



MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: June 12, 2012
SUBJECT: Agenda for Board Meeting of the Authority June 12, 2012

Notice of Public Meeting

Roll Call

Welcome Address - Philip L. Yeagle, Interim Chancellor; Rutgers University

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Bond Projects

Loans/Grants/Guarantees

Incentive Programs

Board Memorandums

Authority Matters

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

May 8, 2012

MINUTES OF THE MEETING

Members of the Authority present: Al Koepp, Chairman; Matt McDermott representing the Executive Branch; Jim Kelly representing the State Treasurer; Colleen Kokas representing the Commissioner of the Department of Environment Protection; Fred Zavaglia representing the Department of Labor and Workforce Development; Public Members: Joseph McNamara, Vice Chairman; Richard Tolson, Charles Sarlo, Harold Imperatore, Kate Whitman, Ray Burke, First Alternate Public Member; Elliot M. Kosoffsky, Second Alternate Public Member; Brian Nelson, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Present via conference call: Nancy Graves representing the Commissioner of the Department of Banking and Insurance.

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

Absent: Public Members Larry Downes, and Marjorie Perry.

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

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the April 10, 2012 meeting minutes. A motion was made to approve the minutes by Mr. Sarlo, seconded by Mr. Tolson, and was approved by the 11 voting members present.

Public Members Whitman, Nelson, and Kosoffsky abstained because they were not present.

Ms. Franzini introduced and welcomed Michael Van Wagner, newly installed Executive Director of the Business Action Center.

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

BOND RESOLUTIONS

ITEM: NJEDA/2012 School Facilities Construction Refunding Bonds

REQUEST: To approve a decrease in bond closing fee for the 2012 Refunding Bonds to \$200,000.

MOTION TO APPROVE: Mr. McDermott **SECOND:** Mr. Tolson **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

PROJECT: UMM Energy Partners, LLC*

APPL.#36870

LOCATION: Montclair Township/Essex

PROCEEDS FOR: Construction and Equipment

FINANCING: \$60,000,000 (est.) Series A Tax-Exempt Bond and \$30,000,000 (est.) Series B Taxable Bond

MOTION TO APPROVE: Mr. Tolson **SECOND:** Mr. McDermott **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

PUBLIC HEARING: Yes

PUBLIC COMMENT: None

Chairman Koeppe recused himself, because New Jersey Resources Corp., where he is a board member, has a business relationship with the applicant.

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

PROJECT: The Seeing Eye, Inc.*

APPL.#37370

LOCATION: Morris Township/Morris

PROCEEDS FOR: Renovation

FINANCING: Up to \$25,000,000 Tax-Exempt Bond

MOTION TO APPROVE: Mr. McDermott **SECOND:** Mr. Tolson **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

PUBLIC HEARING: Yes

PUBLIC COMMENT: None

LOANS/GRANTS/GUARANTEES

ITEM: Fort Monmouth Economic Recovery Authority

REQUEST: To approve a credit facility totaling \$4.5 million to Fort Monmouth Economic Revitalization Authority for general working capital purposed and renovation costs.

MOTION TO APPROVE: Mr. Imperatore **SECOND:** Mr. McDermott **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

Mr. Nelson abstained because he represents one of the host communities.

HAZARDOUS DISCHARGE SITE REMEDIATION FUND PROGRAM

PROJECT: Borough of Northvale **APPL.#37376**
LOCATION: Northvale Borough/Bergen
PROCEEDS FOR: Remedial Investigation and Remedial Action
FINANCING: \$295,577, Hazardous Discharge Site Remediation Fund grant
MOTION TO APPROVE: Mr. McDermott **SECOND:** Mr. McNamara **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

INCENTIVE PROGRAMS

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

PROJECT: Achieve 3000, Inc. **APPL.#37407**
LOCATION: Lakewood Township/Ocean **BUSINESS:** Communications
GRANT AWARD: 80% **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Mr. Tolson **SECOND:** Mr. McNamara **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Achieve 3000, Inc. **APPL.# 37410**
LOCATION: Lakewood Township/Ocean **BUSINESS:** Communications
GRANT AWARD: \$180,000 (est.), **Business Retention and Relocation Assistance grant**, 1 year
MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. McDermott **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PROJECT: Dendreon Distribution, LLC **APPL.#37402**
Dendreon Corporation and Affiliates
LOCATION: Bridgewater Township/Somerset **BUSINESS:** Biotechnology
GRANT AWARD: 80% **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Mr. McDermott **SECOND:** Mr. Burke **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Ginsey Industries, Inc. **APPL.#37380**
LOCATION: Logan Township/Camden **BUSINESS:** Distribution
GRANT AWARD: \$162,000 (est.), **Business Retention and Relocation Assistance grant**, 1 year
MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. McDermott **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PROJECT: Goltens-New York Corp. **APPL.#37401**
LOCATION: TBD **BUSINESS:** Repair Shops
GRANT AWARD: 30% **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Mr. McDermott **SECOND:** Mr. Tolson **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Lonza Group Ltd. & subsidiaries **APPL.#37418**
LOCATION: Allendale Borough/Bergen **BUSINESS:** Biotechnology
GRANT AWARD: 60% **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Mr. Nelson **SECOND:** Mr. McNamara **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Lonza Group Ltd. & subsidiaries **APPL.# 37427**
LOCATION: Allendale Borough/Bergen **BUSINESS:** Biotechnology
GRANT AWARD: \$333,000 (est.), **Business Retention and Relocation Assistance grant**,
1 year
MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Ms. Kokas **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PROJECT: Vitamin Shoppe Industries, Inc. **APPL.#37360**
LOCATION: TBD **BUSINESS:** Wholesale
GRANT AWARD: 40% **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. McDermott **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM

PROJECT: Lacey Plaza, LLC
LOCATION: Lacey/Ocean
REIMBURSEMENT GRANT: Up to \$3,365,004
MOTION TO APPROVE: Mr. Tolson **SECOND:** Mr. McNamara **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

URBAN TRANSIT HUB TAX CREDIT PROGRAM

ITEM: Ahold eCommerce Sales Company LLC
REQUEST: To agree with the finding that jobs are at risk as represented in the CEO
certification
MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Tolson **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ITEM: Ahold eCommerce Sales Company LLC

REQUEST: To approve the Urban Transit Hub Tax Credit program application for Ahold eCommerce Sales Company LLC under P.L. 2007, c.346, P.L. 2008, as amended on July 26, 2011, for the amount of up to \$34,561,347 or \$3,456,135 annually for 10 years (which equates to the cumulative net benefits nominal value).

MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. Imperatore **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

GROW NEW JERSEY ASSISTANCE PROGRAM

PROJECT: Soundview Paper LLC

LOCATION: Elmwood Park Borough/Bergen

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

MOTION TO APPROVE: Mr. Burke **SECOND:** Mr. McNamara **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PROJECT: Soundview Paper LLC

LOCATION: Elmwood Park Borough/Bergen

REQUEST: To approve the \$25,450,000 Grow New Jersey award

MOTION TO APPROVE: Mr. Tolson **SECOND:** Mr. Kosoffsky **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

BOARD MEMORANDUMS

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

REQUEST: Consent to modify the existing Bond to reduce the existing interest rate, amend the First and Second Reset Dates and to add an additional 25 basis points to existing pricing formula of the First Rest Rate.

MOTION TO APPROVE: Mr. McDermott **SECOND:** Mr. Tolson **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

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

New Jersey Business Growth Fund: Enright Chiropractic LLC

Direct Loan Program: SPCI Realty, LLC

Camden ERB: Khal Bnei Torah Inc.

Community Economic Development Program: Franklin Township

REAL ESTATE

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

REQUEST: To approve the Fort Monmouth Economic Revitalization Authority entering into the redevelopment agreement that is contained within its Purchase and Sale Agreement with CommVault Systems Inc. for Parcel E in the Tinton Falls section of the former Fort Monmouth.

MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. McNamara **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

Mr. Nelson abstained because he represents one of the host communities.

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

REQUEST: To approve the termination of the Authority's agreement to convert the existing Retail Space Sublease Agreement between Treasury and the Authority into a lease agreement between the parties when the project is conveyed to Treasury and to assign the retail tenant leases to Treasury's Department of Property Management and Construction.

MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. McNamara **AYES:** 14

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 pending litigation. The minutes will be made public when the need for confidentiality no longer exists.

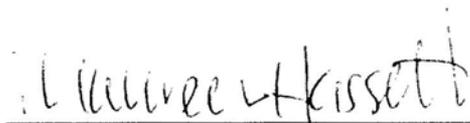
MOTION TO APPROVE: Mr. McDermott **SECOND:** Mr. Burke **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT:

The Board returned to Public Session.

There being no further business, on a motion Mr. McDermott, and seconded by Mr. Burke, the meeting was adjourned at 11:17 a.m.

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

A handwritten signature in black ink, appearing to read "Maureen Hassett", written over a horizontal line.

Maureen Hassett, Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

June 1, 2012

MINUTES OF THE SPECIAL MEETING

Members of the Authority present: Matt McDermott representing the Executive Branch; Jim Kelly representing the State Treasurer; Nancy Graves representing the Commissioner of the Department of Banking and Insurance; Fred Zavaglia representing the Department of Labor and Workforce Development; Public Members: Joseph McNamara, Acting Chairman; Larry Downes; and Brian Nelson, Third Alternate Public Member.

Present via conference call: Colleen Kokas representing the Commissioner of the Department of Environment Protection; Public Members: Kate Whitman, Charles Sarlo, Ray Burke, First Alternate Public Member; and Elliot M. Kosoffsky, Second Alternate Public Member.

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

Absent: Al Koeppe, Chairman; Public Members, Marjorie Perry, Richard Tolson, and Harold Imperatore.

Acting Chairman McNamara called the meeting to order at 1 p.m.

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

MINUTES OF AUTHORITY MEETING

Ms. Franzini provided Board members and the public with a brief history of the Urban Transit Hub Tax Credit Program and the analysis that the EDA performs to ensure that all of the program requirements are being met before recommending a project to the Board for approval.

Ms. Franzini reviewed the proposed changes to Prudential's amended application that came about from a change in location. Ms. Franzini then read a letter of support of the Prudential project from the Mayor of Newark Mr. Cory A. Booker.

(Ms. Whitman left the call at this time.)

INCENTIVE PROGRAMS
URBAN TRANSIT HUB TAX CREDIT PROGRAM

ITEM: Urban Transit Hub Tax Credit Program - Prudential Financial, Inc. and/or Affiliates

REQUEST: To review and adopt an amendment to the approval of the Urban Transit Hub Tax Credit (“UTHTC”) for Prudential Financial, Inc. and / or Affiliates (“Prudential” or “the Company” or “the Applicant”) due to a change in the project site address. The amount of the UTHTC is to be reduced from \$250,785,077 to \$210,828,357. All other previous conditions as previously approved remain the same and the methodology in determining the net benefits continues to be calculated more conservatively than as required per the legislation for the UTHTC program.

MOTION TO APPROVE: Mr. Nelson **SECOND:** Mr. McDermott **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

PUBLIC COMMENT

Mr. Paul Josephson, an attorney from the firm Hill Wallack that is representing the Gateway landlords, gave a presentation contesting the Prudential project approval. The presentation contained observations to support the appeal filed against the Authority for the Prudential project. Members of the Board had been previously provided with information compiled by Hill Wallack on behalf of Gateway.

Mr. Adam Carl, a New Jersey resident, addressed the Board by stating his opposition of the Prudential project and his thoughts on how the State should be utilizing tax credit relief programs for residents and not corporations.

Mr. Miles Burger, New Jersey real estate agent in Newark, addressed the Board by stating that he and his partners are strong supporters of the project, for the construction site will be occupying a lot that has been vacant for years and will provide the city and state with much needed economic benefits.

Mr. Calvin Wess, former councilman of the city of Newark, addressed the Board by stating that he supports the Prudential project, stating that as a long time resident and public servant, he believes that it is necessary for the revitalization of Newark and the project supports the people of Newark.

Acting Chairman McNamara recognized there were no more comments from the public and opened the meeting to comments from Board members. Mr. McNamara asserted that the Prudential project had undergone the same process as other HUB applications, has a positive impact on the city and state, and he believes that the intent of the law was applied properly. He noted that both the previous approval in November 2011 as well as the amended approval had been reviewed by the Incentive Committee, of which he is a member, several times.

Board member Mr. Brian Nelson recognized the work Hill Wallack did for its client but disagreed with the contention that the EDA had erred in its analysis. Mr. Nelson stated that he closely reviewed the arguments posed by Hill Wallack, believes appropriate due diligence was performed by the EDA staff and believes that the Authority would not support a project that did not result in a positive net benefit. Mr. Nelson added that the purpose of the program was to cause investment in nine cities with existing infrastructure. It is the purview of the local planning and zoning board to review the project for any infrastructure improvement and the developer will be required to address any costs.

Board member Larry Downes stated that he had the opportunity to understand the issues and question staff directly and the committee has reviewed them in detail, responded to them and made adjustments. Mr. Downes expressed that the EDA staff has applied the statute, that the committee is comfortable with the recommendation and commends the staff for their efforts.

Board member Charles Sarlo stated that he reviewed the allocations made by Mr. Josephson and expressed concern for the city's infrastructure from the impact of the new construction.

Ms. Franzini commented on Mr. Sarlo's concerns by stating that there is sufficient documentation indicating Prudential will be responsible for the costs of any infrastructure burdens. Prudential is also agreeing to pay full property taxes.

Ms. Franzini also added that at-risk jobs are not considered in the HUB analysis, only new jobs are considered.

Board member Matt McDermott concurred with Mr. Nelson and added that bringing a major employer to an urban center is what was intended by the legislature in its creation of the program.

There being no further business, on a motion by Mr. Downes, and seconded by Ms. Graves, the meeting was adjourned at 2:50 p.m.

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



Maureen Hassett, Assistant Secretary



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: June 12, 2012

RE: Chief Executive Officer's Report to the Board

NEW JERSEY NATIONAL ASSOCIATION OF INDUSTRIAL AND OFFICE PROPERTIES OWNERS (NJ-NAIOP) HONORS FIVE EDA PROJECTS WITH DEAL OF THE YEAR AWARDS

On May 17, NJ-NAIOP honored five EDA assisted projects at their annual awards ceremony, which recognizes the most impactful New Jersey economic development projects of the year.

The Business Employment Incentive Grant (BEIP) provided to Novo Nordisk for the creation of 414 jobs in Plainsboro and the Business Retention and Relocation Assistance Grant (BRRAG) provided to Realogy Corporation for the retention of 953 jobs in Madison both tied for the Creative Office Deals of the Year. The Urban Transit Hub Tax Credit provided to Wakefern Food Corporation in Elizabeth was honored as the Industrial Deal of the Year.

Additionally, the Urban Transit Hub Tax Credit provided to Panasonic Corporation for their new headquarters in Newark and the Urban Transit Hub Tax Credit provided to Goya Foods for their new industrial facility in Jersey City both tied for the Economic Impact Deals of the Year.

EDA Board members and staff involved in the advancement of these projects should be very proud of this recognition and the fact that EDA has impacted these communities with hundreds of millions of dollars in new investments and created or retained so many jobs in such important industries to NJ.

WAKEFERN WAREHOUSE AND DISTRIBUTION CENTER BREAKS GROUND IN ELIZABETH

On May 23, Lt. Governor Kim Guadagno joined Elberon Development, state and local officials and executives from Wakefern Food Corporation to break ground on Wakefern's new 524,000-square-foot warehouse and distribution center in Elizabeth. The new facility is replacing Wakefern's former warehouse, built in the 1950s, and will increase storage capabilities by more than 58 percent.

Under the expansion plan, freight rail capacity will also be expanded and used more efficiently. The facility will distribute non-perishable food products to ShopRite stores across New Jersey, New York, Pennsylvania, Connecticut, Delaware and Maryland beginning in November 2013. Wakefern was approved for up to \$58 million through the Urban Transit Hub Tax Credit Program, and the company applied as a tenant in the new \$89.8 million facility. The project is creating an estimated 820 construction jobs and 350 new permanent jobs and, as mentioned above, was honored by NJ-NAIOP as the Industrial Deal of the Year.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY (FMERA) UPDATE

On May 17, 2012, the State of New Jersey took an historic step forward in the redevelopment of Fort Monmouth. With keynote remarks from Lt. Governor Guadagno, and bearing signatures from FMERA Board Chairman James V. Gorman and Acting Deputy Assistant Secretary of the U.S. Army Paul Cramer, a Memorandum of Agreement (MOA) was signed during a ceremony at Gibbs Hall on Fort Monmouth which lays out the process by which the former Fort Monmouth property will be transferred to FMERA. The MOA was approved by the FMERA Board of Directors at its April 24, 2012 public meeting and is the overarching agreement between the U.S. Army and FMERA.

