NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

DATE: September 11, 2014

SUBJECT: Agenda for Board Meeting of the Authority September 11, 2014

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Authority Matters

Bond Projects

Loans/Grants/Guarantees

Incentive Programs

Board Memorandums

Real Estate

Office of Recovery

Executive Session

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

August 12, 2014

MINUTES OF THE MEETING

Members of the Authority present: Al Koeppe, Chairman; State Treasurer Andrew Sidamon–Eristoff; Commissioner Kenneth Kobylowski of the Department of Banking and Insurance; Commissioner Hal Wirths of the Department of Labor and Workforce Development; Public Members: Joseph McNamara, Vice Chairman; Charles Sarlo, Fred B. Dumont; Massiel Medina Ferrara, Philip B. Alagia, William J. Albanese, Sr., Harold Imperatore, and Rodney Sadler, Non-Voting Member.

Present via conference call: Colleen Kokas representing the Commissioner of the Department of Environmental Protection and Public Member Larry Downes.

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

Absent: Public Members Jerry Langer.

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

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the July 10, 2014 regular and executive session meeting minutes. A motion was made to approve the minutes by Mr. Dumont, seconded by Mr. Sarlo, and was approved by the 11 voting members present.

Commissioner Kobylowski abstained because he was not present.
Mr. Albanese abstained because he was not present.

CEO Brown and Chairman Koeppe read a proclamation thanking DAG Sudi Solomon for her almost 30 years of service to the State of New Jersey and congratulated her on her upcoming retirement.

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

BOND PROJECTS

Amended Bond Resolutions

ITEM: Marcus L. Ward Home **APPL.#**39622
LOCATION: Maplewood /Essex
PROCEEDS FOR: Refinancing
FINANCING: Up to $33,500,000 Tax-exempt Bond
MOTION TO APPROVE: Comm. Kobylowski **SECOND:** Mr. Dumont **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

ITEM: United Methodist Homes of New Jersey and Bristol Glen, Inc. **APPL.#**39623
LOCATION: Various
PROCEEDS FOR: Refinancing
FINANCING: $38,000,000 Tax-exempt Bonds
MOTION TO APPROVE: Comm. Kobylowski **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Combination Preliminary and Bond Resolutions

ITEM: 75 Spruce Street Development, Inc. **APPL.#**39427
LOCATION: Paterson/Passaic
PROCEEDS FOR: Refinancing
FINANCING: $6,000,000 Tax-exempt Bond
MOTION TO APPROVE: Mr. Sarlo **SECOND:** Mr. Imperatore **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

LOANS/GRANTS/GUARANTEES

Statewide Loan Pool Program

PROJECT: 1655 Imperial Realty LLC **APPL.#**39590
LOCATION: West Deptford/Gloucester
PROCEEDS FOR: Renovation of existing building, Acquisition of existing building
FINANCING: $3,130,000 mortgage loan with a 31.95% Authority participation
MOTION TO APPROVE: Comm. Kobylowski **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

PROJECT: Jimmy's Cookies, LLC d/b/a Jimmy's Cookies **APPL.**#39633
LOCATION: Clifton/Passaic
PROCEEDS FOR: Purchase of equipment & machinery
FINANCING: $2 million term loan with a 50% Authority participation
MOTION TO APPROVE: Comm. Kobylowski **SECOND:** Mr. Sarlo **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

PROJECT: Jimmy's Cookies, LLC d/b/a Jimmy's Cookies **APPL.**#39687
LOCATION: Clifton/Passaic
PROCEEDS FOR: Working capital
FINANCING: $2 million bank line of credit with a 37.5% Authority Guarantee
MOTION TO APPROVE: Comm. Kobylowski **SECOND:** Mr. McNamara **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Megas Yeeros LLC **APPL.**#39537
LOCATION: Lyndhurst/Bergen
PROCEEDS FOR: Renovation of existing property, Working capital, Purchase of equipment & machinery
FINANCING: $1,700,000 bank loan with a 50% Authority participation
MOTION TO APPROVE: Comm. Kobylowski **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

Hazardous Discharge Site Remediation

FOR INFORMATION ONLY: Summary of Petroleum Underground Storage Tank and Hazardous Discharge Site Remediation Fund funding availability as of second quarter ending on June 30, 2014.

