funding, mentorship, key services and exposure to qualified investors through a 12-week program, which ended in a "Demo Day."

Nearly all of the ten graduates have indicated that they will be remaining in New Jersey as they seek to grow their businesses. **LivinSport**, which created a social media platform for athletes that connect college recruits, coaches and fans, plans to relocate to the New Jersey Institute of Technology's Enterprise Development Center in Newark; **CodeSquare**, which offers offline-to-online mobile solutions for businesses, calls Jersey City home; and event-based photo sharing service company **Photoflow** is planning to build its future on the Jersey Shore.

In November, the Christie Administration announced that 65 companies were approved to share the \$60 million allocation available through the State's Technology Business Tax Certificate Transfer Program in Fiscal Year 2013. Administered by the EDA, this competitive program enables technology and biotechnology companies to sell New Jersey tax losses and/or research and development tax credits to raise cash to finance their growth and operations. Since the program was established in 1999, 480 businesses have been approved for awards totaling \$710 million.

Each of the 65 applicants approved this year will receive, on average, an estimated \$920,000, which is 15-percent more than last year and over double the Fiscal Year 2011 average.

Companies that benefited include Jersey City-based **Antenna Software, Inc.**, a wireless software company specializing in solutions for mobile enterprise; **Akers Biosciences, Inc.** of Thorofare, a company that develops, manufactures, and supplies rapid, point of care screening and testing products; Morristown-based **Pacira Pharmaceuticals**, a pharmaceutical company focusing on clinical and commercial development of new products for the management of post-surgical pain; and **Ocean Power Technologies**, a wave energy technology company headquartered in Pennington.

Growing New Jersey's Ecosystem of Innovation

“ We are greatly appreciative of the NJEDA's decision to approve our application in this year's program. We were fortunate to work with Public Service Enterprise Group (PSEG) for the sale of our NOLs and research and development tax credits under the program. We are grateful to both the state of New Jersey and PSEG for their continued support of technology companies like OPT. This Program makes an important contribution to our on-going technology development activities in New Jersey. ”

- Brian M. Posner, Chief Financial Officer, Ocean Power Technologies

The EDA helps increase available capital for emerging technology companies by investing as a limited partner in venture capital firms that invest in New Jersey-based companies. In 2012, EDA invested a total of \$7 million in three venture funds. Funds in which the EDA invest in demonstrate an ability to leverage the Authority's investment with other investment dollars at a minimum ratio of 3:1. Gains resulting from these investments are utilized to offer new funding opportunities to support New Jersey businesses.

In March, EDA approved an investment of \$3 million in **Osage Venture Partners II** and a \$2 million investment in **NextStage Capital II**. The EDA's limited partnership investments were funded with \$5 million from New Jersey's State Small Business Credit Initiative federal allocation.

Osage Venture Partners III, part of the Osage Ventures family of funds, will target enterprise technology companies, including providers of general business software, cloud computing, healthcare information and infrastructure management software. Osage established an office in Branchburg to manage the fund. NextStage Capital II, part of the NextStage Capital family of funds, will focus on early stage, business-to-business, information technology companies, including providers of internet media, communication software, security software and IT infrastructure technology. NextStage expects to lease space in the Rutgers-



Ocean Power Technologies has successfully operated an autonomous PowerBuoy® off New Jersey, which it designed and manufactured under the US Navy's Littoral Expeditionary Autonomous PowerBuoy (LEAP) program for coastal security and maritime surveillance

Camden Business Incubator at the EDA's Waterfront Technology Center at Camden.

These investments followed the January investment of \$2 million in New Jersey-based **Edison Venture Fund VII**, which targets financial, healthcare information, interactive marketing and enterprise 2.0 technology

Growing New Jersey's Ecosystem of Innovation

“ “ We're deeply honored to receive support from a funding source named for Thomas Edison that encourages growth by innovative companies in New Jersey. We fully intend to flourish here and we are deeply committed to showing the NJEDA's decision-makers that they made the right choice in investing in Phone.com. ” ”
- Phone.com President and CEO Ari Rabban

companies. Bedminster-based **Premier Healthcare Exchange (PHX), Inc.**, a leading provider of healthcare cost management services, was the first New Jersey company to receive an investment from this fund.

To date, EDA's investment of \$39 million in venture capital funds has spurred \$850 million of private investment in New Jersey's innovation ecosystem.

Created in 2011 to enhance support of early stage companies that have attracted funds through venture capital investors, the Edison Innovation Venture Capital Growth Fund provides a subordinated convertible note of up to \$1.5 million to help company's directly fund uses such as hiring key staff, product marketing and sales.

In October 2012, **CareKinesis, Inc.** became the first company to receive assistance under the Edison Innovation VC Growth Fund, closing on a \$500,000 loan for growth capital. The company is a provider of personalized medication management and customized medication distribution for elderly and other at-risk individuals. In 2012, the New Jersey Technology Council named the Moorestown business its Growth Company of the Year, citing its revenue, job growth and market share. The company, which plans to create 40 new jobs and maintain its staff of 50, also was named one of New Jersey's 50 Fastest Growing Companies by *NJBIZ*.

Phone.com, a tenant at NJIT's Enterprise Development Center, was approved for a \$600,000 loan through the Edison VC Growth Fund. The Newark-based business is a next-generation, cloud-based phone company focused on the needs of small business and

entrepreneurs. Phone.com, which expects to add 18 new employees to its staff of six, was recently recognized by *INC500* as one of the fastest growing telecom companies in the United States.

With successful graduates like Amicus Therapeutics, GENEWIZ, and Chromocell Corporation, which today boast over 100 employees each, the Commercialization Center for Innovation Technologies (CCIT) continues to be New Jersey's leading life sciences incubator. In 2012, CCIT welcomed six new tenants, including a new subsidiary of **Shionogi Inc.**, the U.S.-based group company of Shionogi & Co., Ltd., a leading Japanese pharmaceutical company. Shionogi's products in development seek to help patients with a variety of diseases and conditions, including male sexual health, pediatric conditions, women's health, HIV, pain and diabetes.

“ “ This was a good way to get our foot in the water with reasonable costs, not only from an equipment point of view but also from an outfitting point of view. It's an economic way to get things started, and have room for expansion. ” ”
- Dan Sherer, the Shionogi scientist charged with opening the new lab for drug development at CCIT

Growing New Jersey's Ecosystem of Innovation

In January, CCIT was awarded its third consecutive Soft Landings International Incubator designation by the National Business Incubation Association, which recognizes incubators that are especially capable of helping nondomestic companies enter the domestic market with translation services, cutting through red tape, accessing capital, domestic market research, and other programs. CCIT is part of the EDA's larger Technology Centre of New Jersey complex, which sits on more than 50 acres in the research and development corridor between Rutgers and Princeton Universities.



The Technology Centre of New Jersey located in North Brunswick, which includes CCIT

With the support of a BEIP executed in February, **Watson Pharmaceuticals** is establishing a new, 32,000-square-foot Global R&D Technology Center on the Tech Centre campus, which will employ approximately 50 scientists, chemists, engineers and support staff. The company is investing an initial \$4.5 million to retrofit 19,000 square feet for product development and analytical laboratories. Watson joins prestigious companies such as Merial Limited and the Rutgers Technology Center III.

Launched in 2011 as a program of the EDA and the New Jersey Board of Public Utilities, the Edison Innovation Green Growth Fund (EIGGF) offers loans of up to \$2 million to Class I renewable energy or energy efficient clean technology companies that are

seeking funding to grow and support their technology business. In August, **FieldView Solutions** became the first company to receive financing through the new program. FieldView, an industry-leading provider of data center infrastructure management, received a \$1 million growth capital loan to advance its energy efficient products in New Jersey. The company expects to create 14 new jobs as a result of the EIGGF award.

“ Our platform is specifically designed to help companies realize significant cost savings by optimizing their energy consumption. EIGGF is a terrific program, one that not only promotes energy efficiency but also has a real impact on job creation. We are honored the State of New Jersey chose to award us this funding. ”
- Fred Dirla, Chief Executive Officer, FieldView Solutions

Growing New Jersey's Ecosystem of Innovation



With its new location and open floor plan, Locus Energy CEO says its new home in Hoboken will allow the company to be “more collaborative, inclusive and dynamic.”

A BEIP and EIGGF award helped encourage **Locus Energy** to move its operations from New York to Hoboken in December. Locus Energy offers a technology platform providing automated monitoring support and data analytics for distributed generation systems in the residential, commercial, utility and industrial markets. The company, which relocated its staff of 15, plans to create 20 new, high paying jobs over the next two years. The EIGGF financing will help Locus expand the capabilities of its technology platform and support general growth capital needs.

“ Locus Energy is poised for continued growth and our new home in New Jersey will help propel our expansion and innovation in the renewable energy data market.”
- Locus Energy CEO and Founder
Michael Herzig

The creation of the EIGGF complemented the existing Clean Energy Manufacturing Fund (CEMF), which is another EDA/BPU program that offers up to \$3.3 million in the form of low-interest loans and grants to companies manufacturing renewable energy, clean energy and energy-efficiency products in New Jersey.

The company is a manufacturer of technologies that reduce the cost of operating wind turbines. Its parent company, Fluitec SA, consolidated its U.S. operations and all global corporate functions in Jersey City in 2011 with the help of a BEIP award. Fluitec Wind expects to create 20 new jobs. With its move to New Jersey in 2011, Fluitec SA created 30 additional new jobs in the state.

In August 2012, Jersey City-based **Fluitec Wind** closed on financing through the CEMF to help accelerate the development of its SaaS analytical platform.

Growing New Jersey's Ecosystem of Innovation

“ “ This award will help Fluitec Wind develop world-class software, monitoring, and engineering facilities here in New Jersey. Our choice to expand here is a result of the Christie Administration's pro-economic growth policies and long-term commitment to clean energy. We thank Lt. Governor Guadagno and the Partnership for Action team for their continued support. ” ”
- Frank Magnotti, Fluitec Chief Executive Officer

In further support of the Christie Administration's Energy Master Plan goals, the EDA and BPU approved over \$11 million in funding in December to support six combined heat and power (CHP) projects for some of New Jersey's largest energy users, including medical centers, manufacturers and hospitals. The funding was made available through the Large Scale CHP-Fuel Cells Program, a competitive grant program launched in April to serve commercial, institutional and industrial customers in New Jersey.

Nestle USA, Inc. received \$3 million to support the purchase and installation of a 7.96 megawatt (MW) combustion turbine engine at its Freehold-based manufacturing facility. Southeastern New Jersey's largest nonprofit healthcare system – **AtlantiCare Regional Medical Center** – received \$580,800 to support the purchase and installation of a 1.1 MW natural gas-fired reciprocating engine system.

Bristol Myers Squibb, a global bio-pharmaceutical company, received just over \$1.9 million to support the installation of two natural gas-fired systems aggregating 4.11 MWs each. In January 2013, EDA and BPU announced the second iteration of the Large Scale CHP-Fuel Cell Program, to be administered as a rolling grant program.

2012 marked a history-making year for higher education and innovation in New Jersey, and the EDA looks forward to leveraging these advancements to fuel job growth and economic development in 2013.

EDA Board Members

Chairman

Al Koeppe

President and CEO
Newark Alliance

Vice Chairman

Joseph A. McNamara

Director
Laborers - Employers Cooperation and Education
Trust & Health & Safety

Ex Officio Members

Ken Kobylowski

Acting Commissioner
New Jersey Department of Banking & Insurance

Bob Martin

Commissioner
New Jersey Department of Environmental
Protection

Matthew P. McDermott

Governor's Designee
Appointments Direct, Office of Governor Christie

Andrew P. Sidamon-Eristoff

State Treasurer
New Jersey Department of the Treasury

Harold J. Wirths

Commissioner
New Jersey Department of Labor & Workforce
Development

Public Members

Laurence M. Downes

Chairman and CEO
New Jersey Resources

Brian M. Nelson, Esq.

Partner
Archer & Greiner PC

Marjorie Perry

President and Chief Executive Officer
MZM Construction & Management, Inc.

Charles H. Sarlo, Esq.

Law Office/Vice President and General Counsel
DMR Architects

Richard Tolson

Director
Bricklayers and Allied Craftworkers of NJ

Jerrold I. Langer

(appointed 4/2013)
Chief Commercial Officer
Langer Transport Corporation

Alternate Public Members

Raymond M. Burke, III

President
Burke Motor Group

Elliot M. Kosoffsky

Chief Operating Officer
F. Greek Development

Harold Imperatore

Proprietor
The Bernards Inn

Nonvoting Member

Rodney Sadler

Camden Economic Recovery Board

EDA Executive Team



(Left to Right)

Seated:

Michele A. Brown, *Chief Executive Officer*
Timothy J. Lizura, *President & Chief Operating Officer*

Standing:

Gregory Ritz, *Chief Financial Officer*
Maureen Hassett, *Senior Vice President, Finance & Development*
Frederick J. Cole, *Senior Vice President, Operations*

Certifications Pursuant to E.O. 37

March 15, 2013

In accordance with Executive Order No. 37, the New Jersey Economic Development Authority's 2012 Annual Report also serves as the comprehensive report of the Authority's operations. This report highlights the significant action of the Authority for the year, including the degree of success the EDA had in promoting the State's economic growth strategies and other policies.

The report of independent auditors, Ernst & Young, dated March 18, 2013, is attached and completes the EDA's requirements concerning the preparation of a comprehensive report required by Executive Order No. 37.

I, Michele A. Brown, certify that during 2012, the Authority has, to the best of my knowledge, followed all of the Authority's standards, procedures and internal controls.

I further certify that the financial information provided to the auditor in connection with the audit is, to the best of my knowledge, accurate and that such information, to the best of my knowledge, fairly represents the financial condition and operational results of the authority for the year in question.

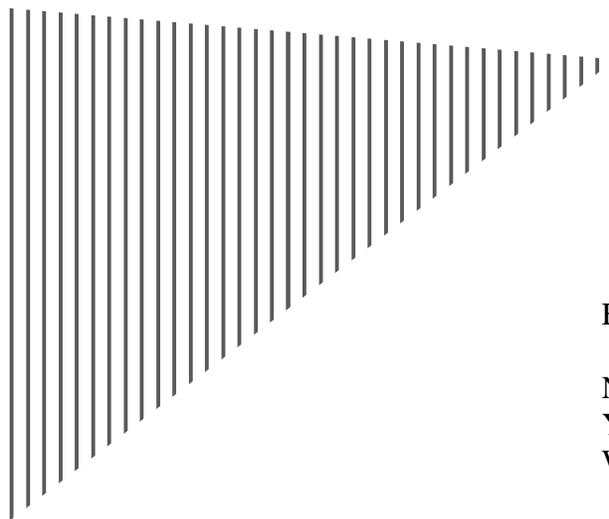


Michele A. Brown
Chief Executive Officer

I, Greg Ritz, certify that the financial information provided to the auditor in connection with the audit is, to the best of my knowledge, accurate and that such information, to the best of my knowledge, fairly represents the financial condition and operational results of the authority for the year in question.



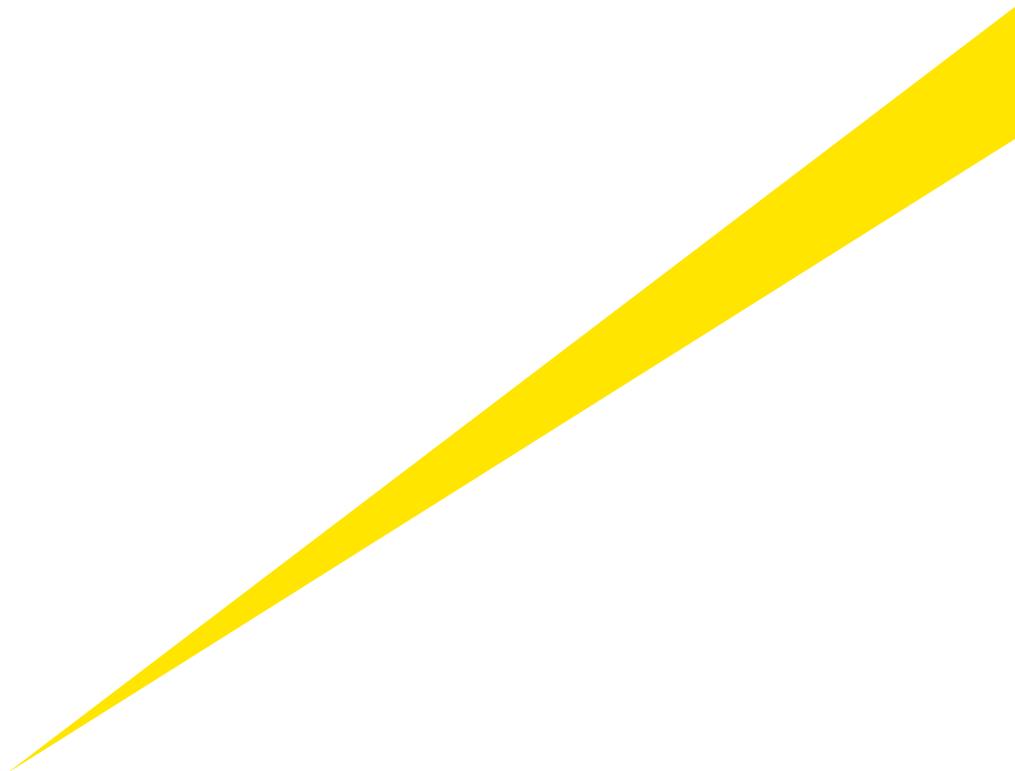
Greg Ritz, CPA
Chief Financial Officer



FINANCIAL STATEMENTS

New Jersey Economic Development Authority
Years Ended December 31, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP



New Jersey Economic Development Authority

Financial Statements

Years Ended December 31, 2012 and 2011

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Report of Independent Auditors

Management and Members of the Authority
New Jersey Economic Development Authority

Report on the Financial Statements

We have audited the accompanying basic financial statements of the New Jersey Economic Development Authority (the “Authority”), a component unit of the State of New Jersey, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2012 and 2011, and the respective changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that supplementary information, such as management's discussion and analysis and the schedule of funding progress of the postemployment healthcare plan as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst + Young LLP

March 18, 2013

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Management's Discussion and Analysis

Years Ended December 31, 2012 and 2011

This section of the New Jersey Economic Development Authority's ("Authority" or "NJEDA") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal years ended on December 31, 2012 and 2011. Please read it in conjunction with the Authority's financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business engaged in such activities as real estate development, investment banking, commercial lending, construction management and consultation. While detailed sub-fund information is not presented, separate accounts are maintained for each program or project to control and manage money for particular purposes or to demonstrate that the Authority is properly using specific appropriations, grants and bond proceeds.

2012 FINANCIAL HIGHLIGHTS

- The Authority's total net position decreased \$66.3 million (or 10.5%).
- Current liabilities increased \$12.0 million (or 55.1%).
- Bonds payable-gross decreased \$12.5 million (or 24.2%) due to scheduled debt service payments.
- Capital assets-net decreased \$10.3 million (or 10.2%) primarily due to the sale of MSNBC production equipment.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position. The following table summarizes the changes in Net Position for the years ended December 31, 2012, 2011 and 2010:

	2012	2011	2010	Current Year % increase/ (decrease)	Prior Year % increase/ (decrease)
Assets:					
Other assets	\$ 565,461,190	\$ 622,346,017	\$ 664,493,212	(9.1)%	(6.3)%
Capital assets, net	91,228,190	101,549,806	110,221,663	(10.2)%	(7.9)%
Total assets	<u>656,689,380</u>	<u>723,895,823</u>	<u>774,714,875</u>	(9.3)%	(6.6)%
Deferred outflows of resources:					
Accumulated decrease in fair value of hedging derivatives	1,880,110	2,171,742	1,433,898	(13.4)%	51.5%
Liabilities:					
Long-term debt	43,720,955	54,881,569	71,277,865	(20.3)%	(23.0)%
Other liabilities	51,050,559	41,076,055	45,406,406	24.3%	(9.5)%
Total liabilities	<u>94,771,514</u>	<u>95,957,624</u>	<u>116,684,271</u>	(1.2)%	(17.8)%
Net position:					
Invested in capital assets, net of related debt	51,382,500	55,803,672	53,969,928	(7.9)%	3.4%
Restricted	18,731,547	24,609,225	19,512,748	(23.9)%	26.1%
Unrestricted	493,683,929	549,697,044	585,981,826	(10.2)%	(6.2)%
Total net position	<u>\$ 563,797,976</u>	<u>\$ 630,109,941</u>	<u>\$ 659,464,502</u>	(10.5)%	(4.5)%

During 2012, the Authority's combined net position decreased \$66.3 million (or 10.5%) due to:

\$11.4 Million	Petroleum Underground Storage Tank ("PUST") grant award payments and loan disbursements
\$25.3 Million	Hazardous Discharge Site Remediation Fund ("HDSRF") disbursements
\$9.3 Million	Municipal Economic Recovery Initiative grant award payments
\$5.6 Million	School Loan Program repayments returned to the State
\$14.7 Million	Other Program Payments and Payments to/from the State

During 2011, the Authority's combined net position decreased \$29.4 million (or 4.5%) due to:

\$13.4 Million	Petroleum Underground Storage Tank ("PUST") grant award payments and loan disbursements
\$16.6 Million	Hazardous Discharge Site Remediation Fund ("HDSRF") disbursements
\$3.1 Million	Municipal Economic Recovery Initiative grant award payments
\$5.8 Million	School Loan Program repayments returned to the State
\$(0.9) Million	Business Assistance, Marketing and International Trade transferred from the State
\$(8.6) Million	Other Program Payments and Payments to/from the State

Operating Activities. The Authority charges financing fees that may include an application fee, commitment fee, closing fee and a document execution fee. The Authority also charges an agency fee for the administration of financial programs for various government agencies; a program service fee for the administration of Authority programs that are service-provider based, rather than based on the exchange of assets such as the commercial lending program; and a real estate development fee for real estate activities undertaken on behalf of governmental entities and commercial enterprises. Interest income on investments, notes and intergovernmental obligations is recognized as earned. Grant revenue is earned when the Authority has complied with the terms and conditions of the grant agreements. The Authority also earns income from operating leases and interest income on lease revenue from capital lease financings. Late fees are charged to borrowers delinquent in their monthly loan payments. All forms of revenue accrue to the benefit of the program for which the underlying source of funds are utilized. The Authority considers all activity, except for the sale of capital assets and interest earned from investments, to be operating activities.

The following table summarizes the changes in operating and nonoperating activities between fiscal year 2012 and 2011:

	2012	2011	2010	Current Year % increase/ (decrease)	Prior Year % increase/ (decrease)
Operating revenues:					
Financing fees	\$ 7,035,546	\$ 7,077,314	\$ 5,923,767	(0.6)%	19.5%
Interest income – intergovernmental	22,067	191,477	310,008	(88.5)%	(38.2)%
Interest income – notes	6,444,249	6,845,874	7,430,780	(5.9)%	(7.9)%
Lease revenue	11,465,256	11,736,286	12,239,351	(2.3)%	(4.1)%
Other	6,900,560	16,509,596	5,883,214	(58.2)%	180.6%
Total operating revenues	31,867,678	42,360,547	31,787,120	(24.8)%	33.3%
Operating expenses:					
Administrative expenses	21,765,333	20,989,516	22,726,721	3.7%	(7.6)%
Interest expense	1,804,370	2,219,726	2,233,997	(18.7)%	(0.6)%
Depreciation	7,657,530	8,113,426	8,509,698	(5.6)%	(4.7)%
Loss (recoveries) provisions – net	2,779,503	(208,045)	11,122,800	(1,436.0)%	(101.9)%
Other	7,318,040	6,804,374	7,002,423	7.5%	(2.8)%
Total operating expenses	41,324,776	37,918,997	51,595,639	9.0%	(26.5)%
Operating (loss) income	(9,457,098)	4,441,550	(19,808,519)	(312.9)%	(122.4)%
Nonoperating revenues and (expenses):					
Interest income – investments	3,287,599	4,644,020	6,566,194	(29.2)%	(29.3)%
State appropriations-net	186,440	30,811,634	51,754,616	(99.4)%	(40.5)%
Program payments	(66,532,002)	(76,161,126)	(83,402,118)	(12.6)%	(8.7)%
Federal appropriations	6,922,918	7,293,688	–	(5.1)%	100.0%
Other (expense) revenue	(719,822)	(384,327)	26,930	87.3%	(1,527.1)%
Total nonoperating, net	(56,854,867)	(33,796,111)	(25,054,378)	68.2%	34.9%
Change in net position	(66,311,965)	(29,354,561)	(44,862,897)	125.9%	(34.6)%
Beginning net position	630,109,941	659,464,502	704,327,399		
Ending net position	\$ 563,797,976	\$ 630,109,941	\$ 659,464,502		

Operating Revenues

During 2012, operating revenues were significantly down due to the fact that in 2011, the Authority received the first of three installments of grant income related to the State Small Business Credit Initiative (“SSBCI”). The second installment was not received during 2012 as the requirements per the allocation agreement have not yet been met.

In 2012, the Authority’s operating revenues were positively impacted by the following:

- Real Estate development and management fees increased by \$0.5 million from the State Police Barracks and Camden Aquarium projects.
- Venture Fund Distributions increased by \$0.5 million due to a distribution from Edison IV Venture Fund.

During 2011, the Authority’s operating revenues were positively impacted by the following:

- Financing fees increased by \$1.2 million, due to expanded program offerings.
- Program services revenue decreased by \$1.2 million.
- Agency Fees increased by \$1.9 million.
- Grant Revenue increased by \$10.2 million, due to receipt of the first tranche of the State Small Business Credit Initiative (“SSBCI”).

Operating Expenses

In 2012, total operating expenses increased by \$3.4 million and in 2011 decreased by \$13.7 million. In both years this fluctuation was mainly attributable to the loss provision that increased by \$3.0 million in 2012 and decreased by \$11.3 million in 2011. Additionally, through continued program efficiencies there was a minimal decrease in salaries and benefits expense and marketing expenses in 2011.

Nonoperating Expenses – net

In 2012 and 2011, nonoperating expenses – net, increased by \$23.1 million and \$8.7 million, respectively. This was due to a reduction in State appropriations of \$30.6 million and \$13.6 million; and offset by a reduction in program payments of \$9.6 million and \$7.2 million, respectively resulting from the administration of fewer appropriations.

Allowance for Credit Losses

The Authority has aligned its allowance policy to that practiced in the financial services industry. Allowances for doubtful notes and guarantee payments are determined in accordance with guidelines established by the Office of the Comptroller of the Currency. The Authority accounts

for its potential loss exposure through the use of risk ratings. These specifically assigned risk ratings are updated to account for changes in financial condition of the borrower or guarantor, delinquent payment history, loan covenant violations, and changing economic conditions.

The assigned risk rating classifications are consistent with the ratings used by the Office of the Comptroller of the Currency. Each risk rating is assigned a specific loss factor in accordance with the severity of the classification. Each month an analysis is prepared using the current loan balances, existing exposure on guarantees, and the assigned risk rating to determine the adequacy of the reserve. Any adjustments needed to adequately provide for potential credit losses (recoveries) are reported as a Loss Provision (Recovery).

The following table summarizes the Loan Allowance activity for the end of the period from December 31, 2010 through December 31, 2012:

December 31, 2010		
Allowance for loan losses	\$ 28,617,717	
Accrued guarantee losses	3,460,749	
Total allowance		\$ 32,078,466
2011 Provision for credit losses-net	(626,041)	
2011 Write-offs	(3,192,944)	(3,818,985)
December 31, 2011		
Allowance for loan losses	25,679,433	
Accrued guarantee losses	2,580,048	
Total allowance		28,259,481
2012 Provision for credit losses-net	1,140,840	
2012 Write-offs	(3,329,105)	(2,188,265)
December 31, 2012		
Allowance for loan losses	23,808,255	
Accrued guarantee losses	2,262,961	
Total allowance		<u>\$ 26,071,216</u>

The Authority's write-down and Loan Loss Reserve policies closely align with the reporting requirements of the banking industry. When management determines that the probability of collection is less than 50% of the remaining balance, it is the policy to assign a Loss rating to the account. For an account rated as Loss, a loss provision is recognized for the entire loan balance.

Loans are written-off against the Loss Allowance when it is determined that the probability of collection within the near term is remote. The recognition of a loss does not automatically release the borrower from the obligation to pay the debt. Should the borrower, guarantors, or collateral position improve in the future, any and all steps necessary to preserve the right to collect these obligations will be taken.

Aggregate gross loan and guarantee exposure at December 31, 2012, was \$192,075,430, of which \$175,137,652 or 91% is for loans and \$16,937,778 for issued loan guarantees.

Aggregate gross loan and guarantee exposure at December 31, 2011, was \$212,569,369, of which \$194,442,064 or 91% is for loans and \$18,127,305 for issued loan guarantees.

At December 31, 2012 the Authority maintained a Credit Loss Allowance of \$26,071,216 or 13.57% of total exposure to cover potential losses in the loan and guaranty portfolio. Total credit losses for the year ended December 31, 2012, were \$3,329,105 or 1.73% of the loan and guaranty exposure.

At December 31, 2011 the Authority maintained a Credit Loss Allowance of \$28,259,481 or 13.29% of total exposure to cover potential losses in the loan and guaranty portfolio. Total credit losses for the year ended December 31, 2011, were \$3,192,944 or 1.50% of the loan and guaranty exposure.

The 2012 Loss Provisions – Net, of \$2.8 million, are related to the following detailed information:

\$1,100,000	Loan and Guarantee Program activity
\$1,700,000	Authority's share in Venture Capital Funds and Capital Investments

The 2011 Loss Recoveries – Net, of \$(208) thousand, are related to the following detailed information:

\$(624,000)	Loan and Guarantee Program activity
\$301,000	Real Estate Program activity
\$115,000	Authority's share in Venture Capital Funds and Capital Investments

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Authority independently, or in cooperation with a private or governmental entity, acquires, invests in and/or develops vacant industrial sites, existing facilities, unimproved land, equipment and other real estate for private or governmental use. Sites developed and equipment purchased for private use are marketed or leased to businesses that will create new job opportunities and tax ratables for the municipalities. Sites are developed for governmental use for a fee and also may be leased to the State or State entities. For the majority of these leases, future minimum lease rental payments are equal to the debt service payments related to the bonds or notes issued for the applicable property.

The following table summarizes the change in other Capital Assets-Net between fiscal year 2012 and 2011:

	2012	2011	2010	Current Year % increase/ (decrease)	Prior Year % increase/ (decrease)
Land	\$ 23,382,313	\$ 23,397,313	\$ 23,435,478	(0.1)%	(0.2)%
Total nondepreciable capital assets	23,382,313	23,397,313	23,435,478		
Building	97,364,839	97,364,839	97,364,839	0.0%	0.0%
Leasehold improvements	36,859,763	36,859,763	36,859,763	0.0%	0.0%
Equipment	2,230,807	15,298,322	17,503,229	(85.4)%	(12.6)%
Total depreciable capital assets	136,455,409	149,522,924	151,727,831		
Less accumulated depreciation	(68,609,532)	(71,370,431)	(64,941,646)	(3.9)%	9.9%
Capital assets-net	\$ 91,228,190	\$ 101,549,806	\$ 110,221,663	(10.2)%	(7.9)%

The purchase and sale of production equipment to MSNBC fluctuates each year. More detailed information about the Authority's capital assets is presented in the Notes to the financial statements.

Capital Debt. At year end, the Authority had \$50,540,690 of gross bond and note principal outstanding; a net decrease of 20.3%, due to the paydown of scheduled debt. More detailed information about the Authority's capital debt is presented in the Notes to the financial statements.

