



MEMORANDUM

TO: Members of the Authority
FROM: Chairman Al Koeppel
DATE: July 25, 2012
RE: Organizational Matters

Chief Executive Officer Caren Franzini has tendered her resignation, effective September 30, 2012. I am recommending to the Board a new Executive structure that will address the critical fiduciary obligations of this organization and provide for a continuing level of operational and ethical excellence.

I have had the opportunity to work with Caren and the EDA for over 20 years, including my two terms as the Chairman. For all of that time, and under her leadership, the EDA has been a source of pride for this State. The distinguished, high performance of this Authority has been achieved during volatile economic times, through changes in political leadership and the natural ebb and flow in the composition of its highly technical workforce.

As we know, the EDA is primarily a financial institution charged with the responsibility to allocate the State's financial resources consistent with the law and with New Jersey's long term economic development interests. It has a significant fiduciary obligation to the citizens of this State. For many years, but notably under Governor Christie's administration, numerous financially complicated matters have come before this Authority. Caren has guided the organization in the development of objective empirical analyses, which has enabled the EDA Board to render informed and solid decisions.

Caren's departure provides us with the obligation and the opportunity to direct the future of this organization to enable sustained high performance, as well as to achieve new levels of accomplishments and economic growth.

It is clear, that, in Caren, the EDA had a very special leader who was able to function very effectively at the strategic level as Chief Executive Officer (CEO) as well as at the highly technical operating level of a Chief Operating Officer (COO).

In essence she had the energy and deep skills to fill both roles superbly.

But that doesn't mean that the EDA's organizational structure, given her departure, would be ideal or couldn't be improved... particularly given its dramatically increasing responsibilities. So, I am recommending to the Board a more classic organizational structure for the EDA, one having a CEO and with a new subordinate position of President/COO.

In this organizational model, as the senior leader of the organization, the CEO will provide strategic direction in partnership with the Board and the Administration; sound ethical and governance processes; secure the tools and resources necessary for the work at hand; select and mentor key staff; and serve as the principal representative of the EDA throughout the State. In essence, and of critical importance, the CEO creates the operational and cultural environment that enables others in the organization to make the right decisions and to perform their tasks at a high level.

The President/COO will manage the highly technical and increasingly diverse core operations of the organization, which requires an extremely high level of detailed knowledge, as well as financial and transactional skills. The President/COO will provide leadership of the EDA's business operations, including finance and development matters overseeing the management of the incentive programs; loans and guarantees; real estate development; and the agency's financial and accounting matters. The President/COO shall report to the CEO and keep the EDA Board Chairman informed on financial matters impacting the organization.

Accordingly, I recommend that the Board approve the appointment of Michele Brown as CEO. Michele is currently serving as Appointments Counsel to Governor Christie. In that role she has provided strategic and legal advice to the Governor and Cabinet and has worked with the New Jersey Legislature.

Michele has a long and distinguished career serving the U.S. Attorney General's Office, District of New Jersey. During her eighteen years there, she advanced to the position of Acting First Assistant US Attorney, responsible for the management and operation of a 300 employee office, including direct supervisory responsibility for each of the major prosecuting divisions at various times. Michele specialized in white collar prosecutions, including corporate, bank, health care and securities fraud, tax and money laundering efforts. She is a graduate of Drew University and the Georgetown University Law Center.

Michele is a thoughtful leader with an adaptive mind and the ability to work effectively through complex situations. She has a reputation for fact-based advocacy, integrity and for consistently bringing the highest level of collaborative performance from her subordinates and colleagues.

I also recommend that the Board approve the creation of the President/COO position and the appointment of Senior Vice President Tim Lizura to that role. As you know, Tim has extensive experience leading the Authority's finance, real estate and community development teams and has an in-depth understanding of the programs administered by the Authority. He has effectively represented the Authority, and prior to that, the Port Authority of NY & NJ, in completing challenging, visible and significant financial and real estate transactions. Educated at Rutgers University with an undergraduate degree in economics, as well as a Masters of Business

Administration, he has earned the reputation in the New Jersey business community as an executive that strives for results. Working with the Board and EDA staff, Tim has played a significant role in developing the Authority's portfolio of incentive programs that are now regarded as the most creative, effective and fiscally sound in the country.

An additional personnel change designed to ensure the continued strong performance of the organization is the selection of Senior Vice President of Governance and Communications Maureen Hassett to replace Mr. Lizura as the Senior Vice President of Finance and Development. She will report to the President/COO, along with Chief Financial Officer Greg Ritz and FMERA Executive Director Bruce Steadman. Senior Vice President of Operations, Fred Cole will report to the CEO.

Recommendation

To approve the appointment of Michele Brown as Chief Executive Officer at a salary of \$225,000; the creation of the position of President/COO, and the appointment of Tim Lizura to that position at a salary of \$205,000, effective October 1, 2012.