ITEM: Summary of Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.
PROJECT: Township of Neptune (Shark River Municipal Marina) **APPL.**#39394
LOCATION: Neptune/Monmouth
PROCEEDS FOR: Site Investigation, Site Remediation
FINANCING: $268,194
MOTION TO APPROVE: Ms. Kokas **SECOND:** Comm. Kobylowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

EDISON INNOVATION FUND

Technology Business Tax Certificate Transfer Program

ITEM: Technology Business Tax Certificate Transfer Program: 2014 Program Approvals & Disapprovals

REQUEST: To approve 49 projects and disapprove 9 projects for the 2014 program cycle which have been evaluated according to the criteria established by the Members of the Board.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

Angel Investor Tax Credit Program

ITEM: Summary of Angel Investor Tax Credit Program projects recommended for approval.

INVESTOR: John DeWees **APPL.**#39584
TECHNOLOGY BUSINESS: Midawi Holdings, Inc. dba DoughMain
LOCATION: Princeton Borough/Mercer **BUSINESS:** Advance Computing/Information
QUALIFIED INVESTMENT: $150,000
MOTION TO APPROVE: Comm. Wirths **SECOND:** Ms. Kokas **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

INVESTOR: Sol J. Barer **APPL.**#39586
TECHNOLOGY BUSINESS: Edge Therapeutics, Inc.
LOCATION: Berkley Heights/Union **BUSINESS:** Biotechnology
QUALIFIED INVESTMENT: $100,000
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

INVESTOR: Sol J. Barer **APPL.**#39587
TECHNOLOGY BUSINESS: Edge Therapeutics, Inc.
LOCATION: Berkley Heights/Union **BUSINESS:** Biotechnology
QUALIFIED INVESTMENT: $150,000
MOTION TO APPROVE: Comm. Kobylowski **SECOND:** Mr. Imperatore **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

INCENTIVE PROGRAMS

ITEM: Residential Economic Redevelopment Growth Grants (ERG) Analysis
REQUEST: To approve an alternative method of analysis for Residential Projects requesting ERG assistance when those projects are jointly applying for New Jersey Housing and Mortgage Finance Authority and New Jersey Economic Development Authority assistance to more closely align the Authority's review with HMFA's programs.
MOTION TO APPROVE: Mr. McNamara **SECOND:** Comm. Kobylowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

GROW NEW JERSEY ASSISTANCE PROGRAM

PROJECT: Dicalite Management Group, Inc. APPL.#39569
LOCATION: Pennsauken/Camden
ANNUAL GRANT AWARD: $378,000, 10-year term
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

PROJECT: Festo Didactic, Inc. APPL.#39575
LOCATION: Eatontown Borough/Monmouth
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Mr. McNamara **SECOND:** Comm. Kobylowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

PROJECT: Festo Didactic, Inc. APPL.#39575
LOCATION: Eatontown Borough/Monmouth
ANNUAL GRANT AWARD: $213,500, 10-year term
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: First Data Corporation APPL.#39552
LOCATION: Jersey City/Hudson
ANNUAL GRANT AWARD: $592,000, 10-year term
MOTION TO APPROVE: Mr. McNamara **SECOND:** Comm. Kobylowski **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15
Ms. Ferrara recused herself because she is the Board Secretary for Hudson County Planning Board.

PROJECT: J. Knipper and Company, Inc. APPL.#39550
LOCATION: Lawrence Township/Mercer
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

PROJECT: J. Knipper and Company, Inc. APPL.#39550
LOCATION: Lawrence Township/Mercer
ANNUAL GRANT AWARD: $333,000, 10-year term
MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Imperatore **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

PROJECT: Sandy Alexander, Inc. APPL.#39572
LOCATION: Clifton/Passaic
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Mr. Sarlo **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

PROJECT: Sandy Alexander, Inc. APPL.#39572
LOCATION: Clifton/Passaic
ANNUAL GRANT AWARD: $1,274,000, 10-year term
MOTION TO APPROVE: Comm. Kobylowski **SECOND:** Mr. Imperatore **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