The following table summarizes the changes in capital debt between fiscal year 2012 and 2011:

	2012	2011	2010	Current Year % increase/ (decrease)	Prior Year % increase/ (decrease)
Bonds payable – gross	\$ 39,290,000	\$ 51,800,000	\$ 61,190,000	(24.2)%	(15.3)%
Notes payable	11,250,690	11,586,135	18,691,736	(2.9)%	(38.0)%
Total bonds and notes payable	\$ 50,540,690	\$ 63,386,135	\$ 79,881,736	(20.3)%	(20.7)%

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide New Jersey citizens, and our customers, clients, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the appropriations and grants that it receives. If you have questions about this report or need additional information, contact Customer Care at (609) 858-6700, CustomerCare@njeda.com, NJEDA, P.O. Box 990, Trenton, NJ 08625-0990, or visit our web site at: www.njeda.com.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Net Position

	December 31	
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents – restricted	\$ 75,315,327	\$ 79,907,592
Cash and cash equivalents – unrestricted	18,899,419	11,540,288
Investments	75,632,554	89,073,954
Receivables:		
Notes	53,369,879	24,482,358
Accrued interest on notes	445,544	548,033
Accrued interest on investments	773,872	1,067,281
Intergovernmental	693,058	620,833
Leases	100,000	100,000
Other receivables	36,188,335	20,627,200
Total receivables	91,570,688	47,445,705
Prepays and deferred costs	384,214	1,107,788
Total current assets	261,802,202	229,075,327
Noncurrent assets		
Investments – restricted	6,253,401	6,163,017
Investments – unrestricted	162,165,828	203,412,148
Capital investments – unrestricted	26,222,769	27,880,943
Receivables:		
Notes	121,767,773	158,711,704
Notes-restricted	–	11,248,002
Accrued interest on notes	4,074,809	3,831,486
Unamortized discount	(25,355)	(25,784)
Total notes receivables	125,817,227	173,765,408
Allowance for doubtful notes and guarantees	(23,808,255)	(25,679,433)
Net notes receivable	102,008,972	148,085,975
Intergovernmental restricted	241,668	934,726
Unamortized discount	–	(22,067)
Net intergovernmental receivables	241,668	912,659
Leases – restricted	7,648,102	7,748,102
Unamortized discount	(952,110)	(1,071,124)
Net leases receivable	6,695,992	6,676,978
Total receivables	108,946,632	155,675,612
Prepays and deferred costs	70,358	138,970
Nondepreciable capital assets	23,382,313	23,397,313
Depreciable capital assets, net	67,845,877	78,152,493
Total capital assets, net	91,228,190	101,549,806
Total noncurrent assets	394,887,178	494,820,496
Total assets	656,689,380	723,895,823
Deferred outflows of resources		
Accumulated decrease in the fair value of hedging derivatives	1,880,110	2,171,742

New Jersey Economic Development Authority
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Statements of Net Position (continued)

	December 31	
	2012	2011
Liabilities		
Current liabilities:		
Accrued liabilities	\$ 23,024,026	\$ 7,110,816
Unearned lease revenues	1,488,088	1,228,423
Deposits	2,098,695	4,267,100
Bonds payable	6,525,000	8,510,000
Notes payable	331,830	128,685
Accrued interest payable	266,751	505,384
Total current liabilities	33,734,390	21,750,408
Noncurrent liabilities		
Bonds payable – net	32,802,095	43,424,119
Notes payable	10,918,860	11,457,450
Unearned lease revenues	13,173,098	14,226,947
Accrued guarantee losses	2,262,961	2,580,047
Derivative instrument – interest rate swap	1,880,110	2,171,742
Other	–	346,911
Total noncurrent liabilities	61,037,124	74,207,216
Total liabilities	94,771,514	95,957,624
Net position		
Invested in capital assets, net of related debt	51,382,500	55,803,672
Restricted by State laws and agreements	18,731,547	24,609,225
Unrestricted	493,683,929	549,697,044
Total net position	\$ 563,797,976	\$ 630,109,941

See accompanying notes.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Revenues, Expenses and Changes in Net Position

	Years Ended December 31	
	2012	2011
Operating revenues		
Financing fees	\$ 7,035,546	\$ 7,077,314
Interest income – intergovernmental obligations	22,067	191,477
Interest income – notes	6,444,249	6,845,874
Total interest income	6,466,316	7,037,351
Financing lease revenue	119,014	109,505
Operating lease revenue	11,346,242	11,626,781
Agency fees	3,090,367	3,158,484
Program services	885,676	815,679
Real estate development	883,788	361,814
Grant revenue	–	11,366,430
Other	2,040,729	807,189
Total other revenues	18,365,816	28,245,882
Total operating revenue	31,867,678	42,360,547
Operating expenses		
Salaries and benefits	18,590,944	17,823,559
General and administrative	3,174,389	3,165,957
Interest	1,804,370	2,219,726
Program costs	7,318,040	6,804,374
Depreciation	7,657,530	8,113,426
Loss provisions (recoveries)-net	2,779,503	(208,045)
Total operating expenses	41,324,776	37,918,997
Operating (loss) income	(9,457,098)	4,441,550
Nonoperating revenues and expenses		
Interest income – investments	3,287,599	4,644,020
Unrealized loss in investment securities	(719,822)	(256,254)
Loss on sale of assets – net	–	(128,073)
State appropriations – net	186,440	30,811,634
Federal appropriations	6,922,918	7,293,688
Program payments	(66,532,002)	(76,161,126)
Nonoperating expenses – net	(56,854,867)	(33,796,111)
Change in net position	(66,311,965)	(29,354,561)
Net position – beginning of year	630,109,941	659,464,502
Net position – end of year	\$ 563,797,976	\$ 630,109,941

See accompanying notes.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Cash Flows

	Years Ended December 31	
	2012	2011
Cash flows from operating activities		
Cash receipts from financing fees	\$ 7,779,092	\$ 6,343,563
Interest from notes	7,704,789	8,196,140
Lease rents	10,597,042	10,702,023
Agency fees	2,970,481	2,970,984
Program services	1,965,007	1,343,440
Grants	–	12,554,947
Distributions	188,240	–
Real estate development	646,676	251,015
General and administrative expenses paid	(21,328,581)	(20,978,785)
Program costs paid	(6,466,310)	(6,285,800)
Collection of notes receivable	35,188,127	31,324,927
Loans disbursed	(18,345,595)	(10,816,588)
Deposits received	20,971,602	3,249,197
Deposits released	(23,203,566)	(2,538,487)
Net cash provided by operating activities	<u>18,667,004</u>	<u>36,316,576</u>
Cash flows from noncapital financing activities		
Program funding received	620,833	902,113
Redemption and refunding of bonds	(11,545,000)	(8,490,000)
Interest paid on revenue bonds	(1,638,618)	(2,256,609)
Obligations paid	(346,911)	(346,911)
Issuance and servicing costs paid	(542,424)	(556,055)
Appropriations received	228,643,613	189,367,715
Payments to State of New Jersey	(5,643,666)	(6,065,844)
Program payments	(282,271,563)	(235,769,696)
Net cash used in noncapital financing activities	<u>(72,723,736)</u>	<u>(63,215,287)</u>
Cash flows from capital and related financing activities		
Payment of bonds and notes	(2,265,444)	(8,905,601)
Interest paid on bonds and notes	(1,815,206)	(2,127,164)
Purchase of capital assets	–	(709,699)
Sale of capital assets	2,663,610	530,765
Net cash used in capital and related financing activities	<u>(1,417,040)</u>	<u>(11,211,699)</u>
Cash flows from investing activities		
Interest from investments	3,580,214	5,003,651
Return on capital investments	782,116	(358,185)
Purchase of investments	(47,915,390)	(93,064,615)
Proceeds from sales and maturities of investments	101,793,698	60,350,226
Net cash provided by (used in) investing activities	<u>58,240,638</u>	<u>(28,068,923)</u>
Net increase (decrease) in cash and cash equivalents	2,766,866	(66,179,333)
Cash and cash equivalents – beginning of year	91,447,880	157,627,213
Cash and cash equivalents – end of year	<u>\$ 94,214,746</u>	<u>\$ 91,447,880</u>

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Cash Flows (continued)

	Years Ended December 31	
	2012	2011
Reconciliation of operating (loss) income to net cash provided by operating activities		
Operating (loss) income	\$ (9,457,098)	\$ 4,441,550
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Loss provisions (recoveries)-net	2,779,503	(208,045)
Depreciation	7,657,530	8,113,426
Amortization of discounts, premiums, deferred loss	(238,534)	(159,750)
Cash provided by nonoperating activities	1,425,019	6,598,767
Change in assets and liabilities:		
Notes receivables	19,304,412	20,348,697
Accrued interest receivables-notes	152,575	10,965
Lease payment receivables	100,000	(41,233)
Other receivables	(15,561,135)	888,270
Prepays and deferred costs	792,186	(94,277)
Notes payables	(335,445)	(900,000)
Accrued liabilities	15,913,210	(402,779)
Unearned lease revenues	(794,184)	(1,195,320)
Accrued interest payables	(238,633)	(665,111)
Deposits	(2,168,405)	809,030
Accrued guarantee losses	(317,086)	(880,702)
Other liabilities	(346,911)	(346,912)
Net cash provided by operating activities	\$ 18,667,004	\$ 36,316,576
Noncash investing activities		
Unrealized loss in investment securities	\$ (719,821)	\$ (256,254)

See accompanying notes.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Notes to Financial Statements

December 31, 2012 and 2011

Note 1: Nature of the Authority

The New Jersey Economic Development Authority (“Authority”) is a public body corporate and politic, constituting an instrumentality and component unit of the State of New Jersey (“State”). The Authority was established by Chapter 80, P.L. 1974 (“Act”) on August 7, 1974, as amended and supplemented, primarily to provide financial assistance to companies for the purpose of maintaining and expanding employment opportunities in the State and increasing tax rates in underserved communities. The Act prohibits the Authority from obligating the credit of the State in any manner.

The Authority primarily offers the following products and services:

(a) Bond Financing

The Authority issues tax-exempt private activity bonds and taxable bonds. The proceeds from these single issue or composite series bonds are used to provide long-term, below-market interest loans to eligible entities, which include certain 501(c)(3) nonprofit organizations, manufacturers, exempt public facilities, solid waste facilities, and local, county, and State governmental agencies for real estate acquisition, equipment, machinery, building construction and renovations. All such bonds are special conduit debt obligations of the Authority, are payable solely from the revenues pledged with respect to the issue, and do not constitute an obligation against the general credit of the Authority.

(b) Loans/Guarantees/Investments and Tax Incentives

The Authority directly provides loans, loan participations, loan guarantees and line of credit guarantees to for-profit and not-for-profit enterprises for various purposes to include: the acquisition of fixed assets; building construction and renovation; financing for working capital; technological development; and infrastructure improvements. The Authority also may provide financial assistance in the form of convertible debt, and take an equity position in technology and life sciences companies through warrant options. In addition to lending and investing its own financial resources, the Authority also administers several business growth programs supported through State appropriation/allocation, including the technology business tax certificate transfer program, tax credits for film industry and digital media projects, job creation and retention incentive grants and tax credits, tax credits for capital investment in urban areas, and

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 1: Nature of the Authority (continued)

reimbursement grants based on incremental revenues generated by redevelopment projects. Other state mandated programs include loans/grants to support hazardous discharge site remediation and petroleum underground storage tank remediation.

(c) Real Estate Development

The Authority independently, or in cooperation with a private or another governmental entity, acquires, invests in and/or develops vacant industrial sites, existing facilities, unimproved land, equipment and other real estate for private or governmental use. Sites developed and equipment purchased for private use are marketed or leased to businesses that will create new job opportunities and tax ratables for municipalities. Sites are developed for governmental use for a fee and also may be leased to the State or State entities.

Component Units

Pursuant to Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements include the accounts of the Authority and the Camden County Urban Renewal Limited Partnership (“CCURLP”), a blended component unit. CCURLP is a real estate joint venture which provides services for the exclusive benefit of the Authority. All intercompany transactions and balances are eliminated.

The Authority’s financial statements do not include the accounts of the New Jersey Community Development Entity (“NJCDE”), a component unit. NJCDE is a separate legal entity whose primary mission is to provide investment capital for low-income communities, on behalf of the Authority, through the allocation of federal New Markets Tax Credits. The Authority does not deem the operations of the NJCDE to be significant to the operations of the Authority. As of December 31, 2012 and 2011, total NJCDE assets were \$3,224,757 and \$3,501,141, respectively.

Related Party Transactions

The Authority has contracted with several other state entities to administer certain loan programs on their behalf for a fee. In order for the Authority to effectively administer the programs, the Authority has custody of the cash accounts for each program. The cash in these accounts, however, is not an asset of the Authority and, accordingly, the balances in these accounts have

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 1: Nature of the Authority (continued)

not been included in the Authority's statements of net position. The cash balances total \$97,316,338 and \$73,824,686 at December 31, 2012 and 2011, respectively. The following is a summary of the programs that the Authority manages on behalf of other state entities:

Department/Board	Program	2012	2011
Treasury	Local Development Financing Fund	\$ 31,809,949	\$ 26,530,467
Board of Public Utilities	BPU Clean Energy Program	65,506,389	47,294,219

Note 2: Summary of Significant Accounting Policies

(a) Basis of Accounting and Presentation

The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. While detailed sub-fund information is not presented, separate accounts are maintained for each program and include certain funds that are legally designated as to use. Administrative expenses are allocated to the various programs.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB").

(b) Revenue Recognition

The Authority charges various program financing fees that may include an application fee, commitment fee, closing fee, annual servicing fee and a document execution fee. The Authority also charges a fee for the administration of financial programs for various government agencies and for certain real estate development and management activities. Fees are recognized when earned. Grant revenue is recognized when the Authority has complied with the terms and conditions of the grant agreements. The Authority recognizes interest income on intergovernmental obligations and lease revenue by amortizing the discount over the life of the related agreement. Operating lease revenue is recognized pursuant to the terms of the lease.

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Notes to Financial Statements (continued)

Note 2: Summary of Significant Accounting Policies (continued)

When available, it is the Authority's policy to first use restricted resources for completion of specific projects.

(c) Cash Equivalents

Cash equivalents are highly liquid debt instruments with original maturities of three months or less and units of participation in the State of New Jersey Cash Management Fund ("NJCMF"). The NJCMF is managed by the State's Division of Investment under the Department of the Treasury. All investments must fall within the guidelines set forth by the Regulations of the State Investment Council. The Division of Investment is permitted to invest in a variety of securities to include obligations of the U.S. Government and certain of its agencies, certificates of deposit, commercial paper, repurchase agreements, bankers' acceptances and loan participation notes. Investment guidelines provide that all investments in the NJCMF should mature or are to be redeemed within one year, except that up to 25% of the NJCMF may be invested in eligible securities which mature within 25 months; provided, however, that the average maturity of all investments in the NJCMF shall not exceed one year. Cash equivalents are stated at fair value.

(d) Investments

All investments, except for investment agreements, are stated at fair value. The Authority also invests in various types of joint ventures and uses the cost method to record such investments, as the Authority lacks the ability to exercise significant control in the ventures. Under the cost method, the Authority records the investment at its historical cost and recognizes as income dividends received from net earnings of the Fund. Dividends received in excess of earnings are considered a return of investment and reduce the cost basis.

The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

(e) Amortization of Discounts and Premiums

The Authority uses the bonds outstanding method as it relates to the discounting of bonds.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 2: Summary of Significant Accounting Policies (continued)

(f) Guarantees Receivable

Payments made by the Authority under its various guarantee programs are reported as Guarantees Receivable. These receivables are expected to be recovered either from the lender, as the lender continues to service the loan, or from the liquidation of the underlying collateral. Recoveries increase Worth (see Note 10).

(g) Allowance for Doubtful Notes and Accrued Guarantee Losses

Allowances for doubtful notes and accrued guarantee losses are determined in accordance with guidelines established by the Office of Comptroller of Currency. These guidelines include classifications based on routine portfolio reviews of various factors that impact collectability.

(h) Operating and Non-Operating Revenues and Expenses

The Authority defines operating revenues and expenses as relating to activities resulting from providing bond financing, direct lending, incentives, and real estate development to commercial businesses, certain not-for-profit entities, and to local, county and State governmental entities. Non-operating revenues and expenses include income earned on the investment of funds, proceeds from the sale of certain assets, State appropriations and program payments.

(i) Taxes

The Authority is exempt from all Federal and State income taxes and real estate taxes.

(j) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 2: Summary of Significant Accounting Policies (continued)

(k) Capitalization Policy

Unless material, it is the Authority's policy to expense all expenditures of an administrative nature. Administrative expenditures typically include expenses directly incurred to support staff operations, such as automobiles, information technology hardware and software, office furniture, and equipment.

With the exception of immaterial tenant fit-out costs of retail space that is sublet from the State of New Jersey, the Authority capitalizes all expenditures related to the acquisition of land, construction and renovation of buildings, and procurement of certain production equipment intended for sale or lease to its clients.

(l) Depreciation Policy

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the following estimated economic useful lives of the assets:

Building	20 years
Building improvements	20 years
Leasehold improvements	Term of the lease
Tenant fit-out	Term of the lease
Production equipment	4 to 15 years
Vehicles	Expensed
Furniture and equipment	Expensed

(m) Reclassifications

Certain fiscal year 2011 balances have been reclassified in order to conform to the current year presentation.

(n) Recent Accounting Standards

In June 2011, GASB issued Statement No. 64, *Derivative Instruments; Application of Hedge Accounting Termination Provisions* ("GASB 64"). The objective of this Statement is to clarify GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as it

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Notes to Financial Statements (continued)

Note 2: Summary of Significant Accounting Policies (continued)

applies to termination provisions when a counterparty of an interest rate or commodity swap is replaced. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. The Authority does not have significant interest rate or commodity swaps; therefore the implementation of GASB 64 did not have an impact on its financial statements.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB 65”). The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Authority has not completed the process of evaluating the impact that will result from adopting GASB 65.

In March 2012, GASB issued Statement No. 66, *Technical Corrections–2012* (“GASB 66”). The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements–Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre – November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Authority does not anticipate the implementation of GASB 66 will have an impact on its financial statements.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* (“GASB 67”). The objective of this Statement is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. GASB 67 will not have an impact on the Authority.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”). The objective of this Statement is to improve the information provided in government financial reports about pension related financial support provided by certain

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Notes to Financial Statements (continued)

Note 2: Summary of Significant Accounting Policies (continued)

nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Authority has not completed the process of evaluating the impact of GASB 68 on its financial statements.

Note 3: Deposits and Investments

(a) Cash and Cash Equivalents

Operating cash is held in the form of Negotiable Order of Withdrawal (“NOW”) accounts, money market accounts, and certificates of deposit. At December 31, 2012, the Authority’s bank balance was \$46,905,512. Of the bank balance, \$1,000,000 was insured with Federal Deposit Insurance.

Pursuant to GASB Statement No. 40 “Deposit and Investment Risk Disclosures” (“GASB 40”), the Authority’s NOW accounts, as well as money market accounts and certificates of deposit, are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Authority would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uninsured, uncollateralized (securities are not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the government’s (NJEDA) name. At December 31, 2012 and 2011, all of the Authority’s deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk.

Cash deposits at December 31, 2012 and 2011 were as follows:

Deposit Type	2012	2011
NOW Accounts	\$ 24,852,179	\$ 23,520,732
Money Market Accounts	9,152,175	10,139,803
Certificates of Deposit	6,253,402	6,163,017
Total deposits	\$ 40,257,756	\$ 39,823,552

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 3: Deposits and Investments (continued)

(b) Investments

Pursuant to the Act, the funds of the Authority may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the Authority may approve. Accordingly, the Authority directly purchases permitted securities and enters into interest-earning investment contracts.

As of December 31, 2012 the Authority's total investments, excluding capital investments, amounted to \$237,798,382. The Authority's investment portfolio ("Portfolio") is comprised of short to medium term bonds and is managed by a financial institution, for the Authority, per a schedule of permitted investments. These investments include obligations guaranteed by the U.S. Government, Government Sponsored Enterprises, Money Market Funds, Corporate Debt rated at least AA-/Aa3 by Standard & Poors or Moody's, and Repurchase Agreements. The Portfolio is managed with the investment objectives of: preserving capital, maintaining liquidity, achieving superior yields, and providing consistent returns over time. In order to limit interest rate risk, investments are laddered, with maturities ranging from several months to a maximum of five years.

Investment of bond proceeds is made in accordance with the Authority's various bond resolutions. The bond resolutions generally permit the investment of funds held by the trustee in the following: (a) obligations of, or guaranteed by, the State or the U.S. Government; (b) repurchase agreements secured by obligations noted in (a) above; (c) interest-bearing deposits, in any bank or trust company, insured or secured by a pledge of obligations noted in (a) above; (d) NJCMF; (e) shares of an open-end diversified investment company which invests in obligations with maturities of less than one year of, or guaranteed by, the U.S. Government or Government Agencies; and (f) non-participating guaranteed investment contracts.

In order to maintain adequate liquidity, significant Authority funds are invested in the NJCMF, which typically earns returns that mirror short term interest rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At December 31, 2012 and 2011 the Authority's balance in the NJCMF is \$57,867,127 and \$46,931,353, respectively.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 3: Deposits and Investments (continued)

(c) Special Purpose Investments

Pursuant to the Authority's mission, from time to time, in order to expand employment opportunities in the State and to spur economic development opportunities, the Authority, with the authorization of the Board, will make special purpose investments. These special purpose investments include the following:

The Authority is the managing member of the Technology Centre of New Jersey, L.L.C., a real estate joint venture formed in 1999 to spur the growth of high tech industries in the State. The Centre is situated on a 50 acre site and comprised of infrastructure improvements and buildings. As the managing member, the Authority earns an administrative fee based on 5% of gross rents received from the operation of the Centre. At December 31, 2012 and 2011, the value of the Authority's investment in the Centre is \$14,320,012 and \$14,379,488, respectively. On behalf of the venture, the Authority prepares an annual report, a copy of which may be obtained by contacting the Authority.

The Authority is also a limited partner in various venture funds formed with the primary purpose of providing venture capital to exceptionally talented entrepreneurs dedicated to the application of proprietary technologies or unique services in emerging markets and whose companies are in the expansion stage. At December 31, 2012 and 2011, the aggregate value of the Authority's investment in these funds is \$11,652,756 and \$13,251,455, respectively. As a limited partner, the Authority receives financial reports from the managing partner of the funds, copies of which may be obtained by contacting the Authority.

At December 31, 2012 and 2011, the Authority held other equity investments of \$250,000. The investments are held in the form of stock. Value is based on analysis of companies' prospects in conjunction with valuations of comparable companies.

Custodial Credit Risk

Pursuant to GASB 40, the Authority's investments are profiled to determine if they are exposed to Custodial Credit Risk. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government (NJEDA), and are held by either: the counterparty (institution that pledges collateral to government or that buys/sells investments for government) or the counterparty's trust department or agent but not in the name

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 3: Deposits and Investments (continued)

of the government. Investment pools such as the NJCMF and open ended mutual funds including Mutual Bond Funds are deemed not to have custodial credit risk. As of December 31, 2012, no investments are subject to custodial credit risk as securities in the Portfolio are held in the name of the Authority.

Concentration of Credit Risk

The Authority limits investments in certain issuers. No more than 5% of the Authority funds may be invested in individual corporate and municipal issuers; and no more than 30% in individual U.S. Government Agencies. At December 31, 2012 more than 5 percent of the Authority's investments are in: Federal Home Loan Bank ("FHLB"), Federal Home Loan Mortgage Corp ("FHLMC"), and Federal National Mortgage Association ("FNMA"). These investments are 6.04% (\$19,945,662), 11.45% (\$37,822,216), and 19.89% (\$65,680,224), respectively, of the Authority's total investments. These three investments are included in the U.S. Government Agency category of investments. Investments issued by or guaranteed by the U.S. Government, mutual fund investments, and pooled investments are exempt from this requirement.

Credit Risk

The Authority does not have an investment policy regarding the management of Credit Risk, as outlined above. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. All investments in mutual bond funds and U.S. Agencies are rated Aaa by Moody's and AA+ by Standard & Poors ("S&P"). Corporate bonds were rated AAA (\$5,892,997), AA/AA+/AA- (\$44,581,658), and A+ (3,092,820) by S&P. Municipal bonds are rated AA or AAA by S&P. The NJCMF is not rated.

Interest Rate Risk

The Authority does not have a policy to limit interest rate risk, however, its practice is to hold investments to maturity.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 3: Deposits and Investments (continued)

As of December 31, 2012 and 2011, the Authority had the following investments and maturities:

Investment Type	December 31, 2012			Fair Value as of December 31, 2011
	Fair Value	Investments Less than 1 Year	Maturities 1-5 Years	
Debt Securities:				
U.S. Treasuries	\$ 45,014,201	\$ 20,065,620	\$ 24,948,581	\$ 75,435,370
U.S. Agencies	135,063,768	45,992,865	89,070,903	162,749,426
Corporate Bonds	53,567,475	9,018,154	44,549,321	40,149,011
Commercial Paper	-	-	-	9,999,360
Municipal Bonds	4,152,938	555,915	3,597,023	4,152,935
Mutual Bond Funds	2,130,451	2,130,451	-	10,855,992
Certificates of Deposit	6,253,402	-	6,253,402	6,163,017
NJ Cash Management Fund	57,867,127	57,867,127	-	46,931,353
Subtotal, total debt securities	304,049,362	135,630,132	168,419,230	356,436,464
Special purpose investments:				
Investment in Technology Centre Joint Venture	14,320,012	-	14,320,012	14,379,488
Venture Fund Investments	11,652,756	-	11,652,756	13,251,455
Other Equity Investments	250,000	-	250,000	250,000
Subtotal	330,272,130	135,630,132	194,641,998	384,317,407
Less amounts reported as cash equivalents	(59,997,578)	(59,997,578)	-	(57,787,345)
Total investments	\$ 270,274,552	\$ 75,632,554	\$ 194,641,998	\$ 326,530,062

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 4: Notes Receivable

Notes receivable consist of the following:

	December 31,	
	2012	2011
Economic Development Fund (“EDF”) loan program; interest ranging up to 6.75%; maximum term 15 years	\$ 38,872,075	\$ 38,664,995
Economic Recovery Fund (“ERF”) loan and guarantee programs; interest ranging up to 6.75%; maximum term of 8 years	118,857,774	125,372,879
Hazardous Discharge Site Remediation (“HDSR”) loan program; interest ranging up to 5.5%; maximum term of 6 years	3,076,235	4,878,044
Public School Facilities (“PSF”) loan program; interest ranging from 1.5% to 5.288%; maximum term of 1 year	11,250,149	22,295,032
Municipal Economic Recovery Initiative (“MERI”) loan program; interest ranging up to 3%; maximum term of 18 years	3,081,419	3,231,114
	\$ 175,137,652	\$ 194,442,064

Aggregate Notes Receivable activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Loan Disbursements	Loan Receipts	Write-offs, Adjustments, Restructures-Net	Ending Balance	Amounts Due Within One Year
EDF/ERF	\$ 164,037,874	\$ 18,236,729	\$ (21,117,483)	\$ (3,427,271)	\$ 157,729,849	\$ 41,600,020
HDSR	4,878,044	108,866	(1,911,065)	390	3,076,235	398,226
PSF	22,295,032	-	(11,044,883)	-	11,250,149	11,250,149
MERI	3,231,114	-	(149,695)	-	3,081,419	121,484
	\$ 194,442,064	\$ 18,345,595	\$ (34,223,126)	\$ (3,426,881)	\$ 175,137,652	\$ 53,369,879

Of the amount’s due within one year, as noted above, \$11,250,149 related to the Public School Facilities Program (“PSF”) is categorized as restricted since it cannot be used to pay other current liabilities.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 5: Intergovernmental Receivable

The Authority has an agreement with the Port Authority of New York New Jersey (“Port Authority”) relating to the issuance of Bonds. Pursuant to the terms of the agreement, the debt service on these bonds is payable solely from scheduled amounts receivable.

The Series 1996 Port Authority bonds are secured solely by loan payments originally scheduled to be made to the Port Authority by various utilities authorities. The Port Authority has assigned the right to receive such loan payments to the Authority.

At December 31, 2012 and 2011, Intergovernmental Receivable is comprised of the following:

	2012	2011
NJ Port Authority District Utilities Authorities	\$ 934,726	\$ 1,555,559
Unamortized discount	-	(22,067)
Total Net Intergovernmental Receivable	<u>\$ 934,726</u>	<u>\$ 1,533,492</u>

Aggregate gross receipts from the intergovernmental receivable due through 2015 is as follows:

2013	\$ 693,058
2014	120,833
2015	120,835
	<u>\$ 934,726</u>

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 5: Intergovernmental Receivables (continued)

Intergovernmental Receivable activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Reductions	Ending Balance	Amount Receivable Within One Year
Gross receivable	\$ 1,555,559	\$ (620,833)	\$ 934,726	\$ 693,058
Discount	(22,067)	22,067	-	
Net receivable	\$ 1,533,492	\$ (598,766)	\$ 934,726	

Note 6: Leases

(a) Leases Receivable

The Authority has a financing lease relating to the issuance of Bonds and Notes Payable. Bond and Note proceeds finance specific projects. The financing lease provides for basic rental payments, by the tenant to the Authority, in an amount at least equal to the amount of debt service on the Bonds and Notes. In the event of default by the tenant to make rental payments, the Authority generally has recourse, including, but not limited to, taking possession and selling or subletting the leased premises and property.

The outstanding lease is as follows:

Lease Description	2012	2011
NY Daily News, through 1/23/21	\$ 7,748,102	\$ 7,848,102
Unamortized discount	(952,110)	(1,071,124)
Aggregate lease payments receivable – net	\$ 6,795,992	\$ 6,776,978

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 6: Leases (continued)

Aggregate gross lease receipts due through 2017 and thereafter are as follows:

2013	\$ 100,000
2014	100,000
2015	100,000
2016	100,000
2017	100,000
2018-2021	7,248,102
	\$ 7,748,102

Lease payments receivable activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Reductions	Ending Balance	Amount Receivable Within One Year
Gross receivable	\$ 7,848,102	\$ (100,000)	\$ 7,748,102	\$ 100,000
Discount	(1,071,124)	119,014	(952,110)	
Net receivable	\$ 6,776,978	\$ 19,014	\$ 6,795,992	

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 6: Leases (continued)

(b) Operating Leases

(i) Authority as Lessor

At December 31, 2012, capital assets with a gross carrying value of \$145,119,868 and accumulated depreciation of \$62,429,784 are leased to commercial enterprises. These leases generally provide the tenant with renewal and purchase options. Aggregate minimum lease receipts are expected as follows:

2013	\$ 8,362,258
2014	7,553,896
2015	7,552,150
2016	7,010,516
2017	5,903,242
2018-2022	7,516,341
2023-2026	3,688,467
	<u>\$ 47,586,870</u>

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 6: Leases (continued)

(ii) Authority as Lessee

The Authority leases commercial property, buildings, and office space. The leased premises are either sublet to commercial enterprises or utilized by Authority staff. Aggregate rental expense for the current year on commercial property amounted to \$700,555; and for property used by the Authority, rental expense amounted to \$194,592. Aggregate future lease obligations are as follows:

2013	\$ 887,919
2014	701,388
2015	734,169
2016	744,329
2017	605,329
2018-2022	2,321,056
2023-2027	1,681,547
2028-2032	1,277,000
2033-2037	1,232,580
2038-2042	646,300
2043-2047	704,470
2048-2052	743,250
2053-2057	297,300
	<u>\$ 12,576,637</u>

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 7: Capital Assets

Capital asset activity for the years ended December 31, 2012 and 2011 was as follows:

	December 31, 2011	Additions	Reductions	Reduction to Reserve	December 31, 2012
Capital assets not being depreciated:					
Land	\$ 23,397,313	\$ -	\$ (15,000)	\$ -	\$ 23,382,313
Capital assets being depreciated:					
Buildings	97,364,839	-	-	-	97,364,839
Leasehold improvements	36,859,763	-	-	-	36,859,763
Production equipment	15,298,322	-	(13,444,970)	377,455	2,230,807
Capital assets – gross	172,920,237	-	(13,459,970)	377,455	159,837,722
Less: accumulated depreciation	71,370,431	7,657,530	(10,418,429)	-	68,609,532
Capital assets – net	\$ 101,549,806	\$ (7,657,530)	\$ (3,041,541)	\$ 377,455	\$ 91,228,190

	December 31, 2010	Additions	Reductions	Reduction to Reserve	December 31, 2011
Capital assets not being depreciated:					
Land	\$ 23,435,478	\$ 348,799	\$ (386,964)	\$ -	\$ 23,397,313
Capital assets being depreciated:					
Buildings	97,364,839	-	-	-	97,364,839
Leasehold improvements	36,859,763	-	-	-	36,859,763
Production equipment	17,503,229	-	(2,246,189)	41,282	15,298,322
Capital assets – gross	175,163,309	348,799	(2,633,153)	41,282	172,920,237
Less: accumulated depreciation	64,941,646	8,113,426	(1,684,641)	-	71,370,431
Capital assets – net	\$ 110,221,663	\$ (7,764,627)	\$ (948,512)	\$ 41,282	\$ 101,549,806

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 7: Capital Assets (continued)

In 2012, the Authority continued to sell certain production equipment to a television network. The equipment has been leased to the network as part of an existing structured financing arrangement.

In 2012, the Authority negotiated and agreed to sell a parcel of land in Logan Township, New Jersey, at a price of \$165,000. The property was appraised at \$180,000, and was obtained several years earlier as collateral on a previous financing. Closing on the property will occur upon purchaser's completion of due diligence and satisfaction of all contingencies and compliance requirements. In the interim, the Authority wrote down said parcel to coincide with the agreed upon sale price.

Note 8: Bonds Payable

The bonds reported in the following table have been issued in order to fund commercial loans, loans to school districts, commercial real estate development and capital construction. The bonds are secured by lease rental payments, loan repayments, and the underlying assets pledged pursuant to the bond resolutions. In the event of default by the tenant to make rental payments, the Authority generally has recourse, including, but not limited to, taking possession and selling or subletting the leased premises and property.

The Series 1996 Port Authority bonds are secured solely by loan payments originally scheduled to be made to the Port Authority by various utilities authorities. The Port Authority has assigned the right to receive such loan payments to the Authority.

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Notes to Financial Statements (continued)

Note 8: Bonds Payable (continued)

The outstanding issues are as follows:

	December 31,	
	2012	2011
\$46,815,000 NJEDA Revenue Bonds (Public Schools Small Project Loan Program), 2004 Series, interest rate of 5%; due 8/15/13. Series 1993 was refunded on 3/15/04.	\$ 4,695,000	\$ 9,205,000
\$43,000,000 Variable Rate Lease Revenue Bonds , 2003 Series A and B, (Camden Center Urban Renewal Limited Partnership Project); adjustable rate with maximum of 12% per annum, due annually through 3/15/18.	34,095,000	35,060,000
\$167,500,000 NJEDA Taxable Economic Development Bonds MSNBC/CNBC Project , 1997 Series A and B, adjustable rate with maximum of 15% per annum, due through 7/1/13.	500,000	5,100,000
\$18,355,000 NJEDA Taxable Revenue Bonds, North Jersey Port District Utilities Authorities Loan Securitization Program , Series 1996, interest rate of 7.25%; paid in full 2/15/12.	-	2,435,000
Subtotal	39,290,000	51,800,000
Unamortized premium	37,095	134,119
	\$ 39,327,095	\$ 51,934,119

At December 31, 2012, aggregate debt service requirements of bonds payable through 2017 and thereafter are as follows:

	Principal	Interest	Total
2013	\$ 6,525,000	\$ 1,646,048	\$ 8,171,048
2014	1,490,000	1,356,983	2,846,983
2015	1,570,000	1,296,638	2,866,638
2016	1,715,000	1,233,053	2,948,053
2017	1,840,000	1,163,595	3,003,595
2018-2022	26,150,000	272,269	26,422,269
	\$ 39,290,000	\$ 6,968,586	\$ 46,258,586

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Notes to Financial Statements (continued)

Note 8: Bonds Payable (continued)

Bonds payable activity for the years ended December 31, 2012 and 2011 was as follows:

	December 31, 2011	Additions	Reductions	December 31, 2012	Amounts Due Within One Year
Bonds payable – gross	\$ 51,800,000	\$ –	\$ (12,510,000)	\$ 39,290,000	\$ 6,525,000
Unamortized premium	134,119	–	(97,024)	37,095	
Total bonds payable – net	<u>\$ 51,934,119</u>	<u>\$ –</u>	<u>\$ (12,607,024)</u>	<u>\$ 39,327,095</u>	

	December 31, 2010	Additions	Reductions	December 31, 2011	Amounts Due Within One Year
Bonds payable – gross	\$ 61,190,000	\$ –	\$ (9,390,000)	\$ 51,800,000	\$ 8,510,000
Unamortized premium	298,864	–	(164,745)	134,119	
Total bonds payable – net	<u>\$ 61,488,864</u>	<u>\$ –</u>	<u>\$ (9,554,745)</u>	<u>\$ 51,934,119</u>	

Pursuant to GASB Interpretation No.2, *Disclosure of Conduit Debt Obligations (GASBI-2)*, there is no requirement to record conduit debt that is simultaneously recorded by the entity that is responsible for its payment. The State of New Jersey records this debt on its financial statements. It is the Authority’s opinion that by not reporting the State-backed conduit debt and Agency – type transactions on its financial statements a more accurate assessment of its financial position and operations exists.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Notes to Financial Statements (continued)

Note 9: Notes Payable

Generally, Notes Payable are special obligations of the Authority payable solely from loan payments, lease rental payments and other revenues, funds and other assets pledged under the notes and do not constitute obligations against the general credit of the Authority. Note proceeds are used to fund specific programs and projects and are not co-mingled with other Authority funds.

The outstanding notes are as follows:

	December 31,	
	2012	2011
Community Development Investments, LLC; interest at 5%; principal & interest due monthly through 4/12/14 with final payment due at maturity on 5/12/14	\$ 2,000,000	\$ 2,000,000
City of Camden, NJ; interest at 6%; principal & interest due monthly through maturity on 2/5/16	3,250,690	3,586,135
FirstEnergy Corp./JCP&L; interest at 3%; interest only due monthly through 11/12/20; principal due at maturity on 11/12/20	1,000,000	1,000,000
Public Service New Millennium Economic Development Fund, LLC; interest at 2%; interest only due monthly through 11/7/20; principal due at maturity on 11/7/20	5,000,000	5,000,000
	\$ 11,250,690	\$ 11,586,135

At December 31, 2012, aggregate debt service requirements of notes payable through 2017 and thereafter are as follows:

	Principal	Interest	Total
2013	\$ 331,830	\$ 498,722	\$ 830,552
2014	2,398,824	328,505	2,727,329
2015	478,080	273,590	751,670
2016	2,041,956	142,252	2,184,208
2017	–	130,000	130,000
2018-2020	6,000,000	372,722	6,372,722
Total	\$ 11,250,690	\$ 1,745,791	\$ 12,996,481

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Notes to Financial Statements (continued)

Note 9: Notes Payable (continued)

Notes payable activity for the years ended December 31, 2012 and 2011 was as follows:

December 31, 2011	Additions	Reductions	December 31, 2012	Amounts Due Within One Year
\$ 11,586,135	\$ -	\$ (335,445)	\$ 11,250,690	\$ 331,830

December 31, 2010	Additions	Reductions	December 31, 2011	Amounts Due Within One Year
\$ 18,691,736	\$ -	\$ (7,105,601)	\$ 11,586,135	\$ 128,684

Note 10: Commitments and Contingencies

(a) Loan and Bond Guarantee Programs

The Authority has a special binding obligation regarding all guarantees to the extent that funds are available in the guarantee accounts as specified in the guarantee agreements. Guarantees are not, in any way, a debt or liability of the State.