On May 16, 2012 another important step in Fort Monmouth's redevelopment took place. The FMERA Board of Directors approved the selection of Patock Construction Co. pursuant to a Request for Proposals for design-build services to retrofit and convert the former Post Library (Building #502) to professional administrative space on the Fort Monmouth property for FMERA staff. The design-build work will be funded in part through FMERA's grant from the Office of Economic Adjustment and in part through a loan from EDA. The FMERA staff hopes to occupy their new office in the fall.

FINANCING ACTIVITY

Through May 2012, EDA has closed financing and incentives totaling just over \$132 million for 55 projects that are expected to support the creation of over 1,100 new jobs, the retention of over 5,600 existing jobs at risk of leaving New Jersey, and involve total public/private investment of over \$437 million in New Jersey's economy. Businesses assisted through EDA financing in May include:

Realogy Corporation, which executed a \$10.7 million Business Retention and Relocation Assistance Grant (BRRAG) to support the retention of 953 jobs in Madison. The company was set to move its headquarters to North Carolina, but proactive outreach from the Business Action Center and EDA support under BRRAG and STX enabled New Jersey to retain the company and its 953 employees. Realogy signed a 17-year lease and will be the sole tenant of the 270,000-square-foot state-of-the-art facility that will house all current Realogy corporate headquarters location employees, including the Realogy Franchise Group and its leading franchise brands, Realogy's brokerage subsidiary, NRT, as well as NRT's Eastern Seaboard Support Center and its local brokerage, Coldwell Banker Residential Brokerage. As mentioned above, this project was honored by NJ-NAIOP as the Creative Office Deal of the Year

Holmdel Pediatrics, LLC, which closed a \$137,500 (25%) EDA guarantee of a \$553,000 PNC Bank loan under the New Jersey Business Growth Fund. Holmdel Pediatrics, which provides general pediatric services in the Holmdel area, will be using the financing to purchase their existing location. As a result of this assistance, the company will create 3 new jobs within the next two years.

Mid-State Heating and Cooling Inc., which closed a \$172,500 (25%) EDA guarantee of a \$690,000 PNC Bank loan under the New Jersey Business Growth Fund. Mid-State Heating and Cooling operates as a heating and air conditioning contractor that offers maintenance, repair and installation of heating and air conditioning units/systems for residential and commercial clients. As a result of this assistance, the company expects to create 5 new jobs within two years.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees or exhibitors at 28 events in May. These events included the Ernst & Young 7th Annual Domestic Tax Conference in New York, the Hunterdon County Chamber of Commerce Women's Leadership Summit in Asbury Park, the Wakefern Groundbreaking in Elizabeth, and the TD Bank Small Business Reception in Edison.



BOND RESOLUTIONS

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

APPLICANT: Robertet, Inc.

P37148

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 400 International Drive Mount Olive Township (N) Morris

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

APPLICANT BACKGROUND:

Robertet, Inc. is part of the Robertet Group which is a family owned fragrance and flavor company that specializes in natural ingredients. The Robertet Group's operations are conducted through three divisions: raw materials, perfumery, and flavorings. Robertet, Inc., which focuses on perfumery and raw materials, manufactures scents for household products and the fine fragrance industry. The company has been operating in New Jersey since 1979.

In 2011, Robertet was seeking to improve its operations by combining its two New Jersey sites into one facility. The EDA provided the company with a BRRAG incentive to locate its combined operations in New Jersey instead of moving out of state. Robertet opted to relocate to Mount Olive, New Jersey, and is now seeking tax-exempt bond financing through the Authority to finance the facility.

APPROVAL REQUEST:

Authority assistance will enable the applicant to finance the acquisition, renovation, and equipping of a 115,000 sq ft building in Mount Olive, New Jersey to be used as a manufacturing facility as well as serve as the company's corporate headquarters.

This project was approved by the Authority in March 2012, but due to various delays has not yet closed. It is being presented today to reallocate volume cap to provide additional time for the parties to close the bond financing.

FINANCING SUMMARY:

BOND PURCHASER: PNC Bank (Direct Purchase)

AMOUNT OF BOND: Up to \$10,000,000 (Tax-Exempt)

TERMS OF BOND: 20 years; variable interest rate at either the tax-exempt equivalent of (i) one-month LIBOR plus 1.57% with a 5 year call option, (ii) one-month LIBOR plus 1.725% with a 7 year call option, or (iii) one-month LIBOR plus 1.89% with a 10 year call option. On the closing date, the borrower may enter into a fixed interest rate swap agreement for 5, 7, or 10 years. The indicative rates as of 12/13/2011 were 2.17%, 2.47%, and 2.85% respectively.

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$8,000,000
Renovation of existing building	\$3,000,000
Purchase of equipment & machinery	\$500,000
Closing Costs	\$150,000
TOTAL COSTS	<hr/> \$11,650,000 <hr/>

JOBS: At Application 110 Within 2 years 10 Maintained 0 Construction 25

PUBLIC HEARING: 03/15/12 (Published 03/01/12) **BOND COUNSEL:** Wolff & Samson

DEVELOPMENT OFFICER: K. Durand **APPROVAL OFFICER:** K. McCullough

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

APPLICANT: Schott NYC Corp. and RBM Realty Inc.

P37025

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 735 Rahway Avenue

Union Township (T)

Union County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Schott NYC Corp is a clothing manufacturing company famous for its leather jackets. The company, which was founded in New York in 1913 by brothers Irving and Jack Schott, claims to be the first manufacturer to put a zipper on a jacket. Over the years, Schott NYC began manufacturing the first leather "biker jackets" as well as the leather "bomber jackets" worn by the US Military during World War II. The company is still family owned and strives to capture the American spirit in its apparel offerings.

Schott relocated from Staten Island to Jersey City in 1939. The company leased that space for 50 years before moving to its current location that it leases in Elizabeth. For the past year, Schott has been searching for a facility to purchase and has identified a building in Union Township. RBM Realty Inc. was formed as a real estate holding company in order to facilitate the transaction.

APPROVAL REQUEST:

Authority assistance will enable RBM Realty Inc. to acquire and renovate a 58,000 sq ft facility in Union Township through the Series A Bonds while the Series B Bonds will fund the acquisition of new equipment by Schott NYC Corp.

This project was approved by the Authority in March 2012, but due to various delays has not yet closed. It is being presented today to reallocate volume cap to provide additional time for the parties to close the bond financing.

FINANCING SUMMARY:

BOND PURCHASER: Sovereign Bank (Direct Purchase)

AMOUNT OF BOND: Series A

Up to \$3,150,000 (Tax-Exempt)

Series B

Up to \$500,000 (Tax-Exempt)

TERMS OF BOND: 25 years; variable interest rate at the tax-exempt equivalent of 30 day LIBOR plus 2.10%. On the closing date the borrower will enter into a fixed interest rate swap agreement for either 5, 7, or 10 years. The indicative rates as of 3/2/2012 were 2.35%, 2.61%, and 2.95% respectively.

8 years; variable interest rate at the tax-exempt equivalent of 30 day LIBOR plus 2.10%. The loan is interest only for 12 months followed by 7 year amortization of principal and interest. On the closing date the borrower will enter into a fixed interest rate swap agreement for 7 years. The indicative rate as of 3/2/2012 was 2.35%.

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$3,450,000
Purchase of equipment & machinery	\$500,000
Renovation of existing building	\$400,000
Legal fees	\$20,000
Finance fees	\$20,000

Accounting fees

\$20,000

TOTAL COSTS

\$4,410,000

JOBS: At Application 65 Within 2 years 20 Maintained 0 Construction 6

PUBLIC HEARING: 03/15/12 (Published 03/01/12) **BOND COUNSEL** Wolff & Samson

DEVELOPMENT OFFICER: D. Johnson

APPROVAL OFFICER: K. McCullough

AMENDED BOND RESOLUTIONS

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

APPLICANT: Continental Airlines, Inc.

P37452

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: Newark Liberty Internat'l Airport Newark City (T/UA)

Essex

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

APPLICANT BACKGROUND:

Continental Airlines, Inc. is a certificated U.S. Carrier. In 2011, Continental and its regional partners operated approximately 2,400 flights a day to more than 270 U.S. domestic and international destinations. Continental operates its domestic route system through three primary locations, Houston (headquarters), Newark and Cleveland. Newark Liberty International Airport is the second-largest hub for Continental Airlines, which is the airport's largest tenant (operating all of Terminal C and part of Terminal A).

In 2010, Continental, along with United Airlines, became a wholly owned subsidiary of United Continental Holdings, Inc. ("UAL") and currently, Continental and United operate under a single carrier code, flight schedule and departure control system. Continental expects that Continental and United will be combined as a single legal entity at some subsequent date. Unless and until the legal merger of Continental and United is complete, Continental will remain separate legal entity, and the obligation to pay any amounts due under the Authority Bonds will be solely an obligation of Continental, and not of UAL or United.

In 1999, the Authority closed a \$730,360,000 tax-exempt bond issue (P10050) to finance the Global Gateway expansion project consisting of a new Terminal C concourse, adding 19 gates plus retail space, U.S. Custom facilities, renovations and modifications to the existing concourse and support areas at Terminal C, renovations to the gates at Terminal A-2, a cargo facility and construction and/or renovation of support facilities such as flight information display systems. The 1999 Bonds were underwritten by Goldman Sachs, as term bonds with final maturity of 30 years and interest rates ranging from 6.25% to 6.625%.

Continental Airlines closed a \$176,995,000 tax exempt bond issue (P12805) in 2000 to finance the second round of expenditures in connection with the Global Gateway expansion project. In addition, the Authority closed a tax-exempt bond issue of \$48,000,000 (P14422) in 2003 for cost over-runs/change order components related to the Global Gateway project. These projects are in compliance.

Continental Airlines is also the recipient of a 60% BEIP grant (P11092) which closed in 2000 and 50% BEIP grant (P96530) which closed in 1997.

This project qualified for Authority assistance as it is an Exempt Public Facility (Airport) under Section 142 (a) (1) of the Internal Revenue Code of 1986 as amended and therefore the \$20,000,000 capital expenditure limitation under Section 144 of the Code is not applicable. In addition, it is also exempted from the Volume Cap limitations under Section 146(g) of the Code.

REFUNDING REQUEST:

Authority assistance will enable the applicant to refund \$100,275,000 of the outstanding principal amount of the 1999 Bonds, scheduled to mature on September 15, 2012 and pay certain costs of issuance. This refunding will allow the applicant to take advantage of the currently strong market and effectively defer the payment of principal due in 2012. The balance of the 1999 Bonds (\$630,085,000) will remain outstanding.

FINANCING SUMMARY:

BOND PURCHASER: Citigroup Global Markets Inc. (Underwriter)

AMOUNT OF BOND: \$115,000,000 (Tax-exempt)

TERMS OF BOND: 30 years (max.) Fixed rate bonds not to exceed 10% (estimated rate as of 6/4/12 is 6.75%).

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	\$100,275,000
Issue Discount	\$12,717,412
Finance fees	\$1,107,588
Legal fees	\$800,000
Accounting fees	\$100,000
TOTAL COSTS	\$115,000,000

PUBLIC HEARING: 06/12/12 (Published 05/23/12) **BOND COUNSEL:** McCarter & English, LLP
DEVELOPMENT OFFICER: L. Wallick **APPROVAL OFFICER:** T. Wells

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

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

APPLICANT: Young Men's Christian Association of Hunterdon Cou

P37558

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: Various

Single County - Multi City ()

Hunterdon

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

APPLICANT BACKGROUND:

The Young Men's Christian Association of Hunterdon County ("Hunterdon County YMCA" or "YMCA") was first incorporated in 1921. Led by CEO and President Bruce Black, the Hunterdon County YMCA operates two primary facilities, the Round Valley Branch in Clinton Township and the Deer Path Branch in Readington Township. Programming includes health and wellness programs as well as full-day childcare and senior care. The Hunterdon County YMCA has over 9,000 members and serves nearly 20,000 individuals.

The Hunterdon County YMCA currently leases the facility used for the Round Valley Branch in Clinton Township. At this time, management has reached an agreement to purchase the property in order to provide greater financial and operational control. The facility will continue to host the YMCA's wellness center, childcare center, and administrative offices. Additionally, this transaction will involve refinancing the YMCA's outstanding debt on the Deer Path Branch. The applicant will use equity to make up the balance of the stated project costs.

The Hunterdon County YMCA previously received approval from the Authority in April 2012 for tax-exempt bond financing to purchase a different property in Clinton Township. Today's approval will supersede and replace the prior one.

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

APPROVAL REQUEST:

Authority assistance will enable the applicant to refinance its existing mortgage on the facility in Readington Township as well as to purchase 26 acres of land with two existing buildings totaling roughly 15,000 sq ft located in Clinton Township.

FINANCING SUMMARY:

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

AMOUNT OF BOND: \$4,400,000 (Tax-Exempt)

TERMS OF BOND: 25 years; Variable interest rate of the tax-exempt equivalent of one-month LIBOR plus 2.50%. On the closing date, the borrower may enter into a fixed interest rate swap agreement for 10 years. As of 04/30/2012, the indicative rate was 3.70%.

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$4,000,000
Refinancing	\$1,855,000
Finance fees	\$100,000
Legal fees	\$85,000

TOTAL COSTS

\$6,040,000

JOBS: At Application 380 Within 2 years 4 Maintained 0 Construction 0

PUBLIC HEARING: 06/12/12 (Published 05/28/12) **BOND COUNSEL:** McManimon & Scotland

DEVELOPMENT OFFICER: K. Durand

APPROVAL OFFICER: K. McCullough

MAIN STREET ASSISTANCE PROGRAM

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - MAIN STREET ASSISTANCE PROGRAM - (PREMIER LENDER)**

APPLICANT: Millville Rescue Squad

P37450

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 600 Cedar Street

Millville City (T/UA)

Cumberland

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

APPLICANT BACKGROUND:

The Millville Rescue Squad ("MRS") was founded in 1958 as a Not-for-Profit corporation serving Millville and the surrounding area. MRS is one of the largest non-profit rescue squads in South Jersey and is in the top 10 in the State of New Jersey. It is accredited by the Commission on the Accreditation of Ambulance Services. MRS provides a full spectrum of Medical Transportation Services ranging from wheel chair to critical care. It provides local 911 EMS services, expanded 911 EMS services, non-emergency ambulance services, mobility assistance vehicle services, med-car transport services, specialty care transport services, medical examiner transport services, and NJMP Motorsport Rescue Specialists. Additionally, it provides services to four hospital systems (SJHS Regional Medical Center, Cooper University Hospital, Capital Health System, and Cape Regional Medical Center), many area nursing homes (Bishop McCarthy, Cumberland Manor, Genesis, HealthSouth and others) and it has its own CESTA (Training Academy) EMT Certification Training.

This project involves Millville Rescue Squad's restructure and increase of existing debt with Sun National Bank ("SNB"), in order to provide cash flow relief and support additional working capital.

APPROVAL REQUEST:

Approval is requested for a five-year, 20% (\$500,000) participation on a \$2.5 million commercial mortgage loan. This project is related to a request for a line of credit guarantee (P37451) also being presented at this time.

FINANCING SUMMARY:

LENDER: Sun National Bank

AMOUNT OF LOAN: \$2,500,000 bank loan with a 20%, \$500,000, Authority participation.

TERMS OF LOAN: Fixed rate for an initial five year term equal to FHLB plus 4.0% with a floor of 5.35%. Monthly payments of principal and interest, with payments based on a 20 year amortization.