DIGITAL MEDIA TAX CREDIT TRANSFER PROGRAM

ITEM: New Jersey Edison Innovation Digital Tax Credit Program
NBCUniversal Extension Request
REQUEST: To approve an extension of the due date on NBCUniversal Media, LLC's digital media CPA report until September 30, 2014.
MOTION TO APPROVE: Comm.Wirths **SECOND:** Comm. Kobylowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

BOARD MEMORANDUMS

ITEM: Linden Development, LLC
Former General Motors Plant Assembly Site, Linden, New Jersey
Brownsfields Reimbursement Grant
REQUEST: Consent to 1) approve the subdivision of the site separating the retail from the industrial tracts; and 2) proportionally reduce the good faith estimate of remediation costs.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Imperatore **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

FOR INFORMATION ONLY: Summary of projects approved under Delegated Authority in July 2014:

NJ Main Street Program: Michel Graves and Associates, Inc. (P39421)

Small Business Fund Program: Breslow Paint and Wallpaper of Livingston, Inc. and Shaw Brothers Holdings, LLC (P39474 & P39488); Lorenzo's SaR LLC (P39494)

Direct Loan Program: 201 West Walnut LLP (P39561)

Stronger NJ Loan Program: City Theatrical, Inc. (P39395); Ohana Enterprises LLC (P39367); Shelley's Food Stores Inc. (P39277)

Camden ERB: Jerry Powers and Corinne Bradley (P28614)

Stronger NJ Loan Program - Modification: Casa Comieda, Inc. t/a Casa Comida (P38762)

REAL ESTATE

ITEM: Real Estate Impact Fund
This item was withheld from consideration

ITEM: Leases between the Technology Centre of New Jersey, LLC and the New Jersey Economic Development Authority
Commercialization Center for Innovative Technologies, North Brunswick, NJ

REQUEST: To approve the execution of lease amendments for: 1) Lease dated January 22, 2002 between the Technology Centre of New Jersey LLC and the NJ Economic Development Authority for the Commercialization Center for Innovative Technologies, and 2) Lease dated May 19, 2004 between the Technology Centre of New Jersey LLC and the NJ Economic Development Authority for the Commercialization Center for Innovative Technologies expansion property.

MOTION TO APPROVE: Comm. Kobylowski **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

OFFICE OF RECOVERY

ITEM: Amendment to Stronger NJ Business Loan Program Policies

REQUEST: To approve an amendment to the Stronger NJ Business Loan Program to revise the date on which all loan disbursements must be completed from 12/31/14 to 5/13/15.

MOTION TO APPROVE: Comm.Wirths **SECOND:** Comm. Kobylowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

ITEM: Stronger NJ Neighborhood &Community Revitalization – Streetscape Revitalization Program – Round Two Appeal – Berkeley Township

REQUEST: To approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Neighborhood & Community Revitalization – Streetscape Revitalization Program for Berkeley Township.

MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 24

ITEM: Stronger NJ Neighborhood &Community Revitalization – Streetscape Revitalization Program – Round Two Appeal – Town of Harrison
REQUEST: To approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Neighborhood & Community Revitalization – Streetscape Revitalization Program for the Town of Harrison.
MOTION TO APPROVE: Mr. Imperatore **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 25

ITEM: Stronger NJ Neighborhood &Community Revitalization – Streetscape Revitalization Program – Round Two Appeal – City of Perth Amboy
REQUEST: To approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Neighborhood & Community Revitalization – Streetscape Revitalization Program for the City of Perth Amboy.
MOTION TO APPROVE: Mr. Sarlo **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 26

Mr. Downes left the meeting at this time.

ITEM: Stronger NJ Business Grant Program Appeals – American Legion 351
REQUEST: To approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Grants for American Legion 351.
MOTION TO APPROVE: Comm.Wirths **SECOND:** Comm. Kobylowski **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 27

ITEM: Stronger NJ Business Grant Program Appeals – Perry-Egan Chevrolet
REQUEST: To approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Grants for Perry-Egan Chevrolet.
MOTION TO APPROVE: Mr. Alagia **SECOND:** Comm. Kobylowski **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 28

ITEM: NJ Natural Gas Company (P36797)
Morris County, NJ
$97 Million Tax Exempt Refunding Bonds
REQUEST: Consent to adding a new Interest Rate Mode to this existing multi-modal bond issue.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Sarlo **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 29
Chairman Koeppe recused himself because he sits on the Board of Directors for NJ Natural Gas Company.

