



MEMORANDUM

TO: Members of the Authority
FROM: Michele Brown
Chief Executive Officer
DATE: June 11, 2013
SUBJECT: Agenda for Board Meeting of the Authority June 11, 2013

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Bond Projects

Loans/Grants/Guarantees

Incentive Programs

Board Memorandums

Real Estate

Office of Recovery

Authority Matters

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

May 16, 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; Christopher Hughes representing the Commissioner of the Department of Banking and Insurance; Public Members: Joseph McNamara, Vice Chairman; Marjorie Perry, Harold Imperatore, Charles Sarlo, Larry Downes, Brian Nelson, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Present via conference call: Fred Zavaglia representing the Commissioner of the Department of Labor and Workforce Development

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: Absent: Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Public Members: Jerry Langer, Ray Burke, First Alternate Public Member; and Elliot M. Kosoffsky, Second Alternate Public Member.

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 April 9, 2013 regular, and the April 30, 2013 special meeting minutes. A motion was made to approve the minutes by Mr. Nelson, seconded by Mr. McNamara, and was approved by the 9 voting members present.

Mr. Tolson entered the meeting at this time.

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

Mr. Sarlo entered the meeting at this time.

AUTHORITY MATTERS

ITEM: 2012 Comprehensive Annual Report
REQUEST: To approve the Authority's comprehensive annual report for 2012, as required under Executive Order No. 37 (2006)
MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Tolson **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Ms. Perry entered the meeting at this time.

ITEM: Qualified School Construction Bond
REQUEST: To approve an invitation to selected New Jersey Charter Schools to apply for QSCB bond approval, under a NOFA jointly issued by the EDA and the Department of Education to the New Jersey Charter Schools.
MOTION TO APPROVE: Mr. Nelson **SECOND:** Mr. Downes **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

BOND PROJECTS

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

ITEM: NJEDA/International Center for Public Health Project
\$46,000,000 Lease Revenue Bonds, Series 2000
REQUEST: Proposed Refunding of Lease Revenue Bonds, Series 2000 payable from rental payments by University of Medicine and Dentistry of New Jersey
MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Leonard **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

Mr. Nelson recused himself because his firm represents UMDNJ.

PROJECT: College Avenue Redevelopment Associates LLC **APPL.#38097**
LOCATION: New Brunswick City/Middlesex
PROCEEDS FOR: Construction of new building or addition, land, purchase of equipment and machinery
FINANCING: \$350,000,000 Tax-Exempt
MOTION TO APPROVE: Mr. Leonard **SECOND:** Ms. Orsen **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

PROJECT: The Village Charter School, Inc. **APPL.#38088**
LOCATION: Trenton City/Mercer
PROCEEDS FOR: Acquisition of existing building, land
FINANCING: \$6,000,000 Tax-Exempt
MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Imperatore **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

LOANS/GRANTS/GUARANTEES

SMALL BUSINESS FUND DIRECT LOAN PROGRAM

PROJECT: AEON Corporation **APPL.#38313**
LOCATION: West Windsor Township/Mercer
PROCEEDS FOR: Business acquisition
FINANCING: \$300,000
MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Nelson **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

MAIN STREET ASSISTANCE PROGRAM

PROJECT: KIPN Partners, LLC, Gauatam Partners, LLC and KAIP **APPL.#38252**
LOCATION: South Brunswick Township/Middlesex
PROCEEDS FOR: Refinancing
FINANCING: \$\$3,775,000 loan with a \$943,750 participation and a 33.33% guarantee initially and not to exceed \$943,750.
MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Leonard **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

CAMDEN ECONOMIC RECOVERY BOARD

ITEM: Cooper's Ferry Partnership – Planning Grant P38122
REQUEST: To approve a \$750,000 non-recoverable planning grant to the Cooper's Ferry Partnership, Inc. to fund the costs associated with the development of the 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.
MOTION TO APPROVE: Ms. Orsen **SECOND:** Mr. Leonard **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

Mr. Nelson recused himself because his firm represents Cooper's Ferry.

PROJECT: Coriell life Sciences, Inc. **APPL.#37999**
LOCATION: Camden City/Camden
PROCEEDS FOR: Growth capital, equipment acquisition
FINANCING: \$1,000,000 loan
MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Leonard **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

Mr. Nelson recused himself because his firm represents an individual involved in the project.

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

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

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

PROJECT: John Both and Shirley Both **APPL.#38018**
LOCATION: Vernon Township/Sussex
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: \$146,138 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: Zdzislaw Czech **APPL.#37963**
LOCATION: Keyport Borough/Monmouth
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: \$128,422 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: Cheryl Hagood **APPL.#38041**
LOCATION: Howell Township/Monmouth
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: \$129,085 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: Denise Lucas **APPL.#38150**
LOCATION: Springfield Township/Burlington
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: \$315,920 Petroleum UST Remediation, Upgrade and Closure Fund Grant

HAZARDOUS DISCHARGE SITE REMEDIATION FUND

FOR INFORMATION ONLY: Summary of Hazardous Discharge Site Remediation Fund projects approved by the Delegated Authority.

INCENTIVE PROGRAMS

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

PROJECT: GENEWIZ, Inc. **APPL.#38295**
LOCATION: South Plainfield Borough/Bergen **BUSINESS:** Biotechnology
GRANT AWARD: \$299,322 **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Mr. Leonard **SECOND:** Mr. Imperatore **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PROJECT: PVH Corp. and Subsidiaries **APPL.#38173**
LOCATION: Bridgewater Township/Somerset **BUSINESS:** Apparel/Textile Products
GRANT AWARD: \$720,313 **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. McNamara **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

Mr. Hughes recused himself because he is former employee of PVH Corp.

BOARD MEMORANDUMS

ITEM: NBC Universal, Inc.; CNBC, Inc.; and CNBC.com LLC – P11113
Englewood Cliffs, New Jersey
\$4,611,840 Business Employment Incentive Program Grant
REQUEST: Consent to the acquisition of NBC Universal, Inc.; CNBC, Inc.; and
CNBC.com LLC and its subsidiaries by Comcast Corporation and the
subsequent name changes of the grantee and its subsidiaries.
MOTION TO APPROVE: Mr. Tolson **SECOND:** Mr. Leonard **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

ITEM: New Markets Tax Credit \$42,000,000 Loan Pool 1
NJUSB Investment Fund, LLC \$31,000,000 Loan (P17043)
REQUEST: Consent to actions to wind-up Loan Pool 1 at the conclusion of the NMTC
program's compliance period on December 31, 2012.
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Tolson **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

FOR INFORMATION ONLY: Overview of 2012 Delegated Authority in Approvals.

FOR INFORMATION ONLY: The next item is a summary of the projects approved under Delegated Authority in April 2013:

NJ Mainstreet Program: Allied Recycling, Inc. (P38205); Broadway Packaging Solutions, Inc. and Broadway Klee-Guard Corporation (38260); One Stewart Court, LLC (P38174)

Camden ERB: Extreme 1, Inc. (38161).

Premier Lender Program: Sporelli Limited Liability Corporation (P38175).

REAL ESTATE

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

REQUEST: To approve a Memorandum of Understanding, between the Authority and the Department of Treasury, Division of Property Management and Construction, authorizing the planning, funding, and disposition of the Riverfront State Prison

MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Leonard **AYES:** 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

Mr. Nelson recused himself because his firm represents DRPA, which is involved in the project.

OFFICE OF RECOVERY

ITEM: Revised Subrecipient Agreement with the Department of Community Affairs to Implement the Community Development Block Grant Through the Economic Revitalization Program.

REQUEST: 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.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

PUBLIC COMMENT

There was no comment from the public.

EXECUTIVE SESSION

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

MOTION TO APPROVE: Mr. Nelson **SECOND:** Ms. Perry **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

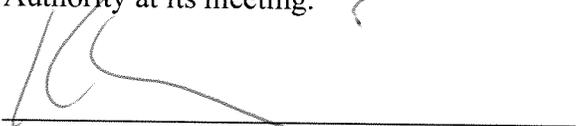
The Board returned to Public Session.

The next item was to approve the Amended and Restated Economic Redevelopment and Growth Grant Agreement with Revel Entertainment Group, LLC that will facilitate Revel and related companies' emergence from bankruptcy and continued operation.

MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Nelson **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

There being no further business, on a motion Mr. Tolson, and seconded by Ms. Perry, the meeting was adjourned at 11:35 am.

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



Kim Ehrlich, Assistant Secretary



MEMORANDUM

TO: Members of the Authority

FROM: Michele A. Brown
Chief Executive Officer

DATE: June 11, 2013

RE: Chief Executive Officer's Report to the Board

STATE AND LOCAL OFFICIALS PARTICIPATE IN RIBBON CUTTINGS TO ANNOUNCE THAT JERSEY SHORE COMMUNITIES ARE OPEN FOR MEMORIAL DAY WEEKEND

On Friday of Memorial Day Weekend, as part of New Jersey's "Stronger than the Storm" (STTS) campaign that launched at the beginning of the month, ribbon cutting events were held across the beaches of several shore communities to mark that the Jersey Shore is open for the summer following the devastating effects of Superstorm Sandy. The largest of the events was at Seaside Heights and featured a live NBC broadcast of the Today Show that was highlighted by Governor Chris Christie cutting a 5.5 mile long ribbon. This was confirmed by the Guinness Book of World Records to have broken the world record for the longest ribbon cutting. Additionally, Lieutenant Governor Kim Guadagno participated in a ribbon cutting in Sea Isle City and additional ribbon cutting events were held in the shore communities of Avalon, Spring Lake, the Wildwoods, Ocean City, Long Branch, Monmouth Beach, Brigantine, Asbury Park, Stone Harbor and Oceanport.

The Jersey Shore also received tremendous national attention when President Barack Obama visited New Jersey and joined Governor Christie several days after the event to tour Point Pleasant Beach and Asbury Park and get a firsthand look at the recovery efforts, as well as to recognize the Jersey Shore residents and business owners for their progress in recovering from the storm. In his remarks, President Obama reinforced the message of the STTS campaign:

"You are stronger than the storm after all you've dealt with, after all you've been through," said President Obama. "The Jersey Shore is back and it is open for business."

STTS has been very effective in driving attention to the Jersey Shore since its launch and especially over the critically important Memorial Day weekend. At the peak of its impact, the STTS Memorial Day weekend events resulted in over 3,200 mentions across the social web and over 19,000 visits to the STTS website. The combined audience of STTS social platforms is more than 24,000 users and growing, and the overall tonality of both traditional and social media around Memorial Day Weekend was 97% or more positive. The combined impressions of STTS

media coverage during Memorial Day Weekend are estimated to be in excess of 400 million through national and regional coverage.

TWO MAJOR ECONOMIC REDEVELOPMENT AND GROWTH (ERG) PROJECTS CLOSE IN MAY

Last month, EDA closed Economic Redevelopment and Growth (ERG) grants with two major redevelopment projects in urban communities.

TDAF I – Pru Hotel Urban Renewal Company closed on an ERG grant for more than \$6.5 million for reimbursement of costs related to the development of a Courtyard by Marriott in Newark. The Courtyard by Marriott, which opened last Fall and is located just by the Prudential Center, is Newark’s first new downtown hotel in four decades. This ERG assistance, which leveraged more than \$35 million in capital investment, will result in the creation of 57 estimated new, full-time jobs as well as 175 construction jobs. The hotel, which includes 150 hotel rooms and 14,000 square feet of street level retail space, is expected to be a significant catalyst to the economic growth of downtown Newark by bringing additional investments and employment to the City.

DGMB Casino, LLC closed on an ERG grant for just over \$5 million for reimbursement of costs related to the development of a Margaritaville at Resorts in Atlantic City. This project, which marked its grand opening last month, is a multi-faceted development project that includes 150,000 square feet of renovated space that includes new restaurants, retail shops and recreational areas under the “Margaritaville” brand – a successful restaurant and retail lifestyle brand with a very desirable demographic and nationwide awareness. This ERG assistance, which leveraged more than \$43 million in capital investment, will result in the creation of 296 estimated new, full-time jobs as well as 209 construction jobs.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY (FMERA) UPDATE

FMERA continues to move the former Fort’s redevelopment forward. FMERA and the Army are having 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.

CommVault has broken ground on Parcel E in Tinton Falls. The 55-acre parcel was purchased in January of this year. Redevelopment is progressing as scheduled, and CommVault hopes to complete Phase 1 of their Global Headquarters in April of 2014.

FMERA currently has four Requests for Offers to Purchase (RFOTPs) out for bid. Proposals for Parcels B, C and C1 are due by noon on June 10, 2013 and proposals for Building 2705 are due by noon on June 6, 2013. More information on each parcel can be found on the FMERA website, www.fortmonmouthredevelopment.com. In addition, FMERA is currently evaluating 2 other RFOTPs, for Howard Commons (80 acres – 275 housing units), and Officer Housing (38 acres -117 housing units), and hopes to have recommendations for the FMERA Board of

Directors' consideration in the next 60 days. FMERA also anticipates issuing two additional RFOTPs in the 3rd Quarter of 2013, for the Fabrication Shops and for a Veterans Community.

The Authority held its second Community Bus Tour on May 23, 2013. Sixty members of the public were given a tour of the former Fort and had an opportunity to discuss the redevelopment effort with staff. FMERA will schedule another tour for the public in the coming months.

CLOSED PROJECTS IN MAY 2013

Through May 31, 2013, EDA has closed financing and incentives totaling more than \$167 million for 67 projects that are expected to support the creation of more than 1,800 new jobs, the support of more than 11,000 existing jobs, including more than 2,800 jobs at risk of leaving New Jersey, and involve total public/private investment of more than \$520 million in New Jersey's economy. Including the two aforementioned ERG projects, the businesses assisted in May include:

Blair Academy, which closed on \$10,000,000 in tax-exempt bond financing. Founded in 1848, Blairstown-based Blair Academy today enrolls approximately 450 students in grades nine through twelve that come from 23 states and 28 countries. Blair Academy will use this assistance to build two new dormitories, one for males and one for females, that will house a total of 89 students plus six new faculty residences to provide supervision to the students. In addition to the living space each dorm will include separate areas for students to study and socialize with their classmates.

Bristol-Myers Squibb Company, which closed on a \$1.9 million Clean Energy Solutions Large Scale CHP-Fuel Cells (LS-CHP) grant – the first project to close under that program. Bristol-Myers Squibb is a premier global biopharmaceutical company primarily focused in research, development and manufacturing of medicines. This assistance enabled the company to install two natural gas engines aggregating 4.11 megawatts each with heat recovery steam generator for exhaust heat recovery and plate heat exchangers for jacket water recovery. This cogeneration system will provide part of the 433 acre Hopewell campus' energy needs and the units are designed as a base load operating system providing continuous power and thermal energy to the campus.

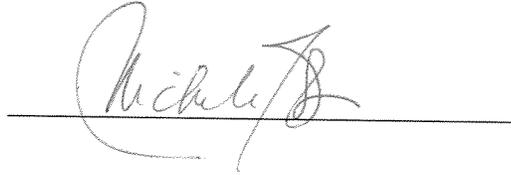
Bestwork Industries for the Blind, Inc. which closed on a \$1 million participation in a TD Bank loan under the Statewide Loan Pool Program. Bestwork is a Cherry Hill-based not-for-profit organization that provides rehabilitation services in a work setting for adults who are legally blind or visually impaired. The company engages in the manufacturing of examination gloves, traffic safety clothing, industrial paper wipes, vinyl coated nylon cloth tool bags, reinforced construction worker aprons and military clothing. As a result of this assistance, the company expects to create 5 new jobs within two years.

Caduceus, Inc., which closed on Business Employment Incentive Program (BEIP) grant for \$658,800. Caduceus is a healthcare information company specializing in providing outpatient billing, mobile applications and electronic medical record systems to large medical groups owned by its hospital clients. As a result of this assistance, the company will be relocating 60

jobs from its NYC and Easton, PA offices to Jersey City. EDA's assistance to this company is expected to leverage \$600,000 in capital investment.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees or exhibitors at 30 events in May. These included the NAIOP 26th Annual Commercial Real Estate Awards Gala in Somerset, the Greater Atlantic City Chamber of Commerce Meeting in Egg Harbor City, and the LaunchPad 2 Founder/Mentor Kickoff Event at Montclair University.

A handwritten signature in cursive script, appearing to read "Michelle J.", is written over a solid horizontal line. The signature is centered horizontally on the page.

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

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

APPLICANT: Ashland School, Inc.

P38307

PROJECT USER(S): TEAM Academy Charter School, Inc.

* - indicates relation to applicant

PROJECT LOCATION: 1-21 Ashland St. & 85 Custer Newark City (T/UA)

Essex

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

APPLICANT BACKGROUND:

Ashland School, Inc., is a 501(c)(3) not-for-profit organization, formed in 2010 to acquire real estate for use by the TEAM Academy Charter Schools, a network of charter schools in Newark, Essex County, that includes SPARK, TEAM, Rise and Newark Collegiate Academy. The TEAM Charter Schools are an independent organization and part of the KIPP Foundation charter school network based in California. The KIPP Foundation is a private foundation that supports charter schools with over 1,500 teachers serving more than 27,000 kids in schools across the country. The schools are free, open-enrollment, college-preparatory public schools preparing students in underserved communities for success in college and in life. The TEAM Charter Schools currently serve over 780 students in two middle schools, grades 5-8, located at the project locations, 21 Ashland St. (Rise Academy) and 85 Custer Avenue (TEAM Academy). Jordan Metzger is the President of Ashland School and Ryan Hill is the Executive Director of the TEAM Academy Charter Schools.

TEAM Academy Charter Schools have developed a plan of capital projects to be completed over the next two years for several of the TEAM Schools campuses. In December 2011, Kingston Educational Holdings 1, Inc. (Appl. P37036) closed on a \$25,535,000 Qualified Zone Academy Bond, and in 2012 Kingston closed on an \$17,465,000 QZAB and an \$14,635,000 Qualified School Construction Bond (QSCB). The use of a portion of the QZABs and the QSCB proceeds included funding miscellaneous renovations at the Project locations.

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

APPROVAL REQUEST:

Authority assistance will enable the applicant to fund:

1. the acquisition of 1.15 acres of land and a 32,665 sq. ft. building at 21 Ashland Street, make renovations, for lease to TEAM Academy Charter Schools (Rise Academy). In addition, the applicant will be acquiring adjacent land and constructing athletic fields for lease to the School.
2. the acquisition of 1.16 acres of land and a 34,539 sq. ft. building at 85 Custer Avenue, for lease to TEAM Academy Charter Schools (TEAM Academy). The applicant will also be constructing a gymnasium and completing some minor renovations to the property.
3. a debt service reserve fund and pay costs of issuance of the Bonds.

Other sources of funds include proceeds from the 2011 QZAB and the 2012 QZAB/2012 QSCB, which will be loaned to Ashland School by Kingston Educational Holdings, as well as other conventional debt.

FINANCING SUMMARY:

BOND PURCHASER: M&T Securities, Inc. (Underwriter)

AMOUNT OF BOND: up to \$18,000,000 (Tax-exempt bond)

TERMS OF BOND: 30 years (max.); Term bonds with fixed interest rates not to exceed 7% (Estimated true interest cost as of 5/28/13 is 5.17%.)

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$13,500,000
Renovation of existing building	\$5,375,000
Land	\$1,275,000
Debt service reserve fund	\$1,270,000
Finance fees	\$350,000
Legal fees	\$250,000
TOTAL COSTS	\$22,020,000

JOBS: At Application 84 Within 2 years 2 Maintained 0 Construction 45

PUBLIC HEARING: 06/11/13 (Published 05/28/13) **BOND COUNSEL:** Wolff & Samson

DEVELOPMENT OFFICER: D. Bennis **APPROVAL OFFICER:** T. Wells

LOANS/GRANTS/GUARANTEES

CAMDEN ECONOMIC RECOVERY BOARD



TO: Members of the Authority

FROM: Tim Lizura
President and Chief Operating Officer

DATE: June 11, 2013

RE: Annual Qualified Municipality Capital and Economic Recovery Program Report
For Information Only

Pursuant to Section 45 of the Municipal Rehabilitation and Economic Recovery Act, the Camden Economic Recovery Board is required to submit to the Governor and the New Jersey Legislature a report of general project categories and description of proposed projects and the amount estimated to be expended on each project for the ensuing year. The report is to be consistent with and reflective of the goals and priorities outlined in the Strategic Revitalization Plan and the Capital Improvement and Infrastructure Plan.

Background

The adoption of the Program Guide and Application opened the door for applications and to date, staff has reviewed approximately 146 applications of which 78 are approved for a total of approximately \$166.1 million in grants, recoverable grants and loans. In addition, \$7.5 million has been allocated to the Business Lease Incentive and the Business Improvement Incentive Programs of which 36 projects have been approved for approximately \$3.1 million. The 114 approved projects total approximately \$168.3 million of investment leveraging approximately \$1.1 billion in other public and private financing, resulting in the creation of approximately 1,686 full time jobs and generating approximately \$1.7 million in additional annual revenue to the City via real estate taxes and service charge agreements. The balance of the applications received represent 3 pending and 29 withdrawn. Going forward, project activity will be limited based on the current availability of funding.

The attached ERB Fund Approval report outlines the allocated funds for the approved projects within the five established funding categories.

- The Residential Neighborhood Improvement Fund was established with \$35 million. In April, 2010, 6.5% of the Demolition and Redevelopment Financing Fund (\$2.8 million) was re-allocated to this fund to support additional projects. To date, 22 projects have been approved for \$37.7 million. Of the 22 projects, 15 are complete and fully funded and 7 are in the construction phase and requesting disbursements of funds. The balance remaining in the fund \$107,352.
- The Downtown Revitalization and Recovery Fund was established with \$45.8 million. In October 2007, 5% of the Demolition and Redevelopment Financing Fund (\$2.150 million) and 20% of the Economic Recovery Planning Fund (\$700,000) were re-allocated to this fund to support additional projects. To date, 16 projects have been approved including the \$25 million

Re: Annual Qualified Municipality Capital and Economic Recovery Program Report

legislatively mandated for the New Jersey Aquarium. Of the 16 projects, 15 projects are completed and fully funded. One infrastructure project was repaid in the amount of \$1,550,000. One public purpose grant was partially repaid in the amount of approximately \$384,000. This fund has a balance of approximately \$3.5 million.

- The initial funding for the Demolition and Redevelopment Financing Fund amounted to \$43 million of which \$32.6 million has been approved for 27 infrastructure and redevelopment projects including one infrastructure project in the amount of \$2 million that has been repaid and one project was completed under budget and approximately \$11,890 was returned to the fund. The balance of this fund is \$1,019,366. In addition to the approved revitalization projects, \$7 million has been allocated to the Business Lease Incentive program (BLI) and \$500,000 has been allocated for the Business Improvement Incentive program (BII). As of February, 2013, 25 projects have been approved under the BLI program for approximately \$3 million of which 3 are inactive and 10 projects have been approved under the BII for approximately \$165,000 of which one project is inactive. The remaining balance under the BLI is approximately \$4 million and approximately \$334,000 remains under the BII.
- Eight projects have been approved for a total of \$47.450 million under the legislatively mandated Higher Education and Regional Health Care Fund. Of the 8 projects, 6 are completed and fully funded and 2 are in the construction phase. The remaining fund balance is \$250,000
- Of the \$3.5 million allocated for the Economic Recovery Planning Fund, \$465,000 has been utilized for the Strategic Revitalization Plan and the Capital Improvement and Infrastructure Master Plan and \$1.3million has been approved for 4 projects to support neighborhood, commercial and industrial planning projects. In October 2007, 20% of this fund, \$700,000, was re-allocated to the Downtown Fund to support the proposed development of a structured parking facility. The balance remaining in this fund is \$986,000.