TERMS OF PARTICIPATION: Main Street Participation: Fixed for five years at the time of closing at the five-year US Treasury + 3.00% with a floor of 3.00%. Five-year term, repayment based on 20 year amortization. (Indicative rate as of 5/25/2012 is 3.76%)

PROJECT COSTS:

Refinancing	\$2,500,000
Working capital	\$716,551
Letter of Credit	\$283,449
Finance fees	\$2,997
TOTAL COSTS	<hr/> \$3,502,997 <hr/>

JOBS: At Application 240 Within 2 years 10 Maintained 0 Construction 0

DEVELOPMENT OFFICER: H. Friedberg

APPROVAL OFFICER: K. Tolly

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - MAIN STREET ASSISTANCE PROGRAM - (PREMIER LENDER)**

APPLICANT: Millville Rescue Squad P37451
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 600 Cedar Street Millville City (T/UA) Cumberland
GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

The Millville Rescue Squad ("MRS") was founded in 1958 as a Not-for-Profit corporation serving Millville and the surrounding area. MRS is one of the largest non-profit rescue squads in South Jersey and is in the top 10 in the State of New Jersey. It is accredited by the Commission on the Accreditation of Ambulance Services. MRS provides a full spectrum of Medical Transportation Services ranging from wheel chair to critical care. It provides local 911 EMS services, expanded 911 EMS services, non-emergency ambulance services, mobility assistance vehicle services, med-car transport services, Specialty care transport services, medical examiner transport services, and NJMP Motorsport Rescue Specialists. Additionally, it provides services to four hospital systems (SJHS Regional Medical Center, Cooper University Hospital, Capital Health System, and Cape Regional Medical Center), many area nursing homes (Bishop McCarthy, Cumberland Manor, Genesis, HealthSouth and others) and it has its own CESTA (Training Academy) EMT Certification Training.

This project involves Millville Rescue Squad's restructure and increase of existing debt with Sun National Bank ("SNB"), in order to provide cash flow relief and support additional working capital.

APPROVAL REQUEST:

Approval is requested for a nine-month (to 3/31/2013) 50% guarantee of principal outstanding, not to exceed \$358,275 of a \$1,000,000 line of credit with a \$283,449 letter of credit carve out is requested. This project is related to a request for a term loan participation (P37450) also being presented at this time.

FINANCING SUMMARY:

LENDER: Sun National Bank
AMOUNT OF LOAN: \$1,000,000 bank line of credit with a 9-month, 50% guaranty of principal outstanding (net of \$283,449 letter of credit) not to exceed \$358,275.
TERMS OF LOAN: Floating rate at Prime plus 100 basis points with a floor of 5.0%. Line of credit currently in force through 3/31/2013.

PROJECT COSTS:

TOTAL COSTS	_____
	_____ \$0 *

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

JOBS: At Application	<u>0</u>	Within 2 years	<u>0</u>	Maintained	<u>0</u>	Construction	<u>0</u>
Jobs on Related P037450	<u>240</u>		<u>10</u>		<u>0</u>		<u>0</u>

DEVELOPMENT OFFICER: H. Friedberg **APPROVAL OFFICER:** K. Tolly

**PETROLEUM UNDERGROUND STORAGE TANK
PROGRAM**



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: June 12, 2012

Subject: Petroleum Underground Storage Tank Program Legal Review
County Oil Corporation (Applicant)
Project Site: 130 Route 17 South, Mahwah, Bergen County
P33651 - \$335,435 Grant

Purpose:

This memorandum addresses the legal matters of the applicant, County Oil Corporation, related to the company's application for a conditional hardship grant under the Petroleum Underground Storage Tank (PUST) Program.

Background:

The applicant, County Oil Corporation, is the lessee and sub-landlord of the Project Site. It has been the lessee since on or about February 2000 and is currently operating the Project Site under a ten year lease with the owner, Renauer Brother's Oil Company, Inc.

On July 1, 2010, the applicant filed an application with the DEP seeking a PUST conditional hardship grant to finance the removal of seven tanks located beneath the Project Site. It is planning to close the underground tanks, reinstall newly designed tanks and remediate the resultant contamination from the Project Site.

On September 15, 2010, DEP found the applicant to be technically eligible for a PUST grant in the amount of \$335,435 and recommended approval subject to the Authority's financial analysis and due diligence review. The Applicant then completed the Authority's PUST financing application. As part of the review, EDA conducted a financial review of the applicant to determine financial eligibility for a grant, which requires the applicant to meet the following tests: taxable income does not exceed \$250,000; net worth does not exceed \$500,000; and satisfy a financial hardship test that is determined via a cash flow analysis whereby the debt service reserve coverage (DSCR) does not exceed 1:1. The applicant met the financial eligibility tests for a hardship grant. Also noted is that as a condition of the grant, a lien will be placed on the project site for 5 years and there is a repayment obligation if the project site is sold during that 5 year period.

Upon review of the application, staff learned that Applicant's president and sole owner, Joseph Minuto, had committed several potentially disqualifying acts under the Authority's regulations.

Analysis of Legal Matters as Grounds for Possible Disqualification:

Pursuant to the Authority's regulations on disqualification (NJAC 19:30-2.1 et seq), the Authority may decline to give financial assistance, or approval as a tenant in any Authority financed project, or contract with any persons for certain reasons which include commission of an offense indicating a lack of business integrity or honesty, and violation of any law which may bear upon a lack of responsibility or moral integrity.

Listed below are the facts of the various potentially disqualifying actions of Joseph Minuto, Applicant's president and sole owner.

In 2001, Mr. Minuto was convicted of Federal gambling charges in the State of Florida, specifically conducting an illegal bookmaking operation in violation of 18 USC 1955. The offense occurred in 1996. He accepted a plea to serve one year and one day in Federal prison and three years of probation. He served his prison time and successfully completed his probation without any incidents (Jan. 2, 2003 – Jan. 1, 2006). In September, 2009, he also paid in full the criminal monetary impositions (total assessment \$100 and \$20,000 fine).

Pursuant to a certification of conviction, dated March 1, 2012, Mr. Minuto plead guilty to New York Penal Law 225.10, Promoting Gambling in the Second Degree, i.e. knowingly advancing or profiting from unlawful gambling activity. That offense, which occurred on March 23, 2010, constitutes a misdemeanor in the State of New York punishable by up to one year in jail. He was sentenced, however, to only pay a surcharge of \$205 and forfeit a Chevy Suburban; both conditions have been satisfied.

Integrity Review:

The gambling convictions were against Mr. Minuto and not against the applicant corporation. Mr. Minuto's personal activities are separate from those of County Oil, but he is the sole owner of this corporation and his integrity should be a consideration in this review.

The concern with providing Authority financing to anyone of questionable honesty or integrity is that the funds may not in fact be used for their intended public purpose which, in this case, is closure of seven leaking underground storage tanks. The risk that any award of PUST funds to County Oil may be misused is minimized by the disbursement structure of the program and is unlikely inasmuch as disbursements of awards related to regulated tank applications, are not made until DEP has reviewed and approved invoices for work performed. Moreover, all disbursements are made in the form of two party checks made payable to the Applicant and its environmental contractor.

Furthermore, according to DEP, the County Oil remediation will be overseen by a Licensed Site Remediation Professional (LSRP), in the new LSRP paradigm. LSRPs are governed by a strict code of conduct specified by the Site Remediation Reform Act (SRRA), and remediations are reviewed and may be audited at any time by the DEP. Because of this, the chances of a LSRP

trying to either “cut corners”, or perform less than what is required under the regulations, are greatly reduced, as a LSRP’s license, and thus its ability to operate in New Jersey, is at risk. Finally, as has always been the case, DEP will scrutinize the remediation invoices as submitted to ensure that any work performed is in accordance with the scope of work defined in the application.

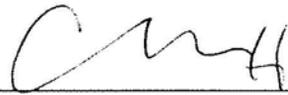
The PUST grant funds are critical for Applicant to perform the planned tank closure, tank replacement and remediation at the property it leases. Although there may be insurance available to fund a portion of the actual remedial action work, there does not appear to be any insurance available to fund tank closure and removal.

According to DEP, cleanup of this site is high priority as contaminations of Mahwah’s well fields are being threatened. County Oil has expended significant sums investigating the site and has retained contractors and consultants to facilitate the tank closure and site remediation.

Recommendation:

Staff has performed a review of this matter, with guidance from the Attorney General’s Office. Staff acknowledges the seriousness of the offenses, Staff believes, however, that the Applicant should not be disqualified from obtaining assistance from the PUST Fund due to the imminent threat to Mahwah’s well fields. Staff also believes that the appropriate safeguards are in place to ensure that the PUST grant funds will be used for their intended purpose due to the process of review of all invoices by DEP and disbursement in the form of two party checks to the Applicant and the LSRP. Lastly, staff advises that but for this grant funding, the remediation of this project site may not move forward due to financial hardship

Based on the above, approval by the members to not disqualify the Applicant is recommended.



Caren S. Franzini

Prepared by: Kathy Junghans



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: June 12, 2012

SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

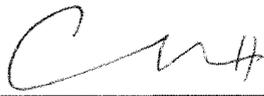
The following grant project has been approved by the Department of Environmental Protection to perform upgrade, closure and site remediation activities. The scope of work is described on the attached project summary:

Private Grants:

County Oil Corp\$335,435

Total UST funding for June 2012..... \$335,435

Prepared by: Lisa Petrizzi



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

APPLICANT: County Oil Corp

P33651

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 130 Route 17 South

Mahwah Township (N)

Bergen

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

APPLICANT BACKGROUND:

County Oil Corp., owned by Joseph Minuto, is seeking to perform the closure of (2)1,000 gallon, (2)12,000 gallon, (1)8,000 gallon, and (2)1,000 gallon underground storage tanks (USTs) at the project site. The tanks will be decommissioned 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 \$335,435 to perform the approved scope of work at the project site.

The NJDEP oversight fee of \$35,544 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: \$335,435

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	\$335,435
NJDEP oversight cost	\$33,544
EDA administrative cost	\$500
TOTAL COSTS	<u><u>\$369,479</u></u>

APPROVAL OFFICER: K. Junghans

**HAZARDOUS DISCHARGE SITE REMEDIATION FUND
PROGRAM**



MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: June 12, 2012
SUBJECT: Hazardous Discharge Site Remediation Fund Program

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

Municipal Grant:

Town of Boonton.....	\$167,694
Camden Redevelopment Agency (BDA-Harrison Ave. Landfill).....	\$2,021,394
Jersey City Redevelopment Agency	\$334,141
Borough of Northvale (Deluxe Dry Cleaners)	\$380,705

Total HDSRF funding for June 2012..... \$2,906,934

Prepared by: Lisa Petrizzi

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

APPLICANT: Town of Boonton (Former Jersey Plating Company) P37390
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 113 Union Street/224 Birch Boonton Town (N) Morris
GOVERNOR'S INITIATIVES: () Urban () Edison (X) Core () Clean Energy

APPLICANT BACKGROUND:

Town of Boonton received a grant in March 2002 under P13744 to perform Remedial Investigation (RI), received a grant in the amount of \$75,649 under P26917 and a grant in October 2009 in the amount of \$128,772 under P26917 at the Jersey Plating Project Site. The project site, identified as Block 3, Lot 7, was a former plating operation which may have used, generated, or stored hazardous materials and has potential environmental areas of concern (AOC's). The Town currently holds a Tax Sale Certificate and has satisfied Proof of Site Control. It is the Town's intent, upon completion of the investigation, redevelop the project site as a public parking deck facility to support its Downtown Business District.

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

APPROVAL REQUEST:

The Town of Boonton is requesting supplemental grant funding to perform RI in the amount of \$167,694 at the Former Jersey Plating Co. project site, for a total funding to date of \$372,115.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT\$167,694

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$167,694
EDA administrative cost	\$500
TOTAL COSTS	<hr/> \$168,194 <hr/>

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Camden Redevelopment Agency (BDA-Harrison Ave. Landfill) P37528

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

PROJECT LOCATION: Harrison Avenue and State Street Camden City (T/UA) Camden

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

APPLICANT BACKGROUND:

Camden Redevelopment Agency received grants totaling \$20,337,171 between 2005 and 2011 to perform Remedial Investigation (RI) and Remedial Action (RA) activities at the project site. The project site, identified as Blocks 809; 809.01; 810 and Lots 7-12; 18; 4, 5, 6, 18, located in a Brownfield Development Area (BDA), is a former landfill which has potential environmental areas of concern (AOC). The City of Camden currently owns the project site and has satisfied Proof of Site Control. It is the City's intent, upon completion of the environmental investigation activities, to redevelop the project site into a recreation center.

NJDEP has approved this request for supplemental RA grant funding on the above-referenced project site and finds the project technically eligible under the HDSRF program, Category 2, Series A. The grant has been calculated off 75% of the RA costs (\$2,021,394). According to the Legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of RA for projects within a BDA. The total annual amount allowed for a municipality, county or redevelopment entity that contains a BDA is \$5,000,000 per calendar year. This grant will not exceed this limit for Camden Redevelopment Agency for 2012.

APPROVAL REQUEST:

The applicant is requesting additional grant funding in the amount of \$2,021,394 for the approved project costs, for a total funding to date of \$22,358,565.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT \$2,021,394

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Action	\$2,695,191
EDA administrative cost	\$500
TOTAL COSTS	<hr/> \$2,695,691 <hr/>

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Jersey City Redevelopment Agency (Berry Lane Park) P37391
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: various Jersey City (T/UA) Hudson
GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

Jersey City Redevelopment Agency received a grant in October 2009 in the amount of \$80,146 under P24790 to perform a Site Investigation (SI) at the project site, for the Berry Lane Park, identified as Blocks 1948 and 2040, is currently vacant but has previously been operated by a metal processing facility and a coal storage facility which has potential environmental areas of concern (AOC's). Jersey City currently owns the project site and has satisfied Proof of Site Control. It is the Agency's intent, upon completion of the environmental investigation activities, to redevelop the project site as a public park.

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

APPROVAL REQUEST:

Jersey City Redevelopment Agency is requesting grant funding to perform RI in the amount of \$334,141 at the Proposed Berry Lane Park project site, for a total funding to date of \$414,287.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT\$334,141

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$334,141
EDA administrative cost	\$500
TOTAL COSTS	<u><u>\$334,641</u></u>

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Borough of Northvale (Deluxe Dry Cleaners)

P37389

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 149-151 Livingston Ave.

Northvale Borough (N)

Bergen

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

APPLICANT BACKGROUND:

The Borough of Northvale received grants in May 2001-2009 to perform Preliminary Assessment (PA), Site Investigation (SI), and Remedial Investigation (RI) totaling \$820,502 at the Deluxe Cleaners project site. The project site, which was a former dry cleaning establishment, has additional areas of environmental concerns (AOC's) based on the investigation activities performed to date. NJDEP is currently requiring and has approved Remedial Investigation (RI) activities for the project site. The Borough of Northvale currently holds a Tax Sale Certificate and has satisfied Proof of Site Control. It's the Borough's intent, upon completion of the environmental investigation activities, to redevelop the project site for mixed-use.

NJDEP has approved additional 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 Northvale is now requesting supplemental grant funding to perform additional RI activities required by NJDEP in the amount of \$380,705 at the Deluxe Cleaners project site, for total funding to date of \$1,202,207.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$380,705

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$380,705
EDA administrative cost	\$500
TOTAL COSTS	<u><u>\$381,205</u></u>

APPROVAL OFFICER: K. Junghans

INCENTIVES

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

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

APPLICANT: BK Specialty Foods, Inc.

P37439

PROJECT LOCATION: 313 Borelli Blvd

East Greenwich Township Gloucester County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

BK Specialty Foods, Inc. (BK), formed in 1986, is a wholesale food distributor of approximately 6,000 high end products, with a focus on frozen baked goods, hors d'oeuvres, non-alcohol beverages, cheeses, oils, and spices. The applicant services 3,500 active customers in the Mid-Atlantic region, including Marriott, Sodexo, Caesars' 4 hotels in Atlantic City, Borgata, Shop Rite and the Ritz-Carlton. Brett Kratchman, founder and CEO, is the sole shareholder. The applicant is economically viable.