(1) Economic Recovery Fund

The guarantee agreements restrict the Authority from approving any loan or bond guarantee if, at the time of approval, the Debt (exposure and commitments) to Worth (the amount on deposit and available for payment) ratio is greater than 5 to 1. At any time, payment of the guarantee is limited to the amount of Worth within the guarantee program account. Principal payments on guaranteed loans and bonds reduce the Authority's exposure. At December 31, 2012, Debt was \$7,120,366 and Worth was \$79,717,242, with a ratio of 0.09 to 1.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 10: Commitments and Contingencies (continued)

(2) New Jersey Business Growth Fund

The Authority guarantees between 25% and 50% of specific, low-interest loans to New Jersey companies, made by one of its preferred lenders, with a maximum aggregate exposure to the Authority not to exceed \$10 million and, at no time will the Authority pay more than \$10 million, net, of guarantee demands. At December 31, 2012, aggregate exposure and related worth within the Business Growth Fund account are both \$9,182,522.

(3) New Jersey Global Growth Fund

The Authority guarantees up to 50% of any approved term loan or line of credit to New Jersey companies, made by one of its premier lenders, with a maximum aggregate exposure to the Authority not to exceed \$10 million and, at no time will the Authority pay more than \$10 million, net, of guarantee demands. At December 31, 2012, aggregate exposure and related worth within the NJ Global Growth Fund account are both \$10,000,000.

(4) State Small Business Credit Initiative Fund

The Federal grant agreement restricts the Authority from approving any loan or bond guarantee if, at the time of approval, the Debt (exposure and commitments) to Worth (the amount on deposit and available for payment) ratio is greater than 1 to 1. At any time, payment of the guarantee is limited to the amount of Worth within the State Small Business Credit Initiative Fund. At December 31, 2012, Debt was \$7,023,223 and Worth was \$8,646,424, with a ratio of .81 to 1.

(b) Loan Program Commitments and Project Financings

At December 31, 2012 the Authority has \$16,987,026 of loan commitments not yet closed or disbursed and \$73,455,322 of project financing commitments.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Notes to Financial Statements (continued)

Note 10: Commitments and Contingencies (continued)

(c) New Markets Tax Credit Program

On December 28, 2005, the Authority loaned \$31,000,000 to a limited liability company (“company”), to facilitate their investment in a certified community development entity (“entity”) whose primary mission is to provide loan capital for commercial projects in low-income areas throughout New Jersey. The company also received an equity investment from a private corporation (“corporation”). The company then invested the combined proceeds in the entity, which was awarded an allocation in Federal tax credits under the New Markets Tax Credit Program.

During 2007, the Authority made two additional New Markets commitments. On September 24, 2007 the Authority facilitated a transaction in which \$3,500,000 in credits were allocated (no Authority funds were utilized). On September 26, 2007, the Authority loaned \$20,296,000 to another company with terms similar to the first transaction.

During 2008, the Authority closed three additional New Markets commitments. A total of \$37,000,000 in credits were allocated (no Authority funds were utilized).

In 2009, one New Markets commitment was closed. A total of \$12,419,151 in credits were allocated (no Authority funds were utilized).

As part of the seven agreements, the corporation will claim the Federal tax credits in exchange for their investment. Claiming these credits carries the risk of recapture, whereby an event occurs that would negate the credit taken, causing it to be returned with interest. Based on the agreements between the Authority and the respective companies, the Authority will provide a guaranty to the corporation against adverse consequences caused by a recapture event. As of December 31, 2012, the aggregate exposure to the Authority for all of the seven transactions described above is \$59,285,504. The Authority has determined the likelihood of paying on the guaranty, at this time, is remote.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 11: State Appropriations and Program Payments

The Authority receives appropriations from the State of New Jersey, as part of the State's annual budget, for purposes of administering certain grant programs enacted by State statute. The Authority also collects loan repayments on behalf of the State for the Public School Facilities Program (See Note 4), which are remitted to the State, semiannually. The Authority recognizes the disbursement of these funds to both grantees and the State as program payments. For the year ended December 31, 2012 state appropriations and program payments were \$186,440 and \$66,532,002, respectively.

Note 12: Derivative Instrument

In connection with its issuance of \$43,000,000 Variable Rate Revenue Refunding Bonds, 2002 Series A and B issues, on April 27, 2010, the Authority entered into a fixed interest rate swap agreement (swap) with TD Bank, N.A. ("TD"), for which the fair value as of December 31, 2012 and 2011 was (\$1,880,110) and (\$2,171,742), respectively. For accounting and financial reporting purposes, the swap is considered a hedging derivative instrument and reported as debt and as a deferred outflow on the statement of net position.

Objective and Terms of Hedging Derivative Instrument

The swap is a pay-fixed interest rate swap. The objective is to hedge against changes in cash flows of the 2002 Series A and B CCURLP bonds by limiting interest rate risk. The notional amount of the swap is currently \$34,020,000 which was effective as of May 1, 2010 and is due to expire on May 1, 2015. The terms call for the Authority to pay a fixed rate of 2.65% on the Series A bonds (notional amount \$14,020,000) and 2.80% on the Series B bonds (notional amount \$20,000,000), while receiving a rate based on the one month LIBOR rate. The swap provider is currently rated AA- by Standard & Poor's.

Swap Payments and Associated Debt

Over the remaining life of the Authority's interest rate swap, which expires in 2015, the Authority has debt service requirements on its debt and net swap payments as shown in the table below. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of the interest rate swap as of December 31, 2012 will not change. As these rates vary, interest rates on the variable rate bonds and net receipts/payments on the interest rate swap will vary.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 12: Derivative Instrument (continued)

Year	Principal	Interest	Net Swap Payment	Total
2013	\$ 1,330,000	\$ 72,369	\$ 869,449	\$ 2,271,818
2014	1,490,000	69,501	836,503	2,396,004
2015	–	22,075	266,204	288,279
	<u>\$ 2,820,000</u>	<u>\$ 163,945</u>	<u>\$ 1,972,156</u>	<u>\$ 4,956,101</u>

Credit Risk

The Authority is exposed to credit risk to the extent hedging instruments are in asset positions. As of December 31, 2012 and 2011, the Authority was not exposed to credit risk, as the swap had a negative fair value. Should interest rates change and the fair value of the swap become positive, however, the Authority would be exposed to credit risk in the amount of the swap's fair value. The Authority has no policy in place in order to limit such risk. No counterparty collateral is being held. There are no netting arrangements.

Rollover Risk

The swap agreement is due to expire on May 1, 2015, while the bonds are due to mature in March 2018. Presently, no arrangement has been made to renew the swap or provide for a similar instrument. If the swap is not renewed the Authority would be exposed to interest rate risk on its variable rate bonds. This could unfavorably impact cash flows.

Note 13: Litigation

The Authority is involved in several lawsuits that, in the opinion of the management of the Authority, will not have a material effect on the accompanying financial statements.

Note 14: Employee Benefits

(a) Public Employees Retirement System of New Jersey (“PERS”)

The Authority's employees participate in the PERS, a cost sharing multiple-employer defined benefit plan administered by the State. The Authority's contribution is based upon an actuarial

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 14: Employee Benefits (continued)

computation performed by the PERS. Pursuant to the Pension Security Legislation Act of 1997, the issuance of bonds permitted the pension benefit obligation to be fully funded from 1998 to 2004. Beginning in 2005, the Authority was assessed a portion of its normal contribution, which increased each year until 2009, when 100% of the normal contribution was assessed, and for each year thereafter. For the years ending December 31, 2012, 2011 and 2010, the Authority's contribution to the PERS was \$1,262,300, \$1,292,500 and \$1,029,900, respectively and was equal to the required contributions for the year. Employees of the Authority are required to participate in the PERS and contribute 6.64% of their annual compensation. The payroll for employees covered by PERS for the years ending December 31, 2012, 2011 and 2010 was \$10,472,305, \$12,062,333 and \$13,183,135, respectively.

The general formula for annual retirement benefits is the final average salary divided by 55, times the employee's years of service. For employees hired after May 21, 2010, the final average salary is divided by 60. Pension benefits fully vest upon reaching 10 years of credited service. Members are eligible for retirement between the ages of 60 and 65, depending on date of hire, with no minimum years of service required. Members who have 25 years or more of credited service may select early retirement without penalty at or after age 55 and receive full retirement benefits. The PERS also provides death and disability benefits. All benefits and contribution requirements are established, or amended, by State statute.

The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for the PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

(b) Postemployment Health Care and Insurance Benefits

The Authority sponsors a single employer postemployment benefits plan that provides benefits in accordance with State statute, through the State Health Benefits Bureau, to its retirees having 25 years or more of service in the PERS and are at least 47 years of age or to employees approved for disability retirement. Health benefits and prescription benefits provided by the plan are at no cost to eligible retirees who had accumulated 20 years of service credit as of June 30, 2010. All other future retirees will contribute to a portion of their health and prescription premiums. Upon turning 65 years of age, a retiree must utilize Medicare as their primary coverage, with State

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 14: Employee Benefits (continued)

Health Benefits providing supplemental coverage. In addition, life insurance is provided at no cost to the Authority and the retiree in an amount equal to 3/16 of their average salary during the final 12 months of active employment.

Since the Authority is a participating employer in the State Health Benefits Bureau, the Authority does not issue a separate stand-alone financial report regarding other postemployment benefits. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements for the State Health Benefits Program Funds. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

The State has the authority to establish and amend the benefit provisions offered and contribution requirements.

Pursuant to GASB Statement No. 45 (“GASB 45”), *Accounting & Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Authority obtained an actuarially determined calculation for this obligation, and has established and funded an irrevocable trust for the payments required by this obligation.

The Authority’s annual other postemployment benefits (“OPEB”) cost for the plan is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB 45. This represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year, and to amortize any unfunded actuarial accrued liability (“UAAL”) or excess over a period not to exceed 30 years. The Authority elected to amortize the UAAL over one year in 2006. The Authority’s annual OPEB cost for the years ended December 31, 2012 and 2011, and the related information for the Plan are as follows (dollar amounts in thousands):

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 14: Employee Benefits (continued)

	2012	2011
Annual required contribution (ARC)	\$ 3,327	\$ 806
Contributions made	3,327	806
(Increase) in net OPEB obligation	-	-
Net OPEB Obligation – beginning of year	-	-
Net OPEB Obligation – end of year	\$ -	\$ -

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for fiscal years 2012, 2011 and 2010 are as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	\$ 3,327	100.0%	\$ -
December 31, 2011	806	100.0%	-
December 31, 2010	768	100.0%	-

As of December 31, 2012, the actuarial accrued liability for benefits was \$20,793,759, none of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$10,472,305, and the ratio of unfunded actuarial accrued liability to the covered payroll was 0%.

To fund its OPEB obligation, the Authority has set aside monies (plan assets) in a bank account administered by a Trustee. As of December 31, 2012, the balance was \$21,482,025 and interest earnings on the account were \$226,193 in 2012. The plan assets are reported at fair value.

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrence of future events, such as employment, mortality, and healthcare costs. Amounts determined regarding the funded status of the plan and the annual required contributions of the

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 14: Employee Benefits (continued)

Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made regarding the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit cost sharing between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the January 1, 2012 actuarial valuation the projected unit credit actuarial cost method was used. In this method benefits are attributed from date of hire to the date of decrement. In the actuarial assumptions the investment return on plan assets was projected at an annual rate of 4%. The healthcare cost trend assumed in the actuarial valuation includes an initial annual healthcare cost trend rate of 9% annually, decreasing by 0.5% per year to an ultimate rate of 5% effective 2020 and thereafter. Both rates include a 4% inflation assumption.

Note 15: Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Authority recorded current liabilities in the amount of \$718,610 and \$674,793 as of December 31, 2012 and 2011, respectively. The liability as of those dates is the value of employee accrued vacation time and vested estimated sick leave benefits that are probable of payment to employees upon retirement. The vested sick leave benefit to retirees for unused accumulated sick leave is calculated at the lesser of ½ the value of earned time or \$15,000. The payment of sick leave benefits, prior to retirement, is dependent on the occurrence of sickness as defined by Authority policy; therefore, such non-vested benefits are not accrued.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 16: Net Position

The Authority's Net Position is categorized as follows:

- Invested in capital assets, net of related debt
- Restricted
- Unrestricted

Invested in Capital Assets, Net of Related Debt includes capital assets net of accumulated depreciation used in the Authority's operations as well as capital assets that result from the Authority's real estate development and operating lease activities. Restricted net position include net assets that have been restricted in use in accordance with State law, such as the Public School Facilities loan program, noted in Note 4, as well as Federal grant proceeds intended for specific projects. Unrestricted net assets include all net assets not included above.

Required Supplementary Information

New Jersey Economic Development Authority
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Schedule of Funding Progress of the Postemployment Healthcare Plan

The funding status of the postemployment health care plan as of December 31, 2012 (based on January 1, 2012 valuation date), and the preceding actuarial valuation date of January 1, 2009, is as follows:

	2012	2009
Actuarial accrued liability (AAL)	\$ 20,793,759	\$ 16,298,519
Actuarial value of plan assets	21,533,335	17,101,900
Unfunded actuarial accrued (asset)/liability (UAAL)	\$ (739,576)	\$ (803,381)
Funded ratio (actuarial value of plan assets/AAL)	103.6%	104.9%
Covered payroll (active plan members)	\$ 10,472,305	\$ 11,507,298
UAAL as a percentage of covered payroll	0%	0%

Ernst & Young LLP

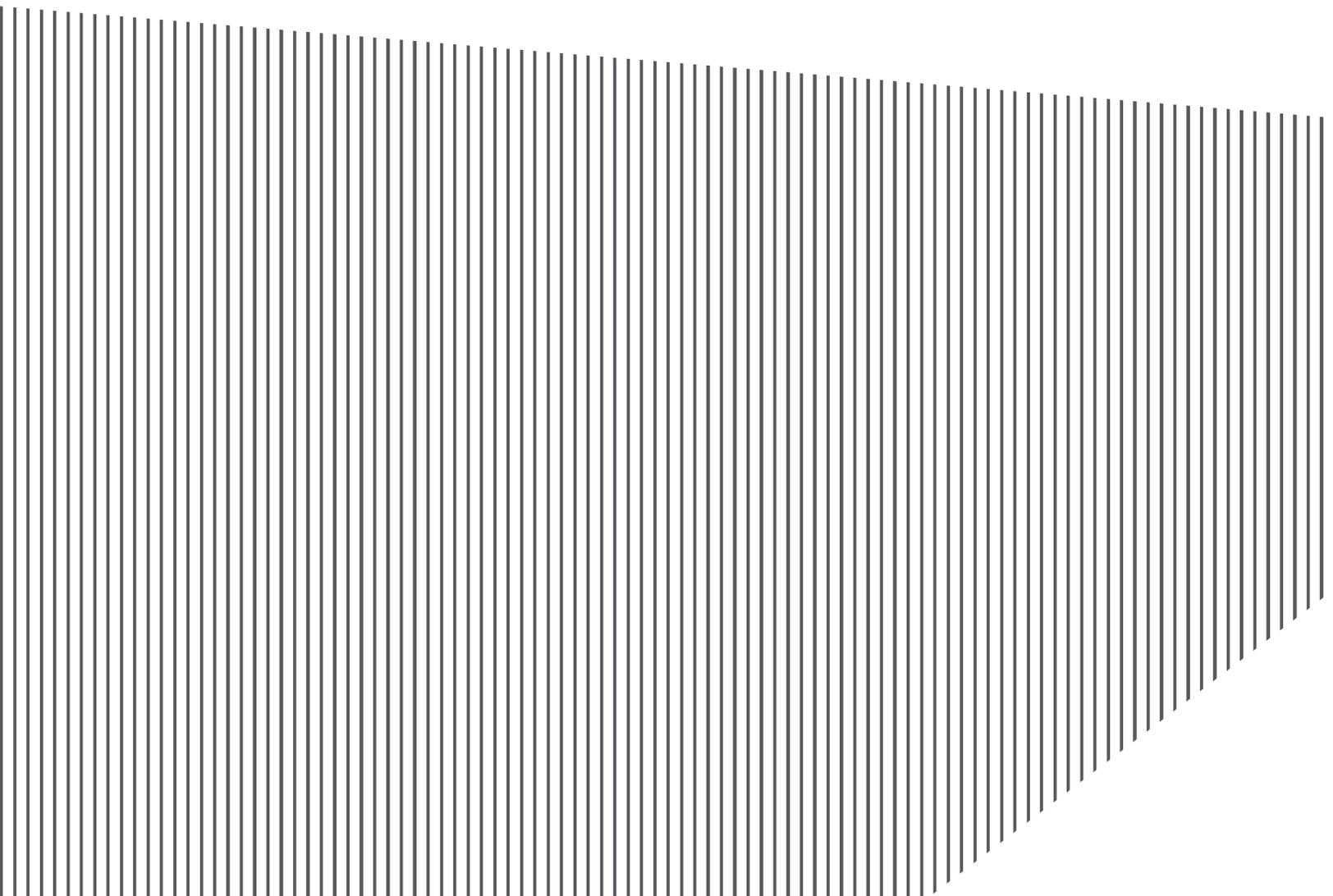
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MEMORANDUM

To: Members of the Board

From: Timothy Lizura
President and Chief Operating Officer

Date: May 16, 2013

RE: **Qualified School Construction Bond (QSCB)**
Notice of Funding Availability in the amount of \$125 Million
For Charter Schools in New Jersey (NOFA)

Request

The Members are asked to approve an invitation to the attached list of New Jersey Charter Schools to apply for QSCB bond approval in the amounts indicated, under a NOFA jointly issued by the EDA and the Department of Education (DOE) to New Jersey Charter Schools.

Background

Pursuant to Executive Order 167 and L.197, c.393, as amended by L.2009, c76, earlier this year, the Treasurer of the State of New Jersey reserved QSCB allocation in the amount of \$125 million for use by the EDA for the purpose of issuing bonds for the benefit of Charter School projects in New Jersey. On March 5, 2013, the EDA, in partnership with DOE issued the NOFA. All responses were due to the EDA and DOE no later than April 3, 2013. The NOFA outlined five areas of review for eligibility, including financial readiness, site control and approval, ability to close by year end and be in construction in first quarter 2014, and evidence of good standing with the DOE.

The EDA and DOE received a total of 16 requests for QSCB allocation from 13 New Jersey Charter Schools for a total of \$361,950,000. Of the 16 requests received, one request – the Burch School for \$37,500,000 - was deemed unresponsive because it was received after the deadline date of April 3, 2013.

The remaining 15 requests, for a total of \$324,450,000, were reviewed by DOE, who used specific scoring criteria to rank the projects based on three major components: (1) Academic Impact, which included academic performance and impact on student performance; (2) Operational Capacity, which included longevity and whether the school had ever been on probation; and (3) Equity, which included the evaluation of the population of students served and the district need. The EDA

then reviewed the projects using scoring criteria based on project readiness to proceed to determine which projects were most likely to proceed within the timeframes listed under the Eligibility Requirements of the NOFA.

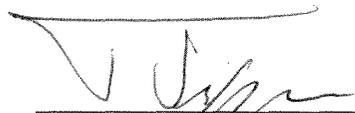
Based on the scoring criteria, the 6 projects on the attached list received the highest cumulative scores. As there is \$125 million in QSCB allocation available and the 4th, 5th and 6th ranked projects are tied at 35 points, and are all owned by Uncommon Charter School, it is recommended that the remaining allocation of \$74,170,000 left after funding the 1st, 2nd and 3rd ranked projects in the amount of \$50,830,000, be offered to Uncommon Charter School to be utilized for their 3 projects based on their determination of the priority and need of those projects. This would fully fund the entire \$125 million in available QSCB allocation.

The 6 projects being recommended to apply for QSCB bond approval are most likely to proceed and utilize the QSCB allocation in the necessary time frame and, based on their educational standards, meet the intent of the collaborative review by the EDA and DOE. The other projects, while meritorious, did not score as highly on either the educational standards used in the scoring criteria by DOE or evidence of the ability to proceed with construction under the required timeframes. These projects have access to NJEDA's traditional tax exempt bond financing at any time, which could provide them with lower cost financing than conventional financing.

It should be noted that this request is only to invite the 6 projects to apply for QSCB bond approval. Each applicant must individually meet the EDA's application requirements for bond financing, including, but not limited to, the selection of bond counsel whom would advise the EDA that the project meets the State and Federal requirements for QSCB bond issuance.

Recommendation

I am asking for the Members' consent to accept the evaluative review criteria and recommendation by staff to invite the 6 projects listed on the attached sheet to apply for QSCB bond approval pursuant to the NOFA.



Timothy Lizufa

Prepared by: Margaret Piliere

ATTACHMENT

List of Recommended Qualified School Construction Bond (QSCB) Projects

Applicant/Charter School	Ranking	Score	QSCB Request	Municipality
Uncommon Charter School/North Star Academy - 2 Washington Place Project	1	43	\$2,830,000	Newark
University Heights Charter School	2	39.25	\$8,000,000	Newark
TEAM Academy – Ashland Project	3	38	\$40,000,000	Newark
Uncommon Charter School/North Star Academy – 24 Hazelwood Avenue project	4	35	\$40,000,000	Newark
Uncommon Charter School/North Star Academy – 9 th Street project	5	35	\$30,260,000	Newark
Uncommon Charter School/North Star Academy – 15 th Avenue project	6	35	\$33,160,000	Newark
TOTAL QSCB ALLOCATION REQUEST			\$154,250,000	

Total QSCB Allocation	\$125,000,000
Total for 1st, 2nd and 3rd Ranked Projects	(\$50,830,000)
Allocation Remaining for 4th, 5th and 6th Ranked Projects	\$74,170,000

COMBINATION PRELIMINARY AND BOND RESOLUTIONS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

SUBJECT: NJEDA/International Center for Public Health Project
\$46,000,000 Lease Revenue Bonds, Series 2000
Appl. P11127

DATE: May 16, 2013

In January 2000, the Authority closed on \$46,000,000 of State Lease Revenue Bonds to finance the construction and equipping of an approximately 190,000 sq. ft. research medical facility on 5 acres, known as International Center for Public Health and owned by the University of Medicine & Dentistry of New Jersey.

In connection with the New Jersey Medical and Health Sciences Education Restructuring Act, signed into law in 2012 and to become effective on July 1, 2013, the Series 2000 Bonds will be restructured and refunded. Attached please find a memorandum from the State Treasurer's Office outlining the actions requested to be approved by the Board.

Any and all actions are subject to final review and approval of the documentation by the Attorney General's Office and Bond Counsel.

Prepared by: Teresa Wells

MEMORANDUM

TO: Timothy Lizura
President/Chief Operating Officer
New Jersey Economic Development Authority

FROM: Steven M. Petrecca
Assistant State Treasurer

DATE: May 13, 2013

SUBJECT: Proposed Refunding of Lease Revenue Bonds (International Center for Public Health Project), Series 2000 payable from rental payments by University of Medicine and Dentistry of New Jersey

This memorandum briefly summarizes the Resolution (the "Proposed Resolution") to be presented to the members of the New Jersey Economic Development Authority for adoption at its meeting on May 16, 2013, relating to the refunding of the above captioned bonds of the Authority.

Background: On January 26, 2000, the Authority issued its Lease Revenue Bonds (International Center for Public Health Project), Series 2000 payable from rental payments by University of Medicine and Dentistry of New Jersey (the "Series 2000 Bonds") pursuant to a Trust Indenture, dated as of December 1, 1999, between the Authority and TD Bank, National Association, as successor to Commerce Bank, National Association, as trustee (the "Trustee"). The Series 2000 Bonds were issued to finance, together with other available monies, a project consisting of (i) the acquisition of certain real property located in the City of Newark, Essex County, New Jersey, (ii) the construction of certain improvements thereon, including an approximately 190,000 square foot research facility to be known as the International Center for Public Health and related parking facilities.

On August 22, 2012, Governor Christie signed into law the New Jersey Medical and Health Sciences Education Restructuring Act, P.L. 2012, c. 45 (the "Restructuring Act"). Pursuant to the Restructuring Act, seven of the schools of the University of Medicine and Dentistry of New Jersey ("UMDNJ") will be transferred to Rutgers, The State University of New Jersey ("Rutgers"), one of the schools of UMDNJ will be transferred to Rowan University ("Rowan"), and University Hospital will continue to exist as a body corporate and politic, maintaining its status as the teaching hospital of New Jersey Medical School, New Jersey Dental School and any other medical education programs located in Newark. In connection with these transfers, all of the outstanding publicly offered bond issues and certificates of participation of UMDNJ, including the Series 2000 Bonds, will be defeased and refunded from portions of the proceeds of simultaneous bond issues of (a) Rutgers, (b) the Camden County Improvement Authority, on behalf of Rowan, and/or (c) the New Jersey Health Care Facilities Financing Authority, on behalf of University Hospital. The Office of Public Finance is procuring the bidding agent and verification agent for the entire refunding transaction through a competitive process.

The Proposed Resolution authorizes various determinations and actions to be taken by the Authority, as issuer of the Series 2000 Bonds, in connection with the defeasance and

refunding. All expenses of the defeasance and refunding will be paid from proceeds of bonds to be issued by Rutgers and/or NJHCFFA, on behalf of University Hospital.

Approval Request: The Authority is requested to approve the Proposed Resolution, which:

1. approves the refunding of the Series 2000 Bonds;
2. authorizes each of Chairman, Vice Chairman, Chief Executive Officer, Director of Bonds and Incentives, Director of Closing Services, or any other officer of the Authority who has power to execute contracts pursuant to the By-laws of the Authority and any Resolutions (each, an "Authorized Officer of the Authority") to give notice of the redemption of the Series 2000 Bonds to the Trustee, as provided in the Indenture;
3. approves the form of, and authorizes the execution and delivery of the Escrow Deposit Agreement for the Series 2000 Bond by an Authorized Officer of the Authority, with such changes, insertions and omissions as shall be approved by an Authorized Officer of the Authority, with the advice of the State Attorney General and Bond Counsel;
4. approves and affirms the procurement of the bidding agent and verification agent for the refunding by the Office of Public Finance; and
5. authorizes the Authorized Officers of the Authority to take any other necessary or appropriate action in furtherance of the refunding.

The Attorney General's Office has selected DeCotiis, FitzPatrick and Cole, LLP, to act as bond counsel to the Authority in connection with the refunding of the Series 2000 Bonds.

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

APPLICANT: College Avenue Redevelopment Associates LLC

P38097

PROJECT USER(S): Rutgers, The State University

* - indicates relation to applicant

PROJECT LOCATION: Seminary Place & George Street New Brunswick City (T/UA) Middlesex

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

APPLICANT BACKGROUND:

College Avenue Redevelopment Associates LLC, is a limited liability company formed in 2012, to develop and construct various academic and residential facilities for the benefit of Rutgers, the State University. The sole and managing member of the applicant is New Brunswick Development Corporation, a 501(c)(3) not-for-profit organization with over 35 years experience in redevelopment projects in New Brunswick and throughout New Jersey.

The Project consists of financing the redevelopment by College Avenue Redevelopment Associates of approximately 10 acres of land existing on four main sites, on and around the Rutgers University campus in New Brunswick, Middlesex County. The project has four main components: (i) the Acquisition Project, which consists of the acquisition by the Borrower of approx. 5 acres along Seminary Place; (ii) the University Academic Building Project, which consists of the construction on the Seminary Site of a 150,000 sq. ft. Rutgers academic building; (iii) the University Honors College Project, which consists of the construction of a 175,380 sq. ft. facility to provide 500 beds and other amenities for Rutgers honors students; and (iv) the University Housing Project, which consists of the construction of a 242,090 sq. ft., 130 unit, 520 bed apartment style housing complex for Rutgers students.

The Project was approved in April 2013 for a maximum \$33 million Urban Transit Hub Tax Credit under the 2012 Urban Transit Hub Tax Credit Residential Competitive solicitation.

The bonds for the Project qualify as tax-exempt bonds under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from the \$20,000,000 Capital Expenditure Limitation.

APPROVAL REQUEST:

Authority assistance will enable the applicant to finance the development and construction of the Project, in one or more series of bonds, in an amount not to exceed \$350,000,000. Proceeds of the bond financing will also fund costs of issuance, a debt service reserve fund and interest during construction. The 2013 Bonds will be secured by payments made by Rutgers University pursuant to the terms of a master lease with the Applicant. The Bonds are expected to be rated Aa2/AA.

FINANCING SUMMARY:

BOND PURCHASER: Citigroup Global Markets Inc. (Underwriter)

AMOUNT OF BOND: Not to exceed \$350,000,000 (Tax-exempt bonds)

TERMS OF BOND: 32 yrs.; Serial and term bonds with fixed interest rates not to exceed 6% (estimated interest rates as of 5/3/13 is 2% to 4%).

ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	\$213,290,849
Soft Costs	\$26,750,000
Interest during construction	\$24,307,520

Debt service reserve fund	\$19,368,500
Land	\$17,000,000
Relocation Costs	\$16,500,000
Engineering & architectural fees	\$14,250,000
Purchase of equipment & machinery	\$13,275,000
Finance fees	\$3,313,131
Legal fees	\$1,945,000
TOTAL COSTS	<u>\$350,000,000</u>

JOBS: At Application 0 Within 2 years 32 Maintained 0 Construction 1,720

PUBLIC HEARING: N/A

BOND COUNSEL: Wolff & Samson

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: T. Wells

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

APPLICANT: The Village Charter School, Inc.

P38088

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 101 Sullivan Way

Trenton City (T/UA)

Mercer

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

APPLICANT BACKGROUND:

The Village Charter School, Inc. opened for business in Trenton in the fall of 1999. The school was founded to provide parents with choices for their children's education by offering an alternative to the traditional public school system. Presently, the school has an enrollment of 360 students in its kindergarten through eighth grades. Village Charter is led by its Head of School, Leigh Byron.

The Village Charter School operates out of a 47,000 sq ft facility that it leases from Mercer Street Friends. Mercer Street Friends financed the acquisition of the property and the construction of the school through a loan and tax-exempt bonds from the Authority. The Village Charter School is seeking Authority assistance to purchase the facility from Mercer Street Friends with the remaining balance to be funded through equity.

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

APPROVAL REQUEST:

Authority assistance will enable the applicant to purchase a 47,000 sq ft facility on 10 acres out of which the school currently operates.

FINANCING SUMMARY:

BOND PURCHASER: Roma Bank (Direct Purchase)

AMOUNT OF BOND: \$6,000,000 max (Tax-Exempt)

TERMS OF BOND: 15 years; fixed interest rate for 5 years at 3.00%. The rate will be reset at each 5 year anniversary at the tax-exempt equivalent of the 5 year FHLBNY rate plus 300 basis points.

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$6,883,000
Land	\$985,000
Finance fees	\$132,000
TOTAL COSTS	<u><u>\$8,000,000</u></u>

JOBS: At Application

55 Within 2 years

1 Maintained

0 Construction

0

PUBLIC HEARING: 05/16/13 (Published 04/29/13) **BOND COUNSEL:** McManimon, Scotland & Baumar

DEVELOPMENT OFFICER: T. Gill

APPROVAL OFFICER: K. McCullough

LOANS/GRANTS/GUARANTEES

SMALL BUSINESS FUND DIRECT LOAN PROGRAM

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

APPLICANT: AEON Corporation

P38313

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 186 Princeton Hightstown Road West Windsor Township (N) Mercer

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

APPLICANT BACKGROUND:

AEON Corporation ("AEON" or the "Company") was founded in 2007 operating as a business unit of Alphion Corporation. The Company was spun out from Alphion and its assets were acquired by Amita Dave on 3/31/13. The \$500,000 purchase price was funded with \$100,000 in equity and an asset purchase agreement from the seller based upon a payment plan over nine months. AEON is a designer, developer, manufacturer and seller of indium phosphate based photonic devices such as semiconductor optical amplifiers and interferometer devices for telecom, datacom, medical, sensors and test and measurement applications.

APPROVAL REQUEST:

Approve up to \$300,000 as a direct term loan under the Small Business Fund Program which will be used in conjunction with up to \$400,000 in funding from the Credit Union of New Jersey to provide working capital and long term funding to buy the assets from Alphion.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$300,000

TERMS OF LOAN: 12 months interest only followed by 6 year amortization. Interest rate fixed at closing for five years at the five year US Treasury + 150 basis points with a rate reset at the end of year five for an additional two years with an interest rate floor of 3%.

PROJECT COSTS:

Business Acquisition	\$500,000
Working capital	\$280,000
Finance fees	\$20,000
TOTAL COSTS	<u><u>\$800,000</u></u>

JOBS: At Application 7 Within 2 years 3 Maintained 0 Construction 0

DEVELOPMENT OFFICER: T. Gill

APPROVAL OFFICER: M. Conte

MAIN STREET ASSISTANCE PROGRAM

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - MAIN STREET ASSISTANCE PROGRAM**

APPLICANT: KIPN Partners, LLC, Gautam Partners, LLC and KAIP

P38252

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 3754 US Highway 1

South Brunswick Township (Middlesex)

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

APPLICANT BACKGROUND:

KIPN Partners, LLC dba The Learning Experience ("KIPN" or "the Company") was formed in July of 2010 to own and operate a new franchise location for The Learning Experience ("TLE") daycare at 3754 Route 1 in Monmouth Junction. Construction on the facility commenced in April of 2010 and was completed in March of 2012. The project had a total of \$4.65 million and was funded with a \$3.76 million loan from The Bank of Princeton ("TBOP") and an \$885,000 equity contribution. TBOP is now seeking to convert its construction loan to a \$3,775,000 mortgage (includes \$15,000 for interest and/or closing costs) contingent upon a \$943,750 EDA participation and a \$943,750 EDA guarantee. Gautam Partners, LLC ("Gautam") is a related real estate holding company that owns and operates the project property. KAIP Investments, LLC ("KAIP") is another related real estate holding company that owns a property in Somerset that is occupied by another TLE franchise with similar ownership. KAIP has been offered as a Co-Borrower to provide additional support. KIPN has committed to maintaining 12 existing jobs and creating 26 new full-time jobs within two years.

APPROVAL REQUEST:

Approval is requested for a \$943,750 participation and a \$943,750 guarantee under the Main Street Program.

FINANCING SUMMARY:

LENDER: The Bank of Princeton

AMOUNT OF LOAN: \$3,775,000 with a \$943,750 participation (25%) and a 33.33% guarantee initially and not to exceed \$943,750.

TERMS OF LOAN: Rate fixed at 4.5%. 12-month interest-only period followed by a 25-year term and amortization with a rate reset and call option at the end of every fifth year.

TERMS OF PARTICIPATION: Rate fixed at the 5-year Treasury plus 300 basis points with a floor of 3%. 12-month interest only period followed by a 5-year term with a 25-year amortization.

PROJECT COSTS:

Refinancing	\$3,775,000
Finance fees	\$27,000
TOTAL COSTS	\$3,802,000

JOBS: At Application 12 Within 2 years 26 Maintained 12 Construction 0

DEVELOPMENT OFFICER: D. Bennis

APPROVAL OFFICER: S. Brady

CAMDEN ECONOMIC RECOVERY BOARD



MEMORANDUM

TO: Members of the Authority

FROM: Tim Lizura
President and Chief Operating Officer

DATE: May 16, 2013

RE: Cooper’s Ferry Partnership – Planning Grant P38122

Request

The Members of the Authority are asked to approve a \$750,000 non-recoverable planning grant to the Cooper’s Ferry Partnership, Inc. (CFP) to fund the costs associated with the development of preliminary engineering and final design work for parks and roads in and adjacent to the former Riverfront State Prison site located on the waterfront in North Camden. These funds will be provided from the Economic Recovery Planning Fund established through the Municipal Rehabilitation and Economic Recovery Act (“Act”).