PUBLIC COMMENT

There was no comment from the public.

Treasurer Sidamon-Eristoff and Ms. Kokas left the meeting at this time.

BOARD RETREAT SESSION

The Board recessed briefly and then entered in executive session to receive an overview of ethics, conflict of interest, and restrictions of the Authority Act from SVP Operations Fred Cole and Deputy Attorney General Sudi Solomon

The Board exited executive session. Board Chair Koeppe and Ms. Brown led the Board in a new member orientation and the annual Board Retreat as follows:

I. **Roles and Responsibilities of Board Members**
Board Chair Al Koeppe

II. **Introduction to EDA**
President & COO Tim Lizura

III. **Ernst & Young** *(overview of responsibilities tied to financial statements and internal controls)*

Commissioner Kobylowski and Commissioner Wirths left the meeting at this time.

IV. **Program Overviews**

- **Financial Overview** *(Richard LoCascio, Controller)*
- **Incentive Programs** *(Maureen Hassett, SVP Finance & Development)*
  - **Project Walk Through** *(Michael Conte, Sr. Credit & Real Estate Underwriter)*
- **Small Business/Core Programs/Portfolio** *(Susan Mania, Managing Director, Underwriting and Closing; and Lisa Coane, Managing Director, Post – Closing Financial Services)*
- **Technology** *(Kathleen Coviello, Director, Technology & Life Sciences)*
- **Real Estate** *(Donna Sullivan, Director, Real Estate)*
- **FMERA** *(Bruce Steadman, FMERA Executive Director; and Dave Nuse, FMERA Deputy Executive Director)*
- **Office of Recovery** *(Lori Matheus, Managing Director, Finance & Development)*

V. **Discussion/Conclusion**
Board Chair Al Koeppe and CEO Michele Brown

Preliminary Resolutions

ITEM: Vieira's Bakery, Inc.
LOCATION: Newark/Essex **APPL.**#39631
PROCEEDS FOR: Purchase of equipment and machinery
MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Albanese **AYES:** 7
RESOLUTION ATTACHED AND MARKED EXHIBIT: 30

Mr. Alagia recused himself because Vieira's Bakery, Inc. does business with Essex County.

There being no further business, on a motion by Mr. Imperatore, and seconded by Mr. Dumont, the meeting was adjourned at 3:25 pm.

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

Kim Ehrlich, Sr. Governance & Outreach Officer
Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele A. Brown
Chief Executive Officer

DATE: September 11, 2014

RE: Chief Executive Officer's Report to the Board

STRONGER NJ GRANTS DISBURSED TO NEARLY 80% OF APPROVED BUSINESSES

The EDA's Office of Recovery closed out the summer with the approval of 775 Stronger NJ Business Grants totaling more than $38.3 million. As of September 2, nearly 80% of approved businesses have received grant disbursements.

On August 7, EDA President and Chief Operating Officer Tim Lizura delivered a check to Cedars and Beeches Bed and Breakfast in Long Branch. The Stronger NJ Business Grant will be used to reimburse working capital expenses, which will continue to help in the recovery of this landmark business. Cedars and Beeches represents the first bed and breakfast in Long Branch and is located just four blocks from Ocean Avenue.

Also in August, Office of Recovery Director Bruce Ciallella joined Lieutenant Governor Kim Guadagno on a tour of Stronger NJ Business Grant recipient Field Station: Dinosaurs, a family attraction located on 20 acres in Secaucus. Field Station enables visitors to explore more than 30 full-size animatronic dinosaurs, some of which were damaged in the storm. Lt. Governor Guadagno visited Field Station as part of her "Tourism Tuesday" campaign, which promoted the diversity of New Jersey's tourism industry during the busy summer season and showcased the state as the premier tourism destination in the Northeast to vacationers of all ages and interests.