In compliance with the Act, the Annual Qualified Municipality Capital and Economic Recovery Program Report will be sent to the Legislature along with the attached summary of funding for projects approved within the five established categories.

A handwritten signature in black ink, appearing to read "Teri Lauer", with a circled "KL" or similar initials to the right. The signature is written over a horizontal line.

Attachment

Prepared By: V Pepe

**PETROLEUM UNDERGROUND STORAGE
TANK PROGRAM**



MEMORANDUM

TO: Members of the Authority

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

DATE: June 11, 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 May under delegated approval. Treasury has also been notified of the May approvals and will encumber the funds for those approvals.

PUST:

As of April 30, the UST fund held by EDA had approximately \$5.9 million in cash and unfunded appropriations to fund projects for \$1,389,470 presented to the members for consideration herein and the actions taken by staff in May under delegated authority for \$591,886. Estimated cash together with remaining unfunded appropriations after these approvals is \$3.9 million.

HDSRF:

As of April 30, the HD fund held by EDA had approximately \$37.6 million in cash and unfunded appropriations available to fund projects for \$222,682 presented to the members for consideration herein and the actions taken by staff in May under delegated authority for \$80,236. Estimated cash together with remaining unfunded appropriations after these approvals is \$37.3 million.

Prepared by: Lisa Petrizzi



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President/Chief Operating Officer
DATE: June 11, 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:

Jeffrey Clayton	\$ 169,006
Jose R. Cruz	\$ 129,755
Rakesh Gupta	\$ <u>123,052</u>
Total UST Residential Grants	\$ 421,813

Commercial Grants:

Estate of Robert Caswell Sr.	\$ 149,922
Frank Lanziano	\$ 199,495
T&J Service Center Inc.	\$ 180,709
Charles Walker	\$ <u>437,531</u>
Total UST Commercial Grants	\$ 967,657

Total UST funding for June 2013 **\$ 1,389,470**

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

APPLICANT: Jeffrey Clayton

P38107

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 10 Bilge Ave.

Barnegat Township (T)

Ocean

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

APPLICANT BACKGROUND:

Jeffrey Clayton 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 for soil remediation, groundwater treatment and site remediation. The NJDEP has determined that the project costs are technically eligible.

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 \$169,006 to perform groundwater remediation and site restoration at the project site.

NJDEP oversight fee of \$16,901 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: \$169,006

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation	\$169,006
NJDEP oversight cost	\$16,901
EDA administrative cost	\$250
TOTAL COSTS	\$186,157

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Jose R. Cruz

P38091

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION 669 E 23rd Street

Paterson City (T/UA)

Passaic

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

APPLICANT BACKGROUND:

Jose R. Cruz 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.

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 \$129,755 to perform the extension soil and groundwater remediation along with site restoration at the project site.

The NJDEP oversight fee of \$12,976 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 \$129,755

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation	\$129,755
NJDEP oversight cost	\$12,976
EDA administrative cost	\$250
TOTAL COSTS	\$142,981

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Rakesh Gupta

P38090

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 40 Tansboro Rd.

Berlin Borough (N)

Camden

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

APPLICANT BACKGROUND:

Rakesh Gupta is the owner of a tenant occupied dwelling 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 soil remediation at the project site.

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 \$123,052 to perform the approved scope of work at the project site.

The NJDEP oversight fee of \$12,305 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: \$123,052

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

PROJECT COSTS:

Upgrade, Closure, Remediation	\$123,052
NJDEP oversight cost	\$12,305
EDA administrative cost	\$250
TOTAL COSTS	\$135,607

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Estate of Robert Caswell Sr.

P36961

PROJECT USER(S): Del-Cas, Inc. d/b/a Bob's Bay Marina *

* - indicates relation to applicant

PROJECT LOCATION 459 East Bay Avenue Barnegat Township (T) Ocean

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

APPLICANT BACKGROUND:

Between June 1999 and June 2006, the Estate of Robert Caswell Sr., received grants in the amount of \$173,353 under P10962, P10962s and P17148 to remove and upgrade one 3,000 gallon underground storage tank (UST). The applicant is the owner of the project site which is a boat repair and slip rental facility. The first two requests totaling \$101,240 were approved by the EDA's Board in June 1999 and January 2001 respectively. In addition, \$72,113 was approved under Delegated Authority, as it allows a maximum approval of aggregate supplemental funds of \$100,000. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional soil and groundwater remediation and monitoring. This funding request exceeds the maximum approval of aggregate supplemental funds of \$100,000 and therefore requires EDA's board approval.

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

APPROVAL REQUEST:

The applicant is now requesting supplemental funds in the amount of \$149,922 to perform the approved scope of work at the project site for a total funding to date of \$323,275.

The NJDEP oversight fee of \$14,992 is the customary 10% of the grant amount. This estimate 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 \$149,922

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

PROJECT COSTS:

Upgrade, Closure, Remediation	\$149,922
NJDEP oversight cost	\$14,992
EDA administrative cost	\$500
TOTAL COSTS	<hr/> \$165,414 <hr/>

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Frank Lanziano

P37973

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 1144 South Avenue

Westfield Town (N)

Union

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

APPLICANT BACKGROUND:

In May 2010, Frank Lanziano, the previous owner of the former Maple Crest Service Station, received a grant in the amount of \$107,235 under P28535 approved by the Board to close four leaking underground storage tanks (USTs) at the project site. The tanks were decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to continue extensive soil and groundwater 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 \$199,495 to perform the approved scope of work at the project site for a total funding to date of \$306,730.

The NJDEP oversight fee of \$19,950 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: \$199,495

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

PROJECT COSTS:

Upgrade, Closure, Remediation	\$199,495
NJDEP oversight cost	\$19,950
EDA administrative cost	\$500

TOTAL COSTS

\$219,945

APPROVAL OFFICER: K. Junghans



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: June 11, 2013

Subject: Petroleum Underground Storage Tank Program Legal Review
Frank Lanziano (Applicant)
Project Site: 1144 South Avenue, Westfield, NJ 07090130
P37973 - \$199,495 Grant

Purpose:

This memorandum addresses the past legal matters of the applicant, Frank Lanziano, related to this supplemental request for a conditional hardship grant under the Petroleum Underground Storage Tank (PUST) Program.

Business:

The applicant, Frank Lanziano, is the former owner of the project site Maple Crest Service Station, a.k.a. Maple Crest Auto Center. The former service station contained four leaking underground storage tanks; one 4,000 gallon tank, two 2,000 gallon tanks, and one 550 gallon tank.

Background:

In September 1986, the project site was conveyed to Mr. Lanziano and was tenant operated as a gas station. The property was later determined to have substantial discharge of hazardous substances to the ground and groundwater prior to Mr. Lanziano acquiring the property. In 1989, Mr. Lanziano sold the project site to Mormile Brothers with a written agreement to be fully responsible for the continued remediation of the site. Mr. Lanziano received a grant in May 2010 in the amount of \$107,235 and is now applying for a supplemental hardship grant under the PUST program.

Legal Matters:

From 1987 to 2000, Mr. Lanziano owned and operated a non-brokerage finder firm named Pyramid Investors, Inc ("Pyramid"). In the course of their business, Pyramid and Mr. Lanziano engaged in manipulative trading practices. In October 1992, Mr. Lanziano pleaded guilty to federal charges of filing a false individual income tax return and income tax evasion related to

this misconduct. Mr. Lanziano served six months imprisonment and three years probation and paid \$90,000 in full restitution of his tax liability by 1994 as directed by the U.S. District Court.

The following mitigating factors were presented to the Board and its decision was not to debar the applicant from being considered for the PUST funding:

- The criminal behavior occurred in the late 1980's, over 20 years ago.
- No further charges have been pursued and Mr. Lanziano complied with all of the requirements of his sentencing.
- The Internal Revenue Service advised the United States Probation Office that Mr. Lanziano was cooperative in making full restitution.
- The charges brought against Mr. Lanziano did not pertain to the Maple Crest Auto Center, the site requiring the extensive remediation.

Upon receipt of the supplemental request, staff received an updated application and personal statement from Mr. Lanziano. He affirmed that he was current with his taxes, no other charges developed from the above stated conviction and he had no other involvement in any other criminal activity or have any pending charges of any kind against him.

Recommendation:

The members of the Authority are asked to approve the proposed supplemental grant request since no new legal issues that would rise to the level of debarment have been presented.



Timothy Lizura

Prepared by: Kathy Junghans and Marcus Saldutti

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

APPLICANT: T&J Service Center Inc.

P38121

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION 31 Kings Rd.

Madison Borough (N)

Morris

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

APPLICANT BACKGROUND:

In March 2011, T&J Service Center Inc., owned by Thomas Granato, received a grant in the amount of \$290,086 under P33058 to perform groundwater investigation and hot-spot remediation for the closure of the former underground storage tank (UST) at the project site. The tank was decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional groundwater 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 \$180,709 to perform the approved scope of work at the project site for a total funding to date of \$470,795.

The NJDEP oversight fee of \$18,071 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 \$180,709

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

PROJECT COSTS:

Upgrade, Closure, Remediation	\$180,709
NJDEP oversight cost	\$18,071
EDA administrative cost	\$500
TOTAL COSTS	\$199,280

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Charles Walker

P37993

PROJECT USER(S): Duncan Oil *

* - indicates relation to applicant

PROJECT LOCATION 360 Hawthorne Ave.

Newark City (T/UA)

Essex

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

APPLICANT BACKGROUND:

Between June 1999 and January 2001, Charles Walker received grants totaling \$214,350 under P10882 and P10882s to remove an underground storage tank. The NJDEP has determined that the supplemental project costs are technically eligible for extensive investigation of soil, groundwater and air remediation at the project site under the direction of the LSRP. The initial requests in the amount of \$51,940 and \$162,410 were approved by the EDA's board respectively. The project site is located in the Metropolitan Planning Area 1, with funding limits permitted up to \$1,000,000.

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

APPROVAL REQUEST:

The applicant is requesting additional grant funding in the amount of \$437,531 to fund these costs for a total funding to date of \$651,881.

The NJDEP oversight fee of \$43,753 is the customary 10% of the grant amount. This estimate 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 \$437,531

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

PROJECT COSTS:

Upgrade, Closure, Remediation	\$437,531
NJDEP oversight cost	\$43,753
EDA administrative cost	\$500
TOTAL COSTS	<hr/> \$481,784 <hr/>

APPROVAL OFFICER: K. Junghans

**PETROLEUM UNDERGROUND STORAGE TANK REMEDIATION
UPGRADE AND CLOSURE FUND**

LOANS AND/OR GRANTS

SCHEDULE A

Applicant and/or Nominee	Project Number	Site	Grant Amount	Loan Terms
Estate of Robert Caswell Sr.	P36961	459 East Bay Avenue	Barnegat Township Ocean County	No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act
Jeffrey Clayton	P38107	10 Bilge Ave.	Barnegat Township Ocean County	No Interest; No Repayment
Jose R. Cruz	P38091	669 E 23rd Street	Paterson City Passaic County	No Interest; No Repayment
Rakesh Gupta	P38090	40 Tansboro Rd.	Berlin Borough Camden County	No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act
Frank Lanziano	P37973	1144 South Avenue	Westfield Town Union County	No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act
T&J Service Center	P38121	31 Kings Road	Madison Borough Morris County	No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

Charles Walker	P37993	360 Hawthorne Ave.	Newark City Essex County	No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act
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DRAFT



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: June 11, 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 May 01, 2013 to May 31, 2013

Summary:	# of Grants	\$ Amount
Leaking tank grants awarded	42	\$591,886
Non-leaking tank grants awarded	0	\$0

Applicant	Description	Grant Amount	Awarded to Date
Abusada, Omar (P38105)	Initial grant for upgrade, closure and remediation	\$6,075	\$6,075
Beggans, Carol (P38256)	Initial grant for upgrade, closure and remediation	\$15,500	\$15,500
Blansett, Jerry (P37929)	Initial grant for upgrade, closure and remediation	\$63,233	\$63,233
Boyd, John D. (P38084)	Initial grant for upgrade, closure and remediation	\$11,383	\$11,383
Burton, Richard (P38111)	Initial grant for upgrade, closure and remediation	\$3,675	\$3,675
Capone, Mark (P37930)	Initial grant for upgrade, closure and remediation	\$4,460	\$4,460
Carroll's Service Center (P38120)	Initial grant for upgrade, closure and remediation	\$38,250	\$38,250
Cedro, Michael (P38113)	Initial grant for upgrade, closure and remediation	\$31,499	\$31,499
Copeland, James (P38089)	Initial grant for upgrade, closure and remediation	\$5,095	\$5,095
Couch, Lynda (P38145)	Initial grant for upgrade,	\$7,214	\$7,214

Applicant	Description	Grant Amount	Awarded to Date
	closure and remediation		
DeGrezia, Joy (P38228)	Initial grant for upgrade, closure and remediation	\$4,273	\$4,273
Gonnelli, Grace (P38281)	Initial grant for upgrade, closure and remediation	\$24,114	\$24,114
Goya, Frank (P38280)	Initial grant for upgrade, closure and remediation	\$6,907	\$6,907
Grembowiec, Sigmund (P38043)	Initial grant for upgrade, closure and remediation	\$9,960	\$9,960
Harbet, Catherine (P38124)	Supplemental grant for upgrade, closure and remediation	\$1,880	\$12,066
Heron, David (P38142)	Initial grant for upgrade, closure and remediation	\$14,454	\$14,454
Jackson, Ronald and Catherine (P38278)	Initial grant for upgrade, closure and remediation	\$6,616	\$6,616
Kilcullen, Pietra (P38183)	Initial grant for upgrade, closure and remediation	\$15,787	\$15,787
Kost, Olga (P38164)	Initial grant for upgrade, closure and remediation	\$5,167	\$5,167
Kukuljac, Nedzad (P37952)	Initial grant for upgrade, closure and remediation	\$46,926	\$46,926
Macaluso, Giuseppe (P38225)	Initial grant for upgrade, closure and remediation	\$3,156	\$3,156
Macarin-Mara, Lynn (P37943)	Initial grant for upgrade, closure and remediation	\$6,312	\$6,312
Mango, Debbie (P38275)	Initial grant for upgrade, closure and remediation	\$28,114	\$28,114
Maresca, Regina C. (P38237)	Initial grant for upgrade, closure and remediation	\$3,178	\$3,178
McLeod, Howard (P38012)	Initial grant for upgrade, closure and remediation	\$4,306	\$4,306
McSpirit, Theadora (P38233)	Initial grant for upgrade, closure and remediation	\$6,336	\$6,336
Molenstra, Kenneth (P38224)	Initial grant for upgrade, closure and remediation	\$17,210	\$17,210
Oliveira, Carlos (P38242)	Initial grant for upgrade, closure and remediation	\$11,394	\$11,394
Pressman, Yvette (P38148)	Initial grant for upgrade, closure and remediation	\$5,770	\$5,770
Price, John J. (P38216)	Partial initial grant for upgrade, closure and remediation	\$9,119	\$9,119
Rana, Amrut and Gita (P38231)	Initial grant for upgrade, closure and remediation	\$12,964	\$12,964
Sears, Cynthia (P38172)	Initial grant for upgrade,	\$11,715	\$11,715

Applicant	Description	Grant Amount	Awarded to Date
	closure and remediation		
Spedding, William (P38196)	Initial grant for upgrade, closure and remediation	\$23,290	\$23,290
Stark, Hilda (P38128)	Supplemental grant for upgrade, closure and remediation	\$21,059	\$42,021
Stewart, Pamela (P38123)	Supplemental grant for upgrade, closure and remediation	\$5,755	\$18,315
Tayburn, Lisa (P37970)	Initial grant for upgrade, closure and remediation	\$8,006	\$8,006
Terbecki, Stanley (P37942)	Initial grant for upgrade, closure and remediation	\$12,420	\$12,420
Triana, Alejandro (P38251)	Initial grant for upgrade, closure and remediation	\$7,691	\$7,691
Watt, Florence (P38179)	Initial grant for upgrade, closure and remediation	\$31,150	\$31,150
Weil, Paul (P38247)	Initial grant for upgrade, closure and remediation	\$13,860	\$13,860
Witel, Joseph (P38106)	Initial grant for upgrade, closure and remediation	\$6,356	\$6,356
Woolley, Joseph (P38206)	Initial grant for upgrade, closure and remediation	\$20,257	\$20,257

42 Grants

**Total Delegated Authority
funding for Leaking
applications.**

\$591,886



Timothy Lizura

Prepared by: Lisa Petrizzi, Assistant Director

**HAZARDOUS DISCHARGE SITE REMEDIATION FUND
PROGRAM**



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President/Chief Operating Officer
DATE: June 11, 2013
SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

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

Municipal Grant:
Borough of Red Bank \$ 222,682

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

APPLICANT: Borough of Red Bank ((Former Incinerator))

P37798

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: Sunset Avenue

Red Bank Borough (N)

Monmouth

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

APPLICANT BACKGROUND:

In July 2009 and January 2010 the Borough of Red Bank received grants in the amount of \$507,585 under P25955 and P27889 to perform Preliminary Assessment (PA), Site Investigation (SI) and Remedial Investigation (RI) activities. The project site, identified as Block 84, Lot 64 is a former municipal landfill and incinerator facility which has potential environmental areas of concern (AOC). The Borough of Red Bank owns the project site and has satisfied Proof of Site Control. It is the Borough's intent upon completion of the environmental investigation activities to redevelop the project site for recreation.

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

APPROVAL REQUEST:

The Borough of Red Bank is requesting supplemental grant funding to perform RI in the amount of \$222,682 at the Former Incinerator project site for a total funding to date of \$1,015,170.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$222,682

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$222,682
EDA administrative cost	\$500
TOTAL COSTS	\$223,182

APPROVAL OFFICER: K. Junghans

HAZARDOUS DISCHARGE SITE REMEDIATION FUND

DIRECT LOANS AND GRANTS

SCHEDULE A

MUNICIPAL GRANT PROGRAM

<i>Applicant and/or Nominee</i>	<i>Project Number</i>	<i>Site Name and Address</i>	<i>Grant Amount</i>
Borough of Red Bank	P37798	Sunset Avenue Red Bank Borough Monmouth County	\$222,682

DRAFT



TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: June 11, 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 May 2013.

Applicant	Description	Grant	Awarded to Date
Borough of Keyport (BDA Current Boat Ramp Site) P38162	Supplemental grant for Remedial Action	\$20,841	\$ 263,780*
Perth Amboy City (BDA Former Municipal Complex) P38103	Supplemental grant for Site Investigation	\$9,460	\$34,758
Upper Township (Estate of Samuel Migliaccio) P37824	Supplemental grant for Remedial Investigation	\$49,935	\$81,715
3 Grants	Total Grant Funding for May 2013	\$80,236	

*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

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

APPLICANT: AASKI Technology Inc.

P38320

PROJECT LOCATION: Pearl Harbor Way

Tinton Falls Borough (N) Monmouth County

GOVERNOR'S INITIATIVES:

Urban Edison Core Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Founded in 1997 and currently headquartered in Ocean Township, Monmouth County, AASKI Technology Inc. plans, designs, engineers, implements and maintains highly complex, critical communications networks for the military and commercial customers. They specialize in advanced custom IP-based satellite communication networks using a combination of hardware and software computing solution packages. This business has made several of the fast growing small company lists, and has been awarded or honored by NJBIZ, the INC 5000, and MEA (Minority Enterprise Advocate) Magazine. The Applicant is economically viable.

The principals/executives of this company are as follows: Rina Parikh, President and owner; Bharat Parikh, COO; Neil Manheimer, VP for Contracts and Finance; Jerry Rippon, VP for Customer Mission Support; and Trev Blackman, VP for Customer Mission Support.

Since the announced closing of the Fort Monmouth military base, which was home to the Army's Communication and Electronics Command (CECOM), the company has expanded its operations by opening new sites in Maryland and Virginia. In addition to its Ocean Township headquarters, today AASKI has offices in Eatontown, New Jersey, Edgewood (Aberdeen Proving Grounds), Maryland, and Springfield, Virginia. The Applicant employs 140 people, including 61 at its two offices in New Jersey.

Since AASKI's main defense customer has moved to Maryland, it has been considering whether to maintain its presence in New Jersey or completely relocate to Maryland. The primary option is to remain and expand further in New Jersey. To this end, the Applicant is participating in a bid to acquire a building that needs major renovations in Fort Monmouth. The proposed New Jersey building acquisition would serve as its new headquarters and consolidate all of its New Jersey sites into a single location. As an alternative to New Jersey, the company has identified competing sites with room for growth in Maryland for relocating its entire New Jersey workforce.

MATERIAL FACTOR:

The Applicant is seeking a BEIP grant to support creating 30 permanent, full-time positions in New Jersey within the first two years. The company has submitted a cost benefit analysis comparing the cost of similar facilities in New Jersey and Maryland. The company has represented that a favorable decision by the Authority to award the BEIP grant, along with the BRRAG 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.

APPROVAL REQUEST:

PERCENTAGE: 75%
TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage AASKI Technology 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: \$ 648,563
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 61

ELIGIBLE BEIP JOBS: Year 1 15 Year 2 15 Base Years Total = 30

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$21,618

ANTICIPATED AVERAGE WAGES: \$85,000

ESTIMATED PROJECT COSTS: \$2,094,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$864,750

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$648,563

PROJECT IS: (X) Expansion (X) Relocation Ocean Twnshp/Eatontown

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:	Tinton Falls Borough	N/A
2. Job Creation	30	1
	Targeted : <u> X </u> Non-Targeted : _____	
3. Job at Risk:	61	1
4. Industry:	Advanced computing	2
	Designated : <u> X </u> Non-Designated : _____	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$2,094,000	1
7. Average Wage:	\$ 85,000	4

TOTAL: **11**

Bonus Increases (up to 80%):

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

Total Bonus Points: 35 %

Total Score :

Total Score per formula:	11 = 35 %
Construction/Renovation :	5 %
Bonus Increases :	35 %
Total Score (not to exceed 80 %):	75 %

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

APPLICANT: AASKI Technology Inc.

P38321

COMPANY ADDRESS: 804C West Park Avenue Ocean Township Monmouth County
1 Industrial Way W., Bldg. B Eatontown Boro. Monmouth County

PROJECT LOCATION: Pearl Harbor Way, Bldg. 2705 Tinton Falls Boro. Monmouth County

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

APPLICANT BACKGROUND:

Founded in 1997 and currently headquartered in Ocean Township, Monmouth County, AASKI Technology Inc. plans, designs, engineers, implements and maintains highly complex, critical communications networks for the military and commercial customers. They specialize in advanced custom IP-based satellite communication networks using a combination of hardware and software computing solution packages.