Background

On February 24, 2009, the Members approved an \$110,000 non-recoverable grant to the Camden Redevelopment Agency (CRA) to fund the North Camden Infrastructure Assessment Study (NCIAS), a comprehensive infrastructure study for the entire neighborhood of North Camden in the City of Camden. The NCIAS, which was completed in December 2009, was created to further understand the existing conditions of the public infrastructure in the neighborhood in order to support and reinforce the existing core residential neighborhood and to develop the vacant and/or underutilized land along the waterfront between the existing core neighborhood and the land earmarked for a new waterfront park.

In conjunction with the NCIAS, the CRA, in partnership with CFP worked with Save Our Waterfront (SOW) and a number of other neighborhood stakeholders to develop the North Camden Neighborhood Plan (NCNP) and the Waterfront Park Plan. To advance the NCNP, there was a need to understand the existing conditions of the public infrastructure in the neighborhood to equip many existing non-profits and service organizations and agencies with the knowledge of the neighborhood’s infrastructure so that they could prepare and design future development projects.

CFP and SOW coordinated their efforts throughout the two planning processes to ensure the NCNP and the NCWPP complemented each other. A key element of the plans was the development of a contiguous waterfront park along the 1.4 mile North Camden waterfront and the connection of the core neighborhood to the waterfront.

Project Applicant

Cooper's Ferry Partnership, Inc. (CFP), originally founded in 1984 as Cooper Ferry Development Association (CFDA) is a private, non-profit corporation dedicated to strategically planning and implementing high-quality urban redevelopment projects in order to help replenish Camden's depleted tax base and to create a significant number of jobs for city residents. For over 20 years, CFDA worked to fulfill its mission by concentrating solely on the redevelopment of Camden's downtown waterfront. Serving as overall planner, promoter, and master developer, CFDA attracted and coordinated more than \$600 million of private and public investment to the Camden Waterfront. More recently, CFDA has partnered with neighborhood groups and residents throughout Camden in the planning and implementation of community driven plans.

Greater Camden Partnership (GCP) was formed in 2001 to bring together leaders from the private, public and non-profit sectors to promote the revitalization of the City of Camden. Soon after its inception, the stakeholders of GCP devised the Downtown Camden Strategic Development Plan, which established the blueprint for anchor institution-led development in Camden.

In February 2011, CFDA merged with GCP to form CFP. CFP continues to establish public and private partnerships to effectuate sustainable economic revitalization and promote Camden as a place in which to live, to work, to visit and to invest.

Project Summary

In 2010, CFP, SOW and many other stakeholders developed a community-driven master plan for the redevelopment of the prison site and the surrounding properties. The plan capitalizes on the waterfront location and provides for the extension of the existing street grid from the core neighborhood to the river, the creation of riverfront park spaces and the development of higher density mid-to-high-rise, mixed use, mixed income residential and commercial development.

The redevelopment of the North Camden waterfront will offer future benefits to the local residents as well as the City of Camden. These benefits include new and varied housing opportunities, recreation amenities and employment opportunities related to construction and future uses on the site. The project proposed in this application represents the next step in the process, the design of these streets and parks.

Project Budget

The total project budget is \$850,000 with the ERB funds leveraging grant funding from Rutgers University in the amount of \$100,000. ERB funding will be used for the costs associated with the completion of a plan for the development of a waterfront park, a linear park, redesign of existing roads and design of new roads, including the survey, site analysis, subdivision plan, preliminary engineering and final design, cost estimates, design documentation, bid services and project management. A map is included in the package to provide more detail of the areas to be developed.

<u>Uses of Funds</u>	
Survey & Site Analysis	\$116,359
Subdivision	23,427
Preliminary & Final Design Development	428,646
Permit Applications	95,792
Cost Estimation	29,442
Design Documentation	82,889
Bid Services	30,945
Project Management	42,500
<u>Total Uses of Funds</u>	<u>\$850,000</u>
<u>Sources of Funds</u>	
ERB	\$750,000
Rutgers University	100,000
<u>Total Sources of Funds</u>	<u>\$850,000</u>

Contingencies

The approval of this ERB request is contingent upon written confirmation of a \$100,000 funding grant from Rutgers University.

Security and Repayment

The requested \$750,000 ERB grant will be unsecured and non-recoverable.

Disbursement of Funds

The disbursement of funds will be subject to the NJEDA's receipt and satisfactory review of invoices and the contracts for service, fee schedule and reports detailing the scope of work and related time schedule.

Project Eligibility and Benefits

The Economic Recovery Planning Fund may be utilized by the ERB for costs related to the Strategic Revitalization Plan (SRP) and the Capital Improvement and Infrastructure Master Plan (CIIMP) and such other plans as required by the Act. The proposed preliminary engineering and final design work will further assess and define the status of the infrastructure in North Camden, therefore meeting the requirements and making the request eligible for grant funding from the Economic Recovery Planning Fund.

According to the SRP, the North Camden Neighborhood is a Transitional/Future Development Area. The ERB encourages and supports projects located in Transitional/Future Development Areas. The project is eligible for funding under the ERB's general criteria for project financing, #1a, c & d; priority objectives #2a, d and e and transitional/future development area objectives, #3b & c(i), (ii) and (iii). In addition, this project also meets the ERB program guidelines as it will help with remediating negative impacts to the environment caused by the inadequate infrastructure. There are sufficient funds available for this \$750,000 financing request through the Economic Recovery Planning Fund.

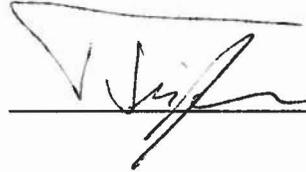
The project is consistent with the City's Master Plan because it promotes the development of a City neighborhood by planning for the future development of the surrounding vacant and underutilized land. It is envisioned this project will be instrumental in attracting more development and private investment which will result in additional tax ratables and jobs and help to retain and grow the residency in all areas of the neighborhood.

The North Camden community supports the project, which identified as a priority in the 2008 North Camden Neighborhood and Waterfront Park Plans. The plans were a community-driven process involving over 250 North Camden residents and 50 stakeholder organization. The community's vision included the reclamation of the North Camden waterfront and the development of a contiguous waterfront park connected to the core neighborhood through the extension of the existing street grid.

Recommendation

Staff has reviewed the application for consistency with the Act, the SRP, and the CIIMP. The project meets eligibility and statutory requirements and will substantially benefit the residents of Camden as well as improve the viability of the development in the City through a reduction in criminal activity.

The Members of the ERB approved this request at its meeting on May 8, 2013. Accordingly, the Members of the Authority are asked to approve the funding authorization of the \$750,000 non-recoverable planning grant to CFP to fund the costs associated with the development of preliminary engineering and final design work for parks and roads in and adjacent to the former Riverfront State Prison site located on the waterfront in North Camden. These funds will be provided from the Economic Recovery Planning Fund established through the Municipal Rehabilitation and Economic Recovery Act ("Act").



Prepared By: V. Pepe



MEMORANDUM

TO: Members of the Authority

FROM: Tim Lizura
President and Chief Operating Officer

DATE: May 16, 2013

RE: Coriell Life Sciences, Inc. (CLS) P37999

Request

The Members of the Authority are asked to approve the funding authorization for a working capital loan up to \$1,000,000 to Coriell Life Sciences, Inc. (CLS) to support growth capital needs including marketing, hiring and development costs under the Demolition and Redevelopment Financing Fund (DRFF) established through the Municipal Rehabilitation and Economic Recovery Act ("Act").

The Company is considering a five-year lease agreement for space at the Waterfront Technology Center at Camden. If CLS elects to lease the space, it will consider assistance under the EDA's Business Lease Incentive Grant program.

Background

Coriell Institute for Medical Research (CIMR) is a non-profit organization that was formed in Camden in 1953. Its founder, Dr. Lewis L. Coriell, MD, PhD arrived in Camden in 1949 as medical director of Camden Municipal Hospital where he was appointed field director of the Polio Prevention Study and directed the successful gamma globulin field trials.

In 1953, Dr. Coriell initiated a campaign to build the first nonprofit academic medical research institute in South Jersey. Under his guidance, the Institute for Medical Research began research in cancer, human cytogenetics, infectious diseases and methods to improve cell culture techniques.

Today the Institute is home to the world's most diverse collection of cell lines and DNA samples to researchers. The organization specializes in scientific research that is focused on the human genome and cell biology. CIMR currently has approximately 120 employees.

CIMR like many of Camden's stakeholders has a long history of being an important part of the city and the surrounding area. For the last 31 years CIMR has held an annual Science Fair. More than 200 students from Burlington, Camden and Gloucester counties in grades 6 through 12 participate in the event each year. The competition routinely attracts some of the most gifted and talented students representing a number of scientific disciplines, such as biochemistry, physics, medicine and health and engineering. The Science Fair has developed into a community staple and serves to emphasize the tri-county area's depth of academic talent.

Four years ago, CIMR initiated a research study known as the Coriell Personalized Medicine Collaborative ("CPMC") to gain an understanding of genome information in patient care and health management. The goal of the study is to complete genetic sequencing for 10,000 individuals and use that information to make better predictions about their risk for disease or response to prescription drugs and to tailor treatments for their improved health. The study has generated international interest and approximately 6,000 sequences have been completed to date. CIMR has partnered with several entities including the U.S. Air Force, Ohio State Medical Center, Stanford University, University of Pennsylvania, Boston University, Cooper University Hospital, Fox Chase Cancer Center and Virtua Health.

Applicant

CLS was formed in 2013 as a for-profit spin-out of CIMR to commercialize the technology that is being developed from the results of the CPMC. The Company's goal is to address how a doctor will use whole-genome sequencing to improve the quality of care. In order to accomplish this, CLS is developing three core products: GeneVault, GeneExchange and GeneDose. Collectively, the Company stated its services will create an "ecosystem" for doctors and providers of genetic analysis.

In order to preserve the nonprofit status of CIMR, CLS will host its operations in a separate building. The company has identified Philadelphia or Camden as suitable locations for the new operations. Over the last few months, EDA has been working with CLS to understand its financial and space needs. As a result CLS is considering occupying space in the Waterfront Technology Center in Camden (WTCC). When a decision is made CLS will apply for an ERB Business Lease Incentive Grant also. CLS expects to create 26 full time jobs and 10 part time jobs within its first 24 months of operations. During the first phase of this project, there will be seven jobs created, mostly upper level management positions. Pending additional fundraising, the remaining positions will be filled with various skilled jobs created including accounting, research and development, data processing, application development and project development project manager. Some of the part time jobs have the potential to become full time positions.

Both CIMR and CLS are well known to NJ EDA's Technology and Life Sciences Team (TLS). CLS applied for the proposed funding through TLS and received the same level of due diligence as an EDA Edison Innovation loan. This included a presentation by CLS to NJEDA's Technology Advisory Board (TAB) on January 15, 2013. TAB's role is to review the company and its technology to assist EDA staff in evaluating funding candidates for convertible debt programs. TAB is comprised of members from public and private organizations that have a background in emerging technology and/or venture capital financing. CLS received positive feedback from TAB members regarding its team and technology.

Development Team

Scott Megill, President and CEO (11% ownership projected post Angel round) – Mr. Megill received his Bachelor of Arts degree from Drew University and his Master of Business Administration degree from Villanova. His prior experience includes serving as Chief Information Officer at CIMR, Program Director of a \$20 million digital rights and identity management program at Dow Chemical Company and a Branch Manager for an IT consulting company that was purchased by Price Waterhouse Coopers. Reference calls were completed for Mr. Megill in which he was described as being highly intelligent, personable and a good leader. In addition, Mr. Megill was credited with establishing the relationship of CIMR and IBM.

Michael Christman, Ph.D., Advisor (8% ownership projected post angel round) – Dr. Christman received a Bachelor's degree in Chemistry from the University of North Carolina, Chapel Hill and his Doctorate degree in Biochemistry from University of California, Berkeley. In addition, he was a Jane Coffin Childs postdoctoral fellow at Massachusetts Institute of Technology. Dr. Christman is currently the President and CEO of CIMR and will serve as an advisor to CLS. His prior experience includes serving as a Professor and Founding Chairman of the Department of Genetics and Genomics at Boston University School of Medicine. In 2007, he joined CIMR and initiated the CPMC study.

CLS is currently wholly-owned by CIMR. After the angel round CIMR will have a 47% ownership stake and Mr. Megill will have an 11% ownership stake in CLS. No other owner will have more than a 10% ownership stake. CIMR has stated that it will continue to dilute its position in subsequent rounds to a floor of 20%.

Project Summary

Healthcare costs in the U.S. have increased from \$256 billion in 1980 to \$2.6 trillion in 2010. In addition, they are expected to increase at a faster pace than income for the foreseeable future. This trend is further complicated by the high unemployment rate and the aging population. As a result, the healthcare industry is in need of new technologies that will assist in lowering the cost of care.

One costly and growing problem for the healthcare industry is adverse drug reactions (“ADR’s”). It is estimated that there are more than two million cases per year of serious ADR’s that result in more than 5% of total hospitalizations and 100,000 deaths annually. A major contributor to this problem is that doctors use a trial-and-error approach for prescriptions based upon such factors as age and weight. This method does not account for a patient’s genetics, which will impact how they metabolize a medicine. (The use of genetic information for medicine is called Pharmacogenomics.) As an example, it is estimated that up to 25% of Medicare patients are re-hospitalized within 30 days of discharge for the same diagnosis and the most common reason for the readmissions is related to issues with medications. Approximately 80% of the ADR’s and 75% of the readmissions have been deemed preventable had Pharmacogenomics been used to determine the prescription.

CLS’s technology will assist in advancing Pharmacogenomics to reduce the cost of healthcare and improve the effectiveness of medicine. This will be accomplished by establishing the genome ecosystem detailed previously. The ecosystem will provide doctors with access to leading providers of genetic analyses will unify complex genomic data from various sources into a standardized format and will produce reports with actionable data that can be easily understood by the doctor and the patient.

CLS’s GeneVault will store and manage the variant portion of a patient’s genetic sequence. Of note, an entire sequence is approximately one terabyte per person; however, only about 70 megabytes of the data is unique to a specific patient (the rest of the data is the same for everyone). The GeneVault will be a private cloud that utilizes relational databases so that the information is easily accessible and available for reuse. In addition, it will be protected by a multi-layered technology that has been developed with IBM. This service is needed to make personalized medicine possible as the US has prohibited insurance companies, healthcare providers or employers from storing genetic information. CLS will not charge for storage of the genetic records as it is needed for the other services that will be provided.

The GeneExchange will be the interface that a doctor uses to order interpretation services for a patient. CLS states that it will operate similar to Apple’s AppStore and will include “apps” from third party collaborators that have been screened and approved by CLS’s advisory Board. The GeneExchange will create an “ecosystem” that will allow interpretation services to be ordered by a doctor in a consistent manner similar to lab results. The apps will be comprised of different analytics services such as drug metabolism, carrier status for an illness or predisposition for cancer. The GeneExchange will serve as a marketplace to bridge the gap between doctors and providers of genetic analysis. CLS will charge a 25% commission for each interpretation that is ordered.

GeneDose will be the flagship product as it will be a comprehensive report that shows the specific effects of medicine on an individual patient. It will provide patients and physicians with an easy-to-read report that shows how numerous drugs will interact with the patient’s genetics. CLS intends to charge \$200 per report for this service.

CLS has two significant competitive advantages. The first is its affiliation with CIMR as the Institute is regarded as a leader in biobanking and scientific research. In addition, CIMR is transferring more than five years of research and intellectual property to CLS. The second is its partnership with IBM, in which IBM will provide several key services including software, equipment financing and marketing support. One of the primary benefits of the partnership is that IBM will promote CLS to its existing clients. It is estimated that approximately 75% of electronic medical record (“EMR”) systems utilize IBM’s technology and CLS will be introduced by IBM as a trusted partner.

Initially, CLS will target large, self-insured organizations such as IBM, Ford, the Department of Defense and nationalized health care systems. This is largely due to the cost of the genome at the present time as self-insured entities are more likely to incur the expense of the sequence so that they can reduce their long term expenses. The secondary target is healthcare providers. This segment will be targeted more aggressively as the cost of the sequence decreases, which is projected to be less than \$500 by 2015. CLS also stated that they are in discussions with several large drug manufacturers and that there is a good deal of interest in utilizing the technology to improve the quality of their clinical trials. In order to reach these markets, CLS stated that they will leverage the IBM relationship and will be hiring direct sales representatives.

Project Budget

<u>Uses of Funds</u>	
Growth Capital*	\$3,154,000
Purchase Equipment	186,000
<u>Total Project Costs</u>	<u>\$3,340,000</u>
<u>Sources of Funds</u>	
Angel Investment	\$2,240,000
IBM Grant	100,000
ERB Loan	1,000,000
<u>Total Project Costs</u>	<u>\$3,340,000</u>

*Comprised primarily of personnel, research and development and sales and marketing expenses to develop and commercialize technology from CIMR. This budget represents carrying costs through December of 2014. The proposed funding will support Coriell while it commercializes its technology and raises additional capital.

The proposed loan will be contingent upon receipt of proceeds from the Angel round and has received a \$100,000 grant from IBM prior to closing.

Security and Repayment

Collateral for the proposed loan will consist of a first lien on all business assets including intellectual property.

The maximum proposed loan amount shall not exceed 30% of the total one-year budget, with a cap of \$1,000,000 and will have a fixed interest rate set at the time of closing at the higher of half the Federal Discount rate or 3%. The loan will have a 10 year term with no payments required during the term of the loan. Interest will be accrued and capitalized with all principal and interest due upon maturity. The loan may be converted into equity during any future qualified rounds of equity investments of \$1 million or greater. The price per share will be the prevailing price offered to all investors.

CLS will be required to maintain a presence and employment in the City of Camden during the term of the loan.

Disbursement of Funds

As of this underwriting, disbursement milestones are being negotiated. The milestones will focus on items such as, but not limited to, job creation and development of operating infrastructure. A portion of our loan will be disbursed at closing and at the attainment of each milestone. The final milestones will be defined in the commitment letter.

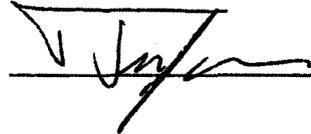
Project Eligibility and Benefits

Staff has reviewed the application for consistency with the Act, the Master Plan and the Strategic Revitalization Plan adopted by the Board at its June 20, 2003 meeting. This project is consistent with the Strategic Revitalization Plan (SRP) and with the City's Master Plan, meeting the general criteria for project financing a, c and d and it meets the criteria for transition/future development areas b and cii and iv.

On March 28, 2013 the ERB Policy Committee agreed to recommend an amendment to the ERB Guidelines be presented to the ERB Members permitting loans to assist companies in need of working capital. At its board meeting today the Members of the ERB Board were presented with the Policy Committee's recommendation. Under these changes to the Guidelines, working capital can be made available through loans of up to \$1 million, which would be subject to credit analysis and underwriting standards and procedures undertaken by EDA staff. Eligible businesses would be required to demonstrate a need for financing that could not be obtained elsewhere. Businesses would also be required to demonstrate that their business contributes to the goals of the SRP.

Recommendation

The Members of the ERB approved this request at its meeting on May 8, 2013. Accordingly, the Members of the Authority are asked to approve the funding authorization under the Demolition and Redevelopment Financing Fund (DRFF) established through the Municipal Rehabilitation and Economic Recovery Act ("Act").



Prepared By: V. Pepe

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - CAMDEN ERB PROGRAM**

APPLICANT: Coriell Life Sciences, Inc.

P37999

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 403 Haddon Ave

Camden City (T/UA)

Camden

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

APPLICANT BACKGROUND:

Coriell Life Sciences, Inc. ("CLS" or "the Company") is seeking a \$1,000,000 Camden ERB loan to support growth capital needs including marketing, personnel and development costs. The proposed loan will have a fixed interest rate set at the time of closing at the higher of half the Federal Discount rate or 3%. The loan will have a 10 year term with no payments required during the term of the loan. Interest will be accrued and capitalized with all principal and interest due upon maturity. The Authority, at its option, may convert its loan into equity during any future qualified rounds of equity investments of \$1 million or greater. The price per share will be the prevailing price offered to all investors. Of note, CLS is a for-profit spin-out of the Coriell Institute for Medical Research ("CIMR"). CIMR is a non-profit organization that has been headquartered in Camden since 1953. The proposed financing will assist in maintaining Coriell's long-standing presence in Camden as they are exploring other options (including Philadelphia) for CLS. In addition, the proposed funding will assist in creating 26 new full-time jobs and 10 new part-time jobs in Camden within two years.

APPROVAL REQUEST:

Staff recommends seeking approval from the ERB Board for a \$1,000,000 loan as proposed.

FINANCING SUMMARY:

LENDER:

AMOUNT OF LOAN: \$1,000,000

TERMS OF LOAN: Fixed interest rate set at the time of closing at the higher of half the Federal Discount rate or 3%. The loan will have a 10 year term with no payments required during the term of the loan. Interest will be accrued and capitalized with all principal and interest due upon maturity. The Authority, at its option, may convert its loan into equity during any future qualified rounds of equity investments of \$1 million or greater. The price per share will be the prevailing price offered to all investors.

PROJECT COSTS:

Growth Capital	\$3,154,000
Equipment Acquisition	\$186,000
TOTAL COSTS	<u><u>\$3,340,000</u></u>

JOBS: At Application 3 Within 2 years 26 Maintained 0 Construction 0

DEVELOPMENT OFFICER: V. Pepe

APPROVAL OFFICER: S. Brady

**PETROLEUM UNDERGROUND STORAGE
TANK PROGRAM**



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President and Chief Operating Officer
DATE: May 16, 2013
SUBJECT: PUST and HDSRF Program Funding Status
(For Informational Purposes Only)

In December, 2012, the members approved a change in the administration of the subject programs as a result of new Treasury guidance for fund transfers.

Following this memo for the members' information are the actions taken by staff in April under delegated approval. After these approvals, the net funding available at April 30 for May, 2013 board actions is shown below. Treasury has also been notified of the April approvals and will encumber the funds for those approvals.

PUST:

As of April 30, the UST fund held by EDA had approximately \$5 million in cash and unfunded appropriations to fund projects for \$719,565 presented to the members for consideration herein. Estimated cash together with remaining unfunded appropriations after these approvals is \$4.3 million.

HDSRF:

As of April 30, the HD fund held by EDA had approximately \$37.7 million in cash and unfunded appropriations available to fund projects. There are no projects presented to the members for consideration herein.

Prepared by: Lisa Petrizzi



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President/Chief Operating Officer
DATE: May 16, 2013
SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

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

Residential Grants:

John Both and Shirley Both	\$ 146,138
Zdzislaw Czech	\$ 128,422
Cheryl Hagood	\$ 129,085
Denise Lucas	\$ 315,920
Total UST Residential Grants	\$ 719,565

Prepared by: Lisa Petrizzi

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

APPLICANT: John Both and Shirley Both

P38018

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION 29 Black Oak Dr.

Vernon Township (T)

Sussex

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

APPLICANT BACKGROUND:

John Both and Shirley Both are homeowners seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the costs are technically eligible as the project site poses an immediate environmental threat to human health since the potable water is contaminated and extensive remediation of the groundwater is necessary.

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

APPROVAL REQUEST:

The applicants are requesting grant funding in the amount of \$146,138 to perform the approved scope of work at the project site.

The NJDEP oversight fee of \$14,614 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT \$146,138

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation	\$146,138
NJDEP oversight cost	\$14,614
EDA administrative cost	\$250
TOTAL COSTS	<hr/> \$161,002 <hr/>

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Zdzislaw Czech

P37963

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 157 Luppatalong Ave.

Keyport Borough (N)

Monmouth

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

APPLICANT BACKGROUND:

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

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

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of \$128,422 to perform the approved scope of work of at the project site.

The NJDEP oversight fee of \$12,842 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: \$128,422

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation	\$128,422
NJDEP oversight cost	\$12,842
EDA administrative cost	\$250
TOTAL COSTS	<hr/> \$141,514 <hr/>

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Cheryl Hagood

P38041

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION 247 Stuart St.

Howell Township (T)

Monmouth

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

APPLICANT BACKGROUND:

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

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

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of \$129,085 to perform the approved scope of work at the project site for extensive soil remediation.

The NJDEP oversight fee of \$12,909 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT \$129,085

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation	\$129,085
NJDEP oversight cost	\$12,909
EDA administrative cost	\$250
TOTAL COSTS	<hr/> \$142,244 <hr/>

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Denise Lucas

P38150

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION 9 Luliustown Rd.

Springfield Township (N)

Burlington

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

APPLICANT BACKGROUND:

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

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

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of \$315,920 to perform the approved scope of work at the project site.

The NJDEP oversight fee of \$31,592 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT \$315,920

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation	\$315,920
NJDEP oversight cost	\$31,592
EDA administrative cost	\$250
TOTAL COSTS	<hr/> \$347,762 <hr/>

APPROVAL OFFICER: K. Junghans



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

TO: Members of the Authority
FROM: Timothy Lizura
 President/Chief Operating Officer
DATE: May 16, 2013
SUBJECT: Petroleum Underground Storage Tank Program - Delegated Authority Approvals
 (For Informational Purposes Only)

Pursuant to the delegations approved by the Board in May 2006, the Chief Executive Officer ("CEO") with a Director may approve new grants under the Hazardous Discharge Site Remediation Fund (HDSRF) and Petroleum Underground Storage Tank Program (PUST) up to \$100,000 and may approve supplemental awards for existing grants (of any size) up to an aggregate of \$100,000, provided that the aggregate amount of the supplemental awards do not exceed \$100,000.

The Petroleum Underground Storage Tank Program legislation was amended to allow funding for the removal/closure and replacement of non-leaking residential underground storage tanks (UST's) and non-leaking non-residential UST's up to 2,000 gallons for eligible not for profit applicants. The limits allowed under the amended legislation is equivalent to the New Jersey Department of Environmental Protection cost guide.

Below is a summary of the Delegated Authority approvals processed by Finance & Development for the period April 01, 2013 to April 30, 2013

Summary:		# of Grants	\$ Amount
	Leaking tank grants awarded	58	\$907,374
	Non-leaking tank grants awarded	0	\$0

Applicant	Description	Grant Amount	Awarded to Date
Amuso, Joseph (P37934)	Initial grant for upgrade, closure and remediation	\$32,176	\$32,176
Armstrong, Gordon (P38139)	Initial grant for upgrade, closure and remediation	\$7,378	\$7,378
Aunicky, Charles (P38108)	Initial grant for upgrade, closure and remediation	\$6,113	\$6,113
Bailey, Nayla Maroun (P38209)	Initial grant for upgrade, closure and remediation	\$14,052	\$14,052
Blumenthal, Peter (P37895)	Partial initial grant for upgrade, closure and remediation	\$5,551	\$5,551
Bohneberger, Charles (P38087)	Initial grant for upgrade, closure and remediation	\$6,449	\$6,449
Bott, Dolores (P38168)	Initial grant for upgrade, closure and remediation	\$17,342	\$17,342
Buttel, Dennis and Debbie Anne (P38112)	Initial grant for upgrade, closure and remediation	\$28,088	\$28,088
Calvi, Frances (P38155)	Initial grant for upgrade, closure and remediation	\$16,300	\$16,300
Chairappa, Susanne (P38071)	Initial grant for upgrade,	\$11,310	\$11,310

Applicant	Description	Grant Amount	Awarded to Date
	closure and remediation		
Connolly, James (P38042)	Initial grant for upgrade, closure and remediation	\$84,309	\$84,309
Cwikla, Theresa (P38021)	Initial grant for upgrade, closure and remediation	\$1,000	\$1,000
Dang, Phuoc (P38138)	Initial grant for upgrade, closure and remediation	\$10,433	\$10,433
DiQuollo, Thomas (P38137)	Initial grant for upgrade, closure and remediation	\$15,178	\$15,178
Dikkenberg, Johannes (P38207)	Initial grant for upgrade, closure and remediation	\$4,525	\$4,525
Dolock, Joseph (P38147)	Initial grant for upgrade, closure and remediation	\$67,838	\$67,838
Ederly, Bernice (P38024)	Initial grant for upgrade, closure and remediation	\$8,244	\$8,244
Fabe, Mafalda (P37919)	Initial grant for upgrade, closure and remediation	\$13,296	\$13,296
Griffin, Frederic P. (P38170)	Initial grant for upgrade, closure and remediation	\$4,326	\$4,326
Himelfarb, Sheila (P38076)	Initial grant for upgrade, closure and remediation	\$8,774	\$8,774
Hoblyn, Penelope (P38193)	Initial grant for upgrade, closure and remediation	\$13,954	\$13,954
Householder, Carla and Foster Householder (P37983)	Initial grant for upgrade, closure and remediation	\$3,666	\$3,666
Hults, Paul and Carol (P38208)	Initial grant for upgrade, closure and remediation	\$25,433	\$25,433
Jackson, Richard and Bernadine (P37872)	Initial grant for upgrade, closure and remediation	\$35,831	\$35,831
Kong, Peter (P38046)	Initial grant for upgrade, closure and remediation	\$9,459	\$9,459
Kulek, John and Jennifer (P38115)	Initial grant for upgrade, closure and remediation	\$8,385	\$8,385
Levine, Claire (P38031)	Initial grant for upgrade, closure and remediation	\$4,980	\$4,980
Loy, Margaret (P38167)	Initial grant for upgrade, closure and remediation	\$3,550	\$3,550
McGee, John (P37899)	Initial grant for upgrade, closure and remediation	\$1,800	\$1,800
Mockler, Toni (P38254)	Initial grant for upgrade, closure and remediation	\$1,730	\$1,730
Morgenroth, Jacqueline (P38085)	Initial grant for upgrade, closure and remediation	\$10,185	\$10,185
O'Donnell, Dave (P38223)	Initial grant for upgrade,	\$6,404	\$6,404

Applicant	Description	Grant Amount	Awarded to Date
	closure and remediation		
O'Shea, Mike (P38035)	Initial grant for upgrade, closure and remediation	\$4,613	\$4,613
Outinen, Paivi (P38086)	Initial grant for upgrade, closure and remediation	\$20,545	\$20,545
Paterson, Charles (P38038)	Initial grant for upgrade, closure and remediation	\$14,292	\$14,292
Paulino, Veronica (P38146)	Initial grant for upgrade, closure and remediation	\$15,010	\$15,010
Pelton, Lee (P37268)	Supplemental grant for upgrade, closure and remediation	\$14,993	\$45,754
Pierznik, Richard (P38187)	Initial grant for upgrade, closure and remediation	\$20,422	\$20,422
Pietrafesa, Elizabeth (P38131)	Supplemental grant for upgrade, closure and remediation	\$59,813	\$69,262
Reynes, Maria (P38132)	Supplemental grant for upgrade, closure and remediation	\$4,962	\$25,562
Rutkowski, Walter (P38093)	Initial grant for upgrade, closure and remediation	\$11,165	\$11,165
Saile, Margaret C. (P38149)	Initial grant for upgrade, closure and remediation	\$15,050	\$15,050
Selesky, Jack and Theresa (P38011)	Initial grant for upgrade, closure and remediation	\$46,328	\$46,328
Smalley, Peter (P38036)	Initial grant for upgrade, closure and remediation	\$16,090	\$16,090
Smith, Esther (P37997)	Supplemental grant for upgrade, closure and remediation	\$701	\$11,323
Smith, Tanya (P38185)	Initial grant for upgrade, closure and remediation	\$10,606	\$10,606
Sooklal, Ramnath (P37893)	Initial grant for upgrade, closure and remediation	\$5,808	\$5,808
Stayvas, Walter (P38277)	Initial grant for upgrade, closure and remediation	\$12,635	\$12,635
Sullivan, David (P37932)	Initial grant for upgrade, closure and remediation	\$8,513	\$8,513
Sutton, Paul (P38110)	Partial initial grant for upgrade, closure and remediation	\$6,944	\$6,944
Thomas, Crystal (P38153)	Initial grant for upgrade, closure and remediation	\$3,133	\$3,133
Thomas, Eloise (P38169)	Initial grant for upgrade, closure and remediation	\$49,646	\$49,646
Tierney, Ken (P38214)	Initial grant for upgrade, closure and remediation	\$12,605	\$12,605
Urban, Margo (P38140)	Initial grant for upgrade,	\$8,240	\$8,240

Applicant	Description	Grant Amount	Awarded to Date
	closure and remediation		
Vetter, Edward and Laura (P31970)	Initial grant for upgrade, closure and remediation	\$1,800	\$1,800
Vopal, Mary and Roger (P38178)	Partial initial grant for upgrade, closure and remediation	\$3,164	\$3,164
Woodhead, Walter (P38130)	Supplemental grant for upgrade, closure and remediation	\$29,959	\$92,225
Zahoor, Pervaz (P37998)	Supplemental grant for upgrade, closure and remediation	\$22,278	\$29,026

58 Grants

Total Delegated Authority
funding for Leaking
applications.

\$907,374



Timothy Lizura

Prepared by: Lisa Petrizzi, Assistant Director

**HAZARDOUS DISCHARGE SITE REMEDIATION FUND
PROGRAM**



TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: May 16, 2013

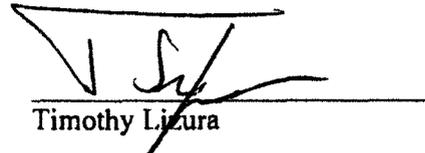
SUBJECT: Hazardous Discharge Site Remediation Fund - Delegated Authority Approvals
(For Informational Purposes Only)

Pursuant to the delegations approved by the Board in May 2006, the Chief Executive Officer ("CEO") with a Director may approve new grants under the Hazardous Discharge Site Remediation Fund and Petroleum Underground Storage Tank programs up to \$100,000 and may approve supplemental awards for existing grants (of any size) up to an aggregate of \$100,000, provided that the aggregate amount of the supplemental awards do not exceed \$100,000.

Below is a summary of the Delegated Authority approval processed by the Finance & Development for the month of April 2013.

Applicant	Description	Grant	Awarded to Date
Borough of Woodbine (Woodbine Hat Company) P38104	Supplemental grant for remedial investigation activities	\$34,729	\$ 311,737*
1 Grant	Total Grant Funding for April 2013	\$34,729	

*This amount includes grants approved previously by the Board and this award does not exceed the supplemental aggregate limit.


Timothy Lizura

Prepared by: Lisa Petrizzi, Assistant Director

INCENTIVES

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

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

BUSINESS EMPLOYMENT INCENTIVE PROGRAM (BEIP)

Created by law in 1996, the intent of this program is to provide grants to businesses locating in, or relocating to, New Jersey that create new jobs in this State.

Per N.J.S.A. 34:1B-124 et seq. / N.J.A.C. 19:31-10 and the program's rules, the applicant must:

- be moving to New Jersey from out of state, or expanding in New Jersey and is seriously looking at out of state alternatives.
- demonstrate it is financial viable, and that the BEIP grant is a "material" factor in the decision to relocate to or expand in New Jersey
- create at least 25 new jobs within a 2-year period; emerging high technology and biotech companies' eligibility threshold is 10 new job.

Staff Review:

- To determine material factor, staff reviews the cost benefit analyses provided by the company regarding other out-of-state sites under consideration, which include factors such as cost of rent, property taxes, and utility costs. Staff also investigates the existence of any existing labor contracts or real estate ownership that would render a relocation out of New Jersey as impractical or cost prohibitive.