EDA RECOGNIZED FOR BEST PRACTICES AND ACHIEVEMENT

Last month, the EDA learned it would be honored by both the Council of Development Finance Agencies (CDFA) and the Southern New Jersey Development Council (SNJDC).

The CDFA New York/New Jersey Financing Roundtable Excellence Awards recognize outstanding development finance programs, agencies, leaders, projects and success stories. At the CDFA conference next week, the EDA will receive an Excellence Award for its administration of the New Jersey State Small Business Credit Initiative (SSBCI). In recognizing SSBCI, the CDFA cites EDA's "diverse and innovative approach" and "highly successful rollout of this great program." CDFA also will honor the New Brunswick Transit Village with an Excellence Award in the project category. Supported through the Urban Transit Hub Tax Credit Program and spearheaded by the New Brunswick Development Corp., the project was recognized for its diverse sources of capital and transformative impact.

For over 50 years, the SNJDC has hosted its annual Distinguished Achievement Awards Reception honoring outstanding individuals, organizations and companies in the public and private sectors for leadership in economic development in the southern eight counties of New Jersey. At the reception on September 23, the EDA will receive the Economic Impact Award "in recognition of 40 years facilitating economic development and revitalization in the South Jersey region."

FMERA HIGHLIGHTS PROGRESS TO DATE

In an update to stakeholders last month, FMERA Executive Director Bruce Steadman shared that significant progress has been made since the execution of the Phase 1 Economic Development Conveyance Agreement in May 2012. Steadman noted that FMERA anticipates completing the Fort's redevelopment by 2024, roughly eight years ahead of schedule. Highlights include:

- 36 Requests for Proposals / Requests for Offers to Purchase issued
- 150+ tours and meetings with real estate developers, investors and employers held
- 500 acres of Fort property owned
- 2,200+ jobs attracted or to be created
- 980,000+ square feet of space and 400+ housing units redeveloped or advancing

In August, the Board authorized FMERA to make Parcel F-1 available through the Request for Offers to Purchase process. The 38-acre parcel in the Tinton Falls Reuse Area features several prominent buildings, including the Myer Center and the former Night Vision Lab. Per the Fort Monmouth Reuse and Redevelopment Plan, both facilities are slated to be renovated for office, data center and/or research & development uses.

The Board also approved FMERA entering into exclusive negotiations with AP Development Partners (APDP) for the Fort Monmouth Marina. APDP, currently operating the marina in an interim capacity, plans to invest an estimated $2.6 million to renovate and expand the existing 2,600-square-foot boathouse and construct a new, 5,100-square-foot restaurant and banquet facility that would be open year round.

2014 CLOSED PROJECTS

To date in 2014, the EDA has closed financing and incentives totaling more than $367 million for 131 projects that are expected to support the creation of more than 3,300 new jobs and involve total public/private investment of more than $763 million in New Jersey's economy.

AUTHORITY MATTERS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Al Koeppe
Chairman

Date: September 11, 2014

Subject: Annual Meeting

The New Jersey Economic Development Authority's By-Laws provide that an annual reorganization meeting be held in September of each year. The Members are asked to consider the following recommendations associated with the annual reorganization meeting:

Officers

As has been done in years past, it is recommended that the position of Board Treasurer be held by State Treasurer Andrew P. Sidamon-Eristoff. The position of Vice Chairman is currently held by Joe McNamara, who is interested in continuing to serve in this role, subject to confirmation by the Members.

The appointment of Assistant Secretaries to the Board to support the Secretary in her absence is also required. I am recommending that Tim Lizura, Maureen Hassett, John Rosenfeld, Rich LoCascio, Erin Gold, and Kim Ehrlich serve as Assistant Secretaries. As per the By-Laws, Michele Brown, in her role of CEO, will serve as Board Secretary.

Committees

The Authority has six committees that meet throughout the year. I am requesting that the named Members or their Ex Officio designees participate in the following committees and recommend the appointment of individual Members to Chair each committee as so indicated:

Director's Loan Review Committee - Chair: Jerald Langer, Fred Dumont, Philip Alagia, William Albanese, the Commissioner of the Department of Banking and Insurance, and the Commissioner of the Department of Labor and Workforce Development

The DLRC will meet monthly to review all non real estate development Authority exposure requests, including, but not limited to, direct and loan guarantee requests.