MATERIAL FACTOR:

BK has reached its production capacity at its Philadelphia facility and is considering moving the company and its 51 jobs to NJ. In addition, to support its growth the applicant will also create 5 new jobs for a total BEIP grant request for 56 jobs. Under consideration is buying a 30,000 s. f. building in Gloucester County or Philadelphia. Project costs are estimated to be in excess of \$3 million. Management has indicated that a favorable decision by the Authority to award the BEIP grant is a material factor in the company's decision to move to NJ. 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: 65%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage BK Specialty Foods, 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: \$ 390,026

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

NJ EMPLOYMENT AT APPLICATION: 0

ELIGIBLE BEIP JOBS: Year 1 53 Year 2 3 Base Years Total = 56

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$6,964

ANTICIPATED AVERAGE WAGES: \$48,000

ESTIMATED PROJECT COSTS: \$3,000,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$600,040

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$510,034

PROJECT IS: () Expansion (X) Relocation Philadelphia

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: Pennsylvania

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: H. Friedberg

APPROVAL OFFICER: M. Krug

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	East Greenwich Township	N/A
2. Job Creation	56	1
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	0	0
4. Industry:	Transportation & logistics	2
	Designated : <u> X </u> Non-Designated : _____	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$3,000,000	1
7. Average Wage:	\$ 48,000	2

TOTAL: 8

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%	<u>10%</u>
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	_____
Company is working cooperatively with a public or non-profit university on research and development	10%	_____
Project is located within Federally-owned land approved from closure under a Federal Base Realignment And Closing Commission or military installations allowing private business activity.	15%	_____

Total Bonus Points: 30 %

Total Score :

Total Score per formula:	8 = 30 %
Construction/Renovation :	5 %
Bonus Increases :	30 %
Total Score (not to exceed 80 %):	65 %

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

APPLICANT: Deloitte LLP & Its Subsidiaries

P37523

PROJECT LOCATION: To Be Determined

Jersey City (T/UA)

Hudson County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Deloitte LLP ("Deloitte") and its subsidiaries, a "Big Four" accounting company, originally formed in 1886, are considered to be among the leading national and global professional service firms, providing audit, tax, consulting and financial advisory services in the world. The applicant employs 51,000 people globally, with 42,000 people in the United States, spread over 90 cities. Deloitte employs approximately 6,000 individuals in the NY, NJ & CT region, with 1,241 in NJ. Deloitte LLP and its subsidiaries are all members of UK based, Deloitte Touche Tohmatsu Limited (DTTL). Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates. The company is economically viable.

The Authority has approved/modified several BEIP grants and a BRRAG to support Deloitte's evolving "21st Century Metro Area Real Estate Strategy". On March 5, 2008, the Authority closed a 10 year BEIP grant (P17444) for Deloitte, valued at \$4.5 million, to support the relocation of 280 jobs from Deloitte's New York City offices to a new campus in Parsippany. This BEIP grant was modified in August 2009 to increase the job creation from 280 to 1,050 based on the increased capital investment for the new Parsippany campus and to provide Deloitte incentive to move more jobs to NJ.

Deloitte closed on a BRRAG with the Commerce Commission in August 2008 to relocate 822 jobs from Parsippany, Summit and Princeton to a new campus in Parsippany. The grant award of \$1,233,000 was paid out in September 2008.

MATERIAL FACTOR:

As part of Phase Two of Deloitte's "21st Century Metro Area Real Estate Strategy", the applicant is seeking a BEIP grant to move or create 450 new jobs in Jersey City or Stamford, CT. The strategy is to place a preference on locating personnel outside of Manhattan and determine office space needs for the next 20 years. The options under review are leasing 50,000 s. f. in Jersey City, or to utilize excess capacity at the Stamford, CT office. Project costs are estimated to be \$7.1 million. The jobs will range from administrative support staff to senior management. Management has indicated that a favorable decision by the Authority to award the BEIP grant is a material factor in the company's decision to move to NJ. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations therein are accurate.

APPROVAL REQUEST:

PERCENTAGE: 80%

TERM: 10 years

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

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 17,451,000
 (not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 1,241

ELIGIBLE BEIP JOBS: Year 1 400 Year 2 50 Base Years Total = 450

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$38,780

ANTICIPATED AVERAGE WAGES: \$115,000

ESTIMATED PROJECT COSTS: \$7,100,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$21,813,750

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$15,269,625

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

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New York

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: M. Krug

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Jersey City	N/A
2. Job Creation	450	4
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	0	0
4. Industry:	professional services	0
	Designated : _____ Non-Designated : <u> X </u>	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$7,100,000	2
7. Average Wage:	\$ 115,000	4

TOTAL: 12

Bonus Increases (up to 80%):

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

Total Bonus Points: **65 %**

Total Score :

Total Score per formula:	12 = 40 %
Construction/Renovation :	5 %
Bonus Increases :	65 %
Total Score (not to exceed 80 %):	80 %

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

APPLICANT: EisnerAmper LLP & affiliates

P37534

PROJECT LOCATION: 111 Wood Avenue South Woodbridge Township Middlesex County

GOVERNOR'S INITIATIVES:

Urban Edison Core Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

EisnerAmper LLP & affiliates, formed in August 2010 as a result of the combination of the partnerships of Eisner LLP based in New York and Amper, Politziner & Mattia, LLP, a New Jersey-based firm, is a leading full-service accounting and advisory firm, and is among the largest in the United States. EisnerAmper provides audit, accounting, and tax services, as well as corporate finance, internal audit and risk management, litigation consulting, employee benefit plan audit, forensic accounting, and other professional advisory services to a broad range of clients across many industries, serving more than 150 public companies and providing over 1,300 financial services entities and portfolio companies, with offices in New York, New Jersey, Philadelphia, California, and the Cayman Islands. The company also provides advisory services through two affiliates, EisnerAmper Wealth Management & Corporate Benefits LLC and EisnerAmper Insurance & Financial Services LLC. The applicant is economically viable.

EisnerAmper LLP is currently headquartered in New York City and has four locations in New Jersey: Edison, Bridgewater, Hackensack and Wall with 416 employees.

MATERIAL FACTOR:

With the leases at each of the four NJ locations expiring over the next 2 years, it provides an opportunity for the new combined firm to evaluate the location and size of its offices in the region, including consolidating the four NJ offices in Iselin, NJ or relocating the BRRAG eligible employees (255) to PA and to the NY headquarters. The remaining employees (161) are not at risk, as they are based in NJ and part of the accounting services group which serves primarily NJ clients. The company is seeking a BEIP grant to create 100 new jobs in New Jersey as well as a BRRAG for the retention of 255 employees. Management has indicated that the grants will be a material factor in the company's decision to go forward with the project. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate.

APPROVAL REQUEST:

PERCENTAGE: 80%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage EisnerAmper LLP & affiliates 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: \$ 1,826,000
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 416

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

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$18,260

ANTICIPATED AVERAGE WAGES: \$75,000

ESTIMATED PROJECT COSTS: \$8,685,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$2,282,500

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$1,597,750

PROJECT IS: (X) Expansion (X) Relocation Several NJ Locations

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New York

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: T. Wells

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Woodbridge Township	N/A
2. Job Creation	100	2
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	255	2
4. Industry:	Financial services	2
	Designated : <u> X </u> Non-Designated : _____	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$8,685,000	2
7. Average Wage:	\$ 75,000	3

TOTAL: 13

Bonus Increases (up to 80%):

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

Total Bonus Points: **50 %**

Total Score :

Total Score per formula:	13 = 40 %
Construction/Renovation :	5 %
Bonus Increases :	50 %
Total Score (not to exceed 80 %):	80 %

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

APPLICANT: EisnerAmper LLP & affiliates

P37535

COMPANY ADDRESS: 2015 Lincoln Highway, Edison, Middlesex County
750 Route 202 South, Bridgewater, Somerset County
21 Main Street, Hackensack, Bergen County
4814 Outlook Drive, Wall, Ocean County

PROJECT LOCATION: 111 Wood Avenue South, Iselin, Middlesex County

GOVERNOR'S INITIATIVES:

NJ Urban Fund

Edison Innovation Fund

Core

APPLICANT BACKGROUND:

EisnerAmper LLP & affiliates, formed in August 2010 as a result of the combination of the partnerships of Eisner LLP based in New York and Amper, Politziner & Mattia, LLP, a New Jersey-based firm, is a leading full-service accounting and advisory firm, and is among the largest in the United States. EisnerAmper provides audit, accounting, and tax services, as well as corporate finance, internal audit and risk management, litigation consulting, employee benefit plan audit, forensic accounting, and other professional advisory services to a broad range of clients across many industries, serving more than 150 public companies and providing over 1,300 financial services entities and portfolio companies, with offices in New York, New Jersey, Philadelphia, California, and the Cayman Islands. The company also provides advisory services through two affiliates, EisnerAmper Wealth Management & Corporate Benefits LLC and EisnerAmper Insurance & Financial Services LLC.

EisnerAmper LLP is currently headquartered in New York City and has four locations in New Jersey: Edison, Bridgewater, Hackensack and Wall with 416 employees.

MATERIAL FACTOR/NET BENEFIT:

With the leases at each of the four NJ locations expiring over the next 2 years, it provides an opportunity for the new combined firm to evaluate the location and size of its offices in the region, including consolidating the four NJ offices in Iselin, NJ or relocating the BRRAG eligible employees (255) to PA and to the NY headquarters. The remaining employees (161) are not at risk, as they are based in NJ and part of the accounting services group which serves primarily NJ clients. The company is seeking a BEIP grant to create 100 new jobs in New Jersey as well as a BRRAG for the retention of 255 employees. Management has indicated that the grants will be a material factor in the company's decision to go forward with the project. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate. The applicant has demonstrated that the grant of these tax credits will result in a net benefit to the State of \$48.7 million.

APPROVAL REQUEST:

TAX CREDIT TERM: 2 years

COMMITMENT DURATION: 7 years

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

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in NJ unless the applicant had a pre-application meeting with the Authority during the grandfathering period.
2. If the applicant enters into a lease for the project site, the term of the lease will be no less than 8 years exclusive of any renewal options.
3. Expenditures totaling at least twice as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before 4/30/2013 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 4/30/2013.

END OF APPLICANT'S FISCAL YEAR:

January 31

CAPITAL INVESTMENT MUST BE MADE BY:

April 30, 2013

SUBMISSION DATE OF CPA CERTIFICATION:

May 31, 2013

TOTAL ESTIMATED GRANT AWARD OVER TERM:

\$ 1,147,500

APPLICANT TAX PERIOD 1 APPROVAL (2013):

\$ 573,750

APPLICANT TAX PERIOD 2 APPROVAL (2014):

\$ 573,750

ELIGIBLE BRRAG JOBS:

255

YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:

\$ 1,500

BONUS AWARD PER EMPLOYEE:

\$ 750

TOTAL YEARLY TAX CREDITS INCLUDING BONUS:

\$ 2,250

ANTICIPATED AVERAGE WAGES:

\$ 144,000

ESTIMATED TOTAL GROSS ANNUAL PAYROLL:

\$ 36,720,000

ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 7 YRS:

\$ 12,043,395

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:

\$ 7,140,000

OPERATED IN NEW JERSEY SINCE:

1965

PROJECT IS: (X) Expansion (X) Relocation

CONSTRUCTION/RENOVATION: (X) Yes () No

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: T. Wells

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

APPLICANT: Pennock Company

P37486

PROJECT LOCATION: 7125-7135 Colonial Lane Pennsauken Township Camden County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Established in 1882 and based in Philadelphia, Pennsylvania, Pennock Company is a wholesaler of fresh flowers. Pennock distributes and sells fresh flowers and florist supplies primarily to retail establishments in the Eastern United States. This employee owned company has approximately seven warehouses or distribution points from Massachusetts to Florida. The company also has two subsidiaries, one in Delaware selling craft supplies, and the other in Colorado selling dye and paint. The Applicant is economically viable.

Pennock Company is planning the re-sizing of its main warehouse/distribution facility, currently in Philadelphia, and re-establishing its own delivery fleet. In order to accomplish its facility re-sizing, relocation and energy efficiency goals, the company has identified two suitable facilities, one of them being in New Jersey. The company currently has 35 full-time employees at its facility in Philadelphia, Pennsylvania.

MATERIAL FACTOR:

Pennock Company is seeking a BEIP grant to support creating 45 jobs at a site in New Jersey. The company has submitted a cost benefit analysis comparing the cost of similar facilities in New Jersey and Pennsylvania. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate. The Authority staff recommends the award of the proposed BEIP grant.

APPROVAL REQUEST:

PERCENTAGE: 75%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Pennock 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: \$ 202,500

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

NJ EMPLOYMENT AT APPLICATION: 0

ELIGIBLE BEIP JOBS: Year 1 40 Year 2 5 Base Years Total = 45

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$4,500

ANTICIPATED AVERAGE WAGES: \$35,000

ESTIMATED PROJECT COSTS: \$1,410,430

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$270,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$202,500

PROJECT IS: (X) Expansion (X) Relocation Philadelphia, PA

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: Pennsylvania

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: J. Kenyon

APPROVAL OFFICER: D. Sucsuz

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Pennsauken Township	N/A
2. Job Creation	45	1
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	0	0
4. Industry:	Transportation & logistics	2
	Designated : <u> X </u> Non-Designated : _____	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$1,410,430	1
7. Average Wage:	\$ 35,000	2

TOTAL: **8**

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	<u> 20% </u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	<u> 20% </u>
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	_____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
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: 40 %

Total Score :

Total Score per formula:	8 = 30 %
Construction/Renovation :	5 %
Bonus Increases :	40 %
Total Score (not to exceed 80 %):	75 %

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



MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: June 12, 2012

RE: **Catellus Teterboro Urban Renewal LLC**
Economic Redevelopment and Growth Grant Program

Request

The Members are asked to approve the application of Catellus Teterboro Urban Renewal LLC (the "Applicant") for reimbursement of certain taxes for a Teterboro Borough, Bergen 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 \$100,694,905. The total qualified costs under the ERG Act are **\$93,856,724**. The recommended reimbursement is **20%** of the eligible costs, not to exceed **\$18,771,345**.

Project Description

The Applicant has an option to purchase a vacant 55 acre site at the intersection of Route 46 and Industrial Avenue in Teterboro Borough. The site is adjacent to the Teterboro Airport and the NJ Transit Teterboro train station and is included in the Redevelopment Plan for the Teterboro/Industrial Avenue Redevelopment Area adopted by the New Jersey Meadowlands Commission in May 2009. Prologis currently owns the site and has granted a purchase option to the Applicant to purchase the property. This purchase option is one of several properties in a portfolio of approximately \$500 million of properties that the Applicant and its affiliates are purchasing from Prologis. Prologis had purchased the site in March 2007 from Honeywell International Inc. for \$32.8 million. At the time of purchase, the site was in need of significant environmental remediation. Prologis received a Brownfield Reimbursement Grant of \$14.1 million to fund a portion of the remediation costs. Actual remediation costs are expected to be approximately \$46.3 million and are projected to be completed in 2015. All remediation will be completed by Prologis prior to conveyance to the Applicant.

The Applicant is undertaking the redevelopment of this site into a 586,843 square foot mixed use development (the “Project”), which will include the following components:

- Retail/Restaurant – The Project will include 424,843 square feet of leasable retail/restaurant space. This will consist of two large retail anchor sites totaling approximately 317,685 square feet, two junior retail anchor sites totaling approximately 77,983 square feet and three small shop retail/restaurant sites totaling 29,175 square feet. The Applicant currently has LOI’s for the large retail anchor sites from two large national retailers, who would enter into a ground lease with the Applicant, in which the Applicant would complete all infrastructure improvements and the large retail tenants would complete vertical improvements. With two anchor tenants in place, the Applicant plans to actively market the remaining retail/restaurant sites. They have received interest from several potential tenants and expect strong interest once active marketing efforts commence over the next few months.
- Industrial – The Project will include 162,000 square feet of light industrial space, which the Applicant will be actively marketing to interested tenants over the coming months. Based on verbal indications of interest, the Applicant anticipates a successful marketing effort for the industrial space.
- Parking – The Project will include 2,462 parking spaces, which includes 100 NJ Transit commuter parking spaces, which were requested by the NJ Meadowlands Commission and NJ Transit.

The Applicant’s scope of work includes land purchase, infrastructure improvements and new construction. Prologis had received a Conditional Zoning Certificate from NJ Meadowlands Commission in June 2010 indicating that the Applicant’s planned uses comply with the Commission’s Redevelopment Area regulations. In addition, Prologis has received prior site plan approval from Teterboro for a slightly different project scope and expects final site plan approval for this modified Project by December 2012. The Applicant intends to utilize and support green building standards set forth by the NJ Department of Community Affairs.