Amount of award based upon:

10 to 80% of income tax withholdings of new jobs created.

BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT (BRRAG)

Created by law in 1996, the intent of this program is to preserve jobs that currently exist in New Jersey but are in danger of being relocated to premises outside of the State.

Per N.J.S.A. 34:1B-112 et seq. / N.J.A.C. 19:31-14 and the program's rules, the applicant must:

- relocate or maintain a minimum of 50 retained full-time "at risk" jobs from one or more locations within this State to a new business location or locations in this State and maintain the retained full-time jobs pursuant to the project agreement for the commitment duration. Businesses may remain at a current location if it makes a capital investment equal to the total value of the business retention or relocation grant of tax credits to the business at that location or locations.
- have operated continuously in New Jersey in whole or in part, in its current form or as a predecessor entity, for at least 10 years.
- demonstrate that the BRRAG grant is a "material" factor in moving the relocation project forward in New Jersey (except for a business that relocates 1,500 or more retained full-time jobs from outside of a designated urban center to one or more locations within a designated urban center if the business applies for a grant within six months of signing its lease or purchase agreement).
- commit to remain in New Jersey for the tax credit term and an additional five years – the commitment duration.
- meet a net benefit test

Staff Review:

- To determine material factor, staff reviews the cost benefit analyses provided by the company regarding other out-of-state sites under consideration, which include factors such as cost of rent, property taxes, and utility costs. Staff also investigates the existence of any existing labor contracts or real estate ownership that would render a relocation out of New Jersey impractical or cost prohibitive.
- A comprehensive net benefit analysis is conducted to ensure the project has a positive net benefit to the State of at least 110%. The economic impact model used by the EDA includes multipliers from the RIMS II data base, published by the US Department of Commerce, along with our own econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation. In addition to this information we also estimate likely personal and corporate earnings yield from a given project. EDA estimates both direct and indirect impacts on a one-time and ongoing basis. Direct impacts are those that result from capital flows for people and material directly associated with the project. (i.e. on site workers salaries, construction materials, etc.) Indirect impacts are those from cash flows other than those generated directly from the project (i.e. sandwich makers, equipment repair companies, and local retail.) One-time benefits are those associated with the project's capital investment while the ongoing benefits are attributable to the project's annual economic activity.

Amount of award based upon:

- Up to \$1,500 tax credit per job retained for up to six years. Tax credit boosted to \$2,250 per job retained if capital investment is more than twice the amount of the tax credit benefit. Number of years of the term of the benefit based upon number of jobs retained.

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

APPLICANT: GENEWIZ, Inc.

P38295

PROJECT LOCATION: 111 Corporate Blvd South Plainfield Borough Middlesex County

GOVERNOR'S INITIATIVES:

Urban Edison Core Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

GENEWIZ, Inc. is a leading global contract research organization formed in 1999. The applicant specializes in genomic services, ranging from DNA sequencing and synthesis, to bioinformatics. GENEWIZ leads the industry in outsourcing partnerships with a customer list including Novo Nordisk, Merck, Novartis, Rockefeller University, Columbia University and Harvard Medical School. The applicant is economically viable.

GENEWIZ, Inc. leased space at the Commercialization Center for Innovative Technology (CCIT) from July, 2002 to December, 2006. While at CCIT, they grew from 4 employees occupying 1,600 s. f., to 33 employees occupying 4,800 s. f. Today, the applicant employs 512 people, globally. Steven Sun, the CEO of GENEWIZ, is on the Board of the CCIT.

GENEWIZ, Inc. maintains its global headquarters in South Plainfield, NJ, with servicing labs strategically located in Boston, MA, Washington D.C, San Diego, CA, and Research Triangle Park, NC. In addition, the applicant has 2 facilities in China, employing 334 people, and an office in London.

MATERIAL FACTOR:

GENEWIZ, Inc. is seeking a BEIP grant to create 30 administrative jobs to support the continuing growth experienced over the past two years. Under consideration are 11,000 s. f. facilities in South Plainfield, near its global headquarters, and Horsham, PA. In South Plainfield they have 3 offices, with 2 leases expiring in 2020, and a smaller facility lease expiring in 2015, with 25 administrative employees. They are considering relocating the 25 administrative jobs to the new facility as soon as they can sublease the space or at lease expiration. Project costs are estimated to exceed \$1.2 million. Management has indicated that a favorable decision by the Authority to award the BEIP grant is a material factor in the company's decision to expand in New Jersey. The Authority is in receipt of an executed CEO certification that states the application has been reviewed and the information submitted and representations contained therein are accurate.

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 GENEWIZ, 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: \$ 299,322
 (not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 125

ELIGIBLE BEIP JOBS: Year 1 20 Year 2 10 Base Years Total = 30

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$9,977

ANTICIPATED AVERAGE WAGES: \$61,600

ESTIMATED PROJECT COSTS: \$1,256,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$498,870

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$448,983

PROJECT IS: Expansion () Relocation _____

CONSTRUCTION: Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: Domestic () Foreign

DEVELOPMENT OFFICER: K. Hashmi

APPROVAL OFFICER: M. Krug

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	South Plainfield Borough	N/A
2. Job Creation	30	1
	Targeted : <u> X </u> Non-Targeted : _____	
3. Job at Risk:	25	1
4. Industry:	Biotechnology	2
	Designated : <u> X </u> Non-Designated : _____	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$1,256,000	1
7. Average Wage:	\$ 61,600	3

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%	<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:	10 = 35 %
Construction/Renovation :	5 %
Bonus Increases :	20 %
Total Score (not to exceed 80 %):	60 %

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

APPLICANT: PVH Corp. and Subsidiaries

P38173

PROJECT LOCATION: 999 Frontier Road & 1001 Bridgewater Township (N) Somerset County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

PVH Corp. (NYSE: PVH), one of the world's largest apparel companies, owns and markets Van Heusen, Calvin Klein, Tommy Hilfiger, IZOD, ARROW and Bass brands, among many others. Formerly known as Phillips-Van Heusen Corporation, PVH is the world's largest shirt and neckwear company. In addition, it markets a variety of goods under its own brands. PVH employs 11,800 worldwide, including 875 at its corporate office site in Bridgewater, New Jersey. In February 2013, PVH completed the acquisition of The Warnaco Group, Inc., a publicly traded global apparel company that owned the Speedo, Warner's and Olga brands. The Applicant is economically viable.

In July 2004, the Applicant was approved for a BEIP grant for bringing 27 jobs from Maine to PVH's existing site in Bridgewater, New Jersey. This expansion was a result of the acquisition of the Bass footwear brand. This existing BEIP grant (P15902) is in good standing.

Following the acquisition of Warnaco, PVH is considering its options for the 100 remaining former Warnaco employees that are in Milford, Connecticut. The company has identified two primary options: either to keep them in Milford, Connecticut or to relocate those jobs to New Jersey, to an addition that is next door to its New Jersey headquarters in Bridgewater. Its third alternative is to relocate the same jobs to New York. In addition to the possible relocation during the first year, the company expects further growth of up to 25 additional jobs in the second year.

MATERIAL FACTOR:

The Applicant is seeking a BEIP grant to support creating 125 permanent, full-time positions in New Jersey within two years. The applicant has submitted a cost benefit analysis comparing the cost of similar facilities in New Jersey and Connecticut. The company has represented that a favorable decision by the Authority to award the BEIP grant is a material factor in the Applicant'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. The Authority staff recommends the award of the proposed BEIP grant.

APPROVAL REQUEST:

PERCENTAGE: 50%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage PVH Corp. and 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: \$ 720,313
 (not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 875

ELIGIBLE BEIP JOBS: Year 1 100 Year 2 25 Base Years Total = 125

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$5,762

ANTICIPATED AVERAGE WAGES: \$50,000

ESTIMATED PROJECT COSTS: \$2,120,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$1,440,625

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$1,440,625

PROJECT IS: (X) Expansion (X) Relocation Milford, CT

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

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 125	2
Targeted : _____ Non-Targeted : <u>X</u>	
3. Job at Risk: 0	0
4. Industry: apparel/textile products	0
Designated : _____ Non-Designated : <u>X</u>	
5. Leverage: 3 to 1 and up	2
6. Capital Investment: \$2,120,000	1
7. Average Wage: \$ 50,000	2

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%	<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:	7 = 25 %
Construction/Renovation :	5 %
Bonus Increases :	20 %
Total Score (not to exceed 80 %):	50 %



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura,
President and Chief Operating Officer

DATE: May 16, 2013

SUBJECT: NBC Universal, Inc.; CNBC, Inc.; and CNBC.com LLC – P11113
Englewood Cliffs, New Jersey
\$4,611,840 Business Employment Incentive Program Grant (“BEIP”)

Modification Request:

Consent to the acquisition of NBC Universal, Inc. (“NBC”); CNBC, Inc.; and CNBC.com LLC and its subsidiaries by Comcast Corporation (“Comcast”) and the subsequent name changes of the grantee and its subsidiaries.

A 20% cap will be imposed on the remaining payments due under the grant.

Background:

Formed in 1926 by the Radio Corporation of America (RCA), NBC is the oldest major broadcast network in the United States. In 1986, control of NBC passed to General Electric (GE), with GE's \$6.4 billion purchase of RCA. NBC has 10 owned-and-operated stations and nearly 200 affiliates in the United States and its territories.

In November, 1996, the members approved an 80%/10 year grant to NBC (formerly MSNBC) for the startup and operation of its cable television headquarters in Secaucus. In 2007, MSNBC announced it would be vacating the facility to relocate back to Manhattan. In 2008, recognizing that NBC still continued to employ a significant number of New Jersey employees, the EDA agreed to a sliding scale recapture of the company's \$7.3MM grant.

In September, 1999, the members approved an 80%/10 year grant to locate its operations including its digital media business to New Jersey. Current employment as of March, 2013 was 477, and to date \$2.4 million has been disbursed under the grant through 2009.

In addition, Northern Entertainment, Inc., a related entity of NBC has received film tax credits for digital media totaling \$41.7MM. NBC was also approved for a digital media tax credit in February 2009 totaling \$6.4MM; no disbursements have been made to date.

Comcast also has two BEIPs with EDA. The first was approved in September 2000 to Comcast Business Communications, LLC for its relocation from Philadelphia, to New Jersey. To date

\$4.4 million has been disbursed through calendar year 2008; \$4 million is pending disbursement through calendar year 2011.

The second grant was approved in February, 2001, for the consolidation of several NJ locations to a central call center in Voorhees. The grant matured in July 2011 and to date \$1.5 million has been disbursed through calendar year 2010. The final payment of this grant for \$128 thousand is pending.

The current request is to approve the acquisition of NBC by Comcast, which began in 2011, with Comcast acquiring 51 percent of the company from GE. GE remained a 49 percent owner until 2013 when Comcast acquired the remaining shares. As a result of Comcast's acquisition, NBC and some of its subsidiaries names changed, as these entities were converted from corporations to a limited liability companies.

Staff has also reviewed the financial statements of Comcast Corporation and has determined that the company is economically viable.

Recommendation:

Consent to the acquisition of NBC Universal, Inc. and its subsidiaries by Comcast Corporation and the subsequent name changes of NBC and its subsidiaries.



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

Prepared by: Charlene M. Craddock and Natalia Nagovsky

BOARD MEMORANDUMS



MEMORANDUM

TO: Members of the Authority

FROM: Tim Lizura, President and Chief Operating Officer

DATE: May 16, 2013

SUBJECT: New Markets Tax Credit (“NMTC”) \$42,000,000 Loan Pool 1 (“Loan Pool 1”) NJUSB Investment Fund, LLC (“Fund”) \$31,000,000 Loan (P17043)

Request:

Consent to the actions below to wind-up Loan Pool 1 at the conclusion of the NMTC program’s compliance period on December 31, 2012:

- Transfer all Loan Pool 1 assets (“NMTC Loans”) from NJCDE-1 to NJEDA in satisfaction of the \$31,000,000 NJEDA loan made to the Fund which was due and payable on January 1, 2013;
- Authorize a loan servicing agreement between NJEDA and the NJCDE-1 for the ongoing servicing of the NMTC Loans by NJEDA and payment of a one-time servicing fee of 0.60% (\$252,000) to compensate NJEDA for unanticipated servicing of the NMTC Loans beyond maturity due to changes in the economy;
- Authorize NJEDA’s CEO or President /COO, or designee, to execute documents and agreements needed to finalize the wind-up of Loan Pool 1, including but not limited to the transfer of the NMTC Loans, the loan servicing agreement, and the dissolution of NJCDE-1 and the Fund.

Background:

In 2004, the U.S. government awarded a \$125 million New Markets Tax Credit allocation to NJCDE, owned 99.9% by NJEDA, to promote economic development in low-income communities throughout New Jersey. NMTCs may be used as a credit against federal income taxes over 7 years in return for qualifying capital investments in low income areas.

In 2005, the Members approved a sub-allocation of \$42 million in NMTCs to create a loan pool for commercial projects administered by NJEDA (“Loan Pool 1”). Under the NMTC structure, U.S. Bancorp Community Development Corporation (USBCDC) provided an equity investment of \$11 million to NJUSB Investment Fund in return for the right to receive \$42 million in NMTCs and a 99.9% non-controlling interest in the Fund. In addition, NJEDA loaned \$31 million to the Fund which was provided to NJCDE-1, a special purpose entity, to create a \$42 million loan pool. NJCDE, retained the controlling 0.1% interest in the Fund and NJCDE-1. At the time, the

individual loan projects were not known, and NJEDA, as managing member of NJCDE-1, was required to guarantee payment to USBCDC in the event of recapture of tax credits (plus interest and penalties) triggered by certain specific events during the 7 year NMTC compliance period (ending in December 2012). The potential liability under this recapture guarantee was estimated up to \$17 million.

During 2006, NJCDE-1 closed a \$5.3 million loan to Matrix East Front Street to construct a commercial office building in Trenton, two loans aggregating \$22.5 million to Goodmill, LLC, to build a new shopping center in Millville, and a \$10 million loan to construction materials manufacturer Steel Fab to purchase equipment at their new facility in Edison. The loans made in 2006 met the “substantially all” deployment requirements under NMTC rules, and in 2009 the remaining \$4.2 million was loaned to AC Beach for the completion of the boutique Chelsea Hotel in Atlantic City. The payment terms on these loans were interest only for the initial 7 years to meet NMTC community investment requirements, and if a longer term was provided, amortization was to begin in year 8. Balloon loan maturities range from January 2014 (Steel Fab) to July 2016 (Matrix). At maturity, it was anticipated that all borrowers would refinance their transactions through conventional debt.

To date, these loans have been serviced according to standard NJEDA policies and procedures, including establishing risk ratings and loss reserves. The balance of these loans, net of reserves, is \$34,965,000. Given current economic conditions and commercial lending standards that limit borrowers’ ability to refinance project debt, staff anticipates the need to extend and/or restructure the majority of these loans as they come due.

USBCDC advised that it wished to conclude the NMTC transaction at the end of the seven year NMTC compliance period, which was December 31, 2012. To effectuate its termination, it recently exercised its right under the existing Put Letter, dated December 21, 2005, between it and the Fund to put its membership interest in the Fund. Under the terms of a certain membership purchase agreement, the Fund assigned its rights and obligations under the Put Agreement to NJCDE for consideration of \$1.00. NJEDA, as recapture guarantor, was asked to consent to the membership interest purchase agreement, which it did. As a result of the membership interest purchase by NJCDE, USBCDC no longer has any membership interest in NJUSB and its involvement in Loan Pool 1 has terminated. NJCDE-1 is now wholly owned by NJUSB, which in turn is wholly owned by NJCDE.

In order to complete the wind-up of Loan Pool 1, NJCDE-1 will assign the loans to NJEDA in satisfaction of the original \$31 million loan NJEDA made to the Fund, which the Fund transferred to NJCDE-1 to fund Loan Pool 1. NJEDA will then be responsible for the servicing of the acquired loans. Once this transfer takes place, NJUSB and NJCDE-1 can be dissolved, as there is no longer a purpose for these entities.

In conjunction with this loan assignment and servicing transfer, and prior to its dissolution, NJCDE-1 will enter into a servicing agreement with NJEDA under which it will pay a servicing fee to NJEDA of \$252,000. The servicing fee for these loans will be 0.60% of loan balances at the time of transfer. The servicing fee is being assessed to compensate NJEDA for ongoing servicing that was not anticipated at the time the NMTC Loans were originally approved. As noted above, at the time of approval, it was anticipated that all loans would be fully repaid in 7 years. However, due to

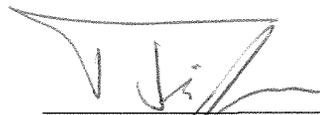
current economic conditions resulting in lower property values and commercial lending standards, borrowers are unable to refinance their loans. As a result, NJEDA will continue to service the portfolio in exchange for a one-time servicing fee paid by NJCDE-1. Staff believes the fee structure is reasonable as it was benchmarked against the annual servicing fee of 0.50% to 1.00% currently used by Colson Services Corp., a national loan servicing company. Since the NJCDE-1 and NJUSB Investment Fund, LLC will be dissolved as part of this wind-up, the one-time 0.60% services agreement fee will be paid prior to the termination of these entities.

Consent for the requested actions was granted by the NJCDE Board Members at a meeting held on April 30, 2013.

Recommendation:

Consent to the wind-up of Loan Pool 1 following the conclusion of the NMTC program's compliance period in December 2012, which includes agreement to the following:

- Assignment by NJCDE-1 of all Loan Pool 1 assets, ("NMTC Loans") to NJEDA in satisfaction of the \$31,000,000 loan made to the Fund which was due and payable on January 1, 2013;
- Authorize a loan servicing agreement between NJEDA and NJCDE-1 providing for NJEDA to continue to service the NMTC Loans through repayment or satisfaction and payment by NJCDE-1 of a 0.60% (\$252,000) one time loan servicing fee to NJEDA for unanticipated ongoing servicing of the portfolio beyond the loan maturity dates due to changes in the economy ;
- Authorize NJEDA CEO or President /COO, or designee, to execute any and all documents and agreements needed to finalize the wind-up of NMTC, including but not limited to the transfer of the NMTC Loans, the loan servicing agreement, and dissolution of NJCDE-1 and the Fund.



Timothy J. Lizura

Prepared by: H. O'Connell/D. Weick



MEMORANDUM

TO: Members of the Authority
FROM: Timothy Lizura, President and Chief Operating Officer
DATE: May 16, 2013
SUBJECT: For Informational Purposes Only
 Overview of 2012 Delegated Authority Approvals

Background

At various times over the past several years, Board approval was granted to allow EDA staff to approve new requests for loans and/or guarantees under Delegated Authority. This gives staff the ability to approve requests for funding using certain Authority programs. There are specific program and credit criteria that projects must meet to be approved using Delegated Authority. By utilizing this authority, staff is able to expedite approvals, which are important to our applicants and our bank partners. In addition, utilizing Delegated Authority, when appropriate, results in efficiency to our board process by limiting the number of projects that require board consideration, allowing the board members to spend time on more complex and/or riskier projects.

Programs through which Delegated Authority can be used are: Premier Lender Program (“PLP”), Main Street for Business Assistance (“Main Street”), PNC Business Growth Program (“BGF”), and the Small Business Fund. In addition, project requests using certain products available through the Fund for Community Economic Development (“CED”) and the Camden Economic Recovery Board (“ERB”) may also be approved under Delegated Authority.

The PLP, Main Street and BGF programs are used to supplement financing provided by our Premier banks in the form of participations and/or guarantees. As illustrated in the table below, each of these programs has its own list of eligibility criteria as well as credit criteria which must be met.

	Job Creation or Retention	Years in Business	Debt Service Coverage	Maximum LTV	Minimum Credit Score
PLP	One job per \$50,000	Minimum one year	1.10x	100%	Not applicable
Main Street	Not applicable	Minimum two years	1.10x	100%	680
PNC-BGF	One job per \$50,000	Minimum one year	1.10x	Real Estate 100%/Equip: 90%	Not applicable
Small Business Fund	Not applicable	Minimum one year	1.10x	Real Estate 100%/Equip: 90%	Loans up to: \$125M = 650; \$300M = 700

Requests through the PLP, Main Street and BGF programs are submitted to the Authority by the bank. The bank provides an application package, which includes the application, bank underwriting and approval document, financial information, Dun & Bradstreet and credit reports.

This information is reviewed by EDA staff to ensure project eligibility, and a brief underwriting is done to confirm projects meet the required credit criteria. Requests through the Small Business Fund are typically submitted directly by the Applicant. These requests go through a full underwriting to ensure program and credit compliance.

All approvals are reported to the Board on a monthly basis. There are times when staff determines that a project warrants approval consideration, but the project does not meet all criteria to be approved under Delegated Authority. In those instances, the project is presented to DLRC and the Board for review and approval.

2012 Delegated Approvals and Market Trends

The table below illustrates all projects approved by the Authority both under Delegated Authority and by the board. Note that the figures in this chart include all loans, incentives, and grants.

	2009	2010	2011	2012
Total Loans/Incentives Approved	202	105	88	79
Board Approved	106	30	39	42
Delegated Authority	96	75	49	37

Over the past several years, the volume of lending activity within the NJ commercial loan market has decreased roughly commencing at the onset of the Great Recession followed by a period of recovery, which continues to be sluggish. This overall decrease of lending activity has impacted the volume of loans our Premier Lenders have originated over the past several years. This fact is important as the volume of loan activity within our base of Premier Lenders has a direct impact on the volume of loan activity originated at the Authority. Authority staff, in its continuous outreach efforts to our Premier Lenders, has learned that loans having credit risk profiles deemed by banks as strong are often approved and closed without the requirement of any credit enhancement. This allows banks to retain the entire relationship and make progress toward achieving loan growth goals, which, in turn, drives corporate profitability. In the years prior to the Great Recession, the Authority would have partnered in banks' stronger credits in the form of a participation or guarantee under one of our Delegated Approval programs. In addition to retaining the stronger credit relationships, banks are now more often considering the approval of riskier credits. Banks will consider the approval of these riskier loans, provided a credit enhancement from a third party is obtained, namely, the SBA or the EDA. These riskier projects typically do not meet the credit criteria for a Delegated Approval; however, if the project contains adequate merit for consideration of a board approval it is submitted accordingly.

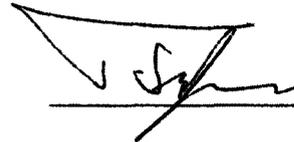
The table below illustrates how the prevailing lending trends have impacted the volume and composition of EDA loan approvals. Note that for the purpose of the illustration below, total loans approved includes all activity under the BGF, PLP, Main Street, Direct, and CED programs. These are the loan programs that the EDA typically will partner with a Premier Lender or another bank. All incentive and grant approvals as captured in the previous chart above have been excluded. Over the past four years, the total volume of loans approved in this

product group has decreased from 159 in 2009 to 59 in 2012. Within these figures, the total number of board approved loans has increased from 13 in 2010 to an average of 24 in 2011 and 2012. Also, delegated approvals have decreased from 92 in 2009 to 37 in 2012.

	2009	2010	2011	2012
Total Loans Approved	159	80	73	59
Board Approved	67	13	25	22
Delegated Authority	92	67	48	37

Consistent with the above, figures from the Authority's loan portfolio illustrate that loans approved under Delegated Authority over the periods in review carry a lower risk rating and rate of default than loans approved by the board over the same time frame. This observation is logical and consistent with the fact that all loans to be considered under Delegated Authority must meet a minimum threshold of credit criteria set by the EDA board.

We will continue to report to the EDA board program activity and actions taken under Delegated Authority.



Prepared by: David A. Lawyer



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: May 16, 2013

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

The following projects were approved under Delegated Authority in April 2013:

NJ Main Street Program:

- 1) Allied Recycling, Inc. (P38205), located in Mount Holly Township, Burlington County, was purchased in 2008 by the current owner, as a scrap metal, electronics, wire and auto salvage yard. Allied owns a municipal Class A metal junk yard license. Fulton Bank approved a \$300,000 line of credit, with a one year, 50% Authority guarantee of principal outstanding, not to exceed \$150,000. The company currently has thirteen employees and plans to create six new jobs over the next two years.
- 2) Broadway Packaging Solutions, Inc. ("BPS") and Broadway Kleer-Guard Corporation ("BKG") (P38260) are located in Monroe Township, Middlesex County. BPS was formed in 2010 as a manufacturer of packaging materials and supplies. BKG was founded in 1945 by Murray Kohn in New York and operates as a distributor of packaging materials and supplies. Murray's son Albert took over the business in the 1960's and became incorporated in 2006, when Steven Kohn became the sole owner. The two entities service the moving and storage industry, pharmaceutical industry and textile industry with products including a variety of bags such as pharmacy and tote bags, shrink wrap, and wrapping paper. The Provident Bank approved a \$2,500,000 line of credit with a one year, 25% Authority guarantee of principal outstanding, not to exceed \$500,000. Currently, the Company has 40 employees and plans to create ten new positions over the next two years.
- 3) One Stewart Court, LLC (P38174), located in Denville Township, Morris County, is a real estate holding company that was formed in 2009 to purchase the project property. The operating company, Audio Visual Associates ("AVA" or "Company") was founded in 1988 to sell, rent and service audio visual equipment. Two Rivers Community Bank approved a \$1,590,000 term loan with a five-year, \$397,500 (25%) Authority participation. Proceeds will be used to refinance the mortgage on the project property. The Company currently has 25 employees and plans to create six new jobs over the next two years.

MAILING ADDRESS: | PO Box 990 | TRENTON, NJ 08625-0990

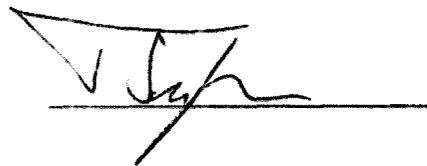
SHIPPING ADDRESS: | 36 WEST STATE STREET | TRENTON, NJ 08625 | 609.858.6700 | e-mail: njeda@njeda.com | www.njeda.com

Camden ERB:

- 1) Extreme 1, Inc. (P38161), located in Camden City, Camden County, founded in 2001 is a retailer of footwear, apparel and accessories. The Company was started as a single location in Philadelphia and has grown to seven locations in Philadelphia, Cherry Hill and Camden. The Company occupies 3,000 square feet of space at a store located at 1618-20 Mt. Ephraim Avenue, Camden, and was approved for a \$20,000 Business Improvement Incentive Grant to subsidize total renovations of \$150,000 to improve the interior and exterior as well as the adjacent parking lot. ERB grant funds were leveraged with UEZ funds in the amount of \$50,000 and funding from the Company. Proceeds shall be disbursed upon completion of improvements. All of the work will be completed by businesses located in Camden. Currently, the Mt. Ephraim location employs three and plans to create one new position within two years.

Premier Lender Program:

- 4) Sporelli Limited Liability Corporation ("Sporelli") (P38175), located in Lakewood Township, Ocean County, is a newly formed real estate holding company that was established to purchase and manage real estate occupied by the operating company, Kramer Properties, Inc. dba Luminer Converting Group ("KPI or the Company"). KPI was formed in 1987 as a printer/manufacturer of pressure sensitive labels, tamper evident labels and other specialized printing services. TD bank approved a \$1,785,000 mortgage contingent upon a \$785,000 (44%) Authority participation. Proceeds will be used to purchase the project property. KPI has committed to maintaining 35 jobs. SSBCI funds will be utilized for this project.

A handwritten signature in black ink, appearing to be 'V. Sporelli', written over a horizontal line.

Prepared by: D. Lawyer
DL/gvr

REAL ESTATE



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: May 16, 2013

RE: Memorandum of Understanding
Former Riverfront State Prison Site Rehabilitation Project
Camden, NJ

Summary

I am asking the Members to approve a Memorandum of Understanding (“MOU”), between the Authority and the Department of Treasury, Division of Property Management and Construction (“DPMC”), authorizing the planning, funding, and disposition of the Riverfront State Prison.

Background

In May 2009, the Authority entered into a Memorandum of Understanding with the New Jersey Department of Treasury, Division of Property Management and Construction to assist in the planning and facilitation of the demolition of the former Prison. The May 29th MOU contemplated that DPMC and EDA would enter into a subsequent MOU that seeks EDA’s assistance in: i) procuring consultants and contractors to perform additional environmental testing, remediation, engineering and infrastructure improvements to the Property; ii) obtaining appraisals, title reports, surveys and other services required to sell the Property; iii) establishing criteria for the selection of a qualified purchaser/redeveloper for the Property; and iv) facilitating the rezoning and/or subdivision of the Property to allow for redevelopment of the Property, (collectively, the “Development Services”).

In addition, EDA has been requested to accept the Property from the State and manage the sale of the Property to a redeveloper, subject to the approval of the State Treasurer (or his designee), EDA Board Members and the State House Commission (collectively, the “Disposition Services”). The procedures for the disposition of the Property were discussed by the State House Commission at its meetings of October 27, 2009 and December 17, 2009 and approved at its meeting on November 22, 2010 (the “Disposition Procedures”).

As outlined in PL 2013, c.21, the Property has been declared as surplus as to the needs of the State and the Treasurer is authorized to transfer all of the State’s right, title and interest in the Property to EDA.

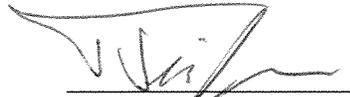
In February 2013, the Members approved the EDA entering into a Grant Agreement to accept a \$4,335,519.47 grant from the Delaware River Port Authority to fund the environmental due diligence, the Development Services, the Disposition Services described in the MOU.

After the Development Services are complete and the City of Camden has approved a Redevelopment Plan for the Property, the Authority will commence Disposition Services and solicit proposals to sell the property for redevelopment by the private sector through a public process, with the goal of creating jobs and tax ratables for the City of Camden. In accordance with DRPA's resolution and legislative requirements, the net sale proceeds from the Project Site, after payment to the State of an amount equal to the appraised value of the property prior to the demolition and site improvements of the Prison, will be utilized for economic development project(s) within the City of Camden.

Attached is the proposed MOU between the Authority and DPMC, which is in substantially final form. The final document may be subject to revision, although the basic terms will remain consistent with the attachment. The final terms of the MOU will be subject to the approval of the Chief Executive Officer, President/Chief Operating Officer, the Attorney General's Office, and DPMC. The transfer of the Project Site from the Authority to a purchaser/redeveloper will be requested at a future meeting.

Recommendation

In summary, I ask for the Members' consent to enter into an MOU with DPMC, generally consistent with the form attached and to permit the Authority undertaking the environmental due diligence, the Development Services and the Disposition Services described in the MOU.



Timothy J. Lizura
President/Chief Operating Officer

Attachment

Prepared by: Donna T. Sullivan

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") dated the ____ day of _____, 2013, will confirm the mutual understanding and intention between the New Jersey Department of the Treasury, Division of Property Management & Construction ("DPMC") and the New Jersey Economic Development Authority ("EDA") regarding the planning, funding, and disposition of the former Riverfront Prison site in Camden, New Jersey (the "Project"). DPMC and EDA are collectively referred to herein as the "Parties."

As outlined in a Memorandum of Understanding between DPMC and EDA dated May 29, 2009 (the "May 29th MOU"), DPMC requested EDA's assistance in planning and carrying out the demolition of the former Riverfront State Prison ("Prison") which was situated on approximately 16 acres of land in the City of Camden known as Block 79, Lot 13 (the "Property"). The demolition of the Prison was completed on November 4, 2010.

The May 29th MOU contemplated that DPMC and EDA would enter into a subsequent MOU that seeks EDA's assistance in: i) procuring consultants and contractors to perform additional environmental testing, remediation, engineering and infrastructure improvements to the Property; ii) obtaining appraisals, title reports, surveys and other services required to sell the Property; iii) establishing criteria for the selection of a qualified purchaser(s)/redeveloper(s) for the Property; and iv) facilitating the rezoning and/or subdivision of the Property to allow for redevelopment of the Property, (collectively, the "Development Services").

In addition, EDA has been requested to accept the Property from the State and manage the sale of the Property to a redeveloper, subject to the approval of the State Treasurer (or his designee), EDA Board Members and the State House Commission (collectively, the "Disposition Services"). The procedures for the disposition of the Property were discussed by the State House Commission at its meetings of October 27, 2009 and December 17, 2009 and approved at its meeting on November 22, 2010 (the "Disposition Procedures"). A copy of the Disposition Procedures is attached as Exhibit A.

As outlined in PL 2013, c.22, the Property has been declared as surplus as to the needs of the State and the Treasurer is authorized to transfer all of the State's right, title and interest in the Property to EDA. A copy of the legislation is attached as Exhibit B.

EDA has secured funding to assist with environmental due diligence including remediation, the Development Services and the Disposition Services for the Project as well as for redevelopment of adjacent land and intends to enter into a Grant Agreement (the "DRPA Grant") with the Delaware River Port Authority ("DRPA") for a total grant award of \$4,335,519.47. EDA shall not incur costs in excess of the DRPA Grant. In the event that there are DRPA Grant funds remaining after the above environmental due diligence and remediation, the Development Services and Disposition Services, EDA may use the DRPA Grant to acquire and redevelop the adjacent land. If for any reason the above costs exceed the DRPA Grant, then DPMC shall not be responsible for any such costs except as outlined in Paragraph 4 (b) below.

The Parties enter into this Memorandum of Understanding as an inter-department governmental agreement pursuant to N.J.S.A. 52:14-1, et seq.

1. **DPMC's Role and Responsibilities**. DPMC will be responsible for performing the following tasks under this MOU:

- a. Continuing to provide information, as requested by EDA or the City of Camden, to assist in designating the Property as an area in need of redevelopment that rezones and possibly subdivides the Property.
- b. Transferring the Property, for nominal consideration, to the EDA subject to DPMC receiving all requisite legal approvals and authorizations needed to convey fee title to EDA, The transfer will not occur until EDA qualifies as an Innocent Purchaser pursuant to N.J.S.A. 58:10-23.11g d.(2) and may occur as a simultaneous transfer upon EDA's sale of the Property to a developer(s).
- c. Obtaining State House Commission approval for the final terms of sale by EDA to a redeveloper(s).

2. **EDA's Role and Responsibilities**. EDA will be responsible for the following tasks under this MOU:

- a. **Development and Disposition Services**. Subject to receipt of the DRPA Grant, EDA agrees to perform the above referenced Development Services and Disposition Services.
- b. **Contractors and Consultants**. It is agreed that EDA may retain and enter into agreements and contracts with consultants and contractors (including other State agencies) to assist EDA in connection with the Project. DPMC

authorizes EDA to select and engage consultants and contractors for the Project and further authorizes such consultants and contractors, subject to funding, to begin and complete work under the direction of EDA. Any and all contracts with consultants or contractors entered into by EDA in connection with the Project shall be advertised, solicited and selected by EDA in accordance with EDA procurement requirements. The general terms and conditions of such contracts shall be consistent with agreements typically entered into by EDA and shall provide for the termination by EDA, in consultation and with the consent of DPMC at any time, provided; however, indemnification and hold harmless provisions of contracts will run to the benefit of both DPMC and EDA.