Audit Committee – Chair: Joe McNamara, Al Koeppe, Jerald Langer, Charles Sarlo, the State Treasurer, and the Commissioner of the Department of Banking and Insurance

The Audit Committee monitors the financial operations of the Authority including the review of the annual operating budget and those responsibilities outlined in the committee Charter. The committee will meet quarterly and at such other times as determined by the Chair.

Policy Committee - Chair: Al Koeppe, Joe McNamara, Charles Sarlo, Larry Downes and Jerald Langer

The Policy Committee provides advice on policy matters, the formulation of the Authority's annual strategic business plan and marketing strategy and meets at times determined by the Chief Executive Officer (CEO) in consultation with the Chair.

Real Estate Committee - Chair: Charles Sarlo, Fred Dumont, Harold Imperatore, Massiel Medina Ferrara, the Commissioner of the Department of Environmental Protection and the State Treasurer.

The Real Estate Committee reviews all monthly real estate matters with Authority exposure prior to the Board meeting.

Incentives Committee - Chair: Larry Downes, Joe McNamara, Harold Imperatore, the Executive Branch Designee, the Commissioner of Labor and Workforce Development, and the State Treasurer.

The Incentives Committee meets monthly to review all significant non-direct exposure incentive requests, including but not limited to tax credits.

Compensation Committee – Chairman Al Koeppe, Joe McNamara, and Larry Downes.

The Compensation Committee advises on compensation policies that enable the attraction and retention of staff and meets as determined by the CEO in consultation with the Chair.

Staff Appointments

I am asking the Board to reaffirm the appointment of Marcus Saldutti as OPRA Custodian and the appointment of Fred Cole as Ethics Liaison Officers.

Board Schedule

Attached is a schedule of the monthly Board meetings through September 2015 that I am asking the Board to approve at this time.

Recommendation:

By resolution we will be adopting this schedule for the next year's Board meeting dates. I am also seeking your approval for the following actions: 1) Committee appointments as noted above; 2) Appointment of the Assistant Secretaries; 3) Election of a Vice Chair and Treasurer; and 4) the reaffirmation of OPRA Custodian and Ethics Liaison Officers.

Al Koeppe

Attachment

Prepared by: Kim Ehrlich

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

2014 – 2015 BOARD MEETING DATES

Tuesday, October 14, 2014

Monday, November 10, 2014

Tuesday, December 9, 2014

Tuesday, January 13, 2015

Tuesday, February 10, 2015

Thursday, March 12, 2015

Tuesday, April 14, 2015

Friday, May 15, 2015

Tuesday, June 9, 2015

Thursday, July 9, 2014

Tuesday, August 11, 2015

Thursday, September 10, 2015

All meetings are held from 10 – 12 Noon in the boardroom unless otherwise noted.

June 9, 2015 Board meeting will be held in Camden – WTCC
August 11, 2015 Board meeting will be held in North Brunswick – CCIT

Schedule is subject to change.

BOND RESOLUTIONS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

SUBJECT: NJEDA/School Facilities Construction Bonds and Refunding Notes

DATE: September 11, 2014

SUMMARY OF PROPOSED FINANCING

The Authority is currently being asked to approve the issuance of one or more series of the 2014 School Facilities Construction Bonds (the "2014 New Money Obligations") and the 2014 School Facilities Construction Refunding Notes (the "2014 Refunding Notes") (collectively, the "2014 Series Obligations") and various related actions described below. The 2014 Series Obligations (not to exceed $675,000,000) will be used to (i) provide financing for the costs of the School Facilities Projects; (ii) refund the School Facilities Construction Notes, 2012 Series G (the "2012 Series G Notes") (also referred to as the "Note Rollover"); and (iii) pay a portion of the costs of issuance of the 2014 Series Obligations.