Since the announced closing of the Fort Monmouth military base, which was home to the Army's Communication and Electronics Command (CECOM), the company has expanded its operations by opening new sites in Maryland and Virginia. In addition to its Ocean Township headquarters, today AASKI has offices in Eatontown, New Jersey, Edgewood (Aberdeen Proving Grounds), Maryland, and Springfield, Virginia. The Applicant employs 140 people, including 61 at its two offices in New Jersey.

Since AASKI's main defense customer has moved to Maryland, it has been considering whether to maintain its presence in New Jersey or completely relocate to Maryland. The primary option is to remain and expand further in New Jersey. To this end, the Applicant is participating in a bid to acquire a building that needs major renovations in Fort Monmouth. The proposed New Jersey building acquisition would serve as its new headquarters and consolidate all of its New Jersey sites into a single location. As an alternative to New Jersey, the company has identified competing sites with room for growth in Maryland for relocating its entire New Jersey workforce.

MATERIAL FACTOR/NET BENEFIT:

The Applicant is seeking a BRRAG grant to support retaining 61 BRRAG eligible employees located in New Jersey. The company has submitted a cost benefit analysis comparing the cost of comparable facilities in New Jersey and Maryland. The company has represented that a favorable decision by the Authority to award the BRRAG grant is a material factor in the Applicant's decision to remain within New Jersey and hence not to relocate these jobs outside of the State. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate. The model that the EDA uses to determine the net benefit of a BRRAG project to the State of New Jersey determined that the net benefit of this BRRAG project to the State is \$15.7 million. The Authority staff recommends the award of the proposed Business Retention and Relocation Assistance Grant.

APPROVAL REQUEST:

TAX CREDIT TERM: 1 year

COMMITMENT DURATION: 6 years

The Members of the Authority are asked to approve the proposed BRRAG benefit to AASKI Technology Inc. to encourage the company to remain within New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to

substantiate the recommended award amount and the term. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount and the term that corresponds to the actual criteria that have been met.

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in NJ unless the applicant had a pre-application meeting with the Authority during the grandfathering period.
2. If the applicant enters into a lease for the project site, the term of the lease will be no less than 8 years exclusive of any renewal options.
3. Expenditures totaling at least twice as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before March 31, 2015 in order to remain eligible for the bonus award.
4. No employees subject to a BEIP grant or another BRRAG are eligible for calculating the benefit amount of this BRRAG.
5. If the applicant remains in a location at which it currently operates, expenditures totaling at least as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before March 31, 2015.

END OF APPLICANT'S FISCAL YEAR:	December 31
CAPITAL INVESTMENT MUST BE MADE BY:	March 31, 2015
SUBMISSION DATE OF CPA CERTIFICATION:	June 30, 2015
TOTAL ESTIMATED GRANT AWARD OVER TERM:	\$137,250
APPLICANT TAX PERIOD 1 APPROVAL (2015):	\$137,250
ELIGIBLE BRRAG JOBS:	61
YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:	\$1,500
BONUS AWARD PER EMPLOYEE:	\$750
TOTAL YEARLY TAX CREDITS INCLUDING BONUS:	\$2,250
ANTICIPATED AVERAGE WAGES:	\$85,000
ESTIMATED TOTAL GROSS ANNUAL PAYROLL:	\$5,185,000
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS (6 years):	\$1,054,995
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$1,420,000
OPERATED IN NEW JERSEY SINCE:	1997
PROJECT IS: (X) Expansion (X) Relocation	
CONSTRUCTION/RENOVATION: (X) Yes () No	
DEVELOPMENT OFFICER: J. Kenyon	APPROVAL OFFICER: D. Sucsuz

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

APPLICANT: The Medicines Company

P38342

PROJECT LOCATION: 8 Sylvan Way

Parsippany-Troy Hills

Morris County

GOVERNOR'S INITIATIVES:

Urban Edison Core Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

The Medicines Company, a public company formed in 1996, is a biopharmaceutical company focused on providing solutions for hospitals worldwide to improve health outcomes of acute cardiac events, intensive care, stroke, life threatening infection, trauma and surgery. The applicant's primary product is Angiomax, an anticoagulant product administered to patients undergoing angioplasty to slow the clotting process. In addition, the applicant has a pipeline of acute and intensive care hospital products in development, including three late-stage development candidates. In the first quarter of 2013, the applicant acquired 3 acute cardiac care products with proceeds from the sale of \$275 million in convertible senior notes. The Medicines Company employs 489 people on a global basis, with 149 people at the headquarters in Parsippany. The applicant is economically viable.

MATERIAL FACTOR:

The Medicines Company is seeking a BEIP grant to create 30 technology jobs to staff a state of the art learning and simulation research center focused on advanced cardiac and other interventional procedures. Management is considering placing the 7,590 s. f. center in unused space at its 173,146 s. f. global headquarters in Parsippany, leasing an additional 4,590 s. f. next to its 3,000 s. f. facility in Waltham, MA, or finding new space in Waltham. The interest to have the facility in the Boston area is because Boston has double the number of medical resident and fellowship programs and students, as compared to NJ. Project costs are estimated to exceed \$4.1 million. Management has indicated that the grant is a material factor in the company's decision and 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 The Medicines Company 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: \$ 1,500,000
 (not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 149

ELIGIBLE BEIP JOBS: Year 1 15 Year 2 15 Base Years Total = 30

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

ANTICIPATED AVERAGE WAGES: \$200,000

ESTIMATED PROJECT COSTS: \$4,140,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$3,192,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$3,288,000

PROJECT IS: (X) Expansion () Relocation _____

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: M. Krug

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Parsippany-Troy Hills Township	N/A
2. Job Creation	30	1
	Targeted : <u> X </u> Non-Targeted : _____	
3. Job at Risk:	0	0
4. Industry:	Biotechnology	2
	Designated : <u> X </u> Non-Designated : _____	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$4,140,000	2
7. Average Wage:	\$ 200,000	4

TOTAL: **11**

Bonus Increases (up to 80%):

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

Total Bonus Points: **20 %**

Total Score :

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

GROW NEW JERSEY ASSISTANCE PROGRAM



MEMORANDUM

TO: Members of the Authority

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

DATE: June 11, 2013

SUBJECT: NRG Energy, Inc (“NRG”) – P15721
Princeton, New Jersey
Business Employment Incentive Program Grant (“BEIP”)

Modification Request:

Wind up the BEIP to end the grant term on December 31, 2009 and the commitment duration period on December 31, 2012. Approval of the wind up is subject to the company making a minimum new capital investment in the approximate amount of \$37.5 million in New Jersey.

Background:

NRG Energy, Inc, formed in 1992 is a wholesale power generation company, primarily engaged in the ownership and operation of power facilities and the sale of energy and related products in the United States and internationally.

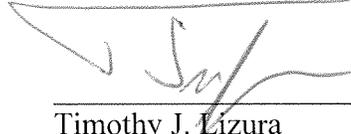
In April 2004, the members approved a 75%/10 year grant to encourage NRG to relocate its headquarters from Minneapolis, Minnesota to Princeton and the creation of 150 new jobs. Current employment as of March, 2013 was 356, and to date \$12.2 million has been disbursed under the grant though calendar year 2009.

Due to internal growth and its recent merger with GenOn, NRG has outgrown its facility far in advance of what was contemplated in 2004 and is seeking to end its BEIP at the project site so it can terminate its lease and relocate to a larger facility elsewhere in New Jersey or in Texas.

The proposed modification will wind up the BEIP term on December 31, 2009 and will extinguish the commitment duration period on December 31, 2012. The wind up of the BEIP is subject to the company making a new \$37.5 million capital investment in New Jersey. Should NRG not proceed with making this new capital investment in New Jersey, the BEIP will remain in place and the company will be required to meet the terms and conditions of that agreement through the remaining commitment duration (2019).

Recommendation:

Consent to the wind up of the BEIP term on December 31, 2009 and the commitment duration term on December 31, 2012 subject to NRG making a new \$37.5 million capital investment in New Jersey.



Timothy J. Lizura
President and Chief Operating Officer

Prepared by: Charlene Craddock and Lisa Coane

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

APPLICANT: NRG Energy, Inc.

PROJECT LOCATION: 804 Carnegie Center West Windsor Township Mercer County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

NRG Energy, Inc. owns and operates the largest independent power generation portfolio of fossil fuel, nuclear, solar and wind facilities providing enough energy to supply nearly 40 million homes. The company was also the first to build privately funded electric vehicle charging stations. NRG is headquartered in West Windsor, New Jersey and operates out of 92,000 sq ft spread over three buildings in Carnegie Center. The Authority awarded a BEIP to NRG in 2004 to provide an incentive for the company to move its headquarters to West Windsor from Minneapolis, Minnesota. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

In 2012, NRG merged with GenOn, one of the largest competitive generators of wholesale electricity in the United States. GenOn is based in Houston, Texas and since the merger the combined company has maintained dual headquarters in West Windsor and Houston. NRG is near capacity in its West Windsor facilities which would impede any growth in its current location. As a result, the company is considering either relocating to a larger facility in New Jersey or moving its headquarters to Houston entirely. If NRG decides to remain in West Windsor, the company is considering a three story 130,000 sq ft build-to-suit facility with Boston Properties. This would result in the retention of 386 existing New Jersey employees as well as the creation of 150 new positions.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and as a result the management of NRG Energy, Inc. has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate. It is estimated that the project would have a net benefit to the State of \$124.15 million over the 15 years that the company would be committed to keep the jobs here.

FINDING OF JOBS AT RISK:

The applicant has certified that the 386 New Jersey jobs listed in the application are at risk of being located outside the State. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

APPROVAL REQUEST:

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

After the approval of this project and other projects for consideration by the Authority today, the total amount of tax credits approved under the Grow New Jersey Assistance Program will increase to \$390,831,293 and the total combined approvals under HUB and Grow New Jersey to \$1,418,261,531.

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than \$20 million after board approval, but no later than July 28, 2017.
3. No employees that are subject to a BEIP, BRRAG, or Urban Transit Hub are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, or Urban Transit Hub is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

<u>Grant Calculation</u>	
BASE GRANT PER EMPLOYEE:	\$5,000
BONUS INCREASES:	
(\$1,000 per item with a max of \$3,000)	
INDUSTRY:	1,000
PUBLIC TRANSIT:	0
HIGH SALARIES:	1,000
AFFECTED SITE:	<u>0</u>
BONUS PER EMPLOYEE:	<u>\$2,000</u>
TOTAL GRANT PER EMPLOYEE:	\$7,000
ELIGIBLE JOBS:	
New Jobs:	150
Retained Jobs:	<u>386</u>
Total:	536
ANNUAL CREDIT AMOUNT (\$4,000,000 max):	\$3,752,000

TOTAL AMOUNT OF AWARD:	\$ 37,520,000
TERM:	10 years
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 48,880,000
QUALIFIED INCENTIVE AREA:	PA-2
MEDIAN WAGES:	\$ 140,000
STATEWIDE BASE EMPLOYMENT:	440
PROJECT IS: (X) Expansion () Relocation	
CONSTRUCTION: (X) Yes () No	
DEVELOPMENT OFFICER: P. Ceppi	APPROVAL OFFICER: K. McCullough

DIGITAL MEDIA TAX CREDIT PROGRAM



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

RE: Edison Innovation Digital Media Tax Credit Program Overview

DATE: June 11, 2013

BACKGROUND:

At the July 8, 2008 Board Meeting, staff presented a summary of the New Jersey Edison Innovation Digital Media Tax Credit Program. This program provides a credit under the New Jersey Corporation Business Tax for digital media content production expenses incurred in New Jersey. The purpose of this tax credit is to encourage digital media content production activities and related employment in New Jersey. Legislation directs the New Jersey Division of Taxation (“Taxation”) and the Authority to implement the program, with the assistance of the New Jersey Motion Picture and Television Commission (“Film Commission”). Taxation has promulgated and published the program rules.

A tax credit of 20% of the Qualified Digital Media Content Production Expenses may be granted to an applicant if at least \$2,000,000 of the Total Digital Media Content Production Expenses is incurred in New Jersey; and at least 50% of the Qualified Digital Media Content Production Expenses is comprised of qualified wages and salaries paid to full-time digital media employees in New Jersey (with at least 10 new digital media jobs \geq \$65,000).

Beginning with State Fiscal Year 2009, five million dollars in tax credits are available for each state fiscal year until the program expires in 2015. The tax credit may be utilized by the applicant or sold to another corporation via the issuance of a tax transfer certificate.

Applicants may only apply for the current state fiscal year.

Taxation will verify the actual eligible expenses prior to issuing a tax credit.

APPROVAL REQUEST:

The attached project has been reviewed by staff and by the Film Commission, and has been deemed to meet the definition of a digital media project by the Film Commission.

The applicant will need to demonstrate how it actually met the program requirements by submitting an acceptable CPA report within one year of the end of the State Fiscal Year for which it applied for benefits.

SPECIAL CONDITIONAL APPROVAL:

As a BEIP grant was awarded in 1999, the approval of this Digital Media project is contingent upon the Office of the Attorney General's final review on the interaction of the Company's BEIP with the Digital Media tax credit, as the Program imposes certain restrictions.

RECOMMENDATION:

Based on the above, staff recommends approval of the aforementioned Digital Media Tax Credit project and its activities and employment in State Fiscal Year 2013 with a maximum tax credit totaling \$5,000,000 from State Fiscal Year 2013 and \$3,960,000 from State Fiscal Year 2014, subject to the Act, Regulations and further satisfactory review, including but not limited to satisfactory review of the actual expenses, by the staff, Film Commission, and Taxation.



Timothy J. Lizura

Prepared by: John Rosenfeld/David Sucsuz

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - DIGITAL MEDIA TAX CREDIT PROGRAM**

APPLICANT: NBCUniversal Media, LLC

PROJECT LOCATION: 900 and 904 Sylvan Avenue Englewood Cliffs Boro Bergen County

GOVERNOR’S INITIATIVES:

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

APPLICANT BACKGROUND:

NBCUniversal Media, LLC, a subsidiary of Comcast Corporation, is one of the world’s leading media and entertainment companies in the development, production, and marketing of entertainment, news, and information to a global audience. NBCUniversal Media, LLC owns and operates a valuable portfolio of news and entertainment networks, a premiere motion picture company, significant television production operations, a leading television station group, and world-renowned theme parks.

DIGITAL MEDIA PROJECT:

NBCUniversal Media, LLC digital media production team will create and distribute visual and sound content from a new digital media campus.

PROJECTIONS FOR STATE FISCAL YEAR 2013 (JULY 1, 2012 – JUNE 30, 2013):

Digital Media Job Creation Estimate for the Above Proposed Digital Media Project:

	Number of Jobs	Total NJ W2 Salary & Wage Expense on Jobs
Completely New Digital Media Jobs with Annual Salaries of at least \$65,000	241	\$19,500,000
New Digital Media Jobs Converted from Existing NJ Jobs with Salaries of at least \$65,000	107	\$9,800,000
Completely New Digital Media Jobs with salaries between \$36,000 and \$64,999		
New Digital Media Jobs Converted from Existing NJ Jobs with salaries between \$36,000 and \$64,999		
TOTAL:	348	\$29,300,000

**Other (non-wage) Digital Media Expense Estimate for the Proposed Digital Media Project:
\$15,500,000**

ALLOCATIONS and CALCULATIONS:

INITIAL MAXIMUM QUALIFIED EXPENSE ALLOCATION: \$44,800,000

INITIAL MAXIMUM CALCULATED TAX CREDIT ALLOCATION: \$5,000,000 from State Fiscal Year 2013 and \$3,960,000 from State Fiscal Year 2014.

SPECIAL CONDITIONAL APPROVAL:

As a BEIP grant was awarded in 1999, the approval of this Digital Media project is contingent upon the Office of the Attorney General's final review on the interaction of the Company's BEIP with the Digital Media tax credit, as the Program imposes certain restrictions.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed tax credit allocation to encourage NBCUniversal Media, LLC to increase investment and employment in New Jersey.

The Applicant has to file its final digital media activity audit report with the NJEDA within 12 months following the end of the state fiscal year that the application was submitted for.

PREPARED BY: John Rosenfeld/David Sucsuz

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



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: June 11, 2013

RE: **Hanover Ridgedale LLC**
Economic Redevelopment and Growth Grant Program

Request

The Members are asked to approve the application of Hanover Ridgedale LLC (the “Applicant”, “Developer” or “HR”) for reimbursement of certain taxes for a Cedar Knolls, Morris County project under a "state incentive grant" by the EDA pursuant to the Economic Redevelopment and Growth Grant (“ERG”) program set forth in N.J.S.A. 52:27D-489c (“Act”).

The total project costs are estimated to be \$27,653,768. The total qualified costs under the ERG Act are **\$20,548,671**. The recommended reimbursement is 20% of eligible project costs, not to exceed \$4,109,734.

Project Description

The Developer has obtained zoning for retail at the site and plans to develop and ground lease a pad site to a big box retailer (a national home improvement center has signed a letter of intent for a 152,500 square foot space with 454 parking spots) which is referred to in the memo as “Project”. Additionally, two additional pads encompassing approximately 15,000 square feet of retail are being developed. The Project and the development of the two additional pads are collectively referred to in the memo as the “Enterprise”. Costs for the vertical development of the Enterprise are not included in the budget and analysis conducted by the Authority. The Enterprise property encompasses two environmentally remediated areas identified as Cap A (low occupancy area which will be used for parking) and Cap B (no restriction and upon which a portion of the new home improvement store will be located). Collectively these areas total 7.1 acres and are the subject of no further action letters issued by NJDEP. The Developer intends to dedicate 0.34 acres to the Township of Hanover to realign vehicle turning at the corner of Hanover Avenue and Ridgedale Avenue. In addition, Hanover Avenue will be widened, channelized, have turning lanes along with a new traffic signal at the western boundary line of the site.

The Project is located on a site at the northwest corner of Hanover and Ridgedale Avenues in Cedar Knolls, New Jersey. The Project site is 24.4 acres with 8.75 being wetlands and buffer leaving 15.63 acres as usable for development. Additionally, the site was formerly operated by Berlex Laboratories, Inc., which is now part of Bayer. Berlex was a pharmaceutical firm that ceased operations at the site in 1997 and six buildings aggregating 80,000 square feet remain on site that are to be demolished as part of this Project. The property has remained vacant since that closure and was designated a Brownfield in 1994 by NJDEP. The Developer purchased a 50% interest in the site in 2004 and in 2011 acquired the remaining interest.

The Applicant anticipates site plan approval in July with a financing commitment to follow shortly thereafter with the expectation that construction would commence in early 2014 and be completed in one year. The Applicant must obtain a permit for soil moving from the Township, a conceptual site model and request for Cap disturbance from USEPA, remedial action work plan for Cap disturbance and fill use plan to NJDEP, a wetlands permit from NJDEP and a roadway improvement and signal plan to the County. The Developer has obtained a letter of support for the Project from the municipality. The Applicant will ensure the Project utilizes and supports green building standards set forth by the NJ Department of Community Affairs. The vertical costs and sales taxes for the two outparcel pads, however, are excluded from eligible costs and therefore prevailing wages and green building standards will not be followed by those tenants in their building activities.

Project Ownership

The Applicant is owned by the Schlusssel family. Marc Schlusssel owns 23% and another 23% is owned by his brother David Schlusssel. David and Marc each have three children who own 9% each. Marc and David Schlusssel own Key Properties LLC, a real estate management company. Since the mid 1980's, Marc and David Schlusssel have been actively involved in the acquisition, planning, construction, leasing and management of real estate principally located in North Jersey. Their portfolio consists of nineteen properties owned, aggregating approximately 900,000 square feet of retail, office and warehouse space in addition to managing several other properties and a few additional sites consisting of land held for future development. Specific personal financial information is included in the confidential memorandum, which follows this analysis.

Project Uses

<i>Uses</i>	<i>Enterprise Project Costs</i>	<i>ERG Eligible Project Costs</i>
Land (a)	\$ 11,000,000	\$ 6,011,342
Site Preparation Costs (b)	9,888,313	9,888,313
Environmental Costs (c)	1,010,000	1,010,000
Off Site Costs	1,000,000	1,000,000
Financing and Other Costs	824,391	824,391
Professional Services (d)	1,904,625	1,814,625
Pad Site Preparation Costs (e)	2,026,439	0
TOTAL USES	\$ 27,653,768	\$ 20,548,671

(a) The land was acquired in two transactions in 2004 when the Developer acquired a 50% interest for \$2,625,000 and then in 2011 when HR bought out their former partner for \$3,386,342. The purchase price is used for the purposes of calculating eligible costs and the maximum ERG

incentive award. The Applicant provided an appraisal of the land conducted August 1, 2012 by R. D. Clifford Associates, Inc. for \$11 million. The Authority also utilized the services of Jones Lang LaSalle to conduct a second appraisal, resulting in an \$11 million baseline value. The two outparcel pad sites, representing about 2.6 acres, are excluded from the land valuation as are the wetlands/buffer areas.

(b) Site preparation costs include \$2.2 million for paving, concrete and curbing, \$2.5 million for importing fill, \$1.3 million for retaining walls and \$1.2 million for contingency. The home improvement tenant will be contributing \$4.5 million towards the site costs.

(c) Includes demolition of \$100,000, asbestos abatement of \$275,000, environmental remediation costs associated with cap disturbance of \$450,000 and environmental studies, review and inspections of \$160,000.

(d) Excluded from eligible project costs is \$90,000 attributed to property management fee that is paid to the Developer.

(e) Site preparation costs attributable to the two pad sites which are not eligible costs in calculating the amount of the ERG incentive amount.

Project Sources

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

<i>Sources</i>	<i>Amount</i>
Developer Equity	\$ 7,944,196
Contribution by Tenant	\$ 4,500,000
Debt	15,209,572
TOTAL SOURCES	\$ 27,653,768

The sources above include \$2,026,439 in site improvement costs associated with the two pad sites. The Applicant has satisfied the 20% equity participation requirement based on the contributed land value of \$11 million (note that the land is presently owned by HR free of mortgage). The Enterprise is anticipated to attract construction and permanent debt amounting to \$15.2 million (or 65% of estimated as completed value of \$23.4 million) amortized over 25 years at a 5% (and a term sheet supporting these parameters was provided from Valley National Bank).

Gap Analysis

EDA staff has reviewed the application to determine if there is a shortfall in the Enterprise development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this project. In this instance, Enterprise costs aggregate \$27,653,768 reflecting site work costs attributable to the two outparcel pads as well as the income generated thereon. Debt was assumed at \$15.2 million with equity amounting to \$7.94 million along with the \$4.5 million contributed by the tenant. Staff analyzed the pro forma and projections of the Enterprise and compared the returns with and without the ERG over 10 years.

Without ERG	With ERG
Equity IRR 3.66%	Equity IRR 11.19%

As indicated in the chart above, the Enterprise would not otherwise be completed without the benefit of the ERG. **With the benefit of the ERG of \$4,109,734 (equating to 20% of eligible project costs), the Equity IRR is 11.19% which is slightly below the Hurdle Rate Model provided by the EDA’s contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 11.97% for a retail project located in Cedar Knolls.**

Net Positive Benefit Analysis

The Authority has conducted the required Net Benefit Analysis for the Project and has found that the present value of the Net Positive Benefits to the State at a 6% discount rate over a 20 year period is \$15.5 million. The total cumulative discounted net benefits after taking into account the 10% cushion is \$14.1 million.