- c. Assistance with Zoning and Redevelopment Plan. EDA will continue working with the City of Camden to designate the Property as an area in need of redevelopment and to approve a Redevelopment Plan that rezones and possibly subdivides the Property.
- d. Environmental Due Diligence. EDA will undertake all appropriate environmental inquiry and remediation, if necessary, pursuant to N.J.S.A. 58:10-23.11g d.(2) to establish an Innocent Purchaser defense for the Property. EDA will undertake such actions as necessary to cause a Licensed Site Remediation Professional to submit its Response Action Outcome letter to NJDEP and to cause NJDEP to approve a form of Deed Notice for the Property.
- e. Marketing and Sale of the Property. Upon the City of Camden approving a Redevelopment Plan for the Property, EDA will market and sell the Property in accordance with the Disposition Procedures and PL 2013, c.22.
- f. Establishment of Sales Price. Approval of the Property's sales price shall occur in accordance with the Disposition Procedures and PL 2013, c.22.
- g. Redevelopment Agreement. EDA will oversee the purchaser(s)/redeveloper(s) and the City of Camden (or the City of Camden Redevelopment Agency) entering into a redevelopment agreement for the redevelopment project described in the purchaser/redeveloper's purchase proposal.
- h. Distribution of Sales Proceeds. EDA will pay DPMC and utilize proceeds from the sale of the Property in accordance with the Disposition Procedures and PL 2013, c.22.

3. Compensation and Payment.

EDA's Fees.

- i. Development Services Fee. EDA's fee to provide environmental due diligence and the Development Services will be paid from DRPA Grant funds as outlined in the DRPA Grant.
- ii. Disposition Services Fee. EDA's fee to provide Disposition Services will be three-percent (3%) of Property's sale's price. The fee shall be paid out of sales proceeds at the time the Property is transferred to the purchaser(s)/ redeveloper(s).

4. Additional Provisions.

- a. Environmental Liability. It is expressly understood that this MOU and all subsequent, associated agreements will not obligate EDA to incur any liability for any known or unknown environmental conditions that existed at or on the Property prior to commencement of demolition of the improvements.
- b. Sufficient Funds. It is agreed that nothing in this Memorandum of Understanding shall obligate or require EDA to enter into or continue any agreement or contract for the Project or to expend EDA personnel time or other administrative costs for the Project unless sufficient funds are readily available to EDA from DRPA for expenses and fees that would be incurred in connection with the Project. Provided that EDA has not utilized any of the DRPA Grant to acquire adjacent land, EDA may request additional funds from DPMC to pay for the applicable expenses (i) in the event the DRPA Grant is not sufficient to cover EDA's costs for environmental due diligence and remediation and (ii) if EDA determines that sufficient funds other than EDA's own funds are not otherwise readily available to EDA for the expenses and fees that would be incurred in connection with the remainder of the Project. EDA may cease work unless and until such time as the funds are available from DPMC. In such event EDA shall promptly resume work upon the availability of funds.
- c. Right of Entry and License. This MOU constitutes a license from DPMC to EDA, its employees, officers, agents, consultants and contractors as set forth in Paragraph 2 (b) above for access to all portions of the Property in order to carry out the Project.

- d. Other Approvals. Each Party will obtain all applicable governmental approvals, permits, and authorizations necessary to effectuate their respective responsibilities under this MOU.
- e. Commencement and Duration. This MOU will commence immediately upon execution by the Parties and shall terminate upon sale or transfer of the Property from EDA to a purchase(s) or redeveloper(s). Unless terminated earlier, this MOU shall remain in effect for five (5) years from the date and year first written above, and may be amended by a writing executed by the Parties.
- f. Amendments. This MOU may be amended in a writing executed by the Parties.
- g. Termination. Any Party shall have the right to terminate this Memorandum of Understanding upon written notice to the other party. Upon termination, EDA shall make reasonable efforts not to incur any additional expenses or administrative costs; provided, however, EDA shall be permitted to continue to use the DRPA Grant funds.
- h. Notices. All notices required to be served or given hereunder shall be in writing and will be deemed given when received by personal delivery, by an overnight delivery service which issues a receipt from delivery, or three business days after having been mailed by certified mail, return receipt requested, and addressed as follows:

If to EDA: New Jersey Economic Development Authority
 36 West State Street
 P.O. Box 990
 Trenton, New Jersey 08625-0990
 Attention: Donna T. Sullivan, Director
 Real Estate Division

If to DMPC: Department of Treasury
 Division of Property Management & Construction
 33 W. State Street
 Trenton, New Jersey 08625-0990
 Attention: Steven Sutkin, Director
 Division of Property Management & Construction

- i. Reasonable Diligence. Each of the Parties will act with reasonable diligence and

in good faith for the purpose of satisfying the conditions set forth herein.

- j. Titles and Headings. Titles and headings are included for convenience only and shall not be used to interpret the MOU.

The foregoing correctly reflects the Parties' understanding and intent.

IN WITNESS WHEREOF, the Parties have caused this Memorandum of Understanding to be duly executed and delivered as of the date and year first above written and by so executing, represent and warrant they have the authority to do so.

ATTEST

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF PROPERTY
MANAGEMENT & CONSTRUCTION

By: _____
Steven Sutkin
Director

ATTEST

NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY

Donna T. Sullivan
Director, Real Estate Division

By: _____
Timothy J. Lizura
President &
Chief Operating Officer

The foregoing document has been reviewed and approved as to form.

Attorney General of New Jersey

By: _____
Edward G. Pillsbury, Deputy Attorney General

EXHIBIT A

PROCEDURES FOR DISPOSITION OF RIVERFRONT STATE PRISON PROPERTY

The following are procedures which will be used by the State Department of the Treasury (“Treasury”) in disposing of the property known as the Riverfront State Prison in Camden, New Jersey (“Riverfront”).

INTRODUCTION

Pursuant to N.J.S.A. 52:31-1.1 *et seq.* (the “Surplus Property Act”), the principal executive of any State department, with written approval of the Governor, is authorized to sell and convey all or any part of the State’s interest in real property and improvements if he determines that the property is not required and that such sale is in the best interests of the State. Such sale shall be upon such terms and conditions as the State House Commission shall determine to be in the best interests of the State and shall be by public auction to the highest bidder unless the State House Commission shall “otherwise direct.”

Treasury entered into a memorandum of understanding (“MOU”) with the New Jersey Economic Development Authority (“EDA”) for EDA to provide assistance to Treasury in demolishing Riverfront and effectuating its disposition. EDA was selected because of its expertise in economic development. This expertise will help maximize the value of the property and ensure that the highest sale value can be achieved within the context of developing the Camden waterfront. At its June 11, 2009 meeting, the State House Commission approved disposition procedures embodying Treasury’s recommendations.

Subsequently, EDA, pursuant to the MOU, identified funding from the Delaware River Port Authority (“DRPA”) to accomplish the demolition. As condition of the funding, DRPA required that EDA seek State House Commission and Legislative approval to reimburse DRPA from disposition proceeds for funds advanced for the demolition. In order for EDA to undertake the demolition of Riverfront utilizing DRPA funds, Treasury determined that revisions were required to the disposition procedures approved by the State House Commission at its meeting of June 11, 2009. At its October 27, 2009 meeting, the State House Commission revised the disposition procedures to authorize: 1) the conveyance of Riverfront to EDA 2) allocation of the sale proceeds as follows: First, to the State, in the amount of the property value prior to demolition, based on appraisal; second, to DRPA to reimburse it for funds advanced to EDA for the demolition; and third, any remaining proceeds to the State; and 3) disposition of the property to one or more qualified purchasers or redevelopers. The State House Commission also required that EDA return to the Commission for final approval of the sale terms prior to disposing of the property or any portion thereof.

Treasury previously determined that an auction process is not suited to the disposition of Riverfront because of the complex economic development concerns. Therefore, Treasury, in consultation with EDA, recommended a modified sales process that would likely not only increase revenue to the State and eliminate the need for the State to advance demolition funds, but would also be equitable to all stakeholders.

At the State House Commission's December 17, 2009 and November 22, 2010 meetings, the Members expressed interest in further amending the disposition procedures to maximize the transparency of the sale process and the potential financial return to the State. Treasury has consulted with EDA and proposes the revised procedures outlined below. Specifically, the revised procedures remove the option for a direct, negotiated sale to a user/occupant and require that EDA dispose of the property through a two-step sale entailing a prequalification process followed by sealed bids. This process will commence upon the rezoning of the site by the City of Camden.

As outlined in PL 2013, c.22, the property has been declared as surplus as to the needs of the State and the Treasurer is authorized to transfer all of the State's right, title and interest in the Property to EDA. The net sale proceeds from the Site, after payment to the State of an amount equal to the appraised value of the property prior to the demolition and site improvements of the Prison site, will be utilized by EDA for economic development project(s) within the City of Camden¹.

DISPOSITION PROCEDURES FOR RIVERFRONT STATE PRISON

1. Legislative Authorization

Upon approval of these procedures by the State House Commission.

2. Disposition Strategy

The EDA, as a state instrumentality, will dispose of the Property in accordance with applicable law and executive orders, including Executive Order 134 (McGreevey), now codified as P.L. 2005, c.51, and subject to the review and approval of the Attorney General's Office. The sale will be conducted through a two-step Request for Qualifications ("RFQ")/Sealed Bid process to real estate developers (described in Sections 3 through 6 below), commencing upon rezoning of the property by the City of Camden from its current industrial designation to a higher use acceptable to EDA. The rezoning may be accomplished either through adoption of a redevelopment plan or by amendment to the city's zoning ordinance. In order to maximize the financial return to the State and/or the economic benefits to the locality and the region, EDA may dispose of the property to one or more purchasers, as approved by the EDA's Board. The EDA's Board will approve the final sale terms, subject to the consent of the State House Commission pursuant to Section 9.7 below.

3. RFQ Process; Eligibility Determination

¹ In December 2011, DRPA passed a Resolution making use of sale proceeds from the Site consistent with P.L. 2013, c.22.

- 3.1 Prior to the initiation of the RFQ process for the Property, the EDA will determine the appropriate level of financial ability and development experience required of interested parties, and, in consultation with the City of Camden, the appropriate and desired density, quality and mix of uses to be developed on the property.
- 3.2 EDA will conduct a marketing/outreach effort to identify potential purchasers and alert them to the RFQ.
- 3.3 The RFQ will indicate that the property will be sold through a sealed bid process, with the minimum acceptable bid equal to the sum of the property's appraised value (the "Base Price") as set forth in Section 9.2 below (the "Minimum Bid"). The RFQ will also outline the development obligations and milestones that will be imposed on the successful purchaser.
- 3.4 Interested parties will be directed to submit relevant information and documentation for the EDA to pre-qualify each respondent with respect to (i) Executive Order 134 (McGreevey), now codified as P.L. 2005, c.51, (ii) financial ability to complete the purchase and redevelopment of Riverfront, (iii) relevant experience redeveloping large-scale urban and/or waterfront sites, and (iv) the suitability of its development concept.
- 3.5 Based on the information submitted by interested parties, the EDA will notify each interested party as to whether or not it is eligible to participate in the bid process (each, an "eligible respondent").

4. Sealed Bid Procedure

- 4.1 Each eligible respondent will be supplied with a comprehensive bidding package.
- 4.2 Each eligible respondent will be provided with a copy of the EDA's terms and conditions outlining the sales process and a form real estate contract. Eligible respondents will have an opportunity to submit comments to the EDA on such terms and conditions and the form sales contract. Upon review and consideration of all comments received, the EDA will revise the terms and conditions and sales contract as deemed appropriate in its sole discretion to maximize the value to the State as well as to ensure an equitable process that will allow for a timely and successful closing of the sale and redevelopment of the property. A final version of the terms and conditions and the sales contract will be provided to all eligible respondents. Any eligible respondent submitting a bid will agree to be bound by the provisions of the final version of such documents and will not be permitted to make any material changes thereto. The successful eligible respondent will be required to execute the sales contract upon award and to provide at the time of execution a deposit which will be in a percentage, as determined by the EDA, of

the purchase price.

- 4.3 Eligible respondents will be permitted to visit the property site at pre-determined times. Representatives of the EDA will be available at such visits and any questions and answers will be shared with all eligible respondents in writing upon the conclusion of all site visits.

5. First Round of Bids

- 5.1 Upon completion of site visits, eligible respondents will be notified of the place and time to submit a sealed bid for the proposed property ("Bid"). The EDA will consider Bids from eligible respondents who submit timely Bids.
- 5.2 Any Bid which offers a price for the property that is less than the Minimum Bid or contain exceptions to any of the terms and conditions of the sale will be rejected as non-conforming.
- 5.3 Any Bid that proposes a development concept that is materially different than the development concept included in the eligible respondent's response to the RFQ will be rejected as non-conforming.

6. Second Round of Proposals (Best and Final Bids)

- 6.1 The EDA, in its sole discretion, may seek best and final Bids ("BAFB") from the eligible respondents who submitted Bids in the first round of bids (with such BAFB prices being the final prices, except if the bid process is continued pursuant to Section 7 below).
- 6.2 Any Bids which contain exceptions to any of the terms and conditions of the sale or a development concept materially different than the eligible respondent's previously submitted development concept will be rejected as non-conforming.
- 6.3 The award will be made to the eligible respondent offering the highest bid, provided, however, that any award and sale for a Bid amount that is less than the Minimum Bid shall require the unanimous consent of the EDA, the DRPA, Treasury and the State House Commission.

7. Contract Execution and Due Diligence Period

- 7.1 The successful eligible respondent shall be required to execute the real estate contract and return an executed copy with the required deposit within the time period specified.
- 7.2 The successful eligible respondent shall be authorized to conduct environmental due diligence within the specified due diligence period. Any environmental due

diligence performed by the successful eligible respondent shall be done solely at its cost, shall be the property of the EDA and may be shared with other eligible respondents if the EDA so chooses.

- 7.3 If the contract cannot close with the successful eligible respondent, the EDA, in its sole discretion, reserves the right to award the property to the next highest bidder from the second round of Bids and if the contract cannot close with that party, then, in its sole determination, EDA may either continue to pursue a sale to one of the remaining qualified eligible respondents from the second round of Bids or undertake a new Bid process for the Property, provided, however, that any award and sale for a Bid amount that is less than the Minimum Bid shall require the unanimous consent of the EDA, the DRPA, Treasury and the State House Commission.
- 7.4 Private development of the property will be subject to local zoning requirements and planning board approvals, as well as the jurisdiction of the Camden Redevelopment Agency. Prior to closing, the successful eligible respondent shall seek designated redeveloper status from the Camden Redevelopment Agency.

8. Closing

Closing of title will occur upon completion of the steps outlined above.

9. Allocation of Proceeds

- 9.1 Sale proceeds, net of EDA's Administrative Fee, shall be immediately remitted to the following parties and in the following order of priority:
- (i) First, to the State in an amount not to exceed the Base Price (as defined below); and
 - (ii) Second, to the EDA to be utilized for economic development projects within the City of Camden.
- 9.2 The Base Price shall be established by a State-certified general real estate appraiser retained by EDA with a minimum of five (5) years full time commercial appraisal experience in Camden County, subject to the prior consent and approval of the DRPA. The appraiser is to appraise the then "fair market value" of the Project Site, prior to demolition, in accordance with such standards and criteria as the EDA, the DRPA and Treasury shall have agreed upon and provided to such appraiser.
- 9.3 Upon EDA's identification of a successful eligible respondent, the EDA shall immediately provide written notice thereof to the DRPA and to Treasury, which notice shall include, but shall not be limited to, a copy of such written Bid(s)

received, any fully executed agreement of sale, or any other similar document evidencing the intent of the parties thereto to purchase and sell the Project Site. Thereafter, the Chief Executive Officer of the EDA, or her duly appointed designee, and the Vice Chairman of the DRPA, or his duly appointed designee (collectively, the "Review Committee"), shall undertake a thorough review and analysis of the Bid(s), which review and analysis shall take into consideration, among other things, the proposed purchase price, the proposed utilization of the Project Site upon disposition and sale, and the long-term economic benefits to the City, the County and the State as a result of such sale.

- 9.4 If, after review by the Review Committee, it is evident that the proposed purchase price is equal to or greater than the Minimum Bid, such proposed purchase price shall be deemed to be satisfactory.
 - 9.5 In the event that the offer to purchase the Project Site is rejected by the Review Committee, the EDA shall formally advise the proposed purchaser(s) that such proposal(s) has been rejected and shall, thereafter, remarket the Project Site in order to achieve a more favorable purchase price.
 - 9.6 After the Review Committee has established a final Sale Price and has determined to enter into an agreement for the disposition and sale of the Project Site in accordance with the procedures set forth above, such Sale Price shall be presented to the EDA Board for its final approval.
 - 9.7 Prior to the disposition of the Project Site, or any portion thereof, EDA shall obtain final approval of the sale terms from the State House Commission. Any contract or agreement entered into between EDA and a purchaser(s) shall reflect this contingency.
10. EDA Administrative Fee

The EDA's fee for managing the disposition of the Property will be specified in an amendment to the MOU.

EXHIBIT B

[First Reprint]

SENATE, No. 2075

STATE OF NEW JERSEY

215th LEGISLATURE

INTRODUCED JUNE 14, 2012

Sponsored by:

Senator DONALD NORCROSS

District 5 (Camden and Gloucester)

SYNOPSIS

Authorizes sale of site of former Riverfront State Prison in City of Camden as State surplus property to NJEDA for public auction to prequalified developer.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on December 17, 2012, with amendments.



1 AN ACT authorizing the sale of certain State surplus real property
2 located in the City of Camden, Camden County, by the State
3 Treasurer to the New Jersey Economic Development Authority.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. The Legislature finds and declares that:

9 a. The State of New Jersey owns a parcel of land and
10 improvements containing over 16 acres on the waterfront of the
11 City of Camden upon which the Riverfront State Prison was
12 constructed. The redevelopment of this parcel is an important step
13 in the implementation of the Municipal Rehabilitation and
14 Economic Recovery Act, P.L.2002, c.43 (C.52:27BBB-1 et seq.),
15 which calls for rebuilding the City of Camden's tax base and
16 reducing its dependence on State aid by attracting private capital
17 investment.

18 b. The decommissioning, demolition, and site improvements,
19 and sale of this property will facilitate its redevelopment for
20 possible commercial, residential, and recreational uses. In addition,
21 it will encourage rezoning and redevelopment of Camden's
22 waterfront north of the Benjamin Franklin Bridge and encourage the
23 rehabilitation of the existing residential neighborhoods to the east.
24 Redevelopment of this site will return property to the tax rolls,
25 thereby helping to rebuild the city's tax base, reduce its structural
26 deficit, and move the city closer to fiscal self-sufficiency.

27 c. The New Jersey Department of Corrections has seen a
28 general decline in the prison population. As a result, other prisons
29 within the State system have been able to absorb transfers from the
30 Riverfront State Prison.

31 d. The New Jersey Economic Development Authority has a
32 history of supporting successful development in the City of
33 Camden. The authority spearheaded the construction of the
34 Waterfront Technology Center which was the first office laboratory
35 building built in Camden on speculation in over 40 years. This
36 building has been recognized for bringing private investment and
37 jobs to the city and serving as a catalyst for other projects along the
38 Camden waterfront. The authority, through the Economic Recovery
39 Board, a subsidiary of the authority, has been responsible for
40 assisting in bringing investment to the city and creating new full
41 time jobs and housing units throughout the city. Therefore, the
42 authority has the requisite experience and expertise to prepare,
43 market, and sell the site for economic development.

44 e. The Delaware River Port Authority has provided
45 '[temporary]' funding for the demolition and site improvements of

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted December 17, 2012.

1 the prison **'[to be repaid out of the proceeds of the sale of this site]**
2 and has waived its reimbursement rights, provided that all net
3 proceeds will be used by the State and used by the New Jersey
4 Economic Development Authority for projects within Camden
5 City'.

6 f. It is in the best interest of the State to authorize the authority
7 to undertake the sale of the site to one or more qualified purchasers
8 or redevelopers, facilitate the rezoning or subdivision of the site to
9 allow for the redevelopment of the site, and to manage the
10 disposition of the site to one or more purchasers or redevelopers.

11 g. The State House Commission approved the policies and
12 procedures for the disposition of the Riverfront State Prison site by
13 the authority, which will be accomplished through an auction with
14 an appraised value as the minimum sell price among prequalified
15 real estate developers, with the final sale terms and conditions to be
16 approved by the authority and by the State House Commission.

17

18 2. a. The Department of the Treasury, on behalf of the
19 Department of Corrections, is authorized to sell and convey to the
20 New Jersey Economic Development Authority all of the State's
21 right, title, and interest in and to the property known as the
22 Riverfront State Prison, consisting of a 16 +- acre parcel of land and
23 improvements situated on Block 79, Lot 13 in the City of Camden,
24 Camden County, which has been declared surplus to the needs of
25 the State. The consideration to be paid to the State by the authority
26 for the sale and conveyance of the property shall be the sum of one
27 dollar.

28 b. The authority shall arrange for the sale and conveyance of
29 the property in accordance with the terms and conditions, and in the
30 furtherance of procedures for the disposition of the property,
31 approved by the State House Commission at its meeting on
32 November 22, 2010. The net proceeds from the sale and
33 conveyance, after deduction of costs, expenses, and fees incurred by
34 the authority for the sale and conveyance, shall be paid by the
35 authority as follows: first, an amount equal to the appraised value of
36 the property prior to the demolition and site improvements of the
37 prison shall be paid to the State; **'and'** second, **'[an amount equal**
38 **to the amount of monies advanced by the Delaware River Port**
39 **Authority to the authority for the demolition and site improvements**
40 **of the prison shall be paid to the Delaware River Port Authority;**
41 **and third,]'** any amount remaining shall be **'[paid to the State]**
42 retained and utilized by the New Jersey Economic Development
43 Authority, on behalf of the State, for projects within Camden City' .

44 c. Notwithstanding any law, rule, or regulation to the contrary,
45 prior to the sale and conveyance of the property by the authority to
46 another party, the terms and conditions of the proposed conveyance,
47 as determined by the procedures for the disposition of the property

1 referenced in subsection b. of this section, shall require the approval
2 of the State House Commission. The property may be sold and
3 conveyed by the authority in one or more separate transactions, but
4 each separate transaction shall require the approval of the State
5 House Commission.

6

7 3. This act shall take effect immediately.

OFFICE OF RECOVERY



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: May 16, 2013

SUBJECT: Revised Subrecipient Agreement with the Department of Community Affairs to Implement the Community Development Block Grant Disaster Recovery Program through the Economic Revitalization Program

Request:

The Members are asked to approve the execution of a revised Subrecipient Agreement between the EDA and the Department of Community Affairs to implement the Community Development Block Grant Disaster Recovery Program through the Economic Revitalization Program. A copy of that agreement is attached hereto in substantially final form.

Background:

At the April 30, 2013 Special Board Meeting, the Board approved the execution of a Subrecipient Agreement between the EDA and the Department of Community Affairs (“DCA”) to implement the Community Development Block Grant Disaster Recovery Program. At that time, staff informed that Board that any substantial changes to the Subrecipient Agreement would be brought back to the Board for approval.

The following was stated in the April 30th memo: “For the services to be performed under the Subrecipient Agreement, EDA shall be permitted to be paid five percent of the Grant Funds to reimburse it for administrative costs and carrying charges related to the planning and execution of the aforementioned economic revitalization programs. Additionally, EDA shall be permitted to receive up to fifteen percent of the Grant Funds to reimburse it for activity delivery costs, which are the actual implementation and delivery costs of the programs, e.g. staff and overhead costs.”

DCA has since revised the Subrecipient Agreement to provide for Administrative Fees up to \$2.3 million and Activity Delivery Costs of up to \$69 million.

The revised Subrecipient Agreement is attached in substantially final form.

Recommendation:

The Members are asked to approve the execution of the revised Subrecipient Agreement between the EDA and the Department of Community Affairs to implement the Community Development Block Grant Disaster Recovery Program through the Economic Revitalization Program, attached hereto in substantially final form, subject to final review and approval by the Office of the Attorney General and to delegate authority to CEO Michele Brown to negotiate the indicated open issues.

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

Prepared by: Kim Ehrlich

Attachment

STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS

SUBRECIPIENT AGREEMENT
IMPLEMENTING GRANTS UNDER THE COMMUNITY DEVELOPMENT BLOCK
GRANT DISASTER RECOVERY PROGRAM THROUGH THE
ECONOMIC REVITALIZATION PROGRAM

This Subrecipient Agreement (“Agreement”), dated _____, 2013, is entered into by and between the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (“Subrecipient”), an instrumentality of the State of New Jersey, and the STATE OF NEW JERSEY, DEPARTMENT OF COMMUNITY AFFAIRS (“GRANTEE”). Subrecipient and the GRANTEE may sometimes hereinafter be collectively referred to as the “Parties” and individually as a “Party.”

PREAMBLES

WHEREAS, in the aftermath of Superstorm Sandy, the United States Congress, through Public Law 113-2, appropriated approximately \$16 billion to the U.S. Department of Housing and Urban Development (“HUD”) Community Development Block Grant (“CDBG”) Program, and of the \$5.4 billion of these funds allocated to date for disaster recovery, the State of New Jersey (the “State”) was allocated approximately \$1.8 billion; and

WHEREAS, the GRANTEE has been designated to administer the State’s CDBG disaster recovery program (the “CDBG-DR Program”), which is subject to the federal statutes and regulations governing CDBG grants, as modified by exceptions and waivers previously granted and which may hereinafter be granted by HUD; and

WHEREAS, on April 29, 2013, HUD approved New Jersey’s Initial Action Plan for the utilization of CDBG funds in Response to Superstorm Sandy which was submitted by GRANTEE on behalf of the State; and

WHEREAS, pursuant to NJSA 34:1B-1 et seq., the State Legislature created Subrecipient as the State’s primary entity charged with encouraging and promoting economic development and rehabilitation in the State; and

WHEREAS, as a result thereof, Subrecipient has developed expertise in designing and administering various financing initiatives in furtherance of this purpose; and

WHEREAS, because of such expertise, GRANTEE has designated the New Jersey Economic Development Authority to serve as subrecipient of the CDBG-DR Program,

pursuant to 24 CFR 570.501, for the purpose of administering the Economic Revitalization Program (the “Program”) set forth in the Action Plan; and

WHEREAS, Subrecipient agrees to perform the duties and assume the responsibilities set forth in the Action Plan which are focused on Economic Revitalization Activities and programs in areas of the State adversely affected by Superstorm Sandy; and

WHEREAS, the public purpose to be derived from this Agreement is the expeditious and effective recovery of New Jersey as part of the CDBG Disaster Recovery Program through the programs in the Action Plan; and

WHEREAS, the Parties wish to set forth their mutual understanding regarding their respective roles and responsibilities in implementing the activities set forth in the Action Plan.

NOW THEREFORE, in consideration of the promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

I. General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement:

"Act" means the Disaster Relief Appropriations Act of 2013 (PL 113-2).

"Activity" means any project, program or portion thereof which receives financial assistance under this agreement that is CDBG-eligible or has received a waiver, meets a national objective, and addresses a direct or indirect impact from the disaster.

"Activity Delivery Costs" means the actual implementation and delivery costs, including staff and overhead cost, directly related to carrying out activities under 24 CFR Part 570.201 through Part 570.204; these costs are eligible as part of such activities and are specifically excluded from the definition of administrative costs set forth in 24 CFR Part 570.206.

"Action Plan" means the New Jersey Department of Community Affairs' Community Development Block Grant Disaster Recovery Action Plan under the Disaster Relief Appropriations Act of 2013, as submitted to HUD and approved on April 29, 2013 (including amendments thereto).

"Administrative Expenses" means administrative costs that are not directly related to a specific activity.

"Allowable Costs" (also referred to as **"Eligible Costs"** or **"Eligible Expenses"**) means costs that are acceptable under OMB Circular A-87 and are approved as part of an activity in this Agreement or sub-subrecipient agreements related thereto.

“Beneficiaries” means persons to whom assistance, services or benefits are ultimately provided.

“Common Rule” means the uniform administrative requirements for federal grants as prescribed by 24 CFR Part 85 (government entities) or Part 84 (nonprofit organizations)

“Community-Based Development Organization (CBDO)” means a non-governmental nonprofit or for-profit organization that undertakes specific CBBG-funded activities through subaward of funds allocated via this agreement.

“CDBG” means a grant guided by Title I of the Housing and Community Development Act of 1974, as amended and those regulations set forth in 24 CFR Part 570, Subpart I, as may be amended from time to time and all other applicable Federal and State regulations and laws and assurances signed by Recipient at the time the Recipient's Application was submitted.

“Community Development Financial Institution (CDFI)” means an organization that: has as its primary mission the promotion of community development; serves an investment area or targeted population; provides development services and equity investments or loans; maintains accountability to residents within its investment area; and is not a public agency or institution.

“Contractor” means a contractor paid with CDBG funds in return for a specific service (e.g., construction). A contractor is a third-party firm that the Grantee or Subrecipient acquires through a formal procurement process to perform specific functions; a Subrecipient is not a contractor.

“Default” means any use of grant funds for any purpose other than as authorized in this Agreement; or any breach of any covenant, agreement, provision, or warranty (i) the Subrecipient made in the Agreement; (ii) the Subrecipient made in any agreement entered into between the Subrecipient and Sub-subrecipient, CDBO, Contractor or other third party relating to the Project.

“Draw Down” means the process of requesting and receiving CDBG funds.

“Economic Revitalization Activities” includes any activity that demonstrably restores and improves the local or regional economy, such as addressing job losses.

“Economic Revitalization Program means Section 4.3 of the Action Plan that sets forth the various Economic Revitalization Activities to be undertaken by Subrecipient with the use of Grant Funds.

“Eligible Costs” means costs for the activities specified in this Agreement for which grant funds are budgeted, provided that such costs (i) are incurred in connection with any activity which is eligible under Disaster Relief Appropriations Act of 2013 (PL 113-2) and Title I of the Housing and Community Development Act of 1974, and (ii) conform to the requirements of Attachment B of Office of Management and Budget Circular A-87 (Cost Principles Applicable to Grants and Contracts with State and Local Government), as may be amended from time to time.

“Environmental Conditions” means the condition imposed by law, particularly 24 CFR Part 58, and the provisions of the Agreement which prohibit or limit the commitment and use of grant funds until certain procedural requirements have been completed.

“Environmental Requirements” means the requirements described in 24 CFR Part 58.

"Environmental Studies" means all eligible activities necessary to produce an "environmental document", as that term is defined at Section 1508.10 of 40 CFR Part 1508, or to comply with the requirements of 24 CFR Part 58.

"Family" means all persons living in a household who are related by birth, marriage or adoption.

"Grant Funds" means those funds to be provided by the Grantee to Subrecipient pursuant to the terms of this Agreement.

"Household" means all the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any groups of related or unrelated persons who share living arrangements.

"HUD" means the U.S. Department of Housing and Urban Development

"Income" means the definition of income identified by Grantee for determining income eligibility or income range classification as a beneficiary of programs provided through this agreement.

"Low and moderate income (also referred as LMI)" means family or household annual income less than 80 percent of the area median income, as established by HUD.

"Low-Income" means a household or family having an income equal to or less 50% of the area median income as established by HUD.

"Microenterprise" means a business that has five or fewer employees, one or more of whom owns the enterprise.

"Moderate-Income" means a household/family having an income equal to or less 80% of area median income established by HUD, but greater than 50% of area median income established by HUD.

"Participating Party" means the for-profit or non-profit entity that is the beneficiary of the CDBG-DR funds awarded.

"Program Income" is defined as gross income generated from the use of CDBG-DR funds, or prorata portion thereof for activities only partially assisted with CDBG-DR funds, received by the GRANTEE, a unit of local government, tribe or subrecipient of the GRANTEE, including: (a) Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG-DR funds; (b) Proceeds from the disposition of equipment purchased with CDBG-DR funds; (c) Gross income from the use or rental of real or personal property, less costs incidental to generation of the income (i.e., net income); (d) Net income from the use or rental of real property that was constructed or improved with CDBG-DR funds; (e) Payments of principal and interest on loans made using CDBG-DR funds; (f) Proceeds from the sale of loans made with CDBG-DR funds; (g) Proceeds from the sale of obligations secured by loans made with CDBG-DR funds; (h) Interest earned on Program Income pending disposition of the income, but excluding interest earned on funds held in a revolving fund account; (i) Funds collected through special assessments made against properties owned and occupied by households not of low- and moderate-income, where the special assessments are used to recover all or part of the CDBG-DR portion of a public improvement; and (j) Gross income paid to a State, UGLG, tribe, or paid to a subrecipient thereof from the ownership interest in a for-profit entity in which the income is in return for the provision of CDBG-DR assistance.

"Project" means the activities described this Agreement and attachments thereto, which are to be carried out to meet the objectives of the CDBG Program.

"Small business" means any business, including privately owned utilities, that meets the definition of a small business as defined by the Small Business Administration at 13 CFR parts 121.

"State and Small Cities Program" means the classification of funds awarded to Grantee by HUD as governed by 24 CFR Part 570, Subpart 1.

"Sub-subrecipient" means a local government, nonprofit corporation or for-profit corporation that may receive suballocations of funds from Subrecipient to undertake one or more activities on behalf of the Grantee (i.e., manage a job training program).

"Subrecipient Activities" means those activities of the Project to be carried out by the Subrecipient, its agent or agency.

II. SCOPE OF AGREEMENT

A. Grant Award

Subject to the terms and conditions of this Agreement, the GRANTEE, as administrator of the CDBG-DR Program, shall make available to Subrecipient disaster recovery funds in the amount of Four Hundred Sixty Million Dollars (\$460,000,000.00) (the "Grant Funds") for the purpose of funding Subrecipient's Activities under the Action Plan related to the Economic Revitalization Program (collectively the "Program"). The Grant Funds must be expended by Subrecipient within two years of the date that HUD executes a grant agreement with GRANTEE to fund the State's CDBG-DR Program, unless an extension is hereinafter granted in writing by HUD or as approved by GRANTEE. Subrecipient is required to ensure all contracts (with sub-subrecipients, recipients, and Contractors) clearly stipulate the period of performance or the date of completion.

B. Implementation of Agreement

Subrecipient's rights and obligations under this Agreement are as a subrecipient as set forth in 24 CFR 570.501. Subrecipient is responsible for complying with said regulations and for implementing the Program in a manner satisfactory to the GRANTEE and HUD and consistent with any applicable guidelines and standards that may be required as a condition of the GRANTEE's providing the funds, including but not limited to all applicable CDBG Program Administration and Compliance requirements set forth by this Agreement and the Statement of

Assurances (attached hereto as Appendix A) executed by Subrecipient and made a part hereof. The GRANTEE's providing of Grant Funds under this Agreement is specifically conditioned on Subrecipient's compliance with this provision and all CDBG-DR Program and CDBG regulations, guidelines and standards.

C. Goals and Objectives

The activities funded by this Agreement are expected to assist in the execution of the CDBG-DR Program, which involves post-disaster Economic Revitalization Activities in areas of the State adversely affected by Superstorm Sandy. Such Activities are described in more detail in Section D below and include, but may not be limited to, the development and implementation of a plan to market tourism, local shopping and other economic revenue activities, as well as the administering of grants/forgivable loans, revolving loans and other neighborhood and community initiatives to facilitate rebuilding and revitalization. All of the aforementioned Economic Revitalization Activities collectively constitute the Economic Revitalization Program.

D. The Program

1. Statement of Work

Subrecipient shall use the Grant Funds for the Eligible Costs associated with implementing the Economic Revitalization Program in accordance with the Budget and provisions set forth in Section 2 below.

As identified in the Action Plan, the various components of the Program are as follows:

- a) **Tourism Marketing Campaign to Support Impacted Areas** ("Marketing Program") –The State Department of the Treasury, through its Division of Purchase and Property ("DPP"), issued a Request for Quotations for marketing on behalf of the State to competitively select a marketing firm. Subrecipient has been designated contract manager for the Marketing Program contract and, as such, will assume the responsibilities set forth in NJSA 52:34-10.7 regarding this position.
- b) **Grants and Forgivable Loans to Small Businesses** – Subrecipient will offer aid through grants and forgivable loans of up to \$50,000 to small businesses, as defined in 13 CFR 121, which have sustained physical damage from Superstorm Sandy.

c) Direct Loans for Impacted Small Businesses (“Revolving Loan Fund Program” – Subrecipient will offer access to capital through no cost, or low cost direct loans to credit-worthy businesses in amounts up to \$5 million.