Construction is anticipated to begin in July 2013 and will include three distinct phases, portions of which will be in process during overlapping time periods. Phase I will include partial land purchase and infrastructure improvements for one of the large retail anchor sites and is expected to be completed in June 2014. Phase II will include the remaining land purchase and infrastructure improvements for the second large retail anchor site, remaining retail sites and the industrial site and is expected to begin in July 2015. Phase III will include the vertical construction of the remaining retail sites and the industrial site and is expected to begin in December 2015 and be completed in October 2016, concurrently with Phase II. The Applicant has been notified that reimbursements under the ERG will not commence until all three phases of the Project are fully completed.

Project Ownership

The Applicant is 100% owned by Catellus Teterboro LLC, which is 100% owned by Catellus Acquisitions Company LLC (“Catellus”). TPG Santa Fe Holdings, L.P., an affiliate of TPG Capital LP (“TPG”), is the primary owner of Catellus Acquisitions Company LLC.

Catellus is a San Francisco based national real estate development firm that focuses on mixed-use

development, specifically those that include complex land challenges. Catellus has nearly 30 years of experience as a master developer, and their projects have included transforming former airports, military bases and urban industrial sites into thriving retail, residential and commercial communities. Catellus has more than \$350 million in real estate investments.

TPG is a global private investment firm with \$49 billion of capital under management in various asset classes worldwide. As part of a transaction negotiated in 2010, Prologis agreed to sell more than \$500 million in assets to TPG, including the Project site and the Catellus name. These assets, including the Project are being purchased by Catellus, with TPG as the primary owner of Catellus. In March 2011, Catellus closed on more than \$350 million of these assets. The Applicant anticipates that Catellus will close on the Project site in 2012, once environmental remediation has been completed.

Project Uses

<i>Uses</i>	<i>Total Project Costs</i>	<i>ERG Eligible Project Costs</i>
Acquisition & Land	\$ 41,900,000	\$ 41,900,000
Hard Costs	43,813,618	39,183,618
Development Fee	1,959,181	0
Financing and Other Costs	10,427,642	10,427,642
Professional Services	2,594,464	2,345,464
TOTAL USES	\$ 100,694,905	\$ 93,856,724

The ERG eligible project costs above exclude the development fee and other ineligible soft costs. The acquisition and land costs are net of an anticipated \$1.1 million DOT reimbursement for DOT improvements that will be completed by Prologis before the exercise of the purchase option, and include the initial purchase price of the land negotiated with Prologis. Hard costs include \$4.6 million of environmental remediation costs anticipated to be incurred by Prologis and added to the Catellus purchase price and excluded from eligible costs. The Applicant provided an appraisal prepared by a third-party supporting the base purchase price of the land based on relevant comparable sales.

Project Sources

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

<i>Sources</i>	<i>Amount</i>
Developer Equity	\$ 21,000,000
Debt	79,694,905
TOTAL SOURCES	\$ 100,694,905

The Applicant has satisfied the 20% equity participation requirement based on the anticipated equity contribution. Permanent debt is anticipated to be amortized over 20 years at a 6% interest rate.

Gap Analysis

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

With ERG	Without ERG
Equity IRR 14.87% (Market Range = 15-20%)	Equity IRR 9.95% (Market Range = 15-20%)

As indicated in the chart above, the project would not otherwise be completed without the benefit of the ERG. **With the benefit of the ERG, the Equity IRR is 14.87%, which is close to the market range provided by the EDA’s contracted consultant Jones Lang LaSalle.**

Net Positive Benefit Analysis

The Authority has conducted the required Net Benefit Analysis 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 \$76.8 million. Net of the Project’s Brownfields Reimbursement Grant and DOT Reimbursement, the present value of the Net Positive Benefits to the State is \$61.6 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 776 new full time retail jobs projected by the Applicant and 327 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 and track record of the Applicant and the two anchor tenants that will occupy a large portion of the Project space. The Project is owned by affiliates of Catellus, which has significant experience with projects similar in scope to the Project. In addition, the Project is financially supported by TPG which has significant financial strength to make the Project feasible.

The Applicant commissioned a Market Study on the site in February 2012, prepared by a third party consultant. This market study reflected that the proposed uses for the site are feasible, demand is sufficient in the area and the Applicant's rent assumptions seem to be reasonable. An independent appraisal as well as other real estate consultant information provided by the Applicant further supports the Applicant's rent assumptions. In addition, the Applicant currently has LOI's from two large retail anchor tenants that also further demonstrate the project's feasibility.

The Project has an anticipated IRR of 9.95% without the ERG and 14.87% with the ERG. As further explained previously, the ERG incentive grant is needed for the viability of the project. Based on the expected generation of \$2.8 million of incremental direct annual gross income, sales and other eligible taxes, there appears to be adequate funds to support the reimbursement of taxes paid to the Project as outlined in the analysis.

The degree to which the redevelopment project within a municipality which exhibits economic and social distress, 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 primary distress related to this site relates to the high level of environmental contamination that the current owner of the land is remediating. The property was formerly part of a 100+ acre site owned by Bendix. During World War II, the U.S. government controlled parts of the property and operated a foundry and conducted war related industrial operations. Total remediation costs on the site are expected to be approximately \$46.3 million.

The Project is consistent with the Smart Growth goal of creating a mixed use land development with the opportunity to have multiple transportation options serving the Project, including highway, airport and train access. The State Development and Redevelopment Plan goals addressed are: promoting beneficial and economic growth, protecting the environment through prevention and cleanup and ensuring sound and integrated planning and implementation. On a regional level, the NJ Meadowlands Commission has zoning jurisdiction over the redevelopment area. The Project site is included in the Redevelopment Plan for the Teterboro/Industrial Avenue Redevelopment Area adopted by the New Jersey Meadowlands Commission in May 2009. The Project is consistent with the goals of the redevelopment plan and conforms to its intended land uses.

The Project is projected to create approximately 776 new, full-time, permanent jobs, providing more than \$22 million each year in employee wage compensation. Immediate job creation is also an important benefit of this project. During the construction phase, the redevelopment of this site will create 327 temporary construction jobs. The significant job creation associated with this Project will provide important employment opportunities for the State of New Jersey, and the Project will generate considerable net tax revenue for Teterboro Borough on an annual basis.

Recommendation

Authority staff has reviewed the Catellus Teterboro Development Urban Renewal 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 specified the 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 Catellus Teterboro Development Urban Renewal LLC meeting the following conditions regarding the Project:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant in its application to the Authority for the ERG (financing commitments for Phase I shall be provided by July 2013, Phase II shall be provided by July 2015 and Phase III shall be provided by December 2015); and
2. Evidence of site control and site plan approval for all properties within the Project; and
3. Copies of all required State and federal government permits for the redevelopment Project and copies of all local planning and zoning board approvals that are required for the redevelopment 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 satisfactory to the NJEDA; and
3. New tax revenues have been paid to the NJ Treasury and appropriated; and
4. Completion of all three phases of the Project; and
5. Repayment of Brownfield Reimbursement Grant.

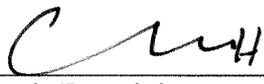
The NJ Treasury annually tracks taxes received from job sites and remits reimbursement equal to a percentage of funds collected during the year.

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: \$93,856,724

Eligible Taxes for Reimbursement: Sales and other eligible taxes not to exceed \$18,771,345 over 20 years.

Recommended Grant: 20% of actual costs, not to exceed **\$18,771,345 to be paid over a maximum period of 20 years.**



Caren S. Franzini

Prepared by: Christine Caruso

URBAN TRANSIT HUB TAX CREDIT PROGRAM



MEMORANDUM

TO: Members of the Board

FROM: Caren S. Franzini, Chief Executive Officer

DATE: June 12, 2012

RE: Urban Transit Hub Tax Credit Program – Report on Activity and Program Recommendations

This memo is to advise the members of Urban Transit Hub Tax Credit (UTHTC) Program activity against the \$1.5 billion budget authorization, and to make recommendations for ongoing administration of the commercial components of the Program.

Background

As of June 1, 2012, the Board has approved funding of \$1,075,462,475 for UTHTC residential and commercial applications, inclusive of the Grow NJ program initiated in January, 2012.¹ This results in an uncommitted balance of \$424,537,525, however, as the Offshore Wind Act authorized a reserve of \$100 million for eligible projects in offshore wind zones, \$324,537,525 is currently available for commercial projects. Staff now recommends the following actions to address the interest in the Grow NJ program:

Approval of the recommendations pending before the Board today will exceed the initial \$200 million statutory authorization for the Grow NJ program. Pursuant to the Statute, the Authority has the ability to increase this allocation if there are sufficient credits available provided the Board determines the credits to be reasonable, justifiable, and appropriate and the total combined value of all credits does not exceed \$1.5 billion. We recommend that the uncommitted balance of approximately \$324,537,525 be utilized solely for commercial activity through September. Applications will be reviewed under both the UTHTC and Grow NJ program components and be presented to the Board in the order they are deemed complete and underwritten by staff.

¹ The members will recall that in February, the EDA Board chose not to increase the allocation for the residential component that represents \$248,583,206 in approvals.

Additionally, as agreed at the February board meeting, staff will update the Board on program activity in September, which will include a review of all previously approved projects to determine if they are proceeding as expected. We anticipate at that time we will recommend a competitive solicitation for residential projects. The solicitation will be scored to prioritize projects in those cities which continue to demonstrate financing challenges in the residential markets, as well as those that reflect highest leveraging of the public subsidy or other policy goals.

In addition, as the Offshore Wind and UTHTC commercial elements of the program expire in January, 2013, we now anticipate recommending that any uncommitted balance, exclusive of any residential solicitation allocation, be utilized for the Grow NJ program which expires in July, 2014.

Recommendation

To authorize staff to advance either Grow NJ projects to the Board in excess of the initial \$200 million allocation or commercial UTHTC projects, in the order they are deemed complete and recommended for Board review by staff. As such, staff will not be required to request individual approval to exceed the \$200 million cap for any projects recommended under the Grow NJ program.

A handwritten signature in cursive script, reading "Karen Franzini/ml". The signature is written in black ink and is positioned on the right side of the page.

Prepared by: Maureen Hassett

MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: June 12, 2012

Subject: Urban Transit Hub Tax Credit Program
CSC TKR, LLC

Purpose:

This memorandum addresses the legal matters of the applicant, CSC TKR, LLC, related to the company's application for an Urban Transit Hub Tax Credit.

Background:

CSC TKR, LLC is a tenant proposing to occupy 73,000 square feet of office space in a newly constructed facility located adjacent to 494 Broad Street, Newark. The Applicant is a wholly owned subsidiary of CSC Holdings, LLC which in turn is a wholly owned subsidiary of Cablevision Systems Corporation ("Cablevision") which operates as one of the nation's leading media and telecommunications companies with a portfolio of operations that includes a full suite of advanced digital television, voice and high speed internet services, valuable local media and programming properties and movie theaters.

The business activities of Cablevision and its affiliates are regulated by a number of federal and state laws. From time to time and as is the case with entities of the applicant's size and industry, Cablevision has been involved in litigation and become the subject of examinations, inquiries and investigations.

Analysis of Litigation as Grounds for Possible Disqualification:

Pursuant to the Authority's regulations on disqualification (N.J.A.C. 19:30-2.1 et seq.), the Authority may decline to give financial assistance, or approval as a tenant in any Authority financed project, or contract with any persons for certain reasons which include: commission of an offense indicating a lack of business integrity; violation of any law governing the occupations or professions of regulated industries; and violation of any law which may bear upon a lack of responsibility or moral integrity.

Listed below are the facts of the actions that relate to the applicant and the fines assessed and paid as reviewed by staff with the guidance of the Attorney General's Office:

May 2006 Guilty Pleas in Scheme to Defraud Advertisers

In May of 2006, approximately two years prior to Cablevision's acquisition of the Tribune Company ("Tribune"), nine former employees and contractors of Newsday and Hoy (Spanish language), subsidiaries of Tribune, pleaded guilty in a scheme to defraud advertisers. Between 2000 and 2004, certain individuals engaged in fraudulent conduct by inflating circulation figures to induce advertisers to purchase advertising space.

The nine guilty pleas were the result of a grand jury investigation into fraudulent circulation reporting practices at both Newsday and Hoy conducted by the United States Attorney for the Eastern District of New York, the Securities and Exchange Commission ("SEC"), the United States Postal Inspection Service, the Internal Revenue Service and the Nassau County Police Department.

The defendants who pleaded guilty are: LOUIS SITO, a former Vice President of Newsday and Hoy's former Publisher; ROBERT BRENNAN, Newsday's former Circulation Director; RICHARD CZARK, Hoy's former Senior Vice-President for Circulation; ED SMITH, Newsday and Hoy's former liaison to the Audit Bureau of Circulations ("ABC"); ROBERT GARCIA, a former mid-level circulation manager at Newsday and Hoy; DOROTHY MCKILLOP, a former mid-level manager at Newsday who held various positions related to newspaper circulation; DENNIS SPRINGER, a former mid-level circulation manager at Newsday; GUS ACOSTA, who controlled several companies that held contracts to distribute Hoy; and JOHN FAIELLA, who controlled several companies that held contracts to distribute Newsday.

More specifically, the defendants were charged with conspiracy to commit mail fraud based on their participation in a series of programs conducted between 2000 and 2004 to report inflated circulation data to the Audit Bureau of Circulations ("ABC"). The ABC is a non-profit circulation auditing organization whose membership includes newspaper and magazine publishers and their advertisers. ABC conducts annual audits of circulation numbers that publishers certify bi-annually and functions as an industry watchdog to insure the integrity of data that publishers provide to advertisers. Membership in ABC earns publishers credibility with advertisers, who rely on ABC audited circulation data in making advertising decisions and in negotiating advertising rates.

The SEC separately settled its enforcement action against Tribune resulting in a cease and desist order. The SEC alleged that Tribune violated Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 by failing to maintain adequate controls, the existence of which would have enabled the Tribune to have detected the fraudulently inflated paid circulation numbers that Newsday and Hoy reported to it and that were republished in public securities filings and reports to ABC.

In October 2004, the Tribune Company established a reserve of more than \$90 million to cover settlements for overcharging hundreds of advertisers based on falsely inflated circulation figures and ultimately paid out \$96 million to settle the resultant claims.

In addition, the newspapers entered into a 15 month non-prosecution agreement with the U.S. Attorney's office wherein they acknowledged violation of federal criminal law, agreed to pay a total of \$15,000,000 in cash to settle a civil forfeiture action, agreed to provide complete and truthful disclosure to the investigating entities of any information requested and to maintain the various remedial measures the company adopted as a result of the official investigation and its own internal investigation.

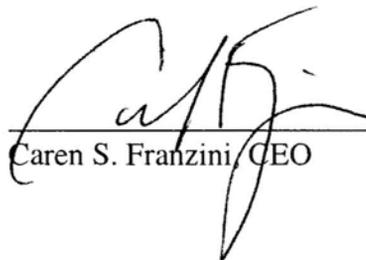
Mitigating Factors:

Several mitigating factors regarding the above described conduct warrant consideration; they include, but are not limited to, the following:

- Most importantly, the criminal conduct occurred prior to Cablevision's acquisition of the Tribune Company. As such, the criminal conduct can in no way be attributable to Cablevision's management or reflect negatively on Cablevision.
- Tribune fired all of the employees implicated in the scheme.
- Tribune now requires personal certification by senior executives of the accuracy of circulation data which is enforced by loss of incentive compensation.
- Tribune added circulation audits to the scope of work conducted during annual internal audits at Newsday and Hoy.
- Tribune assigned the Finance departments at Newsday and Hoy to exercise joint responsibility with the Circulation departments of the newspapers to prepare and verify monthly paid circulation data as well as to review reports of unsold newspapers by distributors and to establish guidelines limiting use of third-party bulk sales.
- The SEC, in determining to accept Tribune's offer and only imposing a cease and desist order, considered the remedial acts promptly undertaken by Tribune and the cooperation that Tribune afforded the Commission staff. No fines or other sanctions were levied against the company by the SEC.
- Furthermore, the 15 month term of the non-prosecution agreement expired without breach at any point.