The following taxes were included in the Net Positive Benefit calculation:

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

Sales taxes are excluded from the calculation, as the project is not deemed a destination; therefore it is assumed that there will be no additional new sales tax benefits to the State. The analysis includes 176 new, full time, home improvement jobs projected by the Applicant and 64 construction jobs.

Other Statutory Criteria

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

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

The Project appears to be economically feasible based on the financial strength and prior experience of the Applicant. The progress made with the zoning and other necessary approvals is indicative of the developer’s desire to move the Project forward. Additionally, the draft lease with a big box retailer and purported interest from a restaurant and a bank in the two remaining pad outparcel sites are encouraging positive aspects. The Project is owned by an affiliate of Key Properties, which owns and manages over twenty mainly retail properties (many of which are of similar in scope to the Project) and they have modest financial strength and resources capable of undertaking and completing the proposed Project.

The Applicant commissioned a Market Study on the site by a third party consultant who issued their determination of current and future market conditions as of December 19, 2012. This study noted that the proposed uses for the site are feasible, that demand is sufficient in the area and the Applicant's rent assumptions seem to be reasonable.

The Enterprise has an anticipated IRR of 3.66% without the ERG and 11.19% with the ERG. The ERG incentive grant is needed for the viability of the Enterprise and to encourage the Developer to undertake the capital investment required to complete the entire development. Based on the expected annual generation of approximately \$2 million of incremental sales and other eligible taxes by the proposed home improvement tenant, there appears to be adequate funds to support the reimbursement of taxes paid to the Project.

The extent of economic and social distress in the municipality and the the area to be affected by the redevelopment project. The extent to which the redevelopment project will advance State, regional and local development and planning strategies, promote job creation and economic development and have a relationship to other major projects undertaken within the municipality.

The Township of Hanover is comprised of Cedar Knolls and Whippany, which are unincorporated areas within the township. The most recent median household income figure of \$100,000 is 41% above New Jersey median household income reflecting the affluence of the community that the Project is located within. Hanover's unemployment rate in March of 2013 was 6.8%, which is identical to Morris County and well below the New Jersey rate of 9%. Morris County boasts the 2nd highest median household income in New Jersey. Private sector average wages for the County are almost \$71,000 as compared to the estimated annual wages for the employees in this Project of \$28,000. Over the past few years Morris County has witnessed an increase in vacancy rates for office and industrial buildings (as Alcatel-Lucent, Barclays Capital, US Postal Service and JP Morgan Chase have relocated) as evidenced by the County's above average vacancy rate of 26% in the first quarter of 2013 as compared to about 10% for the entire State.

The new Hurdle Rate Model adopted by the board takes into account the extent of economic and social distress in the municipality by providing additional scoring for economically disadvantaged areas. The proposed project received no upward adjustment to the base rate because the zip code in which it is located exhibited no economic disadvantage factors. The Hurdle Rate Model, however, took into account the Project's proximity to economic and social distress by interpolating comparable average returns from the three closest anchor cities weighted by their distance from the Project zip code. This interpolation method was used to compute the maximum hurdle rate. The three anchor cities used by the model were Newark (12.5% average hurdle rate representing 17% of the model base rate), Morristown (11.9% average hurdle rate representing 63% of the model base rate) and Summit (11.7% average hurdle rate representing 21% of the model base rate). The maximum hurdle rate was determined to be 11.97% for a project in this municipality. Thus, the recommended award reflects the extent of economic and social distress in the municipality and the the area to be affected by the redevelopment project.

The Project is consistent with the key provisions under state planning goals required by the New Jersey State Development and Redevelopment Plan as private investment will create new

employment opportunities and revitalize two commercial corridors on East Hanover and Ridgedale Avenues. The Project location has been vacant for almost fifteen years and provides for the reuse of a Brownfield site. The increase in real estate taxes and positive impact expected on adjacent properties as well as critical road improvements to support the Morris County Department of Public Works are all solid attributes of the Project. The State of the County Report prepared by the Morris County Planning Board in 2007 seeks to create town centers containing a concentration of office and commercial uses mixed with high density housing. Morristown is designated as one of six growth centers and this site is three miles from this municipality. There is also significant traffic congestion that is adversely impacting development potential in the County. The two avenues that the Project site borders have proposed improvements which should ease vehicle flow and reduce congestion. In 2010, as part of the Township's Master Plan, they adopted two new zones to encourage redevelopment of vacant properties along the East Hanover Avenue corridor. The Project site was rezoned and supports retail activities. This Project will service a seventy eight unit, 100% affordable housing rental project located on the contiguous property, which commenced construction in May of 2012.

The home improvement tenant is projected to create approximately 176 new, full-time, permanent (average salaries of \$28,000) and 78 part-time jobs, providing more than \$7 million each year in employee wage compensation. During the construction period of the Project, 64 temporary construction jobs will be created. The job creation associated with this Project will provide important employment opportunities for the State of New Jersey, and the Project will generate an estimated \$260,000 in incremental new real estate tax revenue for Cedar Knolls on an annual basis.

Recommendation

Authority staff has reviewed the Hanover Ridgedale LLC application and finds that it is consistent with eligibility requirements of the Act. The Treasury has reviewed the application and has notified the Authority of the adequacy of the project's estimated tax revenues and has been informed of the recommended percentage reimbursement of total project costs. Therefore, it is recommended that the Members approve the application and authorize the CEO of the Authority to execute an Incentive Grant Agreement with the Applicant and the State Treasurer, subject to final review and approval of the Office of the Attorney General. All disbursements under the ERG program are subject to annual appropriation by the New Jersey State Legislature.

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

1. Financing commitments for all funding sources for the Enterprise consistent with the information provided by the Applicant in its application to the Authority for the ERG; and
2. Evidence of site control and site plan approval for the Project; and
3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project.

Reimbursement shall commence upon:

1. Completion of construction and issuance of a permanent certificate of occupancy; and
2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and satisfactory to the NJEDA; and
3. New tax revenues have been paid to the NJ Treasury and appropriated.

The NJ Treasury annually tracks taxes received from job sites and remits reimbursement equal to a percentage of funds collected during the year. It is recommended that the members authorize the CEO of the EDA to execute any assignment agreements necessary to effectuate this transaction.

Total Eligible Project Costs: \$20,548,671

Eligible Taxes for Reimbursement: Sales and other eligible taxes not to exceed 20% of eligible project costs in an amount not to exceed \$4,109,734 over 20 years.

Recommended Grant: Not to exceed 20% of eligible project costs in an amount not to exceed \$4,109,734 to be paid over a maximum period of 20 years.



Timothy Lizura

Prepared by: Michael A. Conte

BOARD MEMORANDUMS



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President and Chief Operating Officer
DATE: June 11, 2013
SUBJECT: Standard Chartered Bank

Purpose:

This memorandum addresses the legal matters of the applicant, Standard Chartered Bank (SCB) and affiliated entities related to the company's previously awarded Business Employment Incentive Program grants (BEIP).

Background:

Founded in 1853 as Chartered Bank, today's Standard Chartered Bank is headquartered in London and Singapore. It is the main operating banking subsidiary of Standard Chartered PLC, which is a British financial services company that operates in more than seventy countries. The group has a network of over 1,700 branches and outlets, employing 73,000 people globally, primarily in Asia, Africa and the Middle East.

The applicant was approved for BEIP grants in March of 2008 and August 2010.

Analysis of Litigation as Grounds for Possible Disqualification:

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

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

December 2012 Deferred Prosecution Agreement

In December 2012, Standard Chartered Bank (Standard Chartered, SCB) agreed to forfeit \$227 million to the Justice Department for conspiring to violate the International Emergency Economic Powers Act (IEEPA). SCB agreed to the forfeiture as part of a deferred prosecution

agreement (DPA) with the Justice Department and the New York County District Attorney's Office (DANY) for violating New York state laws by illegally moving millions of dollars through the U.S. financial system on behalf of sanctioned Iranian, Sudanese, Libyan and Burmese entities.

In addition, SCB entered into settlement agreements with the Treasury Department's Office of Foreign Assets Control (OFAC) and also the Board of Governors of the Federal Reserve System, which imposed an additional \$100 million civil monetary penalty.

Standard Chartered was charged with one count of knowingly and willfully conspiring to violate IEEPA. The bank waived the federal indictment, agreed to the filing of the information and accepted responsibility for its criminal conduct and that of its employees.

According to court documents, from 2001 through 2007, SCB violated U.S. and New York state laws by moving millions of dollars illegally through the U.S. financial system on behalf of Iranian, Sudanese, Libyan and Burmese entities subject to U.S. economic sanctions. SCB knowingly and willfully engaged in this criminal conduct, which caused SCB's branch in New York and unaffiliated U.S. financial institutions to process over \$200 million in transactions that should have been rejected, blocked or stopped for investigation under OFAC regulations relating to transactions involving sanctioned countries and parties.

Standard Chartered engaged in this criminal conduct by, among other things: (1) processing U.S. dollar payments on behalf of sanctioned customers without reference to the payments' origin; (2) deliberately using a less transparent method of payment messages, known as cover payments; (3) eliminating any payment data that would have revealed the involvement of sanctioned countries and entities, including Iran and Sudan; and (4) advising sanctioned clients on how to conceal their involvement in U.S. dollar transactions and evade OFAC filters.

Standard Chartered also made misleading statements to regulators to further conceal its business with sanctioned countries. In August 2003, SCB wrote in a letter to OFAC that the use of cover payments for transactions related to sanctioned countries was contrary to SCB's global instructions. SCB used the cover payment method to affect billions of dollars in payments, lawful and unlawful, through SCB New York originating from or for the benefit of customers in Iran, Libya, Burma and Sudan and continued to do so after the letter was sent.

Separately, on August 14, 2012, SCB and the New York State Department of Financial Services (DFS) reached an agreement to settle the above referenced matters, which included the following terms: (1) payment of a civil penalty of \$340 million to the DFS; (2) installation of a monitor for a term of two years to report directly to DFS and to evaluate the money-laundering risk controls in the New York branch and implementation of appropriate corrective measures. In addition, DFS examiners shall be placed on site at the Bank; and (3) permanent installation of personnel within its New York branch to oversee and audit any offshore money-laundering due diligence and monitoring undertaken by the Bank.

In light of the bank's remedial actions to date and its willingness to acknowledge responsibility for its actions, the Justice Department recommend the dismissal of the information in 24 months, provided the bank fully cooperates with, and abides by, the terms of the DPA.

Mitigating Factors

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

- Having previously informed its home regulator, the Financial Services Authority (FSA), Standard Chartered voluntarily self-reported its conduct to federal and state authorities, and acknowledged responsibility for its conduct.¹
- The settlement agreements with the Department of Justice and the DANY acknowledge that Standard Chartered fully cooperated during the government's investigation. The agreements state that Standard Chartered undertook a voluntary and comprehensive internal review of its historical payment processing and sanctions compliance practices, which included the following:
 - an extensive review of records, including hard copy and electronic documents;
 - numerous interviews of current and former employees;
 - a transaction review conducted by an outside consultant;
 - a voluntary waiver of attorney-client and work product privileges with respect to legal advice concerning compliance with U.S. sanctions during the entire review period;
 - regular and detailed updates to the investigating agencies on the results of its investigation;
 - detailed written reports of the Bank's investigation; and
 - making current and former Standard Chartered employees available for interviews by U.S. authorities.
- Before the government's investigation concluded, Standard Chartered also had taken voluntary steps to enhance and optimize its sanctions compliance programs, including by:
 - closing its Iranian representative office and branch;
 - substantially increasing personnel and resources devoted to sanctions compliance, including appointing a senior U.S.-based employee to oversee its sanctions screening compliance program;
 - enhancing its U.S. dollar transactions screening systems;
 - designing and implementing improved sanctions compliance training for all staff;
 - enhancing its global sanctions compliance policies and procedures.

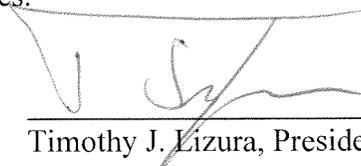
¹ SCB has provided the mitigating factors listed here in order to highlight public information that may be relevant to the NJEDA's decision regarding potential disbarment; its provision of such information is not intended to undermine or detract from SCB's acceptance of full responsibility for the conduct described in its settlements with the investigating agencies.

- Standard Chartered has also agreed to undertake work necessary to further enhance its sanctions compliance programs.
 - Standard Chartered has agreed to continue to comply with the Wolfsberg Anti-Money Laundering Principles of Correspondent Banking.
 - Standard Chartered committed to provide the OFAC, the Federal Reserve Bank of New York (FRBNY) and the DFS with an acceptable program to ensure compliance with all Bank Secrecy Act/Anti-Money Laundering (BSA/AML) requirements and OFAC regulations applicable to its U.S. offices. This includes:
 - engaging, for two years, an on-site compliance monitor approved by DFS and who will report directly to DFS;
 - conducting a comprehensive review of the BSA/AML and OFAC compliance programs, policies, and procedures now in place at Standard Chartered Bank's New York branch and identify any corrective measures to address identified flaws, weaknesses or other deficiencies and oversee their implementation;
 - undertaking an annual review of OFAC compliance policies and procedures and their implementation, and an appropriate risk-focused sampling of U.S. dollar payments, to be conducted by an independent consultant acceptable to the FRBNY and the FSA.
 - completing a global OFAC risk assessment with particular attention to transactions involving the Bank's affiliates.

- Although Standard Chartered has admitted to and taken full responsibility for its practice of "repairing" SWIFT messages, the investigations demonstrated—and the Justice Department, DANY and OFAC agreed—that the vast majority of Iranian payments processed in this manner were otherwise compliant with U.S. regulations. Standard Chartered has since discontinued that practice.

Conclusion:

Staff has performed a review of this action with guidance from the Attorney General's Office. Staff has weighed the seriousness of the offenses in conjunction with the mitigating factors presented by the applicant and staff does not believe disqualification is warranted. Staff also suggests that positions created as a result of compliance obligations arising from agreements or settlements disposing of criminal charges or allegations be disallowed and that BEIP payments not be made with respect to those employees.



Timothy J. Lizura, President and COO

Prepared by: Marcus Saldutti



MEMORANDUM

TO: Members of the Authority

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

DATE: June 11, 2013

SUBJECT: Vineland Construction Co.
P15471 - \$485,620 LDFP Loan
P15472 - \$431,250 Direct Loan
P15473 - \$287,500 SLP Loan
Total EDA Exposure (Vineland) - **\$1,204,370**

Request:

Consent to the subdivision and partial release of EDA's junior lien on a portion of the real property currently leased to Vineland Chicken, LLC (d/b/a Popeye's Chicken) to facilitate the future sale of the parcel. The request is being presented to the members due to EDA exposure exceeding \$500,000 permissible under staff delegation.

Background:

Vineland Construction Co., ("Vineland") owns, develops and manages more than 100 properties nationwide. The company is owned equally by Bernard and Shirley Brown who with family members also own and operate National Freight affiliated companies (NFI Industries, Inc.) including warehousing, logistics, trucking and real estate entities. National Freight has grown to become a \$1 billion company. Mr. Brown also founded Sun Bancorp, Inc. in 1985 and has been its Chairman of the Board through May 2013. The company currently employs 29 in urban aid Vineland, Cumberland County.

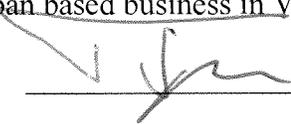
In 2004, Vineland redeveloped a warehouse for use as a one stop government Career and Social Service Center at a total cost of \$12,000,000. PNC Bank provided a \$7,600,000 loan with \$500,000 EDA participation, supplemented with a \$750,000 LDFP loan and a \$750,000 direct loan. The facility is occupied by the Cumberland County Board of Social Services and the Cumberland County Workforce Investments Board. All loans mature in November 2014 and will have a balloon payment due. It is expected that the loans will be extended beyond maturity.

In addition to the combined credit exposure to Vineland, EDA also provided a loan to B&S Partners in 2004 for a \$750,000 that has a current outstanding balance of \$421,875. Combined aggregate exposure to Vineland and the Browns total \$1,626,245. All loans have been handled as agreed.

PNC Bank and the borrower are requesting EDA to release a 1 acre parcel out of the 8.69 acre project property (estimated value of \$1MM subject to confirmation by the Bank) to facilitate the sale of the property in 2014. The release of the subject property has been contemplated by PNC Bank at approval, subject to the mortgagee consent, satisfactory loan to value ratio based upon a current appraisal, and other conditions. The appraisal was obtained in May 2013 showing value of the remaining property of \$9,000,000, providing for a combined loan-to-value ratio of 59%.

Recommendation:

Consent to the release of the 1 acre parcel to facilitate future sale of the parcel and in support of a long standing favorable business relationship with this urban based business in Vineland.



Prepared by: Natalia Nagovsky



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: June 11, 2013

SUBJECT: Authorized Signers for Staff Delegations

Proposed Action:

Extend Staff Delegations previously approved in May, 2011 for real estate incentives programs (Business Retention & Relocation “BRRAG”, Economic Growth Fund “ERG” and Urban Transit Hub “HUB”) to all other Incentive, Credit, Bond and Office of Recovery Programs.

Background:

Since 2003, the Members’ approval has been sought to delegate authority to staff to sign new approvals and modifications to existing transactions to create efficiencies for our customers and to provide fluidity to our business. Delegations are currently grouped in three areas: bonds, credit, and incentives and are addressed by different levels of authority based on the complexity of the transaction and/or modification, or exposure to the Authority.

In February, 2011, the Authority reviewed its business operations and made a strategic decision to add a management level to its operations for the purposes of strengthening the infrastructure of our key business functions: Business Development, Underwriting and Post Closing. This change created the positions of Managing Director in these operational areas with increased responsibility for the underwriting and post closing compliance of the real estate incentive programs along with other budgetary reporting and continued fiduciary responsibilities for the credit and bond portfolios. The addition of the Managing Directors eliminates the need for the Chief Financial Officer as an optional signer and as such that title is deleted from Level 3.

In May, 2011, the members approved the title changes and the incorporation of those titles into our Level 3 staff delegations for the purposes of our real estate incentives (BRRAG, ERG and HUB) along with other delegations for those programs, but did not specifically clarify or confirm that the title changes for the Level 3 delegations were to be broadly applied to all of our programs.

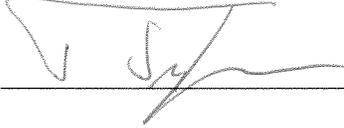
In addition, at that time, the organizational changes resulted in title changes at the Director level, that were incorporated into the Level 2-4 delegations. Subsequent changes in our Technology and Life Science (TLS) Division that extended post closing responsibilities to the Director

require incorporation into the delegations as well. Staff is working on refining the TLS delegations and anticipate additional recommendations for the Board and as such is only seeking to add the Director position to the Level 3 and Level 4 at this time.

The members are therefore asked to confirm and extend the staff delegation title changes approved in May, 2011 for all of EDA's incentive, credit and bond programs as well as for the Office of Recovery programs.

Recommendation:

Consent to the staff delegation titles applied to all EDA and Office of Recovery as reflected in the attached excerpted delegation chart that illustrates the job titles of those staff authorized to review and sign at the various levels of delegation



Prepared by: Lisa Coane

DELEGATED SIGNERS - June 11, 2013

Level 1	Level 2	Level 3	Level 4	Board Approval Date of Delegation Policy	Rationale for Change
CEO or President/COO	CEO or President/COO with any SVP or Managing Director (Underwriting & Closing or Post-Closing Services) and any one Director (Credit & Real Estate Underwriting, Bonds & Incentives*, Post Closing Credit & Incentives** or Closing Incentives** or Technology & Life Sciences)	SVP or Managing Director (Underwriting & Closing, or Post-Closing Services) with any one Director (Credit & Real Estate Underwriting, Bonds & Incentives*, Post Closing Credit & Incentives** or Closing Incentives** or Technology & Life Sciences with recommending Officer	Any one Director (Credit & Real Estate Underwriting, Post Closing Credit & Bond, Bonds & Incentives*, Post Closing Incentives** or Technology & Life Sciences with recommending Officer	<p>March 10, 2009 alternate signing authority in Level 3 for SVP-OPS.</p> <p>August 10, 2010 change in required signatures for Level 2-4.</p> <p>May 11, 2012 add Managing Directors as signers for Real Estate Incentives</p> <p>September 13, 2012 change in signers to reflect new organizational structure effective October 1, 2012</p>	<p>June 11, 2013 proposed change to expand changes in organizational titles made in May and September 2012 to all EDA and Office of Recovery Programs and adds Director of Technology & Life Sciences as a signer.</p>

* Limited to Bonds & Incentives (no credit transactions)

** Open Position limited to Incentives (no credit or bond transactions)



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: June 11, 2013

SUBJECT: Delegated Authority Revisions to Incentive Programs: Business Employment Incentive Program (BEIP), Business Retention and Relocation Assistance Grant (BRRAG), Business Retention Relocation Sales Tax Exemption (STX), Brownfields Contaminated and Site Remediation (Brownfields), Economic Redevelopment and Growth (ERG), Grow New Jersey Assistance (GrowNJ), Hazardous Discharge Site Remediation Fund (HDSRF), Urban Transit Hub Tax Credit (HUB), Petroleum Underground Storage Tank (PUST) and the Urban Enterprise Zones Manufacturers Energy Sales Tax Exemption (UEZ)

Request:

1. Revise the delegations previously granted by the Members for BEIP, BRRAG, BRRAG (STX) Brownfields, ERG, GrowNJ, HDSRF, HUB, PUST, and UEZ programs to streamline the process and improve efficiencies for our customers and staff; and
2. Expands the new Delegations for BEIP Incentives to BRRAG, Brownfields, ERG, GrowNJ, HUB, UEZ, STX, HDSRF and PUST; and
3. Creates new Delegations for Brownfields to terminate open ended agreements that have not advanced or have not requested additional funding after two (2) years.

Background:

Beginning in July 2003 and as various times over the past ten years, the members' approval has been sought to delegate signing authority to staff on a certain financing and incentive transactions to create efficiencies for our customers and to provide fluidity to our business.

Proposed Revisions:

BEIP:

1. Changes signatory level changes from Level 2 (CEO, President and COO, CFO to sign) to Level 3 (with correction to omit CFO from Level 3 and changes signing level to SVP or Managing Director of Underwriting & Closing or Managing Director of Post Closing with Director of Underwriting, Post Closing Credit & Bond or Incentives for routine changes that are granted under previous delegations including but not limited to name

changes of the grantee or parent company, internal mergers/consolidations, reducing the New Employment Commitment (NEC) job number/grant award percentage, adding or changing a Professional Employment Organization; and

2. Adds new delegations (Level 2) to approve stock sales, mergers, spinoffs, separations or divestitures for the grantee or parent company when the BEIP company and the acquiring company meet the following conditions: have no legal issues that rise to level of debarment, agree to a 20% cap and \$50K cap on withholding (if not already in effect), an 80% statewide employment test applied at time of modification and meet all other terms and conditions of the grant through the originally contracted commitment duration (no extension) of term and that only one BEIP with the BEIP jobs remains in New Jersey and the other jobs that move out of state are no longer counted.