(d) Neighborhood and Community Revitalization - Subrecipient will offer assistance to support various activities tied to long-term economic growth and revitalization priorities of the affected areas.

The Program shall be conducted by Subrecipient in accordance with the regulations and limitations of the Economic Revitalization Program, as defined by all current, pending and future applicable Action Plan Amendment(s). Any changes to the following must be approved by the GRANTEE: i) the maximum amount in any of the Activity/Item categories set forth below in the “Budget”; ii) the intended beneficiary of any Economic Revitalization Program(s); or iii) the percentage of Grant Funds targeting the nine most impacted counties in the State.

Subrecipient is prohibited from providing assistance to businesses, including privately owned utilities that do not meet the definition of a small business as defined by the federal Small Business Administration at 13 CFR Part 121.

2. The Budget

The “Budget” for the Agreement shall be as follows.

Activity/Item	Maximum Amount
Tourism/Marketing	\$25,000,000
Grants/Forgivable Loans	\$260,000,000
Direct Loans	\$100,000,000
Neighborhood and Community Revitalization	\$75,000,000
TOTAL	\$460,000,000

The total budget of \$460,000,000 includes Administrative Expenses of up to \$2,300,000 and Activity Delivery Costs of up to \$69,000,000.

Administrative Expenses

GRANTEE will, upon receipt of acceptable documentation from Subrecipient, reimburse actual reasonable administrative costs and charges related to the planning and execution of Economic Recovery Activities as set forth in the above-referenced Statement of Work in the amount of \$2,300,000 (Two Million Three Hundred Thousand Dollars), which represents .5% of the Grant

Funds for general management, oversight and coordination that crosses programs and is not assignable to a particular program, along with monitoring and compliance such as administrative services performed under third party contracts or agreements, including such services as general legal services, accounting services, and audit services.

Administrative Costs may also include costs for goods and services required for administration of the Program, including such goods and services as rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (but not purchase) of office space.

Administrative Expenses will be re-evaluated as the programs are implemented with more money allocated should it become necessary.

Activity Delivery Costs

GRANTEE will, upon receipt of acceptable documentation from Subrecipient, reimburse actual reasonable Activity Delivery Costs related to the economic development and recovery activities for businesses assisted through the above-referenced programs, up to a maximum of \$69,000,000 (Sixty Nine Million Dollars), which represents 15% of the Grant Funds.

The Parties may agree, in writing, to a revision of the Budget or a reallocation of funds between categories within the Budget without the need to amend this Agreement; provided however, that in no case shall any such revisions or reallocations exceed the total allocation of the Grant Funds under the Agreement without prior written consent of GRANTEE and any other necessary State and/or federal consent that may be required.

3. Performance Requirements

Subrecipient intends to launch its Grants and Forgivable Loan Program on or about May 1, 2013, provided that HUD approves the Action Plan by said date. Subrecipient intends to complete all Activities of the Program, including 100% expenditure of allocated funds that have been drawn down no later than two years from the date that GRANTEE executes the Grant Agreement with HUD, and it shall endeavor to assist as many individual qualifying small businesses as is practicable given the Grant Fund allocation. . Activity completion and expenditure requirements do not apply to Activities separately funded through the Subrecipient's or Grantee's receipt and expenditure of Program Income.

Subrecipient agrees to use best efforts to comply with intermediate benchmarks as follows:

- Twenty-five percent (25%) of Grant Funds that have been drawn down expended by 2013;(6 months from execution date of this Agreement)
- Fifty percent (50%) of Grant Funds that have been drawn down expended by 2014;(12 months of execution date of this Agreement)
- Seventy-five (75%) percent of Grant Funds that have been drawn down expended by, 2014; (18 months of execution date of this Agreement) and
- One Hundred percent (100%) of Grant Funds that have been drawn down must be expended by 2015.(24 months from execution date of the Grant Agreement between GRANTEE and HUD), unless such date is otherwise stipulated in writing by GRANTEE and HUD.

Funds not expended by the above deadlines or as extended by GRANTEE are subject to recapture and reallocation to other eligible program areas and/or subrecipients.

4. Eligible Costs

Subrecipient shall receive and use Grant Funds for Eligible Costs. Eligible Costs for Grant Funds under this Agreement include those applied to eligible activities, as defined in the current, pending and future applicable Action Plan and Action Plan Amendment(s), that are recovery-related, and are otherwise in furtherance of the intent of this Agreement and the goals and objectives as set forth herein, when approved by the GRANTEE in accordance with eligibility rules under CDBG guidelines and subject to limitations established by the GRANTEE.

Subrecipient will also, as part of the project feasibility analysis, establish and implement processes and procedures to prevent any duplication of benefits as defined by Section 312 of the Stafford Act. Guidance to assist in preventing a duplication of benefits is provided in a notice published in the Federal Register at 76 FR 71060 (November 16, 2011). Subrecipient processes must verify all sources of disaster assistance for each activity, determine an applicant's unmet need(s) before awarding assistance, and ensure Participating Parties agree to repay the assistance if they later receive other disaster assistance for the same purpose.

In accordance with 24 CFR 58.6(b), Subrecipient agrees that it will not provide any Grant Funds to a small business that had previously received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance and the small business failed to obtain and maintain such insurance.

5. Job Relocation Clause

HUD has waived provisions of 42 U.S.C. 5305(h), 24 CFR 570.210, and 24 CFR 570.482(h); Subrecipient may provide assistance to any business that was

operating in the disaster-declared labor market area before date of the disaster and has since moved, in whole or in part, from the affected area to another state or to a labor market area within New Jersey to continue business.

6. Building Code Standards

For all projects that include construction or rehabilitation, Subrecipient shall meet or shall cause recipients of Grant Funds to meet all State and local building code requirements, in addition to those cited in Appendix C attached hereto. Further, Subrecipient must undertake and promote, and cause recipients of Grant Funds to consider, hazard mitigation techniques and programs and seek to utilize green technologies and practices where doing so is feasible and cost-effective.

7. Mitigation

Subrecipient agrees to encourage those receiving any Grant Funds to incorporate preparedness and mitigation measures into all rebuilding activities to minimize damage in the event of future floods and/or hurricanes.

8. Assurances

Subrecipient shall be responsible for implementing the recovery activities in compliance with all applicable State and federal laws and regulations. It shall be Subrecipient's responsibility to require that all of its Sub-subrecipients, grantees, borrowers, Contractors, and all tiers of their subcontractors, adhere to all applicable State and federal laws and regulations, and to conduct all necessary monitoring for such compliance. As to laws and regulations which apply to the use of CDBG funds, Subrecipient is concurrently executing the Statement of Assurances, attached hereto as Appendix A, which shall be deemed to be requirements of this Agreement to the extent that they are applicable. As to any other laws and regulations which may apply to construction projects, Subrecipient is responsible for determining the applicable laws and regulations and ensuring compliance therewith.

Notwithstanding the foregoing, GRANTEE is responsible for environmental review, decision making and other action that would otherwise apply to HUD under the National Environmental Policy Act of 1969 and other related provisions of law, since under CDBG regulations, Subrecipient is expressly prohibited from assuming such responsibility. Subrecipient agrees, however, that it will not commit any Grant Funds to a project until it has approval from the New Jersey Department of Environmental Protection to do so, and HUD approves a certification of compliance with environmental laws and request for release of funds.

Subrecipient agrees to comply with all applicable federal CDBG, Disaster Recovery, and cross-cutting statutes and regulations as more fully detailed in Appendix A, subject to waivers cited in the Federal Register / Vol. 78, No. 43 / Tuesday, March 5, 2013, Department of Housing and Urban Development, [Docket No. FR-5696-N-01] Allocations, Common Application, Waivers, and Alternative Requirements for Grantees Receiving Community Development Block Grant (CDBG) Disaster Recovery Funds in Response to Hurricane Sandy.

9. Cooperation with HUD and the GRANTEE

Subrecipient hereby binds itself, certifies, and assures that it will comply with all federal, State, and local regulations, policies, guidelines and requirements, as they relate to the application, acceptance and use of State and federal funds. The Parties expressly acknowledge that the matters which are the subject of this Agreement are under the CDBG Disaster Recovery Program administered by HUD, which by its emergency nature is subject to ongoing modification and clarifications. The GRANTEE's obligations under this Agreement are subject to compliance with applicable statutes and regulations of the CDBG program, as modified by exceptions and waivers previously granted and which may hereinafter be granted by HUD. Subrecipient agrees that in connection with its rights and obligations under the Agreement, it shall cooperate with HUD and the GRANTEE regarding the administration and audit of the Program, including compliance with various operating and reporting procedures which may hereinafter be promulgated by the GRANTEE and/or HUD.

In the event costs are disallowed by any monitoring, audit or oversight of either the State or Federal Government, including the U.S. Department of Housing & Urban Development, the Inspector General of the United States, the New Jersey Comptroller, or any other duly authorized party, the Subrecipient shall be responsible for remitting these funds to the GRANTEE. Failure to complete the Program described in the Statement of Work may constitute a basis for disallowance of costs. In the event that Subrecipient shall be required to remit any Grant Funds hereunder, GRANTEE shall reimburse Subrecipient for any such Grant Funds so remitted.

10. LMI Benefit

Pursuant to the regulations promulgated by HUD for the CDBG-DR Program, the aggregate use of CDBG-DR funds shall principally benefit Low-and Moderate-Income Families in a manner that ensures that at least 50% of the funds are expended for activities that benefit such persons. In furtherance of this Statewide goal, Subrecipient agrees to use best efforts to ensure that at least 15% of the Grant Funds are expended for activities that benefit low and moderate income families. This LMI Benefit shall be tracked by Subrecipient to GRANTEE on a

reporting schedule to be determined. . In furtherance of this Statewide goal, GRANTEE is requiring that Subrecipient shall ensure that at least 15% of the Grant Funds are expended for activities that benefit low-and moderate-income families.

E. Contract Monitor/Performance Measures

The contract monitor for the GRANTEE on this Agreement is the Commissioner of the GRANTEE, or his designee. The performance measures for this Agreement shall include the successful performance and completion of Subrecipient's obligations as provided in this Agreement and any attachments, as well as all Guidelines for the Program. Subrecipient shall submit to the GRANTEE, on a schedule and dates to be provided by the GRANTEE, a report of project progress and beneficiary data in a format to be provided by the GRANTEE. Reporting requirements may require Subrecipient to obtain data from third parties (i.e. persons that receive Grant Funds or other beneficiaries of the program(s), including Sub-subrecipients, grantees, and/or borrowers funded under this Agreement, tenants/operators/users of facilities or equipment acquired or improved with Grant Funds provided under this Agreement). It shall be the Subrecipient's obligation to implement any contractual arrangements it may need for use of, and access to, such data.

Subrecipient must, in advance of signing subcontracts related to this Agreement, ensure that Sub-subrecipients, developers, Contractors and/or other third party entities have in place adequate financial controls and procurement processes and have established procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act.

Pursuant to HUD's waiver of 24 CFR 570.492, GRANTEE shall make reviews and audits, including onsite reviews of any Sub-subrecipients, designated public agencies, and units of local government as may be needed to meet the requirements of 42 U.S.C. 5304(e)(2), as amended. In the event of noncompliance, GRANTEE shall take such actions as may be appropriate to prevent a continuance of the deficiency, mitigate any adverse effects or consequences, and prevent a recurrence.

F. Conflict of interest

Except for approved eligible administrative and personnel costs, none of the Subrecipient's designees, agents, members, officers, employees, consultants or members of its governing body, or anyone who is in a position to participate in a decision-making process or gain inside information with regard to the Project, has or shall have any interest, direct or indirect, in any contract or subcontract or the proceeds thereof for work performed in connection with the Project or in any

Activity, or benefit there from, which is part of this Agreement at any time during or after such person's tenure unless all procedures for an exception have been documented and submitted in writing to the GRANTEE and the GRANTEE has approved such exception.

The procedures for requesting, documenting, and submitting a request for an exception from the Conflict of Interest provisions shall include the applicable procedures delineated in 24 CFR 570.489(h)(4) and in the New Jersey Conflicts of Interest Law, NJSA 52:13D-12 et seq. and Executive Order No. 189;. This Conflict of Interest provision shall be in addition to the requirements in the "Common Rule," 24 CFR Part 84, 24 CFR Part 85, 24 CFR 570.611, 24 CFR 570.489(h).

The Subrecipient agrees to abide by the provisions of 24 CFR 84.42 and 570.611, which include (but are not limited to) the following:

- a. The Subrecipient shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.
- b. No employee, officer or agent of the Subrecipient shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.
- c. No covered persons who exercise or have exercised any functions or responsibilities with respect to assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the assisted activity, or with respect to the proceeds from the assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee, the Subrecipient, or any designated public agency.
- d. It will establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

III. PAYMENT PROCESS; COMPENSATION

- A. Subrecipient shall submit Draw Down requests for payment of Eligible Expenses payable under this Agreement to the Commissioner of the GRANTEE, or his designee, for approval. Such requests shall be made on a schedule formatted and provided by GRANTEE clearly identifying what documentation is required to be provided by Subrecipient to render the

Draw Down request complete. . Following review and approval of the Draw Down requests by the Commissioner of the GRANTEE, or his designee, approved Draw Down requests shall be submitted to the GRANTEE Finance Director, or his or her designee, for approval of payment. Draw Down requests submitted to the Commissioner of the GRANTEE, or his designee, and to the GRANTEE Finance Director, or his or her designee, shall be approved in all cases, provided that such requests are deemed to be complete. Draw Down requests not approved by the Commissioner of the GRANTEE or the GRANTEE Financial Director, or their respective designees, shall not be paid, but returned to Subrecipient for further processing, together with a written explanation as to why the request was denied and what steps Subrecipient must take to have the request rendered complete and eligible for payment.

- B.** Upon approval of payment by the GRANTEE as provided for above, payment of Eligible Expenses shall be provided to Subrecipient via electronic funds transfer. Such transfer of payment shall be made by GRANTEE within three business days from Grantee's receipt of draw down funds from HUD.
- C.** Indirect costs are not reimbursable under this Agreement. Eligible travel expenses incurred under this Agreement shall be paid in accordance with the Grant Agreement.
- D.** In the event of non-compliance with this Agreement, the GRANTEE may withhold payment to the Subrecipient until the GRANTEE deems the Subrecipient has brought the Program within compliance. Noncompliance on any aspect funded under this Agreement may serve as a basis to withhold payment on other funds payable under this Agreement.

IV. TERM OF AGREEMENT; TERMINATION OR SUSPENSION OF AGREEMENT

A. Term of Agreement

This Agreement shall be deemed effective as of the date hereinabove written and shall continue until such time as Subrecipient no longer is exercising any supervision or control over any of the Grant Funds, including Program Income, unless terminated prior to such time in accordance with the terms and conditions of this Agreement.

B. Termination/Suspension for Cause

The GRANTEE may, after giving reasonable written notice specifying the effective date, suspend or terminate this Agreement in whole or in part if the Subrecipient materially fails to comply with any term of this Agreement, which shall include, but not be limited, to the following:

1. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may be applicable at any time;
2. Failure, for any reason, of Subrecipient to fulfill in a timely and proper manner the material obligations under this Agreement;
3. Submission by Subrecipient of reports to the GRANTEE, HUD, or either of their auditors, that are incorrect or incomplete in any material respect, or
4. Ineffective or improper use of Grant Funds as provided for under this Agreement.

Notwithstanding anything hereinabove to the contrary, GRANTEE agrees that it shall not exercise its right to suspend or terminate this Agreement until it shall have given written notice to Subrecipient of the alleged non-compliance and has given Subrecipient a reasonable amount of time to correct and/or cure the alleged non-compliance.

C. Termination for Convenience

The GRANTEE may terminate the Agreement in whole or in part at any time by giving at least thirty (30) days prior written notice to Subrecipient. Upon receipt of notice, Subrecipient shall, unless the notice directs otherwise, immediately discontinue all Activities set forth in the Statement of Work hereunder, except as may otherwise be legally required pursuant to a binding commitment to perform.

Subrecipient may terminate the Agreement in whole or in part at any time by giving at least thirty (30) days prior written notice to GRANTEE, with such written notification setting forth the reasons for termination, the effective date, and in the case of partial termination, the portion to be terminated. However, if, in the case of partial termination, the GRANTEE determines that the remaining portion of the award will not accomplish the purposes for which the award was made, the GRANTEE may terminate the award in its entirety under this paragraph or the Termination/Suspension for Cause provision of this Agreement.

D. Termination Due to Unavailable Funding

The continuation of this Agreement is contingent upon the appropriation and release of sufficient funds to the GRANTEE to fulfill the requirements of this Agreement. Failure of the appropriate authorities to approve and provide an adequate budget to the GRANTEE for fulfillment of this Agreement shall

constitute reason for termination of the Agreement by either Party. Subrecipient shall be paid for all authorized services properly performed prior to termination, as well as be permitted to draw Grant Funds in an amount required to fund all commitments made by Subrecipient to third parties for grants, loans and/or procurement contracts prior to termination.

E. Obligations Governing Use of CDBG Funds Survive Termination

Termination of this Agreement under any of the foregoing provisions shall not alter or diminish Subrecipient's obligations governing the use of CDBG funds under applicable statutes and regulations or under this Agreement and/or terminate any of Subrecipient's obligations that survive the termination of this Agreement. Such obligations and/or duties may include but are not limited to the following: (1) duty to maintain and provide access to records; (2) duty to monitor and report on the use of any Grant Funds expended or awarded to Subrecipient in compliance with all terms, conditions and regulations herein; (3) the duty to enforce compliance with terms of grants or loans issued by Subrecipient under this Agreement; and (4) the duty to monitor, collect and manage Program Income, if applicable, and (5) the obligation to return Grant Funds expended in contravention of applicable statutes, regulations and the terms of this Agreement. This provision shall not limit or diminish any other obligation that by its nature survives termination of the Agreement.

F. Payment Upon Termination

Except as in the event of termination or suspension for cause, Subrecipient shall be entitled to payment on invoices submitted to the GRANTEE no later than ninety (90) days from the date of termination contained within the notice, to the extent that requests represent eligible activities satisfactorily completed during the term of the Agreement and otherwise reimbursable under the terms of this Agreement.

V. ADMINISTRATIVE REQUIREMENTS

A. Documentation and Record-Keeping

1. Records to be Maintained

Subrecipient shall maintain all Project records required by 24 CFR 570.506 and as more fully detailed in Appendix B.

2. Access to Records

With respect to those records referenced in subsection 1 above, Subrecipient shall comply with the retention and access requirements set forth in 24 CFR 570.506. The GRANTEE, the State Comptroller, HUD, the Comptroller General of the United States, and any of their duly authorized representatives or agents, shall have access to any books, documents, papers and records of Subrecipient which are directly pertinent to this Agreement for the purpose of audits, examinations, and making excerpts and transcriptions.

Subrecipient shall provide citizens with reasonable access to records regarding the past use of CDBG funds, consistent with applicable State and local laws regarding privacy and obligations of confidentiality.

All records, reports, documents, or other material or data, including electronic data, related to this Agreement and/or obtained or prepared by Subrecipient, and all repositories and databases compiled or used, regardless of the source of information included therein, in connection with performance of the services contracted for herein shall become the property of the GRANTEE, unless otherwise mutually agreed by the Parties, and provided that Subrecipient has ownership rights in the foregoing and same is not subject to third party rights pursuant to a legally binding agreement.

3. Close-outs

Subrecipient's obligation under this Agreement shall not end until all close-out requirements as set forth in 24 CFR 570.509 are completed. The terms of this Agreement shall remain in effect during any period that Subrecipient is exercising any supervision or control over CDBG DR funds, including Program Income.

4. Audits & Inspections

In addition to any other audit requirements set forth in this Agreement, Subrecipient agrees to comply with the OMB Circular 128, "Audits of State and Local Governments", which mandates that a comprehensive single audit (A-33) be performed by the independent auditor of all federally funded awards administered by Subrecipient, including the award covered by this Agreement. It is hereby agreed that the GRANTEE, the State Comptroller, HUD, Office of Inspector General, HUD monitors, and auditors contracted by any of them, shall have the option of auditing all records and accounts of Subrecipient and/or its Contractors and Sub-subrecipients that relate to this Agreement at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data upon providing Subrecipient, Contractor or Sub-subrecipient, as appropriate, with reasonable advance notice. Subrecipient and its Contractors and subcontractors shall comply with all relevant provisions of State law pertaining to audit requirements, including NJ OMB

Circular Letter 98-07 and NJ State Grant Compliance Supplement (available on the internet at <http://www.state.nj.us/treasury/omb/grant.htm>). Any deficiencies noted in audit reports must be fully cleared within thirty (30) days after receipt by Subrecipient, Contractor and/or Sub-subrecipient, as appropriate.

Failure of Subrecipient and/or its Contractors and subcontractors to comply with the above audit requirements will constitute a violation of this Agreement and may, at the GRANTEE's option, result in the withholding of future payments and/or return of Grant Funds paid under this Agreement. Subrecipient and its Contractors hereby agree to have an annual audit conducted in accordance with current State policy concerning Subrecipient and its Contractor's audits, OMB Circulars A-133 and A-128, and 24 CFR 85.26.

Client Data: The Subrecipient shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to GRANTEE monitors or their designees for review upon request.

Disclosure: The Subrecipient understands that client information collected under this contract is private and the use or disclosure of such information, when not directly connected with the administration of the GRANTEE's or Subrecipient's responsibilities with respect to services provided under this contract, is prohibited by the Subrecipient unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian. Notwithstanding the foregoing, Subrecipient, as an instrumentality of the State, shall be required to provide such access to client information as may be required by the New Jersey Open Public Records Act, NJSA 47:1A-A et seq and as may otherwise be required by law. In the event that Subrecipient determines that it is required to provide access to client information pursuant to the foregoing, it agrees to provide notification of such disclosure to GRANTEE.

D. Procurement

Subrecipient shall comply with the current GRANTEE policy and the requirements of 24 CFR 85.36 (except paragraph a) and State regulations and requirements regarding procurement, including but not limited to Executive Order 125 (Christie 2013). This requirement is in addition to whatever State laws may apply to procurement by the Subrecipient. Notwithstanding the above, the Parties acknowledge that, unless otherwise agreed to, the State Department of the Treasury, Division of Purchase and Property, shall be responsible for all procurement activities associated with the Program, including but not limited to

procurement of a marketing firm to create and implement a marketing campaign and procurement of one or more consulting entities to assist Subrecipient in business process services for administering the Program.

VI. COMPLIANCE PROVISIONS

A. Program Income

1. Recording Program Income

GRANTEE agrees to permit Subrecipient to retain Program Income. Subrecipient shall collect and record Program Income generated by activities assisted under this Agreement.

Program Income, which is defined in 24 CFR 570.500(a) and further clarified in the Federal Register notice, (HUD Allocations, Common Application, Waivers, and Alternative Requirements for Grantees Receiving Community Development Block Grant Disaster Recovery Funds in Response to Hurricane Sandy, March 5, 2013) means any gross income received by Subrecipient that was directly generated from the use of the Grant Funds. This includes, but is not limited to payments of principal and interest on any loans made by Subrecipient, as well as interest earned on Program Income pending disposition of the income, but excluding interest earned on Grant Funds held in a revolving loan account, which must be returned to GRANTEE for remittance to HUD.

Program Income received before or after closeout of the Activity that generated the Program Income, must be used for additional disaster recovery activities and must be treated as additional disaster recovery CDBG funds subject to the requirements this Agreement and must be used in accordance with the Grantee's Action Plan for Disaster Recovery.

GRANTEE shall establish a Program Income account specifically for Subrecipient in the GRANTEE's DRGR and shall record as part of the financial transaction the receipt and expenditure of Program Income by Subrecipient. Subrecipient agrees to submit a quarterly report to the GRANTEE detailing receipt and uses of Program Income.

2. Use of Program Income

Subrecipient agrees to create, operate and maintain one or more revolving loan funds compliant with all CDBG requirements and the GRANTEE Program Income Policy and to deposit all Program Income receipts into these funds. Subrecipient shall create processes for the administration of the revolving loan funds, eligibility requirements, application processes, underwriting criteria, and

related policies and procedures. All Program Income receipts generated by activities funded under this Agreement must be deposited into the revolving loan funds and may only be used for additional disaster recovery and revitalization activities. A maximum of 5% (five percent) of Program Income receipts may be used by Subrecipient for eligible administrative expenses related to operation of the revolving loan fund

3. Change of Use

The requirements of 24 CFR Section 570.489(j) regarding change of use of real property applies to real property within Subrecipient's control (including activities undertaken by Sub-subrecipients) which was acquired or improved in whole or in part using CDBG-DR funds in excess of the threshold for small purchase procurement (24 CFR 85.36). These standards apply from the date CDBG-DR funds are first spent for the property until five years after closeout of the Grant Funds.

B. Use and Reversion of Assets

The use and disposition of immovable property, equipment and remaining Grant Funds under this Agreement shall be in compliance with all CDBG regulations, which include but are not limited to the following:

- 1.** Subrecipient shall transfer to the GRANTEE any Grant Funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.
- 2.** Immovable property under Subrecipient's control that was acquired or improved, in whole or in part, with funds under this Agreement in excess of \$25,000 shall be used to meet one of the CDBG National Objectives set forth in 24 CFR 570.208 until five (5) years after expiration of this Agreement (or such longer period as the GRANTEE deems appropriate). If Subrecipient fails to use such immovable property in a manner that meets a CDBG National Objective for the prescribed period of time, Subrecipient shall pay to the GRANTEE an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the property. Such payment shall constitute Program Income to the GRANTEE. Subrecipient may retain real property acquired or improved under this Agreement after the expiration of the five-year period, or such longer period as the GRANTEE deems appropriate.
- 3.** In all cases in which equipment acquired, in whole or in part, with Grant Funds is sold, the proceeds shall be Program Income (prorated to reflect the extent to which Grant Funds received under this Agreement were used to acquire the equipment). Equipment not needed by Subrecipient for

activities under this Agreement shall be (a) transferred to the GRANTEE for the CDBG program or (b) retained by Subrecipient after compensating the GRANTEE an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment.

VII. GENERAL CONDITIONS

A. “Independent Contractor”

Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the Parties. In the event that Subrecipient contracts with third parties to perform any of the services to be performed hereunder, such third parties shall at all times remain an “independent contractor” with respect to the provision of such services. The GRANTEE shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers’ Compensation Insurance, with respect to such third party contracts.

B. Hold Harmless/Indemnity Contractors/Subcontractors

To the extent that Subrecipient is permitted to and utilizes the services of any third parties in performance of Subrecipient’s duties and obligations under this Agreement, any contract entered into shall contain a provision that the Contractor and/or subcontractor shall hold Subrecipient and the GRANTEE harmless and defend and indemnify Subrecipient and the GRANTEE from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the Contractor and/or subcontractor’s performance or nonperformance of the services.

C. Workers’ Compensation

Subrecipient shall provide Workers’ Compensation Insurance coverage for all of its employees involved in the performance of this Agreement.

D. Insurance & Bonding

Unless expressly waived in writing by GRANTEE, Subrecipient shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond, or equivalent insurance acceptable to the GRANTEE.

E. GRANTEE Recognition

Subrecipient shall ensure recognition of the role of the GRANTEE and the U.S. Department of Housing and Urban Development in providing services through this Agreement. All activities, facilities and items used pursuant to this

Agreement shall be prominently labeled as to funding source. In addition, Subrecipient will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement.

F. Amendments

The GRANTEE or Subrecipient may amend this Agreement at any time provided that such amendments make specific reference to this Agreement and are executed in writing and signed by a duly authorized representative of each Party. Such amendments shall not invalidate this Agreement, nor relieve or release the GRANTEE or Subrecipient from its obligations under this Agreement, except as may otherwise be provided. Amendments will generally be required when any of the following are anticipated: i) revision to the scope or objectives of the Program, including purpose or beneficiaries; ii) need to extend the availability of Grant Funds; iii);) revision that would result in the need for additional funding; and iv) expenditures on items for which applicable cost principles (OMB Circulars A-87 and A-122) require prior approval (see 24 CFR 570.200h for pre-award/pre-agreement costs)

The GRANTEE may, in its discretion, require that this Agreement be amended to conform with federal, State or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both the GRANTEE and Subrecipient.

G. No Assignment

No Party may transfer or assign this Agreement or transfer or assign any of its rights or assign any of its duties hereunder without the express prior written consent of the other Party. However, if the Parties do mutually agree to an assignment, all rights and obligation set forth herein shall inure to the benefit of the Parties and to their respective successors and assigns.

H. Severability

The terms and provisions of this Agreement are severable. Unless the primary purpose of this Agreement would be frustrated, the invalidity or unenforceability of any term or condition of this Agreement shall not affect the validity or enforceability of any other term or provision of this Agreement. The Parties intend and request that any judicial or administrative authority that may deem any provision invalid, reform the provision, if possible, consistent with the intent and purposes of this Agreement, and if such a provision cannot be reformed, enforce this Agreement as set forth herein in the absence of such provision.

I. Entire Agreement

This Agreement constitutes the entire understanding and reflects the entirety of the undertakings between the Parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements. There is no representation or warranty of any kind made in connection with the transactions contemplated hereby that is not expressly contained in this Agreement.

J. No Authorship Presumptions

Each of the Parties has had an opportunity to negotiate the language of this Agreement in consultation with legal counsel prior to its execution. No presumption shall arise or adverse inference be drawn by virtue of authorship. Each Party hereby waives the benefit of any rule of law that might otherwise be applicable in connection with the interpretation of this Agreement, including but not limited to any rule of law to the effect that any provision of this Agreement shall be interpreted or construed against the Party who (or whose counsel) drafted that provision. The rule of no authorship presumption set forth in this paragraph is equally applicable to any Person that becomes a Party by reason of assignment and/or assumption of this Agreement and any successor to a signatory Party.

K. Applicable Law and Venue

This Agreement shall be governed by and construed in accordance with the laws of New Jersey.

L. No Personal Liability of Individual Representatives

No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any official, trustee, officer, agent or employee of any corporate Party in his or her individual capacity, and neither the officers of any Party nor any official executing this Agreement shall be personally liable with respect to this Agreement or be subject to any personal liability or accountability under this Agreement by reason of the execution and delivery of this Agreement.

M. Delay or Omission

No delay or omission in the exercise or enforcement of any right or remedy accruing to a Party under this Agreement shall impair such right or remedy or be construed as a waiver of any breach theretofore or thereafter occurring. The waiver of any condition or the breach of any term, covenant, or condition herein

or therein contained shall not be deemed to be a waiver of any other condition or of any subsequent breach of the same or any other term, covenant or condition herein or therein contained.

N. Prohibited Activity

Subrecipient is prohibited from using, and shall require that its Contractors and sub-contractors are prohibited from using, the Grant Funds provided herein or personnel employed in the administration of the Program for political activities, inherently religious activities, lobbying, political patronage, nepotism activities, and supporting either directly or indirectly the enactment, repeal, modification or adoption of any law, regulation or policy at any level of government. Subrecipient will comply with the provision of the Hatch Act (5 U.S.C. 1501 *et seq.*), which limits the political activity of employees.

O. Safety

Subrecipient shall exercise proper precaution at all times for the protection of persons and property and shall be responsible for all damages or property, either on or off the worksite, which occur as a result of his or her performance of the work. The safety provisions of applicable laws and building and construction codes, in addition to specific safety and health regulations described by 29 CFR 1926, shall be observed and Subrecipient shall take or cause to be taken such additional safety and health measures as Subrecipient may determine to be reasonably necessary.

P. Fund Use

Subrecipient agrees not to use proceeds from this Agreement to urge any elector to vote for or against any candidate or proposition on an election ballot, nor shall such Grant Funds be used to lobby for or against any proposition or matter having the effect of law being considered by the New Jersey Legislature or any local governing authority. This provision shall not prevent the normal dissemination of factual information relative to a proposition on any election ballot or a proposition or matter having the effect of law being considered by the New Jersey Legislature or any local governing authority.

Subrecipient shall certify, and shall require that its Contractors and any sub-contractors certify, that they have complied with the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) and that they will not and have not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee or a member of Congress in connection with obtaining any federal contract, grant or any other

award covered by 31 U.S.C. 1352. Subrecipient shall disclose, and shall require that each of its Contractors and sub-contractors also disclose, any lobbying with non-federal funds that takes place in connection with obtaining any federal award.

Q. Subcontractors

Subrecipient may enter into subcontracts with third parties for the performance of any part of Subrecipient's duties and obligations. In no event shall the existence of a subcontract operate to release or reduce the liability of Subrecipient to the GRANTEE for any breach in the performance of Subrecipient's or any subcontractor's duties.

R. Copyright

No materials, including but not limited to reports, maps, or documents produced as a result of this Agreement, in whole or in part, shall be available to Subrecipient for copyright purposes. Any such material produced as a result of this Agreement that might be subject to copyright is the property of and all rights shall belong to the GRANTEE, except as may otherwise be provided in a third party contract related to the implementation of the Economic Revitalization Program.

Software and other materials owned by Subrecipient prior to the date of this Agreement and not related to this Agreement shall be and remain the property of Subrecipient.

The GRANTEE will, where necessary, provide specific Project information to Subrecipient necessary to complete the services described herein. All records, reports, documents and other material delivered or transmitted to Subrecipient by the GRANTEE shall remain the property of the GRANTEE and shall be returned by Subrecipient to the GRANTEE, upon request, at termination, expiration or suspension of this Agreement.

S. Drug Free Workplace Compliance

Subrecipient hereby certifies that it shall provide a drug-free workplace in compliance with the Drug-Free Workplace Act of 1988, as amended and with 24 CFR part 21. Further, there shall be a provision mandating compliance with the Drug-Free Workplace Act of 1988, as amended, in any contracts executed by and between Subrecipient and any third parties funded using Grant Funds under this Agreement in accordance with 48 FAR part 23.500, et seq, and 48 CFR part 52.223-6.

T. Notices

Any notice required or permitted to be given under or in connection with this Agreement shall be in writing and shall be either hand-delivered or mailed, postage prepaid by first-class mail, registered or certified, return receipt requested, or delivered by private, commercial carrier, express mail, such as Federal Express, or sent by, telecopy or other similar form of rapid transmission confirmed by written confirmation mailed (postage prepaid by first-class mail, registered or certified, return receipt requested or private, commercial carrier, express mail, such as Federal Express) at substantially the same time as such rapid transmission. All such communications shall be transmitted to the address or numbers set forth below, or such other address or numbers as may be hereafter designated by a Party in written notice to the other Party compliant with this Section.

To the GRANTEE:

Attn:

Department of Community Affairs
Office of Legal & Regulatory Affairs
101 South Broad Street
Trenton, New Jersey 08625
Facsimile – 609-984-6696

To Subrecipient:

New Jersey Economic Development Authority
36 West State Street
Trenton, New Jersey 08625
Facsimile: _____

U. Applicability of Provisions Included/Excluded from Agreement

Failure to expressly reference any applicable federal or State regulation, statute, public law, Executive Order, agency directive or OMB Circular will not exempt either Party from compliance with such applicable law or regulation, and all applicable provisions not included will be deemed as inserted herein.

Likewise, execution of this Agreement will not obligate either Party to comply with any regulation, statute, public law, Executive Order, agency directive or OMB Circular, if not otherwise applicable to the use of the CDBG funds provided herein or to the particular projects performed under this Agreement, even though it may be referenced in this Agreement or in the Appendices.