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 Cablevision and staff does not believe disqualification is warranted.



Caren S. Franzini, CEO

Prepared by: Marcus Saldutti



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: June 12, 2012

SUBJECT: Urban Transit Hub Tax Credit Program
CSC TKR, LLC

Request

The Members are asked to approve the Urban Transit Hub Tax Credit (“UTHTC”) program application for CSC TKR, LLC (“CSC”, the “Tenant” or the “Applicant”) under P.L. 2007, c.346, P.L. 2008, as amended on July 26, 2011, as the tenant in the proposed new customer service center on an eligible site (the “Project” or “Site”), with at least 250 employees, in Newark, New Jersey for a tax credit in the amount up to \$37,451,378 or \$3,745,138 annually for 10 years. This amount represents 80% of the Project’s total qualified costs of \$46,814,223 (as the Applicant does not anticipate creating 200 new jobs at the Site). The net benefits to the State are calculated over 14.25 years reflecting 75% of the proposed 19 year lease.

Project Description

CSC TKR, LLC is a tenant proposing to occupy 73,000 square feet of office space in a newly constructed facility located adjacent to 494 Broad Street, Newark. The Applicant is a wholly owned subsidiary of CSC Holdings, LLC which in turn is a wholly owned subsidiary of Cablevision Systems Corporation (“Cablevision”) which operates as one of the nation’s leading media and telecommunications companies with a portfolio of operations that includes a full suite of advanced digital television, voice and high speed internet services, valuable local media and programming properties and movie theaters.

CSC has an existing site in Newark (60,000 square feet of leased space at 765 Broad Street) which is set to expire on May 31, 2014 where they currently employ 619 full time employees mainly engaged in customer service activities. This location has been deemed to no longer meet their occupancy requirements including space layout and proximity to mass transit and therefore they have decided not to remain at this location beyond the current lease expiration. Site selection alternatives in Newark were then evaluated and it was determined that no other facilities met their requirements (including size and configuration, parking availability, proximity to mass transit, telecommunications capacity and overall building conditions). New construction options were evaluated to provide a modern, sustainable workplace to enhance their ability to attract and retain employment. Cablevision also has facilities in 1] Melville and Jericho, Long Island, 2] Bronx, New York and 3] Stratford and Shelton, Connecticut which are being evaluated as alternatives for consolidation and expansion due to the

existence of excess capacity at these sites. Seeking to improve operational inefficiencies and capacity constraints at their locations, Cablevision evaluated options for their long term occupancy requirements within their primary service areas in the three states. They narrowed alternatives to three: 1] relocate and consolidate operations to three facilities (Melville, Jericho and Shelton), 2] relocate and consolidate operations to two facilities (Melville and Shelton) and 3] relocate Newark operations to a newly constructed facility in Newark adjacent to 494 Broad Street (vacant site owned by Fidelco Realty Group). Fifteen year occupancy and capital costs for the three options were calculated at \$28 million, \$33 million and \$73 million, respectively which illustrates that the Newark site is the highest cost by considerable margin. CSC seeks approval of the UTHTC in an effort to make the New Jersey option a more viable choice. The Applicant anticipates employing at least 500 full time employees at the new facility.

CSC has certified that 574 full time employees in Newark are “at risk” (there are 45 employees at the Newark site which are not at risk as they are not directly related to the call center operations and would be expected to be retained at other NJ locations if the proposed call center project were relocated to NY or Connecticut) meaning that these employees could locate outside New Jersey. The “at risk” employees have an average salary of \$36,760 and aggregate payroll of approximately \$21 million (504 are customer service coordinators and 70 are administrative/operations). CSC also indicated that the new facility could accommodate additional employment growth of more than 150 new jobs. The Project would also result in the development of a long vacant lot with increase in tax ratable for the municipality as well as add needed parking to the area. The new facility will include 12,500 square feet of retail and 700 parking spots (of which 350 would be utilized by the Applicant) and have an aggregate capital cost estimated at \$68 million.

The Project Site has been verified to be in an eligible municipality and located within one-half mile of an Urban Transit Hub (New Jersey Transit Broad Street Station).

Under the UTHTC rules, the Applicant must employ at least 250 full time employees at the Project Site by January 13, 2016. The Applicant anticipates meeting this requirement by the end of the first quarter of 2014 when construction on the new facility will be completed. CSC and related entities had 2,897 employees in New Jersey on the last day of their tax accounting year (12/31/2011) and this includes 806 full time staff at four sites in Newark.

The minimum capital investment by a tenant in the facility must be at least \$17.5 million and the total capital investment of the project must be at least \$50 million. The estimated total capital investment in the project as it relates to the development of the site is \$67,598,653. The eligible capital investment of the costs relative to the development of the Tenant’s space was determined to be \$46,814,223 which does not include land and developer fees. The Authority recommends approval of this project for a tax credit in an amount up to \$37,451,378 based on the results of the net benefit analysis and qualifying cost breakdown (as well as the 20% reduction in UTHTC due to the lack of 200 new jobs at the Project Site). CSC TKR, LLC expects that building construction will commence in the third quarter of 2012 and be completed by the first quarter of 2014.

Finding Regarding Jobs At Risk

Staff has reviewed the economic analysis presented by the applicant that details the cost differential between these alternative locations that indicates significant cost savings were the company to move

out of state. CSC TKR, LLC did not acknowledge, and staff review did not reveal any facts that would tie the company's existing NJ jobs to NJ, i.e. union contracts, NJ regulated entities or services, specialized labor force needs, or stranded assets. As such, staff has included the economic activity of these "at risk" jobs in its calculation of the net benefits to the State.

Based upon details provided as part of the application and in conjunction with their corporate facility consultant, the 15 year all in cost of the Melville and Jericho, NY and Shelton, CT alternative totals \$28 million and the Melville and Shelton option totals \$33 million (both are 60,000 square feet of space and include no incentives). The New Jersey option is 13,000 square feet larger than the two out of state options mainly due to lobby, cafeteria and other common areas which are necessary with new construction (as compared to the existing space which already contains these areas). The New Jersey option is considerably more costly as annual occupancy charges are double what are available under the other alternatives before factoring in the potential impact of the UTHTC at the Newark location. Pursuant to the program requirements, CEO certification was received in order to include the 574 "at risk" jobs in the application as part of the Authority's Net Benefits Analysis calculation.

Pursuant to the Act, as amended on July 26, 2011, which requires the Members of the Authority to make a factual finding regarding "Jobs at Risk", staff has reviewed the full economic analysis of all customer service locations under consideration by CSC TKR, LLC, including lease agreements and ownership documents for all existing CSC TKR, LLC customer call locations in New Jersey (excludes retail and movie theater locations); and documentation for the potential out-of-state location in New York and Connecticut and has independently made a factual finding that the 574 jobs which have been certified by the CEO of Cablevision as being "at risk" meet the statutory requirement of same under the Act, as amended.

Project Ownership

CSC TKR, LLC also does business in New Jersey as Cablevision of Morris, Cablevision of Hamilton and Cablevision of Raritan Valley. CSC TKR, LLC is a wholly owned subsidiary of CSC Holdings, LLC which is wholly owned by Cablevision Systems Corporation. Cablevision was established in New York in 1973 as a cable television operator. Today Cablevision is one of the largest cable operators in the U.S. based on the number of video subscribers. As of 12/31/2011 they served 3.25 million customers in and around the New York metropolitan area and in Montana, Wyoming, Utah and Colorado. Through a wholly owned subsidiary, Cablevision Lightpath, Inc. they provide telephone services and high speed internet access to the business market. Cablevision owns approximately 97.2% of Newsday, LLC which operates a newspaper publishing business. Cablevision also owns regional news and high school sports programming services, a motion picture theater business and a cable television advertising sales business. On June 30, 2011, Cablevision distributed to its stockholders all the stock in AMC Networks, Inc. and on February 9, 2010 all the stock in Madison Square Garden Company was distributed to its stockholders. As a result both of these entities are no longer consolidated into the financial results and are reflected as discontinued operations from the date of distribution. Cablevision is controlled by the Dolan family (72% of the voting power is held by the family) which effectively enables business decisions and board members to be under their control.

Cablevision has in excess of 15,000 employees as of December 31, 2011. Common stock is traded on the NYSE. Revenues for fiscal year ending December 31, 2011 were \$6.7 billion which represents an 8% rise over the prior year with net income of \$292 million as compared with the \$362 million reported for 2010. Depreciation expense was \$1 billion and interest costs \$746 million in 2011.

Cablevision is a highly leveraged organization (with \$13 billion in indebtedness as of 12/31/2011 and deficit equity of \$5.6 billion) and will continue to be so in the future. Their business requires capital investment to finance operations, upgrade cable plant and acquire other cable systems, programming networks and to develop and offer new or upgraded services to current and potential customers. Payments due on borrowings are significant in relation to cash flow and revenues. This leverage exposes the firm to significant risk in the event of downturns in business, in industry or economy generally (as cash flows would decrease while payments on indebtedness would remain constant). Cablevision relies on the capital and credit markets for offerings of debt and to meet financial commitments and liquidity. Disruptions and or volatility in these markets could adversely affect their ability to refinance on satisfactory terms (or at all) the scheduled maturities and ability to draw on revolving credit facilities. Cablevision has reported substantial losses from continuing operations in the past and may incur future losses which may reduce their ability to raise needed capital. Cablevision's debt securities are rated below investment grade by rating agencies. Cablevision's capital expenditures averaged about \$800 million in each of the past three years and these levels are expected to increase over the coming years. Internally generated funds will not be sufficient to meet these needs plus the required payments under maturing loans and it is anticipated that they will do one or all of the following: refinance maturing debt, raise capital via debt or equity, scale back spending programs and sell assets or interests in business(s). As of 12/31/11, total consolidated assets amounted to \$7.1 billion of which \$2 billion were intangible. Cablevision has \$209 million in scheduled maturities over the 12 months ending 12/31/2012 which is expected to be met via internal cash flow, cash on hand and availability under revolving credit facilities. Approximately 50% of Cablevision's debt is on a revolving basis with the remainder on senior note basis (mainly due over the next six years).

Project Budget for the 73,000 Square Foot Development (Tenant portion only):

Item	Total Development Cost	Eligible Capital Investment
Site Work, Building Shell, Interior Construction, Contingency and Parking	\$32,943,073	\$32,943,073
Architect & Engineering, Insurance, Legal, Developers Fee, Contingency and Other Soft Costs	\$12,645,677	\$ 9,071,150
Tenant Fit-Out	\$4,800,000	\$ 4,800,000
TOTAL	\$50,388,750	\$46,814,223

Costs deemed ineligible have been deducted from the eligible capital investment column and include \$3.54 million in soft costs which are above the 20% permissible threshold and \$33,000 in ineligible costs.

Net Positive Benefit Analysis

Pursuant to the UTHTC rules, the Authority calculates the Net Positive Benefit of the project based on the new jobs to the state, unless the applicant submits material facts to demonstrate the "at risk" nature of any relocated employees. CSC TKR, LLC executives have certified that the 574 employees, considered for relocation, are "at risk" from leaving the State.

CSC has indicated that the new facility will have the following job mix; 79% customer service coordinators (average salary \$32,804) and 12% administrative/operations positions (average salary

\$65,014) and 9% internet and other information services positions (average salary \$51,000). The overall average salary is \$38,317 which is modestly above than the \$36,760 average salary of the 574 at risk employees based upon a recent payroll supplied to the Authority. This mix is slightly different than their existing job mix of 88% customer service and 12% administration/operations positions due to the Applicant's decision to upgrade the level of skills at their Newark based customer service center (these functions are currently being performed by employees at two sites outside of New Jersey). Below is a comparison of the job mix classifications per the Applicant, the RIMS salaries and classifications and finally the classifications and salaries utilized to calculate the Net Benefits.

<u>Position description per Applicant</u>	<u>Avg salary</u>	<u># of staff</u>
Customer service coordinators	\$32,804	454
Administrative/operations	\$65,014	70
Technical support	\$51,000	50
Total payroll per Applicant	\$21.99MM	
Average salary per Applicant	\$38,317	

<u>Position description per RIMS</u>	<u>Avg salary</u>	<u># of staff</u>
Admin & support services	\$26,529	454
Prof, scientific & tech services	\$70,007	70
Internet & other IT services	\$83,352	50
Total Payroll per RIMS	\$21.11MM	
Average salary per RIMS	\$36,781	

<u>Used in Net Benefit Analysis</u>	<u>Avg salary</u>	<u># of staff</u>
Admin & Support services	\$26,529	454
Prof, scientific & tech services	\$63,124	70
Internet & other IT services	\$51,000	50
Total Payroll	\$19.01MM	
Average salary	\$33,123	

It is noted that the overwhelming majority (524 of the 574 or over 91%) of the jobs used to calculate the Net Benefits are based on existing staff in Newark with salary support data provided by the Applicant (total payroll is modestly lower in the Authority analysis as compared with the Applicant supplied payroll). Further, the Applicant is currently implementing a revised customer services strategy whereby increased computer skills will be required of employees providing complex technical support in Newark (currently being provided from locations outside New Jersey). The Applicant indicated that fifty such positions at average compensation levels of \$51,000 are anticipated and hence justifies the figures utilized by the Authority to calculate the Net Benefit of the project. These fifty positions are expected to come from CSK's existing Newark workforce who will be provided additional training to attain the higher required skill levels. It is noted that to be conservative, the Authority utilized the \$51,000 salary provided by the Applicant in the Net Benefit analysis and not the \$83,352 salary level per RIMS for this job classification. Therefore, the Net Benefit analysis considers

a total of 574 jobs as new jobs consistent with guidelines approved by the board on September 14, 2011.

The UTHTC statute allows that the authority may consider the transfer of an existing job from one location of the State to another location in the State as the creation of a new job in the net positive benefit analysis if (1) the chief executive officer submits a certification that the jobs are at risk of leaving the State and (2) that the business intends to employ not fewer than 500 full-time employees at the new facility. As further explained above in Finding Regarding At Risk Jobs, the Applicant has certified that there are 574 at risk jobs. Furthermore, the Applicant has indicated that they intend to employ at least 500 full-time employees at the new facility and as such will comply with statutory requirements. The Authority staff has verified the reasonableness of this certification given the capacity of the new facility and the existing employees that will be relocated into the new facility.

The Authority conducted the required Net Benefit Analysis for this project based on 574 jobs at the Project Site and has found that the cumulative net present value of the Net Positive Benefits to the state of New Jersey over 14.25 years is approximately \$41 million using a 6% discount rate. Since the cumulative amount of net benefits to the State must have a 10% cushion, this net benefit figure is reduced to \$37.4 million. Converting the \$37.4 million into a non discounted or nominal value over ten years results in a maximum tax credit award of \$50.8 million over ten years. This total Net Benefit to the State includes \$1.7 million in stimulus from one-time construction costs associated with the proposed Newark facility, direct tax revenue (Gross Income Tax from the State and City, Incremental Real Estate Tax and City Payroll Tax) and the indirect tax revenue expected to be generated by the Company over 14.25 years. Based solely on the amount of capital investment, the Applicant could have received a UTHTC grant of \$46,814,223. In this project, the amount of the capital investment establishes the maximum tax credit award. Since the Applicant does not anticipate creating 200 new jobs at the Project Site, the Authority will only allocate tax credits for 80% of the eligible costs, which is in accordance with the UTHTC statute and results in a maximum tax credit grant of \$3,745,138 annually (or \$37,451,378 over ten years). The Applicant will also be required to maintain full time employment in each of the ten years of the tax credit period of at least 80% of the total Statewide employment (which was 2,897 as of 12/31/2011, the last tax accounting year end prior to application) or they shall forfeit tax credits in any year until such time as these thresholds have been re-instated. They also shall not reduce full time employment at all sites excluding the Project site by more than 20% or they shall forfeit tax credits in any year until such time as these thresholds have been re-instated. The Applicant will also be required to maintain at least 500 jobs at the Project site during the term of the UTHTC.

As of June 1, 2012, \$248,583,206 in tax credits has been approved under the UTHTC program for qualified residential projects and \$691,089,269 for commercial projects for a total of \$939,672,475. After approval of this Project by the Board today, the total tax credits approved under the UTHTC program will increase to \$728,540,647 for commercial projects and \$977,123,853 for all projects.