Board Action will continue to be required for complex changes to BEIP grants, including but not limited to asset sales, past or pending legal issues, spinoffs/separations or divestitures that result in BEIP jobs being split proportionately into separate grants that share jobs formerly counted on the original BEIP, complex negotiated settlements, unwinds, large public or private companies receiving more than \$10 million in grant proceeds.

BRRAG Programs (Grant, STX, UEZ)

1. Amend March 2009 delegations to change signing Authority level from Level 2 to Level 3 for approving rescissions and/or recaptures of defaulted obligations. This reflects changes in signing authority resulting from organizational structure changes in 2012 and provides efficiency; and
2. Adjusts BRRAG change delegation from 20% to 25% to provide consistency with other incentive programs; and
3. Expands the new Delegations for BEIP Incentives to BRRAG, STX, and UEZ.

ERG, HUB, and GrowNJ:

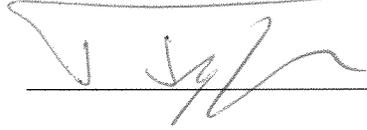
1. Add GrowNJ to the section of delegations provided in May 2011 for the ERG and HUB programs; and
2. Expands the new Delegations for BEIP Incentives to ERG, GrowNJ, and HUB.

Brownfields, HDSRF, and PUST

1. Expands the new Delegations for BEIP Incentives to Brownfields, HDSRF, PUST
2. Creates new Delegations for Brownfields to terminate open ended agreements that have not advanced or have not requested additional funding after two (2) years under a proscriptive notification period defined as two (30) day notices and one (10) day notice.

Recommendation:

Consent to the delegation changes to these incentive programs to provide efficiency for our customers while ensuring that appropriate oversight and signing authority under these delegations protects our management of these accounts. Companies that require complex changes to their incentives as articulated above will be presented to the Incentives Committee and the Board for approval. These actions will continue to be reported to the Members quarterly.



Prepared by: Lisa Coane

INCENTIVES DELEGATIONS - June 2013

PROGRAM	Level 1	Level 2	Level 3	Level 4	Board Approval Date of Delegation Policy	Rationale for Change
	CEO or President/COO	CEO or President/COO with any SVP or Managing Director (Underwriting & Closing or Post-Closing Services) and any one Director (Credit & Real Estate Underwriting, Bonds & Incentives*, Post Closing Credit & Bonds, Post Closing Incentives** or Technology & Life Sciences)	SVP or Managing Director (Underwriting & Closing, or Post-Closing Services) with any one Director (Credit & Real Estate Underwriting, Bonds & Incentives*, Post Closing Credit & Bonds Post Closing Incentives** or Technology & Life Sciences with recommending Officer	Any one Director (Credit & Real Estate Underwriting, Post Closing Credit & Bond, Bonds & Incentives* Post Closing Incentives** or Technology & Life Sciences with recommending Officer	March 10, 2009 alternate signing authority in Level 3 for SVP, OPS, August 10, 2010 change in required Signatures for Level 2-4, May 11, 2012 add Managing Directors as signers for Real Estate Incentives September 13, 2012 change in signers to reflect new organizational structure effective October 1, 2012	June 11, 2013 proposed change to expand changes in organizational titles made in May and September 2012 to all EDA and Office of Recovery Programs and adds Director of Technology & Life Sciences as a signet.
BEIP		*Limited to Bonds & Incentives (no credit transactions) **Open Position limited to Incentives (no credit or bond transactions)	Level Change Only for: a) Name Changes, Address Changes, Internal Mergers of Subsidiaries, delete 'without job creation' reducing the NEC or adding a Professional Employment Organization (PEO) provided that 1. the PEO is organized under the NJ official definition; 2. is registered and approved by the NJ Division of Labor; 3. the grant company is compliant with all terms and conditions of its grant agreement; 4. The grant proceeds are disbursed in a check payable to the grant company; 5. The grant company and PEO agree to the release of tax information to each other and to the Division of Taxation in order to complete and audit the payroll reports; 6. The grant company and PEO enter into a PEO contract which is reviewed and found satisfactory to the Authority; 7. Outsourced jobs are not included.	a) October 10, 2004 (original) June 11, 2013: Proposes a) changes in delegation from Level 2 to Level 3; b) new, c) expands a & b delegations to all current Incentive Programs	a) Reflects changes in signing authority resulting from organizational structure changes in 2012 and provides efficiency in amending routine changes on the grants in good standing (no legal issues); b) Expands 2004 delegations to include more complex changes to grants that while routine to these business, require greater review and a higher level of delegated signing authority; and c) Provides consistency in signing approval across all Incentive Programs.	
BRRAG Program(s); Grant, STX, Tax Credit		b1) Approve stock sales (asset sales would be prohibited under delegations) for the grantee or parent company when: b(i) the BEIP company and the acquiring company have no legal issues that rise to level of debarment; and b(ii) the BEIP company and its acquirer agree to a 20% cap and \$50K cap on withholding (if not already in effect); an 80% statewide employment test applied at time of modification and meet all other terms and conditions of the grant through the commitment duration and b(iii) no extension of the term of the commitment duration is extended. b2) Approve mergers of two grantee companies when b(i)(ii)(iii) are met; b3) Approve spinoffs, separations or divestitures providing b(i)(ii)&b(iii) and only one BEIP with the BEIP jobs remains in New Jersey and the other jobs that move out of state are no longer counted. THE FOLLOWING ACTIONS WOULD COUNTINUE TO REQUIRE BOARD APPROVAL: 1) Asset Sales 2) Past or Pending Legal Issues 3) Spinoff, Separation or Divestiture results in BEIP jobs being split proportionally into separate proportional grants that share the jobs formerly counted on the original BEIP 4. Complex negotiated settlements 5. Unwinds & Private Companies that have received more than \$10 million in Benefits			March 10, 2009: Change to Level 2 June 11, 2013: Proposes Change from 20% to 25% March 10, 2009: Change to Level 4	Aligns percentage of change with ERG, HUB and GrowNJ programs

3) Approve Rescissions and/or Recaptures of defaulted obligations						March 10, 2009: Change to Level 2 June 11, 2013: Proposes Change to Level 3	Reflects changes in signing authority resulting from organizational structure changes in 2012 and provides efficiency in amending routine changes on the grants in good standing (no legal issues).
4) Modify fiscal year for benefit pay-out at the request of the customer provided funding is available in alternate year.						May 13, 2011	
Economic Development Site Fund (ECSEF)						March 10, 2009: Change to Level 2	
(1) Amendments to loan terms on loans below \$500,000 without extending maturities beyond 10 years.						March 10, 2009: Change to Level 4	
(2) Execute Economic Development Site Fund Agreement or amendments to Economic Development Site Fund Agreement.						May 13, 2011	Add GROW NJ to section.
ERG Grant and HUB add: GROWNJ						May 13, 2011	Provides ability to make a reduction to the amount of an award due to changes in project costs or net benefits up to 25% of original approval. Reductions greater than 25% will be presented to the Board.
1) Adjust award amount if changes to Net Benefits or capital investment result in award reduction up to 25% of original approval						May 13, 2011	Provides ability to extend the time for a project to meet certain prescribed milestones, as long as applicant has demonstrated progress satisfactory to the Authority.
2) One 6-month extension to the term of the agreement						March 2009: Change to Level 2 August 2010: Change to Level 4	
Sales Tax Exemption Tax Credit (Salem County)						March 10, 2009: Change to Level 2	
1) Approve Annual Renewals subsequent to original Board Approval (See Note Below)						March 10, 2009: Change to Level 2 June 11, 2013: Proposes Change to Level 3	Reflects changes in signing authority resulting from organizational structure changes in 2012 and provides efficiency in amending routine changes on the grants in good standing (no legal issues).
2) Execute STX (Salem) Agreements or approve amendments to existing agreements.						March 10, 2009: Change to Level 2	
3) Approve Rescissions and/or Recapture of defaulted obligations						March 10, 2009: Change to Level 2 June 11, 2013: Proposes Change to Level 3	Reflects changes in signing authority resulting from organizational structure changes in 2012 and provides efficiency in amending routine changes on the grants in good standing (no legal issues).
Urban Enterprise Zone STX Program						March 10, 2009: Change to Level 2	
1) Approval Annual Renewals subsequent to original Board Approval (See Note Below)						March 10, 2009: Change to Level 4	
2) Execute UEZ STX Agreements or approve amendments to existing agreements						March 10, 2009: Change to Level 2 June 11, 2013: Proposes Change to Level 3	Reflects changes in signing authority resulting from organizational structure changes in 2012 and provides efficiency in amending routine changes on the grants in good standing (no legal issues).
3) Approve Rescissions and/or Recapture UEZ STX on defaulted obligations						March 10, 2009: Change to Level 2 June 11, 2013: Proposes Change to Level 3	Reflects changes in signing authority resulting from organizational structure changes in 2012 and provides efficiency in amending routine changes on the grants in good standing (no legal issues).
Brownfields, HDSRF, and PUST							

<p>Add new delegation to terminate grant agreements</p>				<p>1) Terminate agreements open ended agreements after notification process (defined as two 30 day notices and one 10 day notice (30/30/10) process produces no evidence that the project is moving forward; 2) Terminate agreements through the 30/30/10 process for agreements that have received reimbursement or grant proceeds but have been approved to receive or applied to receive additional benefits for 2 years.</p>	<p>June 11, 2013: New</p>	<p>1&2) Terminates open ended agreements that have not advanced and improves fiscal oversight for the programs.</p>
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Note: Applicants are required to meet very specific statutory guidelines at the time of application. Once applicants meet those guidelines, renewal of the benefit can be effectuated through a delegated approval as long as applicants can continue to meet those statutory guidelines.



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: June 11, 2013

SUBJECT: Delegated Authority for Post Closing Conduit Bond Amendments

Request:

Delegate to staff authority to consent to interest rate and bond mode changes for direct purchase bonds, and clarify existing delegations previously granted by the Members for changes in EDA's organization. These actions are needed to improve efficiencies for borrowers and banks.

Background:

Since its inception, the Authority has served as a conduit issuer of approximately 5,000 standalone and guaranteed tax exempt and other tax-advantaged bonds for the benefit of various manufacturers, non-profit organizations, and public facilities in New Jersey, as well as bonds issued on behalf of the State of New Jersey.

On April 9, 1996, the Board adopted a resolution allowing the Executive Director and other authorized staff to approve certain post-closing conduit bond amendments which do not impact the Authority's financial exposure or cause a reissuance under the IRS Code. On July 13, 1999, the Members expanded delegations allowing staff to approve modifications of the borrower's financial covenants. Since adoption of the policies, the organizational structure of the Authority has changed and the needs of the tax exempt bond community have evolved.

Since 2010, many borrowers and commercial banks have renegotiated the interest rates on the bonds due to historic low interest rates to permit borrower's to reduce debt service requirements. Further, as regulatory requirements for commercial banks have changed, borrowers' access to credit enhancement such as Letters of Credit and interest rate swaps for variable rate bonds has declined, and borrowers and banks have renegotiated bonds interest rate mode (variable, fixed, etc.) for the bonds at various times. Because conduit bonds have no financial exposure to the EDA and direct purchase bonds are held by the commercial banks with relationships with the borrowers, these changes have little if any financial impact on EDA. As such, staff is recommending delegation to staff to consent to these changes that presently require the Members' approval.

We are recommending the attached delegations to improve clarity and create efficiencies, which accommodate the business needs of the customers.

Further, the delegation grid is updated for changes to EDA's written Tax Compliance Procedures for Tax Exempt Bonds, which is being presented concurrently for the Members consideration in a separate memorandum.

Recommendation:

Delegate to staff authority to consent to interest rate and bond mode changes for direct purchase bonds, and clarify existing delegations previously granted by the Members for changes in EDA's organization.

These actions will be reported to the Members quarterly.

A handwritten signature in black ink, appearing to be 'L. Zagarella', is written over a horizontal line. The signature is stylized and includes a large, sweeping flourish that extends to the right.

Prepared by: Lori Zagarella and Daniel Weick

BOND DELEGATIONS - June 2013

	Level 1	Level 2	Level 3	Level 4	Board Approval Date of Delegation Policy	Rationale for Change
Bond Post Closing Modifications	CEO or President/COO	CEO or President/COO with any SVP or Managing Director (Underwriting & Closing or Post-Closing or Post-Closing Services) and any one Director (Credit & Real Estate Underwriting, Bonds & Incentives*, Post Closing Credit & Bonds, Post Closing Incentives** or Technology & Life Sciences)	SVP or Managing Director (Underwriting & Closing, or Post-Closing Services) with any one Director (Credit & Real Estate Underwriting, Bonds & Incentives*, Post Closing Credit & Bonds, Post Closing Incentives** or Technology & Life Sciences with recommending Officer	Any one Director (Credit & Real Estate Underwriting, Post Closing Credit & Bonds, Bonds & Incentives** or Technology & Life Sciences, with recommending Officer	March 10, 2009 alternate signing authority in Level 3 for SVP-CPS. August 10, 2010 change in required signatures for Level 2,4. May 11, 2012 add Managing Directors as signers for Real Estate Incentives September 13, 2012 change in signers to reflect new organizational structure effective October 1, 2012	June 11, 2013 proposed changes to expand changes in organizational titles made in May and September 2012 to all EDA and Office of Recovery Programs and adds Director of Technology & Life Sciences as a signer.
1. Approve amendments to Bonds that do not impact EDA's exposure or cause a reissuance under the IRS code.	*Limited to Bonds & Incentives (no credit transactions) **Open Position limited to Incentives (no credit or bond transactions)			Modify conduit bonds where the Authority's financial exposure is not impacted (including but not limited to project ownership changes, modifying certain loan provisions, and change to trustees and remarketing agents), provided all necessary consents have been obtained and criteria in bond agreements have been met), and approving subordinate liens provided bond counsel opinion is received that bondholder approval has been obtained or is not required.	April 9, 1996	May 16, 2013 - Update for current EDA corporate organization
2. Approve modification of Borrower's financial covenants				Approve amendments to conduit bond documents involving covenants of the borrower; after necessary consents have been obtained, and there is no material adverse effect on the Authority. Bond counsel opinion may be requested by staff.	July 13, 1999	May 16, 2013 - Update for current EDA corporate organization
3. Approve changes to bond interest rates and interest modes for Direct Purchase Bonds				Modify modes and interest rates (any reduction or any increase up to 2% above existing rate or up to the maximum rate previously approved by the Board) for direct purchase bonds provided 1) consents of all interested parties have been obtained, and 2) amendment has no material adverse effect on EDA, and 3) bond counsel opinion is received that either the amendment will not be a reissuance or if it is a reissuance that the amendment is consistent with the bond documents (ex. arbitrage matters).	June 11, 2013 - New	Delegation required for direct purchase conduit bonds seeking interest rates/mode changes. Create efficiencies which accommodate the business needs of the customers and use of EDA resources
4. Approve changes to EDA's written Tax Compliance Procedures for Tax Exempt Bonds		Implement changes to EDA's Tax Compliance Procedures to conform with IRS requirements upon recommendations by Deputy Attorney General's office and bond counsel.			June 11, 2013 - New	Establishes executive approvals for changes to tax compliance policies required by IRS for tax exempt bonds.



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: June 11, 2013

SUBJECT: Tax Compliance Procedures for Tax Exempt Bonds (Bond Compliance Procedures)

Request:

- 1) Designate EDA's President and Chief Operating Officer as Tax Compliance Officer for conduit bond issues; and
- 2) Delegate authority to the Tax Compliance Officer, or his/her designee, to modify and amend the procedures to conform to IRS requirements, upon recommendation of Bond Counsel and the Attorney General's office.

These actions are required under written Bond Compliance Procedures developed in conjunction with bond counsel and the Attorney General's office.

Background:

Since its inception, the Authority has served as a conduit issuer of approximately 5,000 standalone and guaranteed tax exempt and other tax-advantaged bonds for the benefit of various manufacturers, not-for-profit organizations and public facilities in New Jersey, as well as bonds issued on behalf of the State of New Jersey. In order to retain the exclusion of interest on the bonds from gross income for federal tax law purposes, the conduit borrower and the Authority must ensure compliance with various requirements of the Internal Revenue Code of 1986, as amended (the "Code") from approval and issuance through maturity of the bonds.

In April 2011, the IRS instituted a requirement that the Authority as issuer, indicate on the Form 8038 (which identifies the bond issuance to the IRS) whether it has written post issuance compliance procedures in place to assure compliance with the provisions of the Code.

In April 2012, the IRS created publication 5005, setting forth the compliance responsibilities of conduit issuers for the approval, issuance, closing and post closing management of tax-exempt bonds. Through a competitive RFP/RFQ issued by the Attorney General's office, McCarter and English LLP was selected to serve as Bond Counsel to assist the Authority in preparing its bond compliance procedures. Staff from each of the Authority's Bonds & Incentives, Closing Services and Post Closing Services teams together with the Attorney General's Office and Bond Counsel, reviewed and updated our existing written

procedures and developed new or expanded procedures to meet the requirements of the IRS publication and objectives for tax exempt bond compliance.

The Bond Compliance Procedures have been completed and pursuant to IRS guidance, EDA is required to designate a Tax Compliance Officer (TCO) for its conduit bond issues to oversee the tax compliance activities. The position of President and Chief Operating Officer is recommended since it has responsibility for approval, issuance, closing, and post closing management functions within the Authority. This recommendation is consistent with the Members' 2012 approval for EDA bonds issued on behalf of the State for the School Facilities Construction Bond Program and the Cigarette Tax Refunding Bonds.

Further, the Members are asked to delegate authority to the TCO to amend and modify the policies and procedures to conform to IRS requirements, based upon consultation with Bond Counsel and the Attorney General's Office. A separate board memorandum restating all Delegated Authority for Bonds is also presented today for the Member's consideration.

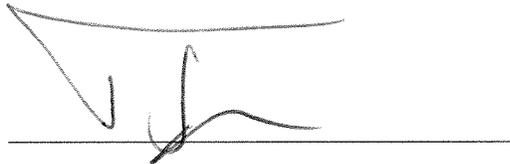
Summary of Bond Compliance Procedures:

Attached is a summary of the Bond Compliance Procedures (attachment A) for the members review. Staff has also documented written procedures and policies addressing the compliance areas that the IRS highlighted in its Publication, including but not limited to, filing of the Form 8038, designation of Volume Cap, TEFRA approval, compliance with arbitrage rebate requirements, bond modifications, processing IRS audits, and remedial action in the event of non-compliance.

Recommendation:

Consent to:

- 1) Designating EDA's President and Chief Operating Officer as Tax Compliance Officer for conduit bond issues, pursuant to written Bond Compliance Procedures developed in conjunction with bond counsel and the Attorney General's office; and
- 2) Delegating authority to the Tax Compliance Officer, or his/her designee, to modify and amend the Bond Compliance Procedures to conform to IRS requirements, upon recommendation of Bond Counsel and the Attorney General's office.

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

Prepared by: Lori Zagarella

Attachment A

Below are both compliance procedures previously put in place and new procedures developed as part of the Tax Compliance Manual.

Pre-issuance:

- Application Review – When it is determined that bond financing will be pursued by the conduit borrower, the borrower selects bond counsel and completes a formal application with the NJEDA.
- Reimbursement Declaration of Intent – In order for a borrower to reimburse itself for certain pre-issuance expenditures, a declaration of intent to reimburse must be in place.
- TEFRA Hearing and Approval – Under Section 147(f) of the Code, subject to certain exceptions, NJEDA must obtain the Governor's approval of the bonds and the project to be financed, following a public hearing on the bonds, preceded by publication of notice of such hearing.
- Volume Cap – Annually NJEDA requests from the State Treasurer an allocation of the State's Private Activity Bond Volume Cap.
- Arbitrage Procedures – Section 148 of the Code imposes several requirements relating to arbitrage on issuers of tax-exempt bonds such as arbitrage certificates and loan yield limitations, qualified hedges and rebate.
- Information Report Filing – Section 149 of the Code requires an information report to be filed with the IRS in connection with the issuance of each bond issue.

Post-Issuance:

- Post Issuance Compliance, Deliberate Action and Remedial Action – Primary responsibility for compliance with federal tax law restrictions lies with the borrower. The loan agreement language requires the borrower to annually certify to NJEDA that it is in compliance with its Tax Covenants as defined in the Loan Agreement. If a deliberative action has taken place, the provisions in the Loan Agreement require borrower to notify the NJEDA. Confirmation of eligibility of use of funds, and other post-issuance tax requirements are to be addressed at the time of completion of the project through a Tax Completion Certificate.
- EDA's Bond Examination – In the course of overseeing and maintaining the bond portfolio, staff in Finance and Bond Portfolio Management may from time to time conduct internal examinations of outstanding bond issues.
- Bond Modifications – Finance and Bond Portfolio Management will evaluate, and seek approval from the Board or pursuant to delegated authority and may engage bond counsel to determine whether the modification triggers a reissuance of the bond under Section 1001 of the Code.
- Rebate Compliance – Form 8038T – Procedures for compliance with arbitrage restrictions and rebate are included in Loan Agreement and Indenture and in the tax certificate prepared by bond counsel.

- Record Retention – EDA's Bond Counsel should assure each borrower's procedures address record retention.
- Internal Revenue Service Examinations – Should NJEDA receive notice from the IRS, NJEDA retains bond counsel on its behalf and notifies borrower.
- Volume CAP – NJEDA and Borrower can apply to the IRS to negotiate a settlement with respect to tax law.
- Continuing Education – NJEDA will continue to consult regularly with its bond counsel regarding changes to federal tax rules and will update internal policies and procedures to reflect any changes.



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: June 11, 2013

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

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

New Jersey Business Growth Fund:

- 1) 5 N Olney LLC (P38319), located in Cherry Hill Township, Camden County, is a real estate holding company recently formed to purchase a certain commercial property currently occupied by the operating company, Belmar Investment Group, Inc. Belmar Investment Group, Inc. was founded in 1998 as a floor coverings international franchise location that offers a wide range of flooring options such as hardwood, carpeting, tile and stone to businesses primarily and contractors as well as the general public. PNC Bank approved a \$787,500 bank loan with a five-year, 25% guarantee of principle outstanding, not to exceed \$196,875. Proceeds will be used to purchase the commercial property. Currently, the Company has five employees.
- 2) Worthington Property Management, LLC (P38341), located in Westville Borough, Gloucester County, is a real estate holding company that owns the project property. The operating company, Robert C. Worthington Rigging, Inc., was formed in 1967 and specializes in moving heavy equipment to machine shops and manufacturing plants primarily in the Tri-State area. PNC Bank approved a \$665,000 loan with a 25% guarantee, not to exceed \$166,250. Proceeds will be used to refinance an existing mortgage. Currently the company has five employees.

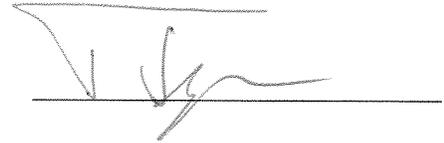
Small Business Fund Program:

- 1) Parmer Real Estate LLC (P38345), located in Pine Hill Borough, Camden County, is a real estate holding company that owns the commercial property. The operating company, Maya Parmer d/b/a Pine Hill Laundromat, was established in April 2012 as a Laundromat consisting of 36 washer machines and 50 dryers. Capital Bank approved a \$460,000 loan contingent upon a \$115,000 (25%) Authority participation and an \$86,250 (25%) guarantee. Proceeds will be used to refinance existing debt. The Company plans to create one new position over the next two years. SSBCI funds will be utilized for this project.