V. No Third Party Beneficiary

Nothing herein is intended and nothing herein may be deemed to create or confer any right, action, or benefit in, to, or on the part of any person not a party to this Agreement. This provision shall not limit any obligation which either Party has to HUD in connection with the use of CDBG funds, including the obligations to provide access to records and cooperate with audits as provided in this Agreement.

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DRAFT

The Parties have executed and delivered this Agreement on the date set forth next to their respective signatures below, but effective as of the date set forth above.

**STATE OF NEW JERSEY, DEPARTMENT OF
COMMUNITY AFFAIRS**

Name: _____

Title: _____

Date: _____

**NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY**

Name: _____

Title: _____

Date: _____

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APPENDIX A
SUBRECIPIENT STATEMENT OF ASSURANCES

Subrecipient hereby assures and certifies that:

1. It possesses legal authority to serve as a subrecipient of a Community Development Block Grant for Disaster Recovery (“CDBG - DR”) and to execute the proposed Economic Revitalization Program under the Action Plan.
2. Its governing body has duly adopted, or passed as an official act, a resolution, motion or similar action authorizing the signing of the CDBG –DR Subrecipient Agreement with the New Jersey Department of Community Affairs and directing and authorizing the person identified as the official representative of the Subrecipient to act in connection with the CDBG-DR funds, sign all understandings and assurances contained therein, and to provide such additional information as may be required.
3. Subject to Section 10 of the Agreement, it will develop the CDBG-DR program and use the CDBG-DR Grant Funds so as to give maximum feasible priority to activities that will benefit low and moderate income families, aid in the prevention or elimination of slums or blight, or meet other community development needs having urgency.
4. It will adhere to 76 FR 71060 (published November 16, 2011) regarding duplication of benefit requirements applicable to the CDBG-DR program;
5. It will establish safeguards to prohibit employees from using official positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties, in accordance with CDBG regulations.
6. It will abide by and enforce the conflict of interest requirement set forth in 24 CFR §570.611, 24 CFR §85.36 and 24 CFR §84.42.
7. It will comply with the provisions of the Hatch Act that limit the political activity of employees and the HUD regulations governing political activity at 24 CFR §570.207.
8. It will comply with HUD rules prohibiting the use of CDBG funds for inherently religious activities, as set forth in 24 CFR §570.200(j), except for circumstances specified in the Department of Housing and Urban Development Allocations, Common Application, Waivers, and Alternative Requirements for Grantees Receiving Community Development Block Grant (CDBG) Disaster Recovery Funds in Response (March 5, 2013). Funding for rehabilitating or reconstructing a storm-damaged or destroyed building may be appropriate where a facility is not used exclusively for the benefit of the religious congregation (i.e., a homeless shelter, food pantry, adult literacy or child care center). When used for both religious and secular purposes, CDBG-DR funds may pay the portion of eligible rehabilitation or construction costs attributable to the non-religious use.

9. It will give the State and HUD, and any of their representatives or agents, access to and the right to examine all records, books, papers, or documents related to the Grant funds.
10. It will comply with the provisions in 24 CFR §570.200(c) regarding special assessments to recover capital costs if imposed.
11. It certifies that no federally appointed funds will be used for lobbying purposes regardless of level of government.
12. It will comply, and require sub-subrecipients, developers, CBDOs, and/or lower tier Contractors to comply with the drug-free workplace requirements contained at 24 CFR, Part 24, Subpart F and established by the Drug-Free Workplace Act.
13. Subrecipient agrees to comply with the following requirements, subject to waivers cited in the Federal Register / Vol. 78, No. 43 / Tuesday, March 5, 2013, Department of Housing and Urban Development, [Docket No. FR-5696-N-01] Allocations, Common Application, Waivers, and Alternative Requirements for Grantees Receiving Community Development Block Grant (CDBG) Disaster Recovery Funds in Response to Hurricane Sandy:
 - a. Subrecipient agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grants (CDBG)) including subparts J and K of these regulations, except that (1) Subrecipient does not assume the GRANTEE's environmental responsibilities described in 24 CFR 570.604 and (2) Subrecipient does not assume the GRANTEE's responsibility for initiating the review process under the provisions of 24 CFR Part 52.
 - b. Subrecipient also agrees to comply with all other applicable federal, State and local laws, regulations and policies governing the Grant Funds available under this Agreement to supplement rather than supplant funds otherwise available.
 - c. Subrecipient shall require any sub-subrecipient, developer, CBDO or lower-tier Contractor funded in whole or in part with Grant Funds to comply with the following mandatory contract provisions:

FINANCIAL MANAGEMENT AND PROCUREMENT

- i. OMB Circular A-87 (Cost Principles for State, Local and Indian Tribal Governments) as amended and made part of State regulations;
- ii. A-102 (Grants and Cooperative Agreements with State and Local Governments), as amended and made part of State regulations;
- iii. OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations), revised;
- iv. 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments) and
- v. Certification by Subrecipient's Contractors, and each tier of subcontractors, that such Contractors and subcontractors are not on the

List of Parties Excluded from Federal Procurement or Nonprocurement Programs promulgated in accordance with Executive Orders 12549 and 12689, “Debarment and Suspension,” as set forth at 24 CFR part 24 (CDBG funds may not be provided to excluded or disqualified persons);

- vi. 24 CFR 570.489: Program Administrative Requirements;
- vii. 24 CFR 570.490: Recordkeeping requirements; and
- viii. It will comply with all requirements imposed by the State concerning special requirements of law, program requirements, and other administrative requirements; and
- ix. 24 CFR Section 570.489(j) regarding change of use of real property. These standards apply to real property within Subrecipient’s control (including activities undertaken by sub-subrecipients) which was acquired in whole or in part using CDBG-DR funds in excess of the small purchase procurement threshold in 24 CFR 85.36. These standards apply from the date CDBG-DR funds are first spent until five years after the closeout of the Program.
 - 1. Subrecipient may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made, without first providing citizen review and comment and either:
 - a. The new use meets one of the national objectives and is not a building for the general conduct of government;
 - b. The requirements of 24 CFR Section 570.489(j) are met.
 - 2. If the change of use does not qualify, Subrecipient may retain or dispose of the property if the CDBG-DR program is reimbursed for the fair market value of the property, less any portion of the value that is attributable to non-CDBG-DR funds.
 - 3. Following the reimbursement the property will no longer be subject to any CDBG-DR requirements.

ENVIRONMENTAL IMPACT

Subrecipient may not begin any Project Activities without prior written consent of the New Jersey Department of Environmental Protection (“Department”) and GRANTEE, as follows.

For all activities undertaken, Subrecipient agrees that it will provide information as needed to the New Jersey Department of Environmental Protection for site-specific activities.

This will include, but is not limited to:

- i. Providing the names of all facilities receiving federal assistance so that the Department can ensure that the facilities are listed on the United States Environmental Protection Agency’s (EPA) list of violating ;
- ii. Providing site-specific information regarding the age, location and prior ground disturbance of all facilities assisted, to determine compliance requirements with Section 106 of the National Historic Preservation Act of 1966, and the Preservation of Archaeological and Historical Data Act of

1966. and the provisions of 24 CFR Part 55 and Executive Order 11988, as amended by Executive Order 12148, relating to evaluation of flood hazards;

- iii. It will work with the Department to ensure beneficiaries comply with the flood insurance purchase requirement of Section 202(a) of the Flood Disaster Protection Act of 1973, 42 U.S.C. §4001 et seq., which requires the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of HUD as an area having special flood hazards. For purposes herein, the phrase “federal financial assistance” includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect federal funding. Additionally:
 - a. Subrecipient will follow Department procedures and mechanisms to ensure that assisted property owners comply with all flood insurance requirements, prior to providing assistance, as well as post-assistance requirements related thereto,
 - b. *Flood insurance purchase requirements.* HUD does not prohibit the use of CDBG–DR funds for existing residential buildings in the Special Flood Hazard Area (SFHA) (or “100-year” floodplain). With respect to flood insurance, a HUD-assisted homeowner for a property located in the SFHA must obtain and maintain flood insurance in the amount and duration prescribed by FEMA’s National Flood Insurance Program. Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) mandates the purchase of flood insurance protection for any HUD assisted property within the SFHA.
 - c. *Future Federal assistance to owners remaining in a floodplain.* (1) Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. 5154a) prohibits flood disaster assistance in certain circumstances. No Federal disaster relief assistance may be used to make a payment (including any loan assistance payment) to a person for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any time has received Federal flood disaster assistance that was conditioned on the person first having obtained flood insurance and the person has subsequently failed to obtain and maintain flood insurance. Subrecipient may not provide CDBG disaster assistance for the repair, replacement, or restoration to a person who has failed to meet this requirement.
 - d. Subrecipient will assist the Department as to ensure that in the event of transfer of any property having received CDBG-DR assistance, the transferor notifies the transferee in writing of the requirements to 1) Obtain flood insurance, if the property is not insured as of the date of

transfer; 2) Maintain flood insurance; 3) Require the transferor, if there is failure to notify the transferee, to reimburse the federal government in the amount of any subsequent disaster relief assistance if such funds are expended on the property after the date of transfer.

- iv. Subrecipient will cooperate with the Department to require all assisted properties to be elevated, repaired, reconstructed or newly-constructed (including both commercial and residential properties) in accordance with the newly-released FEMA Base Flood Elevation Maps (reference table 2-6 in the state's Action Plan).
- v. In accordance with 24 CFR 58.6(b), Subrecipient agrees that it will not provide any Grant Funds to a small business that had previously received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance and the small business failed to obtain and maintain such insurance.

Through the Department, Subrecipient and beneficiaries of Program assistance will be required to comply with:

- vi. Executive Order 11990, Protection of Wetlands;
- vii. the Coastal Zone Management Act Sections 307(c)(d);
- viii. In relation to water quality:
 - a. Executive Order 12088, as amended by Executive Order 12580, relating to the prevention, control and abatement of water pollution
 - b. The Safe Drinking Water Act of 1974 (42 U.S.C. §§ 201, 300(f) et seq. and U.S.C. §349), as amended, particularly Section 1424(e) (42 U.S.C. §§ 300h-303(e)), which is intended to protect underground sources of water. No commitment for federal financial assistance can be entered into for any project which the U.S. Environmental Protection Agency determines may contaminate an aquifer which is the sole or principal drinking water source for an area; and
 - c. Executive Order 12088, as amended by Executive Order 12580, relating to the prevention, control and abatement of water pollution; The Federal Water Pollution Control Act of 1972, as amended, including the Clean Water Act of 1977, Public Law 92-212 (33 U.S.C. §1251, et seq.) which provides for the restoration and maintenance of the chemical, physical and biological integrity of the nation's water.
- ix. The Endangered Species Act of 1973 (50 CFR 402), as amended;
- x. The Fish and Wildlife Coordination Act of 1958, as amended;
- xi. Wild and Scenic Rivers Act of 1968 {Sections 7(b) and (c)}, as amended

- xii. Executive Order 11738, providing for administration of the Clean Air Act and the Federal Water Pollution Control Act With Respect to Federal Contracts, Grants, or Loans, and Environmental Protection Agency regulations (40 CFR part 15);
- xiii. The Clean Air Act of 1970 (Sections 176(c), (d), and 40 CFR 6, 51, 93), which prohibits engaging in, supporting in any way, or providing financial assistance for, licensing or permitting, or approving any activity which does not conform to the State implementation plan for national primary and secondary ambient air quality standards.
- xiv. The Farmland Protection Policy Act, 7 U.S.C.A. §4201 et seq., which requires recipients of federal assistance to minimize the extent to which their projects contribute to the unnecessary and irreversible commitment of farmland to nonagricultural uses;
- xv. Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations, February 11, 1994;
- xvi. Noise abatement and control requirement found at 24 CFR 51B;
- xvii. Provisions of 24 CFR 51C, explosive and flammable operations;
- xviii. Provisions of 24 CFR 58.5(i) relating to toxic chemicals and radioactive materials;
- xix. Sections 1012 and 1013 of Title X of the Housing and Community Development Act of 1992 (Public Law 102-550, as amended). The regulation appears within Title 24 of the Code of Federal Regulation as part 35 (codified in 24 CFR 35). The purpose of this regulation is to protect young children from lead-based paint hazards in housing that is financially assisted by the Federal government or sold by the government. This regulation applies only to structures built prior to 1978. It will also comply with the Lead Safety Housing Regulation covering prohibited methods of paint removal (24 CFR Part 35.140) and occupant protection (24 CFR Part 35.1345).
- xx. It will comply with the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §6901, et seq.).
- xxi. It will comply with mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94A 163, 89 Stat. 871);

FEDERAL LABOR STANDARDS

- i. Subrecipient will administer and enforce the labor standards requirement set forth in 24 CFR §570.603 and any other regulations issued to implement such requirements;
- ii. Subrecipient will comply with Section 110 of the Housing and Community Development Act of 1974, as amended and as set forth in 24 CFR §570.603;
- iii. It will comply with the Davis-Bacon Act, as amended (40 U.S.C. §3141 et seq.);
- iv. It will comply with the Contract work Hours and Safety Standards Act (40 U.S.C. §327 et seq.), requiring that mechanics and laborers (including watchmen and guards) employed on federally assisted contracts be paid wages of not less than one and one-half times their basic wage rates for all hours worked in excess of forty in a work-week;
- v. It will comply with the Federal Fair Labor Standards Act (29 U.S.C. §201 et seq.), requiring that covered employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed work-week;
- vi. It will comply with the Copeland “Anti-Kickback” Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR part 3);
- vii. It will comply with the following HUD regulations and/or guidance:
 - 24 CFR 570.489(1): Debarment and suspension
 - 24 CFR 570.603: Labor standards
 - 24 CFR 570.609: Use of debarred, suspended, or ineligible Contractors or sub-subrecipients.
 - HUD Handbook 1344.1 Federal Labor Standards Compliance in Housing and Community Development Programs
- viii. It will comply with the following United States Department of Labor regulations in parallel with HUD requirements above:
 - 29 CFR Part 1: Procedures for Predetermination of Wage Rates
 - 29 CFR Part 3: Contractors and Subcontractors on Public Building or Public Work Financed In Whole or In Part by Loans or Grants from the United States
 - 29 CFR Part 5: Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction (Also, Labor Standards Provisions Applicable to Non-construction Contracts Subject to the Contract Work Hours and Safety Standards Act)

- 29 CFR Part 5: Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction (Also, Labor Standards Provisions Applicable to Non-construction Contracts Subject to the Contract Work Hours and Safety Standards Act)
- 29 CFR Part 6: Rules of Practice for Administrative Proceedings Enforcing Labor Standards In Federal and Federally Assisted Construction Contracts and Federal Service Contracts
- 29 CFR Part 7: Practice Before the Administrative Review Board With Regard to Federal and Federally Assisted Construction Contracts.

ACQUISITION AND RELOCATION

Subrecipient agrees to comply with the following statutes and regulations:

- i. Title II (Uniform Relocation Assistance) and Sections 301-304 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. Chapter 61), and HUD implementing instructions at 24 CFR Part 42 and 24 CFR §570.606; and
- ii. Section 104(d) of the Housing and Community Development Act of 1974, as amended ; and
- iii. It will comply with 42 U.S.C. 3537c (Prohibition of Lump Sum Payments);
- iv. It will comply with 49 CFR Part 24 (Uniform Relocation and Real Property Acquisition for Federal and Federally-Assisted Programs)
- v. URA Fixed Residential Moving Cost Schedule
- vi. 24 CFR Part 42 (Displacement, Relocation Assistance and Real Property Acquisition for HUD and HUD-Assisted Programs)
- vii. 24 CFR 570.606 (Displacement, Relocation, Acquisition and Replacement of Housing)

Subrecipient agrees to provide relocation assistance to those that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-DR assisted project, with the exception of:

- viii. The one-for-one replacement requirements at Section 104(d)(2)(A)(i)–(ii) and (d)(3) and 24 CFR 42.375 which have been waived by HUD;
- ix. The relocation assistance requirements at section 104(d)(2)(A) and 24 CFR 42.350 to the extent that they differ from the requirements of the URA and implementing regulations at 49 CFR part 24, as modified by the Act for activities related to disaster recovery;

- x. Arms-length voluntary purchase requirements at 49 CFR 24.101(b)(2)(i)–(ii) are waived to the extent that they apply to an arm’s length voluntary purchase carried out by a person who uses funds allocated under this Notice and does not have the power of eminent domain;
- xi. Rental assistance to a displaced person: The requirements at sections 204(a) and 206 of the URA, and 49 CFR 24.2(a)(6)(viii), 24.402(b)(2), and 24.404 are waived to the extent that they require the Grantee/Subrecipient to use 30 percent of a low-income displaced person’s household income in computing a rental assistance payment if the person had been paying more than 30 percent of household income in rent/utilities without “demonstrable hardship” before the project;
- xii. Tenant-based rental assistance requirements of sections 204 and 205 of the URA, and 49 CFR 24.2(a)(6)(ix) and 24.402(b) are waived to the extent necessary to permit a grantee to meet all or a portion of a grantee’s replacement housing financial assistance obligation to a displaced tenant by offering rental housing through a tenant-based rental assistance (TBRA) housing program subsidy, provided that the tenant is provided referrals to comparable replacement dwellings in accordance with 49 CFR 24.204(a) where the owner is willing to participate in the TBRA program, and the period of authorized assistance is at least 42 months;
- xiii. Moving expense requirements at section 202(b) of the URA and 49 CFR 24.302; the Grantee may instead choose to establish a “moving expense and dislocation allowance” under a schedule of allowances that is reasonable takes into account the number of rooms in the displacement dwelling;
- xiv. The regulation at 24 CFR 570.606(d) is waived to the extent that it requires optional relocation policies to be established; units of local government receiving CDBG-DR funds may establish separate optional policies.

FAIR HOUSING AND NON-DISCRIMINATION

Any act of unlawful discrimination committed by Subrecipient or failure to comply with the following obligations when applicable shall be grounds for termination of this Agreement or other enforcement action; Subrecipient agrees to comply with:

- i. Title VI of the Civil Rights Act of 1964 and as amended in 1988, 42 U.S.C. §200d et seq., as amended, and the regulations issued pursuant thereto (24 CFR Part1), which provide that no person in the United States shall on the grounds or race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Subrecipient receives federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or

structure thereon is provided or improved with the aid of federal financial assistance extended to the Subrecipient, this assurance shall obligate the Subrecipient, or in the case of any transfer of such property, and transferee, for the period during which the property or structure is used for another purpose involving the provision of similar services or benefits.

- ii. Fair Housing Act (Title VIII of the Civil Rights Act of 1968, as amended, 42 U.S.C. 3601–3619), which requires administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing. Title VIII further prohibits discrimination against any person in the sale or rental of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap or familial status.
- iii. Title II of the Civil Rights Act of 1968 (25 U.S.C. 1301-1303, Indian Civil Rights Act)
- iv. Architectural Barriers Act of 1968
- v. Title IX of the Education Amendments Act of 1972
- vi. Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual shall, solely by reason of his or her handicap be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program receiving federal funding assistance.
- vii. Section 508 of the Rehabilitation Act of 1973
- viii. Section 109 of Title I of the Housing and Community Development Act of 1974, and the regulations issued pursuant thereto (24 CFR Part §570.602), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under that Part. Section 109 further prohibits discrimination to an otherwise qualified individual with a handicap, as provided under Section 504 of the Rehabilitation Act of 1973, as amended, and prohibits discrimination based on age as provided under the Age Discrimination Act of 1975. The policies and procedures necessary to ensure enforcement of section 109 are codified in 24 CFR Part 6.
- ix. Section 104(b)(2) of the Housing Community Development Act of 1974
- x. Age Discrimination Act of 1975
- xi. Title II of the Americans with Disabilities Act of 1990
- xii. Housing for Older Persons Act of 1995 (HOPA)
- xiii. It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided

to Subrecipient to comply with any accessibility requirements, as required by Title III of the Americans with Disabilities Act of 1990 (42 U.S.C.A. § 12101 et seq.). The Subrecipient will be responsible for conducting inspections to ensure compliance with these specifications by the contractor.

- xiv. It must use its best efforts to afford small businesses, minority business enterprises, and women's business enterprises the maximum practicable opportunity to participate in the performance of this contract. As used in this contract, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The Subrecipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.
- xv. Section 3, Housing and Urban Development Act of 1968. Section 3 requirements will apply to all individual properties assisted with these funds, regardless of the actual amount spent on each individual unit/property. Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this contract, shall be a condition of the Federal financial assistance provided under this contract and binding upon the Subrecipient and third-party entities. The Subrecipient certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.

The Subrecipient shall ensure compliance with the statutory and regulatory requirements of Section 3 in its own operations, and those of covered contractors. These responsibilities include:

- 1) Making efforts to meet the minimum numerical goals found at 24 CFR Part 135.30;
- 2) Complying with the specific responsibilities at 24 CFR Part 135.32; and
- 3) Submitting Annual Summary reports in accordance with 24 CFR Part 135.90.

If covered contractors receive awards that exceed \$100,000 for the construction and rehabilitation activities listed above, responsibility for Section 3 compliance is shared between the Subrecipient and that firm (with the exception of the submission of the Section 3 Annual report

(Form HUD 60002), which must be submitted by the Subrecipient to Grantee).

Specifically, the Subrecipient shall be responsible for awarding 10 percent of the total dollar amount of all covered contracts to Section 3 business concerns.

The following language must be included in all contracts and subcontracts:

- A. *The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.*
- B. *The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.*
- C. *The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.*
- D. *The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.*

- E. *The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.*
- F. *Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.*
- G. *With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).*

It will further comply with:

- xvi. Executive Order 11063: Equal Opportunity in Housing, November 20, 1962, as amended by Executive Order 12259, and the regulations issued pursuant thereto, which pertains to equal opportunity in housing and non-discrimination in the sale or rental of housing built with federal assistance.
- xvii. Executive Order 11246: EEO and Affirmative Action Guidelines for Federal Contractors Regarding Race, Color, Gender, Religion, and National Origin, September 25, 1965 and Executive Order 11375: Amending Executive Order No. 11246, October 13, 1967, which provide that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of federal or federally assisted construction contracts. Further contractors and subcontractors on federal and federally assisted construction contracts shall take affirmative action to insure fair treatment in employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training and apprenticeship.
- xviii. Executive Order 12086: Consolidation of contract compliance functions for equal employment opportunity, October 5, 1978
- xix. Executive Order 12892: Leadership and Coordination of Fair Housing in Federal Programs: Affirmatively Furthering Fair Housing, January 17, 1994

- xx. Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations, February 11, 1994
- xxi. Executive Order 13166: Improving Access To Services For Persons With Limited English Proficiency, August 11, 2000
- xxii. Executive Order 13217: Community-Based Alternatives for Individuals with Disabilities, June 19, 2001
- xxiii. Executive Order 13330: Human Service Transportation Coordination, February 24, 2004

And affirms it will comply with implementing regulations for the above:

- xxiv. 24 Code of Federal Regulations Part 1: Nondiscrimination in Federally Assisted Programs of HUD
- xxv. 24 Code of Federal Regulations Part 3: Nondiscrimination on the Basis of Sex in Education Programs or Activities receiving Federal Financial Assistance
- xxvi. 24 Code of Federal Regulations Part 5.105: Other Federal Requirements
- xxvii. 24 Code of Federal Regulations Part 6: Nondiscrimination in Programs, Activities Receiving Assistance under Title I of the Housing and Development Act of 1974
- xxviii. 24 Code of Federal Regulations Part 8: Nondiscrimination Based on Handicap in Federally Assisted Programs and Activities of the Department of Housing and Urban Development
- xxix. 24 CFR Code of Federal Regulations Parts 50.4 (l) and 58.5 (j): Environmental Justice
- xxx. 24 Code of Federal Regulations Part 91.225 (a)(1): Affirmatively Furthering Fair Housing
- xxxi. 24 Code of Federal Regulations Part 91.325 (a)(1): Affirmatively Furthering Fair Housing
- xxxii. 24 Code of Federal Regulations Part 91.325(b)(5): Compliance with Anti-discrimination laws
- xxxiii. 24 Code of Federal Regulations Part 91.520: Performance Reports
- xxxiv. 24 Code of Federal Regulations Parts 100-125: Fair Housing
- xxxv. 24 Code of Federal Regulations Part 107: Non-discrimination and Equal Opportunity in Housing Under Executive Order 11063 (State Community Development Block Grant grantees)
- xxxvi. 24 CFR Part 121: Collection of Data
- xxxvii. 24 CFR Part 135: Economic Opportunities for Low- and Very Low-Income Persons
- xxxviii. 24 CFR Part 146: Non-discrimination on the Basis of Age in HUD Programs or Activities Receiving Federal Financial Assistance
- xxxix. 24 Code of Federal Regulations Part 570.206(c): Fair Housing Activities
- xl. 24 Code of Federal Regulations Part 570.487(b): Affirmatively Furthering Fair Housing

- xli. 24 Code of Federal Regulations Part 570.487(e): Architectural Barriers Act and Americans with Disabilities Act (State Community Development Block Grant grantees)
- xlii. 24 Code of Federal Regulations Part 570.490(a)(b): Recordkeeping requirements
- xliv. 24 Code of Federal Regulations Part 570.491: Performance Reviews and Audits
- xlv. 24 Code of Federal Regulations Part 570.495(b): HCDA Section 109 nondiscrimination
- xlv. 24 Code of Federal Regulations Part 570.506(g): Fair Housing and equal opportunity records
- xlvi. 24 Code of Federal Regulations Part 570.601: Affirmatively Further Fair Housing
- xlvi. 24 Code of Federal Regulations Part 570.608 and Part 35: Lead-Based Paint
- xlvi. 24 Code of Federal Regulations Part 570.614: Architectural Barriers Act and Americans with Disabilities Act
- xlix. 24 Code of Federal Regulations Part 570.904: Equal Opportunity and Fair Housing Review
 - 1. 24 Code of Federal Regulations Part 570.912: Nondiscrimination compliance

APPENDIX B RECORDS AND RECORDS RETENTION

Subrecipient shall maintain all **project records** required by 24 CFR 570.506 for five years following close out of this Agreement. These records will include the following:

- a. Description, geographic location and budget of each funded activity;
- b. Eligibility and national objective determinations for each activity;
- c. Personnel files;
- d. Property management files;
- e. HUD monitoring correspondence;
- f. Citizen participation compliance documentation;
- g. Fair Housing and Equal Opportunity records;
- h. Lump sum agreements;
- i. Environmental review records; and
- j. Documentation of compliance with other Federal requirements (e.g., Davis-Bacon, Uniform Relocation Act, and Lead-Based Paint).

FINANCIAL RECORDS to be maintained include:

- a. Chart of accounts;
- b. Manual on accounting procedures;
- c. Accounting journals and ledgers;
- d. Source documentation (purchase orders, invoices, canceled checks, etc.);
- e. Procurement files (including bids, contracts, etc.);
- f. Real property inventory;
- g. Bank account records (including revolving loan fund records, if applicable);
- h. Draw Down requests;
- i. Payroll records and reports;
- j. Financial reports;
- k. Audit files; and
- l. Relevant financial correspondence.

PROJECT/ACTIVITY records should include the following documentation:

- a. Eligibility of the activity;
- b. Evidence of having met a national objective (see below);
- c. Subrecipient Agreement;
- d. Any bids or contracts;
- e. Characteristics and location of the beneficiaries;
- f. Compliance with special program requirements, including environmental review records;
- g. Budget and expenditure information (including draw requests); and
- h. The status of the project/activity.

Economic Development LMI Job Creation/Retention

- a. Written agreements with beneficiaries (i.e., loan agreements, promissory notes, mortgages, etc.) must be maintained for five years after the longer of: 1) the maturity date or earlier termination of the written agreement or 2) the expiration of the affordability period.
- b. HUD has waived 24 CFR 570.483(b)(4)(i) and 570.208(a)(4)(i) to allow identification of low- and moderate-income jobs benefit by documenting, for each person employed, the name of the business, type of job, and the annual wages or salary of the job. (HUD will consider the person income-qualified if the annual wages or salary of the job is at or under the HUD-established income limit for a one-person family.) This method replaces the standard CDBG requirement in which grantees must review the annual wages or salary of a job in comparison to the person's total household income and size (i.e., number of persons). This allows the collection of wage data from the assisted business for each position created or retained, rather than from each individual household. Records relating to job creation/retention must be maintained for five years.
- c. Public benefit: HUD has waived the public benefit standards at 42 U.S.C. 5305(e)(3), 24 CFR 570.482(f)(1), (2), (3), (4)(i), (5), and (6), and 570.209(b)(1), (2), (3)(i), (4), for economic development activities designed to create or retain jobs or businesses (including, but not limited to, long-term, short-term, and infrastructure projects). However, Subrecipient must report and maintain documentation on the creation and retention of total jobs; the number of jobs within certain salary ranges; the average amount of assistance provided per job, by activity or program; the North American Industry Classification System (NAICS) code for each business assisted; and the types of jobs. HUD has also waived 570.482(g) and 570.209(c) and (d) to the extent these provisions are related to public benefit.

OTHER

- d. **Section 3:** Pursuant to the U.S. Housing Act of 1937 (42 U.S.C. 1437a(b)(2)) and 24 CFR 135.5, HUD may establish income limits to consider an individual to be a Section 3 resident. For this CDBG-DR program, an individual is eligible to be considered a Section 3 resident if the annual wages or salary of the person are at, or under, the HUD-established income limit for a one-person family for the jurisdiction.
- e. **Relocation:** Records covering displacements and acquisition must be retained for five years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with 92.353.
- d. **Litigation/Claims:** If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been started before the expiration of the required record retention period, records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

APPENDIX C
CONSTRUCTION, ALTERATIONS, REHABILITATION

- a. Subrecipient affirms that activities involving new building construction, alterations, or rehabilitation will comply with the applicable New Jersey building code(s) as well as local building codes.
- b. Subrecipient shall, to the extent feasible, ensure all rehabilitation, reconstruction, and new construction is be designed to incorporate principles of sustainability, including water and energy efficiency, resilience and mitigating the impact of future disasters. Whenever feasible, Subrecipient should follow best practices such as those provided by the U.S. Department of Energy Home Energy Professionals: *Professional Certifications and Standard Work Specifications*.
- c. Subrecipient affirms that it will comply with the requirements of the Uniform Federal Accessibility Standards (UFAS) for the design, construction and alteration of buildings so that physically handicapped persons will have ready access to and use of them in accordance with the Architectural Barriers Act, 42 U.S.C. 4151-4157.

All reconstruction, new construction and rehabilitation must be designed to incorporate principals of sustainability, including water and energy efficiency, resilience, and mitigating the impact of future disasters.

APPENDIX D
DISASTER RECOVERY GRANT REPORTING SYSTEM
(minimum data requirements)

Subrecipient agrees to provide information to Grantee regarding HUD's Disaster Recovery Grant Reporting System the following:

Prior to initiation of activity:

A. Activity Type

- Acquisition-buyout of non-residential properties
- Acquisition – buyout of residential properties
- Acquisition – general
- Acquisition of buildings for the general conduct of government
- Acquisition of relocation properties
- Acquisition, construction, reconstruction of public facilities
- Administration
- Affordable rental housing
- Capacity building for nonprofit or public entities
- Clearance and demolition
- Code enforcement
- Compensation for disaster-related losses
- Construction of buildings for the general conduct of government
- Construction of new housing
- Construction of new replacement housing
- Construction/reconstruction of streets
- Construction/reconstruction of water lift stations
- Construction/reconstruction of water/sewer lines or systems
- Debris removal
- Dike/dam/stream-river bank repairs
- Disposition
- Economic development or recovery activity that creates/retains jobs
- Homeownership Assistance (with waiver only)
- Homeownership assistance to low and moderate income
- Housing incentives to encourage resettlement
- Planning
- Privately-owned utilities
- Public Services
- Rehabilitation/reconstruction of a public improvement
- Rehabilitation/reconstruction of other non-residential structures
- Rehabilitation/reconstruction of public facilities
- Rehabilitation/reconstruction of residential structures
- Relocation payments and assistance

B. National Objective

- Low/Mod
- Slums and blight
- Urgent need

C. Grantee Activity Number – Assigned by DCA

D. Activity Title – Assigned by DCA

E. Activity Status

- Cancelled
- Completed
- Planned
- Underway

F. Total Budget (amount includes all HUD and Estimated Program Income/Revolving Loan Funds)

G. Total Budget, Disaster Recovery Grant – This total amount includes all HUD and non-HUD funds.

H. Projected Start Date

I. Projected End Date

J. Project –Project under which Activity will be created.

K. Environmental Assessment

- Exempt
- Underway
- Completed

L. Name and type of all funding sources for an activity (as per DCA action plan)

M. Name of organization carrying out activity (if not DCA, for each responsible organization, the following information is required:

- Organization name
- Organization type (for-profit, local government, nonprofit, state, state agency, TA provider, or unknown)
- DUNS number
- Tax or employer identification number
- Address/City/State/ZIP
- Organization contact person and title
- Organization contact person email, address, telephone and fax numbers

N. Method by which benefit is reported (area or direct)

If area, indicate:

Census or survey

O. Proposed accomplishments (total numeric for activity) *-(DCA to provide matrix based on activity type)*

P. Location in which activity is undertaken (county/city/neighborhood etc.)

Upon implementation – quarterly reporting

Quarterly reporting:

1. Data must be submitted to DCA no more than 14 calendar days from the end of each calendar quarter, as follows:

- A. Quarter comprising April 1, 2013 to June 30, 2013: Reporting data due by close of business Wednesday, July 17, 2013
- B. July 1-Sept. 30, 2013: Reporting data due by close of business Wednesday, Oct. 16, 2013.
- C. Oct. 1-Dec. 31, 2013: Reporting data due by close of business Wednesday, Jan. 15, 2014.
- D. Jan. 1-March 31, 2014: Reporting data due by close of business Wednesday, April 16, 2014.
- E. April 1-June 30, 2014: Reporting data due by close of business Wednesday, July 16, 2014.
- F. July 1-Sept. 30, 2014: Reporting data due by close of business Wednesday, Oct. 15, 2014.
- G. Oct. 1-Dec. 31, 2014: Reporting data due by close of business Friday, Jan. 16, 2015.
- H. Jan. 1-March 31, 2015: Reporting data due by close of business Wednesday, April 15, 2015.
- I. **Interim report:** Report all funds expended and performance measures achieved from April 1-April 15, 2015; data due by close of business Wednesday, April 22, 2015.
- J. **Modified report:** April 16-June 30, 2015: Reporting data due by close of business Wednesday, July 15, 2015.

2. For direct benefit activities:

Race	# HH Assisted*	Hispanic/Latino?*	Female HOH?*	% of AMI*
White				
Black/African American				
Asian				
American Indian/Alaskan Native				
Native Hawaiian/Other Pacific Islander				
American Indian/Alaskan Native and White				
Asian and White				
Black/African American and White				
American Indian/Alaskan Native and Black/African American				
Other multi-racial				
Unknown				

****Information reported each quarter is ONLY for accomplishments during QPR reporting period and IS NOT cumulative.***

3. For each activity, actual accomplishments for all performance measure criteria proposed (numeric; only those achieved within QPR reporting period)
4. For each activity, brief narrative of each activity status / progress in prior quarter / anticipated progress coming quarter (identify challenges, if any, and proposed resolution)
5. For each activity, total Disaster Recovery funds expended within the QPR reporting period.
6. For each activity, total matching funds expended within QPR reporting period.
7. For each activity, total leveraging funds expended within QPR reporting period.