Recommendation

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

1] That Members of the Authority have reviewed staff's finding of fact analysis that 574 jobs are at risk and concurs with this finding.

2] Application for a tax credit in a maximum amount estimated at \$37,451,378 representing 80% of the eligible capital investment by the Tenant. The NJEDA will provide the Applicant with an approval letter for a tax credit amount that will reflect that the Applicant at a maximum will receive \$37,451,378.

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

These milestones include:

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

Upon project completion, the Authority shall issue a tax credit certificate based on 80% the final qualified eligible project costs (as certified by a CPA), not to exceed the approved amount of \$37,451,378. The tax credit certificate shall indicate that the applicant may take one tenth of the total credit annually over ten years when accompanied by a letter issued by NJEDA indicating the project is compliant with program guidelines. The applicant will be required to maintain full time employment in each of the ten years of the tax credit period of at least 80% of the total Statewide employment (which was 2,897 as of 12/31/2011, the last tax accounting year end prior to application) as well as not reduce full time employment at all sites excluding the Project site by more than 20% or they shall forfeit tax credits in any year until such time as these thresholds have been re-instated. The Applicant will also be required to maintain at least 500 jobs at the Project site during the term of the UTHTC.



Caren S. Franzini
Chief Executive Officer

Prepared by: Michael Conte

NJEDA Economic Impact Model		
NJEDA Economic Impact Model (2008 RIMS Data)		
County Number		7
Address	494 broad street	
County		Essex
Ongoing Jobs(Direct)		574
One Time Jobs(Direct)		163
State & Local Direct Ongoing		
	Services	Select Industry Sector
Sales Tax	\$0	@7%
Corporate Income Tax (CBT)	\$0	@9%
Gross Income Tax	\$760,514	@4%
Misc. State Tax Revenue	\$204,828	input
Property Tax (Default to Total Const Value*3%)	\$181,000	@4%
Direct Ongoing Annual Taxes	\$1,146,342	a
State Indirect Ongoing		
Annual Corp Spending	\$117,719,615	Direct Output Composite
Final Demand Output Multiplier	1.52x	Direct Output Composite Multiplier
Indirect Annual Spending	\$60,695,911.15	Direct Output Composite*(Direct .Mult.-1)
At 3.5 % Tax Rate	\$2,124,357	b
Annual Payroll	\$19,012,846	Direct Earnings Composite
Indirect Effect Earnings Multiplier	1.35x	Direct Earnings Composite Multiplier
Indirect Earnings	\$6,696,428.54	Direct Earnings Composite*(Indirect .Mult.-1)
At 4% Tax Rate	\$267,857	c
Indirect Ongoing Annual Taxes	\$2,124,357	b
Total State Ongoing Net Benefits		
Annual Net Benefit	\$3,538,556	a+b+c
Cumulative Net Benefit (14.25yrs w/ 3% yearly inflation)	\$61,799,009	
Present Value @6%	\$39,598,061	d
One Time		
Construction Value	\$21,900,000	@300psf
Direct One Time Taxes on Spending	\$1,533,000	Count to total only if project is NOT in a UEZ zone.
Direct Construction Multiplier	1.48x	
Indirect One Time Spending	\$10,424,400	
Spending Tax Rate	7.0%	
Ind One Time Taxes on Spending	\$729,708	
Assumed Portion of Const. on Labor	50%	input
Dir One Time Earnings	\$10,950,000	
Earnings Tax Rate	5%	input
Dir One Time Taxes on Earning	\$547,500	
Direct Effect Earnings Multiplier	1.44x	
Indirect One Time Earnings (50% of Construction)	\$4,837,710	
Earnings Tax Rate	5%	input
Ind One Time Taxes on Earnings	\$241,886	
Total One Time Tax Benefits	\$1,519,094	e
Total State Benefits		
Total One Time Tax Benefits	\$1,519,094	e
Total State Ongoing Benefits (PV @ 6%)	\$39,598,061	d
Total Benefits	\$41,117,154	d+e
Implied Maximum Loan at 110% Coverage Ratio Before Adjustments	\$37,379,231	
Summary		
Total Qualifying Costs (NJEDA Cost Analysis sheet)	\$46,814,223	
Max UTHTC Amount Prior to Conversion to Nominal	\$37,379,231	
Nominal UTHTC Amount at 100% of Qualified Costs	\$50,786,398	
UTHTC Amount at 100% of Qualified Costs	\$46,814,223	
UTHTC Amount at 80% of Qualified Costs	\$37,451,378	

GROW NEW JERSEY ASSISTANCE PROGRAM

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

APPLICANT: 151 Foods LLC

PROJECT LOCATION: 151 Benigno Boulevard Bellmawr Borough Camden County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core

APPLICANT BACKGROUND:

151 Foods LLC was formed as the result of a merger of Ginsburg Bakery, the Baker Boys, and the fresh direct store delivery line of Amoroso’s Baking Company. The merger will combine the experience of the Amoroso and Mulloy families into a new entity and allow them to expand capacity, reduce inefficiencies, and improve profitability. Both families have a long history in the baking industry. Amoroso’s Baking Company began operating in 1904 in Philadelphia and the company’s rolls have become a staple ingredient of the Philly cheesesteak. Ginsburg Bakery was established in 1903 in Atlantic City and has been owned by the Mulloy family since 1979. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

The management team of 151 Foods is in the process of selecting a site to locate the new company’s operations. Under consideration are facilities in Bellmawr, New Jersey and Morrisville, Pennsylvania. If the New Jersey site is selected, it will result in the retention of 205 full-time jobs as well as the creation of an additional 140 positions here in the Garden State.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and as a result the management of Amoroso 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 \$99.0 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 205 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 151 Foods LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

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 \$223,250,000.

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:	0
AFFECTED SITE:	<u>0</u>
BONUS PER EMPLOYEE:	<u>\$1,000</u>
TOTAL GRANT PER EMPLOYEE:	\$6,000
ELIGIBLE JOBS:	
New Jobs:	140
Retained Jobs:	<u>205</u>
Total:	345
ANNUAL CREDIT AMOUNT (\$4,000,000 max):	\$2,070,000

TOTAL AMOUNT OF AWARD:	\$ 20,700,000
TERM:	10 years
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 24,760,200
QUALIFIED INCENTIVE AREA:	PA-1
MEDIAN WAGES:	\$ 24,623
STATEWIDE BASE EMPLOYMENT:	205
PROJECT IS: () Expansion (X) Relocation	
CONSTRUCTION: (X) Yes () No	
DEVELOPMENT OFFICER: P. Ceppi	APPROVAL OFFICER: K. McCullough

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

APPLICANT: Burlington Coat Factory Warehouse Corporation

PROJECT LOCATION: 2004 US Route 130 North Florence Township Burlington County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core

APPLICANT BACKGROUND:

Burlington Coat Factory Warehouse Corporation is a nationally recognized retailer of branded apparel at discounted prices. The company opened its first store in Burlington, New Jersey in 1972, selling primarily coats and outerwear. Since that time, Burlington Coat Factory has expanded to 477 stores in 44 states and has also diversified its product categories by offering sportswear, menswear, coats, footwear, baby furniture and home décor. The company operates a combined headquarters and distribution facility in Burlington Township which it has owned since 1987. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

Due to functional obsolescence and other inefficiencies at its current space, Burlington Coat Factory is planning to relocate its headquarters facility. Under consideration is constructing a 180,000 sq ft facility in Florence Township that could accommodate its current workforce in addition to 120 new full-time employees. The multi-story office building would be situated on an undeveloped 50-acre parcel of land and require a capital investment of roughly \$41 million. The alternative is to locate the project in Bensalem, Pennsylvania.

The company plans to relocate all of its office personnel, however 50 full-time warehouse employees would remain at the existing site. These employees are not counted in the calculation of the Grow NJ award. Also not included in the calculation are employees covered under BEIP and BRRAG agreements at the company’s Edgewater Park distribution center.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and as a result the management of Burlington Coat Factory has indicated that the grant of tax credits is a material factor in the company’s location decision. In addition to the Grow NJ program, the applicant has also submitted an application for a Sales Tax Exemption on the eligible expenses incurred at the project site. 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 \$165.53 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 626 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 Burlington Coat Factory 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 \$223,250,000.

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:	0
BONUS PER EMPLOYEE:	<u>\$2,000</u>
TOTAL GRANT PER EMPLOYEE:	\$7,000
ELIGIBLE JOBS:	
New Jobs:	120
Retained Jobs:	626
Total:	746
ANNUAL CREDIT AMOUNT (\$4,000,000 max):	\$4,000,000

TOTAL AMOUNT OF AWARD:	\$ 40,000,000
TERM:	10 years
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 41,091,757
QUALIFIED INCENTIVE AREA:	PA-2
MEDIAN WAGES:	\$ 59,408
STATEWIDE BASE EMPLOYMENT:	1,331
PROJECT IS: () Expansion (X) Relocation	
CONSTRUCTION: (X) Yes () No	
DEVELOPMENT OFFICER: P. Ceppi	APPROVAL OFFICER: K. McCullough

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

APPLICANT: Burlington Coat Factory Warehouse Corporation

COMPANY ADDRESS: 1830 US Route 130 North Burlington Township Burlington County

PROJECT LOCATION: 2004 US Route 130 North Florence Township Burlington County

GOVERNOR’S INITIATIVES:

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

APPLICANT BACKGROUND:

Burlington Coat Factory Warehouse Corporation is a nationally recognized retailer of branded apparel at discounted prices. The company opened its first store in Burlington, New Jersey in 1972, selling primarily coats and outerwear. Since that time, Burlington Coat Factory has expanded to 477 stores in 44 states and has also diversified its product categories by offering sportswear, menswear, coats, footwear, baby furniture and home décor. The company operates a combined headquarters and distribution facility in Burlington Township which it has owned since 1987.

PROJECT DESCRIPTION:

Due to functional obsolescence and other inefficiencies at its current space, Burlington Coat Factory is planning to relocate its headquarters facility. Under consideration is constructing a 180,000 sq ft facility in Florence Township that could accommodate its current workforce in addition to 120 new full-time employees. The multi-story office building would be situated on an undeveloped 50-acre parcel of land and require a capital investment of roughly \$41 million. The alternative is to locate the project in Bensalem, Pennsylvania.

The company plans to relocate all of its office personnel, however 50 full-time warehouse employees would remain at the existing site. These employees are not counted in the calculation of the new awards. Also not included in the calculation are employees covered under BEIP and BRRAG agreements at the company’s Edgewater Park distribution center.

The applicant has applied for a Sales Tax Exemption on the eligible capital investment at the project site as well as for a grant of tax credits under the Grow NJ program to provide an incentive to locate the project in New Jersey. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate.

SCOPE OF STX BENEFITS:

Authority assistance will induce the applicant to relocate its operations to a new, approximately 180,000 sq ft facility in Florence Township. The business will be exempt from sales and use tax for eligible property located or placed at the eligible business location(s) for the renovation project pursuant to the terms and conditions of a project agreement. The sales tax exemption certificate applies only to property purchased for installation at the approved project site(s) and will allow the business to purchase machinery, equipment, furniture and furnishings, fixtures, and building materials, other than tools and supplies, without the imposition of sales and use tax. The sales tax exemption (STX) is administered pro rata to reflect the eligible scope of the project, based on the number of retained STX eligible full-time jobs, increased no more than 20 percent, relative to the sum of all of jobs/employees located at the approved project site(s) during the commitment duration period, subject to the Act, Regulations, and the terms of the Project Agreement. The recommended benefit is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended benefit amount. If the criteria met by the company differs from that shown herein, the benefit amount will be lowered to reflect the benefit amount that corresponds to the actual criteria that have been met.

APPROVAL REQUEST:

STX COMMITMENT DURATION: 5 years

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

ESTIMATED ELIGIBLE EXPENSES:	\$	17,235,322
ESTIMATED VALUE OF STX:	\$	1,206,473
STX ELIGIBLE EMPLOYEES:		626
TOTAL JOBS TO BE LOCATED AT THE PROJECT SITE:		746
MEDIAN WAGES:	\$	59,408
PROJECT LOCATION IN PLANNING AREA 1 OR 2:		PA-2
PROJECT IS: () Expansion (X) Relocation		
CONSTRUCTION/RENOVATION: (X) Yes () No		
DEVELOPMENT OFFICER: P. Ceppi		APPROVAL OFFICER: K. McCullough

STX benefit calculation formula:

Estimated Eligible Property x Sales Tax Rate = Estimated Gross Sales Tax Liability	$\$17,235,322 \times 0.07 = \$1,206,473$
(Retained Full-Time Jobs (STX Eligible Jobs) / Estimated Total Occupants of the Facility) x Regulatory 20% Automatic Increase for All STX Projects = Proportionate Value (Pro Rata Eligible Scope) with 20% Increase	$626/746 = 0.84 \times 1.2 = 1.008$ (max = 1.00)
Adjusted Proportionate Value x Estimated Gross Sales Tax Liability = Estimated Amount of the Sales and Use Tax Exemption Certificate	$1.00 \times \$1,206,473 = \$1,206,473$

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

APPLICANT: Conair Corporation

PROJECT LOCATION: 150 Milford Road East Windsor Township Mercer County

GOVERNOR'S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core

APPLICANT BACKGROUND:

Conair Corporation is a developer, manufacturer and marketer of health and beauty products as well as kitchen and electronic appliances. Since its founding in 1959, the company has become a leading manufacturer of nationally branded personal and health care small appliances. The company's domestic and international divisions offer a diversified mix of professional and consumer products under their own brand names and private labels. Conair is headquartered in East Windsor, New Jersey, with sales and marketing offices in Stamford, Connecticut. The company has large distribution centers in East Windsor, Glendale, Arizona and a manufacturing facility in Rantoul, Illinois. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

Conair has plans to construct a 450,000 sq ft facility that will be used to warehouse and distribute hair dryers, curling irons, and small kitchen appliances. Management is currently deciding between expanding operations at its East Windsor location or building the new facility at the company's location in Arizona. The new building would contain 40,000 sq ft of office space to accommodate employees of a division to be moved from out of state. In total, the project would bring 446 new jobs to the Garden State.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and as a result the management of Conair 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 \$60.3 million over the 15 years that the company would be committed to keep the jobs here.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Conair Corporation 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 \$223,250,000.

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:	0	
AFFECTED SITE:	0	
BONUS PER EMPLOYEE:		<u>\$1,000</u>
TOTAL GRANT PER EMPLOYEE:		\$6,000
ELIGIBLE JOBS:		
New Jobs:	446	
Retained Jobs:	0	
Total:	446	
ANNUAL CREDIT AMOUNT (\$4,000,000 max):		\$2,676,000

TOTAL AMOUNT OF AWARD: \$ 26,760,000

TERM: 10 years

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 31,000,000

QUALIFIED INCENTIVE AREA: PA-2

MEDIAN WAGES: \$ 50,000

STATEWIDE BASE EMPLOYMENT: 550

PROJECT IS: (X) Expansion () Relocation

CONSTRUCTION: (X) Yes () No

DEVELOPMENT OFFICER: P. Ceppi **APPROVAL OFFICER:** K. McCullough

BOARD MEMORANDUMS



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: June 12, 2012

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

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

New Jersey Business Growth Fund:

- 1) By Barak LLC or Nominee (P37509), located in Jersey City, Hudson County was formed in 1985 by Mr. D. Barak Stribling. The company provides costume design and manufacturing for Broadway productions, movie productions, the music industry and custom leatherwork for private individuals. PNC Bank approved a \$275,000 loan with a five-year, 25% guarantee of principal outstanding, not to exceed \$68,750. Proceeds will be used to purchase commercial real estate to relocate and expand the business. The company currently has nine employees and plans to create one additional job over the next two years.
- 2) Himmelein Associates LLC (P37442), located in Medford Township, Burlington County, is a real estate holding company related to the project user by common ownership. The operating company, Padden Cooper Lawson Denn Drewry LLC, is an accounting firm that occupies the project property. PNC Bank approved a \$375,000 loan with a five-year, 25% guarantee of principal outstanding, not to exceed \$93,750. Proceeds will be used to purchase a second building located on the current property of the existing location. The extra space will be used to consolidate the Mount Laurel office currently being leased. Currently, the company has thirteen employees and plans to create two new positions within the next two years.