New Jersey Business Growth Fund - Modification:

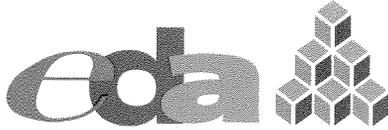
- 1) 22A-B Hill Road LLC (P37890), located in Parsippany-Troy Hills Township, Morris County, is a real estate holding company that was formed to purchase and own the commercial property. On January 7, 2013, under the BGF program, the authority approved a \$400,000 term loan with a five-year, 25% guarantee of principal outstanding, not to exceed \$100,000. PNC Bank has approved a loan revision to increase the loan amount from \$400,000 to \$443,000, with an EDA guarantee amount increase from \$100,000 to \$110,750. All other terms and conditions of the original approval remain unchanged.

- 2) Specialized Sales and Service LLC and Specialized Storage Systems Incorporation (P38318), are located in Fairfield Borough, Essex County. Specialized Sales and Service LLC is a real estate holding company formed to purchase the commercial property currently occupied by the operating company, Specialized Storage Systems Incorporated. The property is 100% occupied by Specialized Storage Systems, Inc., which was founded in 1990 as a manufacturer of mobile storage systems and equipment. PNC Bank approved a five-year renewal of a \$340,865 loan with a five-year, 25% guarantee of principal outstanding, not to exceed \$85,216.25. Original loan proceeds were used to refinance and pay down existing debt. All other terms and conditions of the original approval remain unchanged.

A handwritten signature in black ink, appearing to be 'DL/gvr', is 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: June 11, 2013

RE: Parking Management Agreement between Herschend Family Entertainment, New Jersey Aquarium, LLC and NJEDA
Camden Waterfront Project

Summary

I am asking the Members approval to execute a Parking Management Agreement between Herschend Family Entertainment (HFE), New Jersey Aquarium, LLC (NJA) and NJEDA with regard to the Camden Waterfront Project for a one year term, with a one year renewal option.

Background

In 2003, the Treasurer's Office requested that NJEDA administer the real estate development component of a complex series of transactions to modernize and expand the New Jersey State Aquarium and spur development of 30 acres of land adjacent to the Aquarium along the Camden Waterfront. This endeavor resulted in NJEDA's acquisition and sale of properties, the design and construction of two parking lots, and its administration of several legal agreements.

The Adventure Aquarium is currently operated by HFE pursuant to a Management Agreement between HFE and New Jersey Aquarium, LLC, which is the managing member of Camden Aquarium, LLC, which leases the Adventure Aquarium from the State of New Jersey. As outlined in their Operating Agreement dated October 29, 2003, the members of Camden Aquarium L.L.C. are NJA and the New Jersey Sports and Exposition Authority (NJSEA). Pursuant to the Operating Agreement, NJA has the right to operate the parking lots surrounding the Aquarium and is entitled to a reasonable management fee to be negotiated between NJSEA or its designee and NJA.

As consideration for NJEDA's efforts in the Camden Waterfront Project, and as outlined in the First Amendment to the Operating Agreement, at the end of the Completion Loan Period (August 2012), NJEDA is entitled to receive net parking revenues after costs of operating the parking lots are paid and subject to the reasonable management fee to NJA.

The Parties have determined that each has a joint and mutual interest in continuing the public/private venture that has led to the overall success of Adventure Aquarium and to continue to promote visitorship to the Camden Waterfront, which will also have the effect of increasing parking revenues. HFE expects an increase of 80,000 visitors to the Aquarium and its attractions over the next few years. This growth, along with the additional promotions, events and marketing of the Camden Waterfront destinations, is expected to materially increase parking revenues.

In furtherance of the Parties' objective to ensure the overall success of the Camden Waterfront, HFE has agreed to: (i) expand and enhance security, clean-up, and programming for special events on the Camden Waterfront including the annual New Year's and July 4th celebrations, as well as other seasonal festivities and events; and (ii) undertake a marketing program to promote visitorship to the Camden Waterfront. As consideration for HFE providing these promotional activities, NJEDA allows HFE to receive 20% of the parking revenue to pay a portion of the costs for these activities. HFE also agrees to seek contributions from NJA and other parties to provide additional funding for Camden Waterfront promotional activities. The proposed budget submitted for 2013 is \$360,000, \$300,000 of which is projected to be paid from the parking revenue.

HFE will be required to prepare and NJEDA will have the right to approve, an annual budget for the promotional activities, an annual marketing plan and budget, and an annual promotional events plan. Each quarter, HFE will be required to submit an operating statement showing expenses incurred and paid by HFE, a report of promotional events that occurred, a report of marketing efforts accomplished and an accounting of total parking revenues and aggregate revenues.

Execution and delivery of the Parking Management Agreement by NJEDA will be contingent upon NJSEA or its designee approving the amount of the parking lot management fee to be paid to NJA pursuant to the existing Aquarium project documents.

A substantially final form of the Parking Management Agreement is attached. The final form of the Agreement will be subject to the approval of the Chief Executive Officer, the President/Chief Operating Officer and the Attorney General's Office.

Recommendation

In summary, I request that the Members' consent to the execution of a Parking Management Agreement between Herschend Family Entertainment, New Jersey Aquarium, LLC and NJEDA on terms generally consistent with the attached Agreement, subject to the approval of the Chief Executive Officer, the President/Chief Operating Officer and the Attorney General's Office.



Timothy J. Lizura
President/Chief Operating Officer

Prepared by: Donna T. Sullivan

PARKING MANAGEMENT AGREEMENT

THIS PARKING MANAGEMENT AGREEMENT (the "Agreement") is made this _____ day of _____, 2013 (the "Effective Date") between the **NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**, having its address at 36 West State Street, P.O. Box 990, Trenton, New Jersey 08625-0990 and **HERSCHEM FAMILY ENTERTAINMENT ("HFE") and NEW JERSEY AQUARIUM, L.L.C. ("NJ")**, HFE and NJA both having an address at 1 Aquarium Drive, Camden NJ 08103 (collectively the "Parties").

WITNESSETH:

WHEREAS, Adventure Aquarium, located on the Camden Waterfront in the City of Camden, New Jersey (the "Aquarium"), is operated by HFE pursuant to a Management Agreement (the "Management Agreement") between HFE and New Jersey Aquarium, LLC ("NJ"), which is the managing member of Camden Aquarium, LLC, which leases the Adventure Aquarium from the State of New Jersey pursuant to a lease dated October 29, 2003; and

WHEREAS, pursuant to an Operating Agreement dated October 29, 2003, the members of Camden Aquarium L.L.C. are NJA and the New Jersey Sports and Exposition Authority ("NJSEA");

WHEREAS, pursuant to Section 6.3.7 of the First Amendment to Operating Agreement dated May 25, 2005 ("First Amendment"), NJA has duly notified NJSEA or its designee of its intent to continue to operate the Aggregate Parking Spaces, as defined in the First Amendment, in accordance with the terms of the First Amendment;

WHEREAS, in accordance with Section 6.3.7 of the First Amendment, NJA is entitled to a reasonable management fee to be negotiated between NJSEA or its designee and NJA;

WHEREAS, pursuant to Section 6.3.1 of the First Amendment, at the end of the Completion Loan Period, NJEDA is entitled, subject to a reasonable management fee to NJA pursuant to Section 6.3.7, to Aggregate Revenues, which is defined in the First Amendment as 100% of revenues from the Parking Lots after costs of operating the Parking Lots are paid plus the Additional Revenues, all terms as are defined in the First Amendment;

WHEREAS, as used in this Agreement, the term "Total Parking Revenues" refers to the cost of operating ("COO") the Parking Lots plus the Aggregate Revenues;

WHEREAS, pursuant to Section 3 of the Management Agreement, in connection with its operation of the Aquarium, HFE is responsible for the "proper and efficient management, operation, maintenance and marketing" of the Aquarium;

WHEREAS, NJA has entered into an Operator Agreement for the management and operation of the Parking Lots in the manner described in Section 3 of the First Amendment which Operator Agreement allows the Parking Operator to be paid a portion of the revenue generated by the Parking Lots to cover cost of operating the Parking Lots; and

WHEREAS, the Parties have determined that each has a joint and mutual interest in continuing the public/private venture that has led to the overall success of Adventure Aquarium and to continue to promote visitorship to the Camden Waterfront, which will also have the effect of increasing parking revenues.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, and for other good and valuable consideration, the Parties do hereby agree as follows:

ARTICLE 1

1.01 Term/Automatic Termination.

1.01(a) The term of this agreement shall commence upon the date upon which the Agreement has been fully executed by each of the Parties and shall continue for a period of one(1) year thereafter (the “Initial Term”), and, at the conclusion of the Initial Term, shall automatically renew for up to one (1) additional one (1) year period (the “Extension Term”), unless any Party provides notice to each of the other Parties of its intent to terminate, which notice must be provided not less than ninety (90) days prior to the expiration of the Initial Term.

1.01(b) The revenue distribution, as further described in Section 2.01 of this Agreement, shall begin retroactively from April 1, 2013.

1.01(c) Notwithstanding the foregoing, this Agreement shall automatically be terminated if any or all of the following agreements upon which the ability of the parties hereto to perform is contingent terminates: (1) the ground lease between NJEDA and the State for the Parking Lots, (2) the Lease between the State and Camden Aquarium L.L.C. for Adventure Aquarium, (3) the Operating Agreement, or (4) the Management Agreement.

1.02 Operation of the Aggregate Parking Spaces.

1.02(a) In accordance with the First Amendment, NJA has notified NJSEA and/or its designee of its election to continue managing the Aggregate Parking Spaces. NJSEA or its designee and NJA have agreed, and NJEDA concurs, that a reasonable management fee to NJA for managing the Aggregate Parking Spaces shall be 10% of Total Parking Revenues.

1.02(b) The Parties acknowledge that the current schedule of parking rates is as set forth on Schedule 1 attached hereto and made a part hereof (the “Parking Rates”). The Parties hereby agree that any change to the Parking Rates must be approved by all Parties, and the NJSEA or its designee.

1.02(c) The Parties acknowledge that for the past several years the fee paid to the Parking Operator for operating the Parking Lots (the “Parking Operator’s Fee”) has been thirty (30%) percent of revenue from the Parking Lots and that said Parking Operator’s Fee has been sufficient to enable the Parking Operator to satisfactorily operate the Parking Lots. For purposes of this

Agreement, this fee represents the costs of operating the Parking Lots. The Parties hereby agree that rate of the Parking Operator's Fee shall continue to be thirty (30%) percent of revenue from the Parking Lots and that any change to the rate of the Parking Operator's Fee must be approved by all Parties, and the NJSEA or its designee.

1.02(d) The Parties also acknowledge that nothing herein is intended to modify or amend the First Amendment, and NJA's responsibilities thereunder.

1.03 Obligations of HFE.

1.03(a) In furtherance of the Parties' objective to ensure the overall success of the Camden Waterfront, including, but not limited the continued success of the Adventure Aquarium, HFE shall: (i) work with the Camden Special Services District ("CSSD"), a 501(c)(3) not for profit corporation, to expand and enhance security, clean-up, and programming for special events on the Camden Waterfront including the annual New Year's and July 4th celebrations, as well as other seasonal festivities and events; and (ii) undertake a marketing program to promote visitorship to the Camden Waterfront, which will also have the effect of increasing parking revenues (i and ii collectively referred to as the "Camden Waterfront Promotional Activities"). Subject to HFE satisfying the conditions set forth in Paragraphs 1.03(b) and 1.03(c) below, NJEDA agrees to allow HFE to receive and use 20% of Total Parking Revenues (the "NJEDA Contribution") to pay a portion of the costs of Camden Waterfront Promotional Activities.

1.03(b) Within 30 days of the date of this Agreement for the Initial Term and not later than 90 days before the end of the Initial Term for the Extension Term, HFE shall submit the following items for approval to NJEDA's Real Estate Division, which approval shall not be unreasonably withheld:

- (i) annual budget for Camden Waterfront Promotional Activities;
- (ii) annual marketing plan and budget, and
- (iii) annual promotional events plan.

1.03 (c) Within 30 days after the end of each 3-month period of the Initial term and the Extension Term, HFE shall submit the following items to NJEDA's Real Estate Division:

- (i) a satisfactory operating statement showing expenses incurred and paid by HFE for Camden Waterfront Promotional Activities during the past 3 months;
- (ii) a satisfactory report of promotional events that occurred during the past 3 months;
- (iii) a satisfactory report of marketing efforts accomplished during the past 3 months; and
- (iv) NJA will cause the Parking Operator to deliver to NJEDA a satisfactory account of Total Parking Revenues and Aggregate Revenues for the past 3 months.

1.03(d) HFE shall seek contributions from NJA and contributions from other parties to providing funding for Camden Waterfront Promotional Activities in addition to the EDA Contribution. In the event HFE is not able to generated sufficient funds other than the EDA Contribution to fully fund the annual budget, marketing plan and promotional events approved by NJEDA Real Estate Division, HFE may request NJEDA's permission to cancel or limit the scope of any such event.

ARTICLE 2

FINANCIAL COVENANTS

2.01 Distribution of Parking Revenues. In consideration of the foregoing, the Parties agree that, during the Initial Term and the Extension Term, revenue from Aggregate Parking Spaces shall be distributed as follows:

- (a) the Parking Operator shall receive a Parking Operator's Fee of 30% of revenue from the Parking Lots;
- (b) NJA shall receive a management fee of 10% of Total Parking Revenues;
- (c) HFE shall receive 20% of Total Parking Revenues to pay a portion of costs for Camden Waterfront Promotional Activities; and
- (d) NJEDA shall receive the balance of parking revenues, which in any event shall not be less than 40% of Total Parking Revenues.

2.02 Manner of Payment. NJA shall cause parking revenues to be distributed to each Party within thirty (30) days after the completion of each calendar quarter.

2.03 Unused Funds. Any NJEDA Contribution received by HFE but not used by HFE to pay costs of the Camden Waterfront Promotional Activities in that year will be returned to NJEDA within 30 days of the end of the initial term or extension term, as applicable.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE PARTIES

3.01. Each Party hereby represents and warrants to each other Party, to the best of their knowledge, information and belief, that:

(1) Such Party has the legal capacity to enter into this Agreement and perform each of the undertakings set forth herein as of the date of this Agreement.

(2) Such Party is duly organized and a validly existing legal entity under the laws of the State of New Jersey and all necessary resolutions or authorizations have been duly adopted to authorize the execution and delivery of this Agreement and to authorize and direct the persons

executing this Agreement to do so for and on its behalf.

(3) No receiver, liquidator, custodian or trustee of such Party, or any affiliate of thereof, has been appointed or is contemplated as of the date of this Agreement, and no petition to reorganize it pursuant to the United States Bankruptcy Code or any similar statute that is applicable to the it has been filed or is contemplated as of the Effective Date.

(4) To the best of such Party's knowledge and belief after diligent inquiry, there is no action, proceeding or investigation now pending, nor any basis therefore, known or believed to exist which (i) questions the validity of this Agreement, such Party's execution hereof, or any action or act taken or to be taken by such Party pursuant to this Agreement; or (ii) is likely to result in a material adverse change in the such Party's property, assets, liabilities or condition which will materially and substantially impair such Party's ability to perform under this Agreement.

(5) Such Party's execution and delivery of this Agreement and its performance hereunder will not constitute a violation of any other agreement, indenture, instrument or judgment to which it is a party.

(6) Each of the agreements referenced in the recitals hereto, or upon which the Parties obligations are condition, and to which such Party is a party thereto, remains in full force and effect, and no default which remains uncured has been noticed by any other party thereto.

ARTICLE 4 **MISCELLANEOUS**

4.01 Default/Dispute Resolution/Remedies.

4.01(a) If a Party defaults in the performance any of its obligations hereunder and such default is not cured within thirty (30) calendar days after receipt of written notice of such default from any of the non-defaulting parties, such default shall be deemed an "Event of Default".

4.01(b) If an Event of Default occurs, such Event of Default shall be submitted to the highest in command in each of the Party's organization for their review and decision. Such highest in command shall issue a written decision on the alleged Event of Default within thirty days of referral thereto. In the event that the highest in command in each of the Party's organization disagree, then each Party may seek any and all legal or equitable remedies permitted by applicable law.

4.01(c) If HFE or NJA is found to be in Default under this Agreement, NJEDA may terminate this Agreement and HFE shall be liable to reimburse NJEDA for any parking revenues received by HFE but not properly utilized by HFE in accordance with this Agreement.

4.02 Assignment. This Agreement shall not be construed to create any rights on behalf of any person or entity other than the Parties. Neither this Agreement nor any rights or duties hereunder may be assigned or delegated by Parties hereto, except as expressly contemplated or authorized

hereby, without the written consent of each the other Parties and any such purported assignment or delegation shall be null and void and of no force or effect.

4.03. Notices: All notices required to be served or given hereunder shall be in writing and will be deemed given when received by personal delivery, fax or by an overnight delivery service which issues a receipt from delivery, or two business days after having been mailed by certified mail, return receipt requested, and addressed as follows:

If to NJEDA: New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, New Jersey 08625-0990
Attention: Donna Sullivan
Phone: (609) 858-6700
Fax: (609) 278-4693

If to NJA and HFE:

4.04. Modifications. The entire agreement between the Parties is contained herein and no change, modification, termination, or discharge of this Agreement shall be effective unless in writing and signed by the Parties.

4.05 Severability. The validity of any Articles and Sections, clauses or provisions of this Agreement shall not affect the validity of the remaining Articles and Sections, clauses or provisions hereof.

4.06 Governing Law; Jurisdiction and Venue, Waiver of Trial by Jury. This Agreement shall be governed by and construed and enforced pursuant to the laws of the State of New Jersey, without regard to its conflict of laws principles. Any action hereunder shall be brought exclusively in a court of the State of New Jersey or in a United States Court having jurisdiction in the District of New Jersey. Additionally any claims asserted against NJEDA based in contract law in connection with this Agreement shall be subject to the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq. and that any claims asserted against NJEDA based in tort law in

connection with this Agreement shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq.

4.07 No Individual Liability. No Commissioner, member, director, officer, agent, or employee of each Party shall be held personally liable under any provision of this Agreement or because of its execution or attempted execution or because of any breach or alleged breach hereof.

4.08 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed to be an original, and such counterparts will constitute one and the same instrument.

4.09 Titles of Articles and Sections. The titles of the several Articles and Sections of this Agreement, as set forth at the heads of said Articles and Sections, are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

4.10 Successors Bound. This Agreement shall be binding upon the respective Parties hereto and their permitted successors and assigns.

4.11 Entire Agreement. This Agreement constitutes the entire agreement between the Parties hereto and supersedes all prior oral and written agreements between the Parties with respect to the subject matter hereof.

4.12 Waiver. No waiver made by any party with respect to any obligation of any other party under this Agreement shall be considered a waiver of any other rights of the party making the waiver beyond those expressly waived in writing and to the extent thereof.

4.13 Capitalized Terms. Capitalized terms used in this Agreement but not otherwise defined herein shall have the meaning ascribed to them in the First Amendment.

IN WITNESS WHEREOF, the Parties have caused this Parking Management Agreement 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:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

Donna Sullivan
Director
Real Estate Division

By: _____
Timothy J. Lizura
President/Chief Operating Officer

ATTEST

HERSCHEND FAMILY ENTERTAINMENT

By: _____

ATTEST

NEW JERSEY AQUARIUM, L.L.C.

By: _____

SCHEDULE 1

Adventure Aquarium Public Parking Rates

Passenger Vehicles

General Public	\$ 10.00 per vehicle, per day
Annual Passholder	\$ 5.00 per vehicle, per day
Private Events	\$ 5.00 per vehicle, per day

Commercial Vehicles

School or Tour bus	\$ 10.00 per vehicle, per day
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OFFICE OF RECOVERY



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: June 11, 2013

RE: Superstorm Sandy New Program Creation: Stronger NJ Business Loans

Request:

The Members are requested to approve the creation of a new economic recovery program proposed under the New Jersey Department of Community Affairs, Community Development Block Grant Disaster Recover Action Plan (“Action Plan”) approved by the U.S. Department of Housing and Urban Development: Stronger NJ Business Loans and the associated delegated authority to staff to administer the program.

Background:

Superstorm Sandy caused unprecedented damage to New Jersey, resulting in President Obama’s October 30, 2012 disaster declaration that designated all twenty-one New Jersey counties major disaster areas. Storm damage was particularly concentrated in communities bordering or near the Atlantic Ocean and the Hudson River, many of which were flooded by Sandy’s storm surge. Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union Counties have been identified by the U.S. Department of Housing and Urban Development (HUD) as the areas in New Jersey most impacted by the storm.

Superstorm Sandy had a widespread and lasting impact on New Jersey’s business sector and particularly affected small businesses. The storm caused substantial damage to commercial property. Data suggest that businesses in 113 of New Jersey’s 565 municipalities incurred a combined \$382 million in commercial property losses and \$63 million in business interruption losses.

While most, if not all, New Jersey industries were impacted by the storm, the tourism industry has been particularly affected. Some tourism-driven businesses may require significant rebuilding, and certain others on the Jersey Shore that were comparatively less affected are expected to suffer under a general misperception that the entire coastline was decimated by Superstorm Sandy. All of these losses also affected the State's labor market, which in the month after the storm saw more than double the historically expected amount of unemployment claims filed.

The breadth of Sandy's impact across New Jersey, including to the business sector, emphasizes the need for a thoughtful and comprehensive long-term recovery process. As part of that process, the Authority participated in the drafting of the State's Action Plan. The Action Plan uses available data to assess damages and unmet needs resulting in certain sectors from the storm, including the business sector, and it describes New Jersey's plan for allocating the approximately \$1.8 billion of Community Disaster Block Grant Disaster Recovery (CDBG-DR) funds it has received to date to begin to address those unmet needs.

The State's Action Plan allocated \$460 million of CDBG-DR funds to the Authority for the creation and implementation of economic recovery programs. Staff has proposed through the Action Plan a multi-pronged approach to ensure New Jersey businesses are provided the support they require, including:

- Direct financial support to small businesses and non-profits
- Financial support to impacted communities for economic revitalization efforts
- A comprehensive, national marketing campaign to prevent further economic loss to the State's tourism industry by informing the public that New Jersey's tourism assets are open and visitors are welcome

Notably, because HUD requires that 80% of the approximately \$1.8 billion in CDBG-DR funds received by New Jersey in the first tranche of CDBG-DR funding be allocated to benefit the nine most impacted counties as determined by HUD, priority will be given to impacted businesses in those counties.

This Board action is to request approval for a program to provide direct financial support to small businesses to satisfy unmet needs. As additional programs to support business recovery are developed that will be administered by the NJEDA, those programs will be brought to the NJEDA Board for approval. The proposed small business loan program is described in more detail below.

Program Description: Stronger NJ Business Loans (\$100 million)

Description: With a focus on the nine most impacted counties in the State as determined by HUD, New Jersey will offer aid through loans to small businesses and non-profits, which sustained physical damage in Superstorm Sandy or will contribute to the economic revitalization of a community impacted by Superstorm Sandy. Preference will be given to projects located in the nine counties most impacted by the storm: Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union. Loans up to \$5,000,000 are available for entities with single impacted locations for working capital and/or renovations and new construction of the place of business. Loans are also available to businesses seeking funds to expand or re-locate within the nine counties most impacted by the storm.

The following further defines what may be included as eligible expenses, organized according to use and purpose, and grouped by applicable requirements established by HUD as further defined in the **Terms/Conditions** section below.

Working Capital needs include but are not limited to the following:

- 1) Repaying or refinancing debt used to pay working capital (not physical damage) after the date of the Superstorm. Acceptable forms of debt include, but are not limited to: credit cards, loans (with the exception of loans through a governmental agency), lines of credit with the exception of lines of credit through a governmental agency), and retirement account loans
 - 2) Salary, wages and fringe benefits
 - 3) Mortgage, rent or property lease payments
 - 4) Inventory— both perishable and non-perishable
 - 5) Supplies
 - 6) Utility bills
 - 7) Equipment and machinery leases, rental or purchases which do not require installation
 - 8) Marketing
 - 9) Insurance premiums related to the business such as, but not limited to commercial, hurricane, flood, and auto (on commercial vehicles only)
 - 10) Federal, State, county, local or other taxes and assessments not in arrears
- NOTE: Maximum working capital loan amount \$500,000, exclusive of equipment

Renovation or New Construction of Place of Business includes but is not limited to the following:

- 1) Repair or replacement of the physical structure
- 2) Repair or replacement of building systems
- 3) Repair or replacement of electrical
- 4) Repair or replacement of plumbing
- 5) Carpentry associated with repair or replacement of the place of business
- 6) Other construction costs associated with repair or replacement of the place of business
- 7) Installation of fixtures

- 8) Mitigation - costs listed above related to new building codes or improvements that will allow entities to reduce the cost of or secure flood insurance
- 9) Expansion of the physical structure
- 10) New construction and renovations
- 11) Repair or replacement of equipment or machinery of any cost that also requires installation
- 12) Repair or replacement of furnishings
- 13) Repair or replacement of exterior structures such as decks
- 14) Landscaping
- 15) Paving
- 16) Architectural services
- 17) Engineering services
- 18) Other construction-related services, with the exclusion of accounting, legal and financing costs
- 19) Any of the above costs paid to satisfy insurance deductibles
- 20) Cost associated with business relocation are prohibited, except that costs associated with relocation of applicant business within or to the nine most impacted counties is allowable

Eligibility:

- Any form of legal business or non-profit, subject to the following restrictions many of which are based on federal regulations:
 - 1) Home-based businesses are not eligible. A home-based business is considered any business that does not have a separate entrance for commercial customers, i.e., it requires commercial customers to enter the residential portion of the property in order to conduct business. Bed and Breakfast establishments are not considered Home-Based Businesses.
 - 2) Casinos and gambling facilities are not eligible.
 - 3) Privately-owned recreational facilities that serve a predominantly higher-income clientele, where the recreational benefit to users or members clearly outweighs employment or other benefits to low- and moderate-income persons, are not eligible. (Examples may include private golf courses, country clubs, and yacht clubs.)
 - 4) Non-profit entities eligible for funding are those involved in commercial or industrial activities, or those that have facilities, which provide a public service that furthers economic development. These eligible non-profits may only apply for construction funds. (Religious-affiliated non-profits, such as churches, may utilize the funding only for renovation or new construction of portions of a physical structure with non-sectarian uses.)
 - 5) Residential rental properties are not eligible as businesses, except where they are owned by a registered, legally organized company, that company has its own federal tax identification (EIN) number, and the company manages two or more rental units. The real property must have been owned by the applicant on the date of the storm, October 29, 2012.
 - 6) Multiple businesses with separate EIN numbers that share ownership and that are co-located at the same physical location, may only submit one application collectively.
 - 7) Location Requirements:
 - a. Entity must have at least one impacted location in New Jersey.

- b. Entities located in Coastal Barrier Resource Areas (CBRAs) are not eligible.
- 8) The entity must have been in existence on October 29, 2012, the date of the Superstorm and be able to provide one full year of financial statements prior to storm
 - 9) Projects located within the nine most impacted counties must be able to demonstrate that the project will positively impact the economy of the community and/or evidence a minimum of \$5,000 in physical damage to the entity's real property and/or loss or damage of non-perishable and non-consumable inventory. Projects located outside of the nine most impacted counties must have sustained a minimum of \$5,000 of physical damage to the entity's real property and/or loss or damage of non-perishable and non-consumable inventory.
 - 10) If eligible because of physical damage, the cause of damage to the entity must be Superstorm-related, and may include wind, water, mold, flood, mitigation and includes basements as well as first and upper floors, loss of physical items and inventory.
 - 11) The entity must be a Small Business as defined by the US Small Business Administration.
 - 12) The entity must have at least \$25,000 in annual revenue in its most recent federal tax filing or financial statements.
 - 13) To avoid any duplication of benefits, the entity must show unmet needs eligible for funding after accounting for funding received from other sources, including but not limited to private insurance, SBA and FEMA. Monies received from private loans, private lines of credits or other similar sources do not implicate the duplication of benefits analysis.
 - 14) Cash flow needs will be determined by the projected difference between revenues and expenses supported by historical information with the goal that the business has sufficient capital with other sources to recover.
 - 15) In order to comply with federal requirements that prohibit an entity from receiving benefits for a duplicative purpose, filing an SBA application and receiving a final determination on that application (approval or denial) is a prerequisite to submitting an application for the Stronger NJ Business Loan program, until the SBA loan program applicable to purpose of funding sought by the applicant lapses. The current SBA deadline was May 1, 2013 for Physical Damage loan applications and is July 31, 2013 for Economic Injury loan applications. More specifically, if after the SBA Physical Damage loan application period closes, an entity seeks a loan for a purpose that SBA would include in its physical damage loan program, such as construction, the entity need not have filed an SBA Physical Damage loan application to be eligible for a Stronger NJ Business Loan for that purpose. However, if an entity seeks an NJEDA loan related to SBA's definition of economic injury, such as working capital to cover salaries and expenses, after the SBA Physical Damage loan application period closes but before the Economic Injury loan period closes, it must still apply for the SBA Economic Injury loan and receive a final determination before applying to NJEDA for that purpose.

- 17) Businesses declined or approved by SBA may proceed with the Loan application.
- 18) Businesses with applications pending at SBA may prepare an application for the Loan and may submit an application following a final SBA determination.
- 19) If a business refuses an SBA-approved loan, the approved amount is considered an approved benefit for the purpose of the Duplication of Benefits calculation described above and is subtracted from the damage cost and working capital expenses.
- 20) If an applicant has withdrawn their SBA application, the applicant will be asked to resubmit their SBA application prior to applying for a Stronger NJ Business Loan, provided that the application submission deadline has not passed.
- 21) The entity must be registered to do business in New Jersey.
- 22) The entity must be in good standing with the State of New Jersey, Division of Taxation.
- 23) The entity must be registered with Dun and Bradstreet, and have a DUNS number.
- 24) Demonstrate an overall creditworthiness satisfactory to the EDA as evidenced by:
 - a. 100% loan-to-cost (inclusive of other funding sources)
 - b. Global debt service coverage of 1.10 in year before Superstorm Sandy
 - c. Minimum credit score of 650 for at least one guarantor, if applicable.

Terms/Conditions:

- General Uses
 - Working Capital – up to one year of expenses, starting on one of three dates, at the option of the applicant and dependent on the date of application: October 29, 2012 (date of Superstorm Sandy), January 1, 2013, or January 1, 2014
 - Reimbursement of working capital costs
 - Working capital going forward (prospectively)
 - Renovation and construction-related activities, including fixtures, and machinery and equipment over \$5,000 in value, requiring installation must comply with the following:
 - Federally Required Environmental and/or Historical Reviews (**Note:** If environmental review is required, all construction-related work must cease until review is completed.)
 - Davis Bacon and Prevailing Wage requirements for labor, as applicable
 - Affirmative Action requirements for labor, as applicable
 - Inspection of completed work prior to disbursement of funding
 Notably, reimbursement of expenses already paid is prohibited; only construction-related costs yet to be incurred are eligible
- Terms
 - Loans for will be available for up to 100% of project costs not covered by other sources, including owner's equity, up to \$5 million for renovation, new construction and equipment. Loans of up to \$500,000, exclusive of equipment, for working capital. All disbursement requests must be supported by invoices
 - The first \$50,000 of loans to Projects that meet all of the Stronger NJ Grant eligibility criteria and conditions will be forgivable.

- 2 year principal moratorium for construction loans, or until Temporary Certificate of Occupancy is issued, as applicable; 18 months principal moratorium for working capital
 - 0% interest for first 24 months; Interest rate will be 5 year US Treasury after the initial interest free period, fixed at closing for terms up to 10 years. For terms of greater than 10 years, rates will be reset every 10 years; Default rate will be the rate in effect at the time of default plus 500 basis points.
 - Up to a 30 year term based on the purpose of the loan and the useful life of any assets to be financed
 - Lien on all assets taken as collateral. EDA will subordinate its loan (in lien position only, not payment) to all senior lenders and existing liens
 - Guarantees required for all individuals or entities having a 20% or greater ownership position in the applicant or operating company
 - For renovation/new construction/equipment loans, and equity contribution of 5% will be required if liquid assets of the Applicant business or guarantors are greater than 2xs the amount of project costs.
 - Flexibility in terms may be available for projects which are leveraging New Markets Tax Credits transactions
- Conditions
 - Any entity located in a Special Flood Hazard Areas and utilizing funding for construction, renovation or purchase of equipment, machinery, or fixtures greater than \$5,000 (including installation), will be required to have or purchase flood insurance for the term of the loan.
 - Loans must close within 60 days of approval. All disbursements must be complete by December 31, 2014.

NJEDA Fees:

- There are no NJEDA fees for this program.

Approval Process/Delegated Authority:

- Applications for up to \$2 million, which meet the eligibility requirements and terms/conditions above, can be approved under delegated authority.

Appeal Process:

- An applicant may appeal the NJEDA's decision by submitting in writing to the NJEDA no later than 20 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. Such challenges are not contested cases subject to the requirements of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1. The CEO of the NJEDA shall designate an employee of the NJEDA to serve as a hearing officer for the challenge and to make a recommendation on the merits of the challenge to the Board according to the attached process.

Reporting Requirements:

- Approved projects will be subject to all reporting required by the CDBG-DR program, including, but not limited to: National Objectives, Labor Requirements, Procurement Requirements, and Environmental Requirements. To the extent other reporting requirements may apply, the entity will be made aware of those requirements and will have to provide information sufficient to satisfy those requirements.

Recommendation:

The Members are requested to approve the creation of a new economic recovery program proposed under the New Jersey Department of Community Affairs, Community Development Block Grant Disaster Recover Action Plan: Stronger NJ Business Loan program and the associated delegated authority to staff. Staff will report activity under delegated authority to the Board on a monthly basis.

A handwritten signature in black ink, appearing to read "V. J. [unclear]", is written over a horizontal line.

Prepared by: Kim Ehrlich and Gina Behnfeldt

AUTHORITY MATTERS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: June 11, 2013

RE: New Program Approval - New Jersey Angel Investor Tax Credit

Request:

The Members are requested to approve the implementation of the New Jersey Angel Investor Tax Credit (“Angel TC” or “Program”) as described herein pursuant to the New Jersey Angel Investor Tax Credit Act (P.L. 2013, c. 14). The Members are further requested to approve the proposed regulations, 19:31-19 (attached) for submission to the Office of Administrative Law for promulgation and adoption, subject to the review of the Division of Law, Office of the Attorney General.

Background:

On January 31, 2013, the New Jersey Angel Investor Tax Credit Act (P.L. 2013, c. 14) (“Act”) was signed into law by Governor Chris Christie. Modeled after other states’ programs, the Act is designed to stimulate the growth of New Jersey’s technology sector by providing tax credits in return for certain non-refundable investments into New Jersey Emerging Technology Businesses. The Act identified the Authority to administer the Program, in consultation with the Director of the Division of Taxation in the Department of the Treasury. Below is a detailed description of the Program.

Description:

Under the Act, taxpayers are allowed credits against their New Jersey corporation business tax or New Jersey gross income tax in the amount of 10% of a qualified investment made in a New Jersey emerging technology business. The maximum allowed credit is \$500,000 for the tax year for each qualified investment made by the taxpayer. The program has an annual approval cap of \$25 million per calendar year. Under the Act, if the tax credit amount exceeds a gross income taxpayer’s tax

liability, the State will issue a refund to the taxpayer in the amount of the excess. A corporation business taxpayer may choose between having the amount of the excess refunded or carried forward to be applied against tax liabilities in the next 15 years. The 15 year carryforward for corporate business taxpayers is not applicable to a credit claimed under the gross income tax.

Eligibility:

Eligible Technology

Eligible technologies in this Program are: advanced computing, advanced materials, biotechnology, electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, and renewable energy technology. These are all defined in the Act.

New Jersey Emerging Technology Businesses

New Jersey Emerging Technology Businesses – are required to have fewer than 225 employees, of whom at least 75 percent are filling a position in New Jersey. An employee filling a position in New Jersey must spend at least 80% of his or her time in the State and must work for 35 hours per week or such amount as generally accepted by custom or practice, as determined by the Authority, as full-time employment. Employees of any company with control over the business or in the same chain or chains of corporations with a common parent as the business shall be included. The Act's threshold for determining control is 80 percent direct or indirect ownership of the voting power of a business or of the beneficial interest in the principal or income of a trust; ownership of a partnership or association or of a beneficial interest in a trust shall be determined under the Internal Revenue Code.

A New Jersey Emerging Technology Businesses also must:

- (1) be doing business, employing or owning capital or property, or maintaining an office in this State,
- (2) have an eligible technology as its primary business, and
- (3) meet one or more of the following for an eligible technology:
 - (a) have qualified research expenses paid or incurred for research conducted in New Jersey;
 - (b) conduct pilot scale manufacturing in New Jersey; or
 - (c) conduct technology commercialization in New Jersey.

The terms “qualified research expenses,” “pilot scale manufacturing,” and “technology commercialization” are defined in section 19:31-19.2, starting on page 5 of the proposed Regulations (attached).

Investors

To make use of the tax credit received for a qualified investment, any entity or individual is required to file a New Jersey corporate business or gross income tax

return; they need not be residents and need not have any other reason to file New Jersey taxes. This is consistent with the Act's purpose of aiding New Jersey emerging technology businesses. In addition, investors may make qualified investments through special purpose entities created for investing purposes, which is the method anticipated for most investments. Investments also may be made directly by individuals. All forms of corporations may make qualified investments including, but not limited to limited liability companies, partnerships, general partnerships, and limited partnerships, as well as C corporations, S corporations, and sole proprietors. With the exception of partnerships (and entities treated as a partnership for tax purposes), the investor receives the tax credit directly. With regard to partnerships, however, the Act does not allow tax credits directly, but rather to the partners in proportion to each partner's distributive share of partnership income. The Act makes no provision for transferring these tax credits.

Qualified investments – must be a non-refundable transfer of cash to a New Jersey emerging technology business by an investor that is not a related person of the technology business. To be a qualified investment, the transfer of cash must be in connection with either (1) a transaction in exchange for stock, interests in partnerships or joint ventures, licenses (exclusive or non-exclusive), rights to use technology, marketing rights, warrants, options or any items similar to those included herein, including but not limited to options or rights to acquire any of the items included herein; or (2) a purchase, production, or research agreement. For the transfer of cash to be considered non-refundable, the assets received by the investor in the exchange listed in (1) above and the agreements entered into by the investor listed in (2) above must be held or not expire for at least 2 calendar years from the date of the exchange, with the exception of initial public offerings (IPOs), mergers and acquisitions, damage awards for the business's default of an agreement, or other return of initial cash outlay beyond the investor's control. This provision distinguishes between non-refundable angel investments that the Act seeks to incentivize (and which the legislative history characterizes as equity placements into high-risk start-up ventures) from financial transactions made by a third party for its immediate profit or by the emerging technology business in the regular course of its business (for example, with customers or vendors). Each transfer of cash, including separate disbursements of tranches of funding governed by a single investment document, is considered to be its own qualified investment.

Research and Development Tax Credit prohibition – a Research and Development Tax Credit (pursuant to section 1 of P.L.1993, c.175 (N.J.S. 54:10A-5.24) is not allowed for any funds eligible for or includable in the calculation of a tax credit under this Program.

Application Requirements:

For investments made on or before July 1, 2013, an investor must submit a completed application within one year of July 1, 2013. For all other investments, an investor must submit a completed application within one year of the date of the qualified

investment. Applications are anticipated to be available on or after July 1, 2013 and will be preliminarily reviewed under rules then published for public comments.

Administration of the Cap:

The Program is subject to an approval cap of \$25 million per calendar year. Should the situation arise where the allocation requests exceed \$25 million in a given year, applications may be approved and allowed for the following year in the order the applications were completed. Partial tax credits will be allowed.

Terms/Conditions:

Under the Act, the Authority is involved only in determining eligibility and deciding on the approval of applications. Once an application is approved and Taxation issues the corresponding tax credit certificate, the tax credit is allowed and Taxation will administer compliance with the Program through Taxation's customary auditing and enforcement processes.

NJEDA Fees:

In preparing the fee structure, the Authority followed its established methodology for establishing and amending fees which includes consideration of the complexity of the product, existing economic conditions and the marketplace, size of the applicant pool and duration of the product, and consistency across customers and similar product types. This methodology resulted in the following fees. A non-refundable application fee of \$1,000 will be required to accompany every application for tax credits. In addition, a fee of five percent of the approved tax credit amount or \$2,500, whichever is greater, will be charged upon the approval of the tax credit, with the application fee of \$1,000 applying to the approval fee. For example, a tax credit in the amount of \$10,000 (for a qualified investment of \$100,000) would pay only the initial application fee of \$1,000 and an approval fee of \$1,500. In this instance the approval fee is calculated by: 1) starting with \$2,500 which is the larger of \$2,500 or 5% of the tax credit (\$500); and then, 2) subtracting the application fee of \$1,000 from it to yield \$1,500.

Approval Process:

After a complete application is submitted, staff reviews it according to the requirements of the Program and prepares a recommendation of approval or denial for Board action. If approval is being recommended, the applicant will be required to pay any approval fee due prior to Board action. Once the Board makes its decision, the Authority will inform the applicant investor of that decision.

If approved, the Authority will notify the Division of the approval and the Division will issue the tax credit certificate dated with the effective date of the approval. A taxpayer will attach the certificate to their filing for the tax year or privilege period

corresponding to the effective date of the approval to claim or carry forward their tax credit.

Appeal Process:

An applicant investor may appeal the Authority's action by submitting in writing to the Authority, within 20 days from the date of the Authority's action, an explanation as to how the investor or the New Jersey emerging technology business has met the program criteria. The CEO of the Authority will designate an employee of the NJEDA to serve as a hearing officer for the challenge and to make a recommendation on the merits of the challenge to the Board.

Recommendation:

The Members are requested to approve the implementation of the New Jersey Angel Investor Tax Credit as described herein pursuant to the New Jersey Angel Investor Tax Credit Act (P.L. 2013, c. 14). The Members are further requested to approve the proposed regulations, 19:31-19 (attached) for submission to the Office of Administrative Law for promulgation and adoption, subject to the review of the Division of Law, Office of the Attorney General.

A handwritten signature in black ink, appearing to be "V. Lopez", is written over a horizontal line. The signature is stylized and cursive.

Attachment: New Jersey Angel Investor Tax Credit proposed regulations 19:31-19

Prepared by: Gina Behnfeldt

DRAFT

6.11.13

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Angel Investor Tax Credit Program

Proposed New Rules: N.J.A.C. 19:31-19

Authorized By: New Jersey Economic Development Authority, Michele Brown, Chief Executive Officer.

Authority: P.L. 2013, c. 14.

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

Proposal Number: PRN 2013-____.

Submit written comments by _____, 2013 to:

Maureen Hassett, SVP Finance & Development
New Jersey Economic Development Authority
PO Box 990
Trenton, NJ 08625-0990

The agency proposal follows:

Summary

The New Jersey Economic Development Authority (“EDA” or “Authority”) is proposing new rules to establish the Angel Investor Tax Credit Program (“Program”) pursuant to P.L. 2013, c. 14 to encourage angel investments, which are generally equity placements into high-risk start-up ventures, to spur job creation and growth in New Jersey's current and next generation of select high-skill, high-wage emerging technology industries. The following summarizes the contents of each section of the proposed new rules implementing the Angel Investor Tax Credit Program:

N.J.A.C. 19:31-19.1 addresses the statutory authority for the Angel Investor Tax Credit Program and summarizes the scope and purpose of the program, which may provide credits against corporation business and gross income taxes for taxpayers investing in certain New Jersey emerging technology businesses with fewer than 225 employees, of whom at least 75 percent are filling a position in New Jersey, that is doing business, employing or owning capital or property, or maintaining an office in this State and: (1) has qualified research expenses paid or incurred for research conducted in this State; (2) conducts pilot scale manufacturing in this State; or (3) conducts technology commercialization in this State in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, information technology, life

sciences, medical device technology, mobile communications technology, or renewable energy technology.

N.J.A.C. 19:31-19.2 defines certain terms used in this subchapter, incorporates terms defined in P.L. 2013, c. 14 pertaining to the program, clarifies statutory terms, and provides additional terms included in the implementation of the program. Definitions have been clarified or added to distinguish between non-refundable angel investments and the New Jersey emerging technology business's financial transactions in the regular course of business, such as requiring a minimum holding period, with exceptions, for the stocks and other items received by the investor in exchange for the qualified investment.

N.J.A.C. 19:31-19.3 outlines the criteria for a taxpayer to be eligible for tax credits including: the disallowance of the Research and Development Tax Credit pursuant to section 1 of P.L. 1993, c. 175 (N.J.S. 54:10A-5.24) for expenses paid from funds for which a credit is allowed under this subchapter; the time by which completed applications must be submitted; and that the qualified investment must be documented in writing.

N.J.A.C. 19:31-19.4 establishes the information and procedures required for submitting an application to the Authority for tax credits under the program.

N.J.A.C. 19:31-19.5 establishes non-refundable application fee and approval fee intended to assist the Authority in recouping the administrative costs in processing applications.

N.J.A.C. 19:31-19.6 addresses the total amount of tax credit allowed; the tax liabilities against which the credit may be applied; the process for determination of the amount of a credit of a taxpayer in respect of a distributive share of partnership income; the order of priority in which the credit may be taken; the carryforward of credit amounts or claim as an overpayment; and the prohibition of carryover of any amount of credit allowed to a tax year during which a corporate acquisition with respect to the taxpayer occurred or during which the taxpayer was party of a merger or a consolidation or to any certain subsequent tax year unless the taxpayer can identify the acquiring person.

N.J.A.C. 19:31-19.7 outlines procedures through which the EDA shall process and evaluate complete applications.