NJ Main Street Program:

- 1) Brookfield Schools, Inc. (P37423), located in Cherry Hill Township, Camden County, opened its doors in 1976, initially known as Turning Point and then later as the Camden County Alternative School. The school's core mission is to provide innovative, practical and effective educational and clinical services for students with special emotional needs. In 1998, the name was changed to Brookfield Academy and the school continued to expand services and programs. Today, Brookfield Schools serves students with special needs ages 5 through 21 with specialized programs in three settings. Fulton Bank approved a \$3,450,000 bank loan with a 25% guaranty of principal outstanding, not to exceed \$862,500. The company currently has 85 employees and plans to create three additional jobs over the next two years.

Premier Lender Program:

- 1) Pennington Leasing LLC (P37384), located in Hopewell Township, Mercer County, was founded in 1987 to manufacture injection molding of PVC accessories for the vinyl fence, deck and railing industry. The current ownership is divided between two brothers, Anatoly and George Lesenskyj, Jr. and their sister Helen Lesenskyj Dublas (each owns 26.6%) with the remaining ownership held in three trust accounts for their children. JP Morgan Chase approved a \$1,700,000 term loan with an \$850,000 (50%) Authority participation. Proceeds will be used to purchase commercial property and finance \$500,000 of property renovations. Currently, the company has 151 employees and plans to create 20 new positions within the next two years. SSBCI funds will be utilized for this project.



Prepared by: D. Lawyer
DL/gvr



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: June 12, 2012

SUBJECT: Barclays Global Investors N.A. (“BGI”)
\$811,650 Business Employment Incentive Program Grant (“BEIP”)

Request:

Consent to the acquisition of BGI by BlackRock, Inc. and to the subsequent name change to BlackRock Institutional Trust Company NA (“BITC”). This consent will not affect the grant award percentage or create unanticipated job growth as this grant is capped.

Background

BGI, founded in 1971, and based in San Francisco, is a limited purpose national trust bank that manages collective investment products and services and provides fiduciary and custody services to various institutional investors.

In July 2007, BGI was approved for a 10 year/80% BEIP grant to support creating 60 new jobs for a fulfillment center in Jersey City. Noted is that this division of Barclay’s did not have a presence in New Jersey, so they were not required to maintain an 80% statewide employment test as part of their grant. The Minimum Eligibility Threshold of 25 was reached in December 2007. \$156,910 has been disbursed through reporting year 2008, and an additional \$912,134 remains undisbursed for grant years 2009-2011. The 2009 disbursement is pending approval of the company’s acquisition by BlackRock. The company reported 35 jobs as of December 31, 2011.

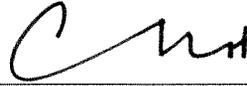
In December 2009, BlackRock, Inc., an independent, global investment management firm, which manages over \$670 billion in assets for clients worldwide, acquired BGI through a stock purchase worth approximately \$13.5 billion. As a result, BGI became a wholly owned subsidiary of BlackRock, Inc. and its name was changed to BlackRock Institutional Trust Company, NA.

Also noted, staff recently learned that in May 2012, Barclays sold its 19.6% stake in BlackRock it acquired through the sale of BGI because of stricter capital requirements which make it more expensive for UK banks to hold onto the shares worth \$6.1 billion. BlackRock has agreed to purchase \$1 billion worth of these shares with the remaining to be sold in a secondary offering managed by Morgan Stanley and Merrill Lynch.

The current request seeks Members’ approval for the acquisition and name change from BGI to BITC.

Recommendation:

Consent to the acquisition of BGI by Blackrock, Inc and the subsequent name change from BGI to BITC. Approval of these actions are not expected to create unanticipated growth in employment under the BEIP grant because the grant is capped. Staff has also determined BITC will not be required to meet the 80% statewide employment test because BGI did not have a New Jersey presence at the time of approval and was there for not required to meet the test.



Prepared by: Tyshon Lee and Tejinder Gill

AUTHORITY MATTERS



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: June 12, 2012

SUBJECT: Casino Reinvestment Authority MOU for Southwest Inlet Financing

Request:

The Members are asked to approve a Memorandum of Understanding (“MOU”) between the Authority and the Casino Reinvestment Development Authority (“CRDA”) to authorize the EDA to borrow a maximum of \$50 million for a special obligation, non-recourse loan and advance the loan proceeds to CRDA to finance projects in the Southwest Inlet.

Background:

CRDA was established pursuant to the “Casino Reinvestment Development Authority Act” (Public Law 1984, c. 218, as amended) and is charged with revitalizing and developing urban communities using funds generated through gaming revenue invested by the casinos. CRDA provides capital investment funds for economic development and community projects that address the changing economic and social needs of Atlantic City and the State of New Jersey. The core of CRDA’s mission is to encourage business development and permanent job creation, promote opportunities for business expansion, and to facilitate a vibrant economic investment and employment environment for New Jersey, with a focus on Atlantic City.

CRDA has invested more than \$2 billion in over 400 projects in Atlantic City and throughout the State of New Jersey. Over the past 28 years, investments by and through the CRDA in Atlantic City alone have created more than 7,000 hotel rooms and 1500 units of residential housing. CRDA investments have created in excess of 40,000 construction jobs and more than 15,000 permanent positions. Annual investments have exceeded an average of \$71 million per year since 2000. In 2011, the CRDA established the Atlantic City Tourism District pursuant to P.L. 2011, c. 18, and, as a result now oversees the management and development of all areas of the City where tourism activities predominate, and also oversees a newly formed public-private partnership with the casino industry that is investing \$150 million over the next five years to market and promote Atlantic City as a destination resort. CRDA has also coordinated its small business initiative with EDA utilizing NJDA funds to support small, women and minority owned/operated restaurants located in the casino hotel properties.

In 2011, CRDA designated the Atlantic City Inlet Neighborhood Strategy Area pursuant to *N.J.A.C. 19:6.5 et seq.* as an area of Atlantic City where CRDA resources will be prioritized to promote community and economic development, and pursuant to Resolution 11-50 adopted June 21, 2011, the CRDA approved the dedication of revenues derived from operations of Revel Entertainment Group, LLC (“Revel”) toward community and economic development projects in the Inlet.

To support the effort to revitalize the Inlet neighborhood, as the Board Members are aware, on February 1, 2011, the Board awarded an Economic Redevelopment and Growth Grant (“ERG”) of approximately \$261 million to Revel Atlantic City. In addition to paying \$5 million in annual revenue district payments to CRDA, Revel is also committed to expend the \$260 million in up front ERG payments for new development projects and recreational amenities in the Southwest Inlet. Proceeds of the ERG payments will be timed after the revenue payments and after the public infrastructure for these sites is complete with the \$50 million in proposed loan.

CRDA intends to monetize its future Revel-based tax revenues to fast-track approved redevelopment projects in the Atlantic City Inlet area. CRDA has requested the EDA to borrow a maximum of \$50 million in a special obligation loan from a Lender (to be identified by a competitive process,) in the form of two notes, the first in an approximate amount of up to \$35 million, and the second in a residual amount not to exceed \$25 million, which when combined with the first will not exceed \$50 million in total, issued approximately 12 to 18 months apart, to be advanced as a loan to CRDA.

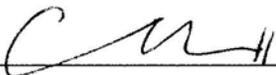
CRDA intends to utilize the EDA loan proceeds to acquire, demolish and improve sites in the Atlantic City Inlet area adjacent to Revel for the purpose of redevelopment as “approved projects,” under the Tourism District Act. As described in the attached MOU, the CRDA will assign the full amount of the Revel Entertainment-Retail District Sales Tax Rebate and provide first mortgages on project sites acquired, to the EDA, to secure the Bank loan and provide debt service coverage of payments on the loan. Through the MOU with CRDA, EDA will secure the loan with a funded reserve of ten percent (10%) of the loan up to a maximum of \$5 million dollars.

If approved by the members, a Request for Bids will be sent to commercial banks and financial lending institutions authorized to conduct business in New Jersey, for the purpose of securing the maximum \$50 million commitment.

Once a lender is selected, staff will work with the lender to negotiate terms of the financing commitment. The members will be then be asked to approve both the lender and terms of the loan.

Recommendation:

Staff recommends the Board authorize the execution by the Chief Executive Officer of the aforementioned Memorandum of Understanding between the Authority and the CRDA for a \$50 million non-recourse loan to support infrastructure projects in the Southwest Inlet.



Prepared by: Lisa Coane and Kim Ehrlich

Attachments

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") made as of this __ day of _____ 2012 (the "Effective Date"), is between NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY ("EDA") and the CASINO REINVESTMENT DEVELOPMENT AUTHORITY ("CRDA"), both instrumentalities of the State of New Jersey (collectively the "Parties").

WHEREAS, CRDA was established pursuant to the CRDA Act (P.L. 1984, c. 218, as amended), and is charged with the responsibility to revitalize and develop urban communities, and with the enactment of P.L. 2011, c. 18, the CRDA has assumed certain expanded powers and responsibilities for development of Atlantic City ("City");

WHEREAS, pursuant to CRDA Urban Revitalization Act, P.L. 2001, c. 221 (C.5:12-173.9 *et seq.*), ("ERD Act"), CRDA was authorized to create entertainment retail districts ("ERDs") in Atlantic City;

WHEREAS, under the ERD Act, the first \$5 million of revenues collected pursuant to the Sales and Use Tax Act, P.L. 1966, c.30 (C.54:32B-1 *et seq.*) deposited with the New Jersey Department of Treasury from retail sales of tangible personal property and services originating from and delivered from business locations in an ERD shall be rebated to CRDA;

WHEREAS, CRDA established the Revel Entertainment-Retail District, and entered into a Project Grant Agreement dated as of December 18, 2007 ("Project Grant Agreement") with REVEL ENTERTAINMENT LLC ("Revel");

WHEREAS, pursuant to the Project Grant Agreement, CRDA projects that it will receive up to \$ 5 million of rebated tax revenues annually once Revel is fully operating ("Revel ERD Revenues") after June 1, 2012.

WHEREAS, CRDA designated the Atlantic City Inlet Neighborhood Strategy Area pursuant to N.J.A.C. 19:6.5 *et seq.*, as an area of the City where CRDA resources will be prioritized to promote community and economic development, and pursuant to Resolution 11-50 adopted June 21, 2011 the CRDA approved the dedication of revenues derived from operations of Revel toward community and economic development projects in the Atlantic City Inlet, and the negotiation and execution of a public-private partnership agreement with Revel to effectuate collaboration between Revel and the CRDA for investment in the Atlantic City Inlet;

WHEREAS, the EDA, established pursuant to N.J.S.A. 34:1B-1 *et seq.*, is charged, among other things, with improving future employment opportunities by encouraging and inducing the undertaking of projects which retain or expand employment in the State;

WHEREAS, EDA has the authority to borrow special obligation loans secured by identified revenues to advance its mission of providing job growth and economic development in the State;

WHEREAS, CRDA intends to monetize its future Revel-based revenues to fast-track approved redevelopment projects in the Atlantic City Inlet, and has requested the EDA to borrow a maximum of \$50 million in a special obligation loan from a Lender to be identified by a competitive process, in the form of two notes, the first, in an amount of up to \$35 million; the second in a residual amount not to exceed \$25 million, which when combined with the first will not exceed \$50 million in total, issued approximately 12 to 18 months apart ("Bank Loan") and to advance as a loan ("EDA Loan") to CRDA funds to finance the acquisition of approved projects;

WHEREAS, in exchange for receipt of EDA Loan Proceeds, CRDA intends to assign the full amount of Revel ERD Revenues and first mortgages on project sites to secure the EDA Loan and provide debt service coverage of payments on the EDA Loan;

NOW THEREFORE, pursuant to N.J.S.A. 52:14-4, the Parties hereby agree as follows:

I. Intent.

The parties agree that this MOU is non-binding and is intended to set forth a road map for the proposed transaction. It is the intent of the parties that they will execute commercially reasonable documents to effectuate the material terms of this MOU and that this MOU will be superseded by those documents.

II. Request for Bids.

CRDA Duties:

- 1) Provide a financial analysis of Revel ERD Revenues, projected proceeds from the sale of the Project properties and descriptions of proposed projects.
- 2) Will secure approval of its members for the CRDA loan Documents
- 3) Participate in the review of bids to the RFB as a subject matter expert, non-voting member.

EDA Duties:

- 1) EDA shall issue a Request For Bids ("RFB") to identify a Lender to fund the \$50 million Bank Loan in notes, the first of which will be up to \$35 million, and the second of which will be for the residual amount of the \$50 million, issued 12 to 18 months apart.
- 2) If needed to make the Bank Loan financially feasible, EDA will reserve from its general funds for the benefit of the Bank Loan, an amount equal to 10 percent of the Bank Loan at the time the respective Notes are issued up to a maximum amount of \$5 million. These funds will be released on a dollar for dollar basis when the receipt of the Revel ERD Revenues together with the sales proceeds from the sale of the

Project properties exceed the amount needed for debt service.

- 3) EDA will secure approval of EDA's Board for the Bank Loan and the CRDA Loan Documents, as defined below

III. Loan Closing.

CRDA Duties:

- 1) Simultaneous with EDA's closing of the Bank Loan, CRDA will execute an Assignment and Loan Agreement, Note and other documents, in with the EDA pursuant to which it will assign the Revel ERD Revenues to the EDA or Bank, agree to provide first mortgages on properties purchased with loan proceeds and set forth the procedure to drawdown loan proceeds as set forth below ("CRDA Loan Documents").

EDA Duties:

- 1) EDA will execute the CRDA Loan Documents. EDA will close the Bank Loan, which may include an assignment of the CRDA Loan Documents to the Bank.

IV. Project Development and Funding.

CRDA Duties:

- 1) Upon identification of a project site for development, CRDA will:
 - a. Determine eligibility of proposed projects pursuant to the CRDA Act.
 - b. Evaluate and prepare a financial analysis of the project.
 - c. Provide cost estimates for remediation, demolition site improvement to a pad site, and construction of site improvements (if applicable).
 - d. Secure local approvals as applicable.
 - e. Obtain a real estate appraisal for the site.
 - f. Identify, hire and monitor demolition and pad site improvements
- 2) CRDA will submit a Project Funding Request for the project to the EDA including the following:
 - a. A written request for funding.
 - b. A copy of the approved proposal including the financial analysis.
 - c. A copy of the CRDA Resolution authorizing the approval.
 - d. A budget of project costs.
 - e. Real Estate appraisal of the project site.
 - f. Remediation, demolition and improvement schedule.
 - g. Standard EDA fees.

EDA Duties:

- 1) Upon receipt of the Project Funding Request from CRDA, EDA will conduct an independent review of the Project and supporting documentation.
- 2) EDA will issue an approval letter listing the terms and conditions of the Project Funding, such terms and conditions to be consistent with the CRDA loan Documents
- 3) EDA will advance the full amount of the Project Funding upon receipt of any required documentation.

IV. Post Project Funding.

CRDA Duties:

- 1) CRDA will report quarterly to EDA on the progress of the demolition, site improvement and if applicable the sale and development of the Project site.
- 2) CRDA shall pay to the EDA the full amount of sale proceeds upon sale of the Project site until the Bank Loan (both principal and interest) and the reserve fund, if any, is fully repaid or released.

EDA Duties:

- 1) EDA will conduct independent site visits to the project location, coordinate with CRDA the resolution of any concerns raised by such inspection and report progress of the site development to EDA's board on a quarterly basis.

V. Miscellaneous:

- 1) The MOU shall be effective as of the date of final execution by the Parties and unless sooner terminated as set forth herein, shall continue until the Bank Loan and the CRDA Loan Documents are executed.

Each party shall have the right to terminate this MOU upon 30 days prior written notice to the other party and neither party will owe the other for any funds expended up to the date of such termination. Such termination will not affect any executed documents that have memorialized the terms of this MOU.

- 2) The Parties may modify this MOU only in writing, and executed by both Parties.

IN WITNESS WHEREOF, the Parties hereto have caused this MOU Agreement to be executed by their respective officers duly authorized as of the date and year first set forth above.

WITNESS:

**NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY**

By: _____
Caren S. Franzini, Chief Executive Officer

WITNESS:

**CASINO REINVESTMENT DEVELOPMENT
AUTHORITY**

By: _____
John F. Palmieri, Executive Director