N.J.A.C. 19:31-19.8 caps the value of all credits approved and allowed under the program at a cumulative total of \$25 million per calendar year; and, provides that in instances where the cumulative amount of credit requests exceeds the amount of available credits in that year, completed applications that have not been allowed a credit for that reason may be approved by the EDA and allowed, in the order in which the applications were completed in the next succeeding calendar year in which tax credits are available.

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

Social Impact

The Angel Investor Tax Credit Program authorizes corporation business and gross income tax credits equal to 10 percent of a taxpayer's qualified investment in an emerging technology company, up to a maximum allowed credit of \$500,000 per year for each qualified investment. The proposed new rules will have a positive social impact by incentivizing private investment in New Jersey emerging technology businesses to advance research, development and commercialization in the fields of information technology, biotechnology and life sciences industries. With the reduction nationally in available early stage venture investments, the Angel Investor Tax Credit Program will provide an important means for early-stage, start-up businesses to access high risk capital.

Economic Impact

The Angel Investor Tax Credit Program is intended to strengthen the state's innovation economy through support for emerging technology businesses. It is anticipated that the availability of the new credit may result in expanded angel investments in New Jersey. Angel investments are generally equity placements and other similar non-refundable transfers of cash, into high-risk start-up ventures as opposed to commercial transactions entered into in the regular course of business. The proposed new rules will impose minimal costs on taxpayers to comply with application and reporting requirements. Finally, the proposed fees for the program are intended to ensure a source of necessary administrative fee revenue for EDA to more fully cover the costs of administering the program.

Federal Standards Statement

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

Jobs Impact

In New Jersey, employment in the biotechnology, technology and life sciences industries totals nearly 122,000 or 3.9 percent of the state's private sector workers with wages paid of more than \$14.5 billion or 8.1 percent of the state's total wages. The EDA anticipates that the proposed new rules will spur an indeterminate amount of job creation through growth in New Jersey's current and next generation of high-skill, high-wage emerging technology industries, particularly through new business formation among current in-state technology executives with access to early stage capital.

Agriculture Industry Impact

The new rules will have no impact on the agriculture industry of the State of New Jersey.

Regulatory Flexibility Analysis

The new rules do not directly impose reporting, recordkeeping, or other compliance requirements on small business, as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16

et seq., because the Angel Investor Tax Credit Program provides tax credits to individuals and entities who provide early-stage financing to emerging businesses. The New Jersey emerging technology business in which an investment is made will be required to provide general information relating to its organization and employees to support the investor application; however, professional services will not be necessary for such purposes. In addition, any costs to investor applicants due to reporting, recordkeeping, or other compliance requirements will be fully offset by the amount of financial assistance received.

Housing Affordability Impact Analysis

The proposed new rules will not impact affordable housing in New Jersey or evoke a change in the average costs associated with housing units, including multi-family rental housing and for sale housing in the State. The proposed new rules establish the Angel Investor Tax Credit Program to spur job creation and growth in New Jersey's current and next generation of high-skill, high-wage emerging technology industries.

Smart Growth Development Impact Analysis

The proposed new rules will not impact smart growth or evoke a change in the number of housing units or result in any increase or decrease in the average cost of housing or in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan. The proposed new rules establish the Angel Investor Tax Credit Program to spur job creation and growth in New Jersey's current and next generation of high-skill, high-wage emerging technology industries.

Full text of the proposal follows:

SUBCHAPTER 19. ANGEL INVESTOR TAX CREDIT PROGRAM

19:31-19.1 Applicability and scope

The rules in this subchapter are promulgated by the New Jersey Economic Development Authority (the "Authority") to implement the New Jersey Angel Investor Tax Credit Act, P.L. 2013, c. 14 (the "Act"). The Act authorizes credits against corporation business and gross income taxes for certain investments in New Jersey emerging technology businesses to spur job creation and growth in New Jersey's current and next generation of high-skill, high-wage emerging technology industries. The Act further provides that the Angel Investor Tax Credit Program (the "Program") is to be administered by the New Jersey Economic Development Authority, and that the Authority consults with the Director of the Division of Taxation in the Department of the Treasury when adopting rules for the Program. The Program provides credits against corporation business and gross income taxes for taxpayers investing in New Jersey emerging technology businesses with fewer than 225 employees, of whom at least 75 percent are filling a position in New Jersey, that is doing business, employing or owning capital or property, or maintaining an office in this State and: (1) has qualified research expenses paid or incurred for research conducted in this State; (2) conducts pilot scale manufacturing in this State; or (3)

conducts technology commercialization in this State in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, or renewable energy technology. Under the Act, the corporation business and gross income tax credits equal 10 percent of a taxpayer's qualified investment in an emerging technology company, up to a maximum allowed credit of \$500,000 per year for each qualified investment. If the tax credit amount exceeds a gross income taxpayer's tax liability, the State will issue a refund to the taxpayer in the amount of the excess; while a corporation business taxpayer may choose between having the amount of the excess refunded or carried forward to be applied against tax liabilities in the next 15 years. Under the Program, purchase, production, and research agreements qualify as creditable investments, as do transactions in exchange for stocks, interests in partnerships or joint ventures, licenses, rights to use technology, marketing rights, warrants, and options. The program is subject to a \$25 million annual cap and applies to privilege periods and taxable years beginning on or after January 1, 2012.

19:31-19.2 Definitions

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

“Advanced computing” means a technology used in the designing and developing of computing hardware and software, including innovations in designing the full spectrum of hardware from hand-held calculators to super computers, and peripheral equipment.

“Advanced materials” means materials with engineered properties created through the development of specialized processing and synthesis technology, including ceramics, high value-added metals, electronic materials, composites, polymers, and biomaterials.

“Acquiring person” means the constituent corporation the stockholders of which own the largest proportion of the total voting power in the surviving or consolidated corporation after the merger or consolidation.

“Authority” means the New Jersey Economic Development Authority.

“Biotechnology” means the continually expanding body of fundamental knowledge about the functioning of biological systems from the macro level to the molecular and sub-atomic levels, as well as novel products, services, technologies and sub-technologies developed as a result of insights gained from research advances which add to that body of fundamental knowledge.

“Board” means the Board of the New Jersey Economic Development Authority.

“Control” with respect to a corporation means ownership, directly or indirectly, of stock possessing 80 percent or more of the total combined voting power of all classes of the stock of the corporation entitled to vote; and “control” with respect to a trust means ownership, directly or indirectly, of 80 percent or more of the beneficial interest in the principal or income of the trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership or

association or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of stock provided in subsection (c) of section 267 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.267), other than paragraph (3) of subsection (c) of that section.

“Controlled group” means one or more chains of corporations connected through stock ownership with a common parent corporation if stock possessing at least 80 percent of the voting power of all classes of stock of each of the corporations is owned directly or indirectly by one or more of the corporations and the common parent owns directly stock possessing at least 80 percent of the voting power of all classes of stock of at least one of the other corporations.

“Director” means the Director of the Division of Taxation in the Department of the Treasury.

“Electronic device technology” means a technology involving microelectronics, semiconductors, electronic equipment, and instrumentation, radio frequency, microwave, and millimeter electronics, and optical and optic-electrical devices, or data and digital communications and imaging devices.

“Eligible technology” means advanced computing, advanced materials, biotechnology, electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, or renewable energy technology.

“Filling a position in New Jersey” means a full-time employee whose primary office is in New Jersey and who spends at least 80 percent of his or her time in New Jersey, or who spends any other period of time generally accepted by custom or practice as full-time employment in New Jersey, as determined by the Authority.

“Full-time employee” means a person employed by a New Jersey emerging technology business on a permanent or indefinite basis for consideration for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice, as determined by the Authority, as full-time employment and whose wages are subject to withholding as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq.; or who is a partner of a New Jersey emerging technology business who works for the partnership for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, and whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes, as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq. or an employee who is a resident of another state who works in New Jersey but whose income or distributive share of income, gain, loss or deduction, or guaranteed payments or any combination thereof is not subject to the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., by virtue of a reciprocity agreement between New Jersey and the state in which the employee resides; or who is employed under a formal written agreement with an institution of higher education whereby the institution’s students are employed by the New Jersey emerging technology business on a permanent basis within a single position and in compliance with all other requirements of “full-time employee.” “Full-time employee” shall not include any person who works as an independent contractor or on a consulting basis for the New Jersey emerging technology

business; or any person who works as an intern, as a temporary employee, or in a temporary position.

“Information technology” means software publishing, motion picture and video production, television production and post-production services, telecommunications, data processing, hosting and related services, custom computer programming services, computer system design, computer facilities management services, other computer related services, and computer training.

“Investor” means the individual or entity that made the qualified investment. The taxpayer must be the investor except when the qualified investment is made by a partnership or an entity treated as a partnership for tax purposes, in which case, for purposes of this Program, the partnership or entity shall be considered the investor and each partner or member of the entity shall be considered a taxpayer that may receive a tax credit based on the investor’s qualified investment.

“License” means an agreement that states therein that it is granting a license that authorizes the investor to control aspects of the development of the New Jersey emerging technology business’s protected proprietary intellectual property. License shall not include an agreement, such as an exclusive distribution agreement or similar business arrangement that is not registered with the U.S. Federal Government, such as the U.S. Patent and Trademark Office, which does not grant the investor control of the protected proprietary intellectual property.

“Life sciences” means the production of medical equipment, ophthalmic goods, medical or dental instruments, diagnostic substances, biopharmaceutical products; or physical and biological research.

“Marketing rights” means the exclusive right of an entity to sell a product or products that qualifies the originator of that product(s) as a New Jersey emerging technology business.

“Medical device technology” means a technology involving any medical equipment or product (other than a pharmaceutical product) that has therapeutic value, diagnostic value, or both, and is regulated by the federal Food and Drug Administration.

“Mobile communications technology” means a technology involving the functionality and reliability of transmission of voice and multimedia data using a communication infrastructure via a computer or a mobile device, that shall include but shall not be limited to smartphones, electronic books and tablets, mp3 players, motor vehicle electronics, home entertainment systems, and other wireless appliances, without having to be connected to any physical or fixed link.

“New Jersey emerging technology business” means a company with fewer than 225 employees, of whom at least 75 percent are filling a position in New Jersey, that is doing business, employing or owning capital or property, or maintaining an office in this State, whose primary business is an eligible technology, and: (1) has qualified research expenses paid or incurred for research conducted in its most recent fiscal year prior to the qualified investment in this State; (2) conducts pilot scale manufacturing in this State; or (3) conducts technology

commercialization in this State. In calculating the number of employees under this definition, employees of any company, except the investor, with control over the New Jersey emerging technology business or in the same controlled group as the New Jersey emerging technology business shall be included. The company must continue to operate as a New Jersey emerging technology business until the earlier of six (6) months after the qualified investment or the date of the investor's completed application for the credit pursuant to N.J.A.C. 19:31-19.4.

“Partnership” means a syndicate, group, pool, joint venture or other unincorporated organization through or by means of which any business, financial operation or venture is carried on, and which is not a trust or estate, a corporation or a sole proprietorship.

“Pilot scale manufacturing” means design, construction, and testing of preproduction prototypes and models in an eligible technology other than for commercial sale, excluding sales of prototypes or sales for market testing if total gross receipts, as calculated in the manner provided in section 6 of P.L.1945, c. 162 (N.J.S. 54:10A-6), from such sales of the product, service or process do not exceed \$1 million.

“Privilege period” means the calendar or fiscal accounting period for which a tax is payable under the Corporation Business Tax Act, section 5 of P.L.1945, c. 162 (N.J.S. 54:10A-5) or New Jersey Gross Income Tax Act, N.J.S. 54A:1-1 et seq.

“Production agreement” means, upon completion of pilot scale manufacturing or technology commercialization, the first manufacturing contract of a product that qualifies the producer of that product as a New Jersey emerging technology business that causes the total gross receipts, as calculated in the manner provided in section 6 of P.L. 1945, c. 162 (N.J.S. 54:10A-6), from such sales of the product, service or process to be no less than \$1,000,000.

“Protected proprietary intellectual property” means intellectual property that is the technology of the entity's primary business as a New Jersey emerging technology business that is also protected via a patent pending, patent awaiting approval, approved patent or registered copyright.

“Purchase agreement” means, upon completion of pilot scale manufacturing or technology commercialization, the first acquisition of the product that qualifies the producer of that product as a New Jersey emerging technology business that causes the total gross receipts, as calculated in the manner provided in section 6 of P.L. 1945, c. 162 (N.J.S. 54:10A-6), from such sales of the product, service or process to be no less than \$1,000,000.

“Qualified investment” means the non-refundable transfer of cash to a New Jersey emerging technology business by an investor that is not a related person of the New Jersey emerging technology business, at the time of the investment, the transfer of which is in connection with either (1) a transaction in exchange for stock, interests in partnerships or joint ventures, licenses (exclusive or non-exclusive), rights to use technology, marketing rights, warrants, options or any items similar to those included herein, including but not limited to options or rights to acquire any of the items included herein; or (2) a purchase, production, or research agreement. For the transfer of cash to be considered non-refundable, the assets received by the investor in the

exchange referred to in (1) above and the agreements entered into by the investor referred to in (2) above must be held or not expire for at least 2 calendar years from the date of the exchange, with the exception of initial public offerings (IPOs), mergers and acquisitions, damage awards for the New Jersey emerging technology business's default of an agreement, or other return of initial cash outlay beyond the investor's control.

“Qualified research expenses” means qualified research expenses as defined in section 41 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in an eligible technology.

“Related person” means a corporation, partnership, association or trust controlled by the taxpayer or the investor; an individual, corporation, partnership, association or trust that is in the control of the taxpayer or the investor; a corporation, partnership, association or trust controlled by an individual, corporation, partnership, association or trust that is in the control of the taxpayer or the investor; or a member of the same controlled group as the taxpayer or the investor.

“Renewable energy technology” means a technology involving the generation of electricity from solar energy; wind energy; wave or tidal action; geothermal energy; the combustion of gas from the anaerobic digestion of food waste and sewage sludge at a biomass generating facility; the combustion of methane gas captured from a landfill; and a fuel cell powered by methanol, ethanol, landfill gas, digester gas, biomass gas, or other renewable fuel but not powered by a fossil fuel.

“Research agreement” means a contract to methodically study a component of the field that qualifies the entity conducting the methodical study as a New Jersey emerging technology business.

“Right to use technology” means the exclusive right of an entity to utilize a product or products that qualifies the originator of that product(s) as a New Jersey emerging technology business.

“Tax credit approval year” means the taxpayer's taxable year or privilege period in which the Authority approves the application for tax credits.

“Tax credit vintage year” means the taxpayer's taxable year or privilege period in which the investor made the qualified investment.

“Technology commercialization” means the design, construction, testing and production for sale of a product in an eligible technology previously in research or pilot scale manufacturing.

19:31-19.3 Eligibility criteria

(a) This Program applies to privilege periods and taxable years beginning on or after January 1, 2012. For investments made on or before July 1, 2013, an investor must submit a completed application within one year of July 1, 2013. For all other investments, an investor must submit a

completed application within one year of the date of the qualified investment.

(b) A credit shall not be allowed pursuant to section 1 of P.L.1993, c. 175 (N.J.S. 54:10A-5.24), for expenses paid from funds for which a credit is allowed, or which are includable in the calculation of a credit allowed, under this subchapter.

(c) Any asset received and any agreement entered into by the investor in connection with the non-refundable transfer of cash that qualifies as a qualified investment must be in writing.

19:31-19.4 Application submission requirements

(a) An investor shall submit an application to the Authority; the Authority shall conduct a review of the applications commencing with the completed application bearing the earliest completion date.

(b) A completed application shall include, but not be limited to, the following:

1. Investor information shall include the following:

i. At the time of investment:

(1) The name, address and Federal tax identification number, or social security number if applicable;

(2) The total amount of the qualified investment and amount of requested tax credit;

(3) A description of the qualified investment;

(4) Evidence of qualified investment, including an executed document demonstrating that the qualified investment was made;

(5) A list of all officers, directors, owners or trustees;

(6) A list of 100 percent of ownership of the investor by percentage or if a publically traded company, the 10% or greater officers, directors, or owners; and

(7) Federal tax identification number, or social security number if applicable, for all owners of the investor.

ii. At the time of application: submission of a tax clearance certificate, pursuant to P.L. 2007, c. 101.

2. New Jersey emerging technology business information shall include the following:

i. At the time of investment:

(1) The name, address and Federal tax identification number; and

(2) A list of 100 percent of ownership of the business by percentage.

ii. At the time of investment and at the time of application:

(1) A description of the business which demonstrates that such business meets the criteria of the definition of New Jersey emerging technology business;

(2) A list of all employees filling a position in New Jersey, whether any employee is related, as defined in Section 152(d)(2) of the Internal Revenue Code, to any other employee, shareholder or investor if so known and copies of most recent year's Federal and New Jersey W-3 forms for the business and all entities other than the investor with control over the business or in the same controlled group as the business, or documentation from a professional employer organization summarizing W-2 forms issued for full-time employees on behalf of the business and all entities other than the investor with control over the business or in the same controlled group as the business for the calendar year prior to the year in which the company files its application and at the time of the application; and

iii. At the time of application: submission of a tax clearance certificate, pursuant to P.L. 2007, c. 101.

3. Any other supplemental information required by the Authority to decide on the approval of the application or required by the Division of Taxation to administer the credit.

19:31-19.5 Fees

(a) A non-refundable application fee of \$1,000 shall accompany every application for tax credits.

(b) A fee of five percent of the approved tax credit amount or \$2,500, whichever is greater, shall be paid to the Authority upon the approval of the tax credit. The application fee of \$1,000 shall be applied toward the approval fee.

19:31-19.6 Tax credit amount; overpayment and carryforward of tax credits

(a) A taxpayer, upon approval of the investor's application by the Authority in consultation with the Director, and upon issuance of a tax credit certificate by the Division of Taxation, shall be allowed a credit against the tax imposed under the Corporation Business Tax, section 5 of P.L.1945, c. 162 (N.J.S. 54:10A-5) or New Jersey Gross Income Tax Act, N.J.S. 54A:1-1 et seq., in an amount equal to 10 percent of the qualified investment made by the investor in a New Jersey emerging technology business, up to a maximum allowed credit of \$500,000 for the tax credit vintage year for each qualified investment made by the investor.

(b) A partnership or an entity treated as a partnership for tax purposes shall not be allowed a credit under this section directly, but the amount of credit of a taxpayer in respect to a

distributive share of partnership income under the “New Jersey Gross Income Tax Act,” N.J.S. 54A:1-1 et seq. or under the Corporation Business Tax, section 5 of P.L.1945, c. 162 (N.J.S. 54:10A-5), shall be determined by allocating to the taxpayer that proportion of the credit acquired by the partnership or entity that is equal to the taxpayer’s share, whether or not distributed, of the total distributive income or gain of the partnership or entity for its taxable year ending within or with the taxpayer's tax credit vintage year. For the purposes of N.J.A.C. 19:31-19.6(c) and (d), the amount of tax liability that would be otherwise due of a taxpayer is that proportion of the total liability of the taxpayer that the taxpayer’s share of the partnership income or gain included in gross income bears to the total gross income of the taxpayer.

(c) The amount of the credit allowed shall be applied against the tax otherwise due under the New Jersey Gross Income Tax Act, N.J.S. 54A:1-1 et seq., after all other credits and payments. If the credit exceeds the amount of tax liability otherwise due, that amount of excess shall be an overpayment for the purposes of N.J.S. 54A:9-7, provided, however, that subsection (f) of N.J.S. 54A:9-7 shall not apply. The 15 year carryforward in subsection (e) is not applicable to a credit claimed under the New Jersey Gross Income Tax Act.

(d) Notwithstanding any other provision of law, the order of priority in which the credit allowed by this section against the tax imposed pursuant to the Corporation Business Tax, section 5 of P.L.1945, c. 162 (N.J.S. 54:10A-5) and any other credits allowed by law may be taken shall be as prescribed by the Director.

(e) Except as provided in N.J.A.C. 19:31-19.6(f), the amount of tax credit otherwise allowable against the tax imposed pursuant to the Corporation Business Tax, section 5 of P.L.1945, c. 162 (N.J.S. 54:10A-5) which cannot be applied for the tax credit approval year against tax liability otherwise due for that tax credit approval year may either be carried over, if necessary, to the 15 tax years following the tax credit approval year or, at the election of the taxpayer, be claimed as and treated as an overpayment for the purposes of R.S. 54:49-15, provided, however, that section 7 of P.L.1992, c. 175 (N.J.S.A. 54:49-15.1) shall not apply.

(f) A taxpayer may not carryover any amount of credit allowed against the tax imposed pursuant to the Corporation Business Tax, section 5 of P.L.1945, c. 162 (N.J.S. 54:10A-5) to a tax year during which a corporate acquisition with respect to which the taxpayer was a target corporation occurred or during which the taxpayer was a party to a merger or a consolidation, or to any subsequent tax year, if the tax credit approval year was prior to the year of acquisition, merger or consolidation, except that if in the case of a corporate merger or corporate consolidation the taxpayer can demonstrate, through the submission of a copy of the plan of merger or consolidation and such other evidence as may be required by the Director, the identity of the constituent corporation which was the acquiring person, a credit allowed to the acquiring person may be carried over by the taxpayer.

19:31-19.7 Evaluation process; award of tax credits

(a) The Authority, in consultation with the Director, shall process and evaluate complete applications.

(b) The Authority shall transmit a copy of its decision to the applicant investor.

(c) If the Authority has approved the application, the Authority shall notify the Division of the approval. The Division of Taxation shall then issue the tax credit certificate.

(d) An applicant investor may appeal the Authority's action by submitting in writing to the Authority, within 20 days from the date of the Authority's action, an explanation as to how the investor or the New Jersey emerging technology business has met the program criteria. Appeals will be handled by the Authority as follows:

1. The Chief Executive Officer shall designate an employee of the Authority to serve as a hearing officer for the appeal and to make a recommendation on the merits of the appeal to the Board. The hearing officer shall perform a review of the written record and may require an in-person hearing. The hearing officer has sole discretion to determine if an in-person hearing is necessary to reach an informed decision on the appeal;

2. Following completion of the record review and/or in-person hearing, as applicable, the hearing officer shall issue a written report to the Board containing his/her finding(s) and recommendation(s) on the merits of the appeal; and

3. The Board shall consider the hearing officer's recommendation(s) and, based on that review, shall issue a final decision on the appeal.

19:31-19.8 Cap on total credits

(a) The amount of credits approved by the Authority, in consultation with the Director, pursuant to P.L.2013, c. 14 (N.J.S. 54A:4-13), shall not exceed a cumulative total of \$25 million in any calendar year to apply against the tax imposed pursuant to section 5 of P.L.1945, c. 162 (N.J.S. 54:10A-5) and the tax imposed pursuant to the New Jersey Gross Income Tax Act, N.J.S. 54A:1-1 et seq.

(b) If the cumulative amount of credits allowed to taxpayers in a calendar year exceeds the amount of credits available in that year, then any complete applications for which no tax credits have been allowed for that reason may be approved by the Authority and allowed, in the order in which their applications were completed, the amount of the tax credit on the first day of the next succeeding calendar year in which tax credits are not in excess of the amount of credits available.