BACKGROUND

The Educational Facilities Construction and Financing Act, L. 2000, c. 72, as amended and supplemented by L. 2007, c. 137 and L. 2008, c. 39 (the "Act"), establishes a comprehensive program for the design, renovation, repair and new construction of primary and secondary schools throughout the State ("School Facilities Projects") and the refinancing of the costs of the various School Facilities Projects. Initially, the Act authorized the Authority to issue up to $8.6 billion of State contract bonds to finance the acquisition, construction and/or renovations of K-12 School Facilities Projects throughout the State. Thereafter, the Act was amended and supplemented in 2008 by L. 2008, c. 39 to authorize the Authority to issue up to an additional $3.9 billion bonds for the funding of School Facilities Projects.

Since April 2001, the Authority has issued prior series of tax-exempt and taxable School Facilities Construction Bonds and Notes in the aggregate principal amount of $9,083,954,000 for new money projects under the Act. Additionally, the Authority has issued prior series of refunding bonds and notes in the aggregate principal amount of $10,469,710,000 that restructured and refunded all or a portion of several Series of tax-exempt and taxable bonds and notes, previously issued under the Act.

In conjunction with the State's overall management of the School Facilities Construction Bond Program the Authority is issuing the 2014 Series Obligations to (i) finance the costs of School Facilities Projects, including funding the grants to be made pursuant to Section 15 of the Act; (ii) refund one series of School Construction Notes; and (iii) pay a portion of the costs of issuance of the 2014 Series Obligations. The

proposed plan of finance includes the current refunding of the 2012 Series G Notes (i.e. the Note Rollover), maturing on February 1, 2015.

APPROVAL REQUEST

The Members are requested to approve the adoption of the Thirty-Third Supplemental School Facilities Construction Bond Resolution (the "Thirty-Third Supplemental Resolution") authorizing the issuance of one or more series of the 2014 New Money Obligations in the amount not to exceed $550,000,000 and 2014 Refunding Notes in the amount not to exceed $125,000,000 (for total aggregate amount not to exceed $675,000,000). The 2014 Series Obligations will be secured by the State Contract with the State Treasurer dated March 21, 2001 (as amended by Amendment No.1 to the State Contract dated April 22, 2010, to implement the funding provisions of the 2008 Amendment to the Educational Facilities Act). Pursuant to the State Contract, payments will be directly remitted by the State Treasurer to pay the debt service on the School Facilities Construction Bonds and Notes subject to appropriation by the State Legislature for this purpose.

The 2014 New Money Obligations will be issued as fixed rate bonds and the 2014 Series Notes will be issued as variable rate notes, subject to the following parameters, all as determined by an Authorized Officer of the Authority as defined in the Resolution, in consultation with the State Treasurer, Office of Public Finance, Attorney General's Office and Bond Counsel: (i) the final maturity of any of the 2014 New Money Obligations will not exceed 30 years and the final maturity of any of the 2014 Refunding Notes will not exceed 85 months; (ii) the true interest cost for fixed rate bonds will not exceed 6%, if tax-exempt, and 8%, if taxable; (iii) the maximum interest rate on the notes will not exceed 12%.

The Board is being asked to approve certain actions and delegation of actions to an Authorized Officer with information provided by the State Treasurer, Bond Counsel, the State Attorney General and in consultation with, the Office of Public Finance, Bond Counsel and the Attorney General's Office, as applicable and as approved by the State Treasurer, which actions are more fully set forth in the Thirty-Third Supplemental Resolution, which is incorporated herein by reference, and will be memorialized in one or more Series Certificates, and may include, without limitation:

- To determine the date of issuance, sale and delivery, the maturity date, the principal amount, the variable rate interest provisions and the redemption provisions of each Series of 2014 Series Obligations in accordance with the parameters set forth above;
- To determine whether each Series of the 2014 Series Obligations shall be issued as tax-exempt or taxable obligations;
- To select and appoint any additional co-managers and/or underwriters for the 2014 Series Obligations upon recommendation of the State Treasurer, utilizing Treasury's RFQ/RFP process in accordance with Executive Order No. 26 and Executive Order No. 37;
- To purchase one or more municipal bond insurance policies with respect to any or all of the maturities of the 2014 Series Obligations if determined that municipal bond insurance is necessary, available or desired in order to achieve the economic objectives of the financing.

In exercising the Authority's discretion to approve specific transactions authorized under the Thirty-Third Supplemental Resolution, it is anticipated that the Authorized Officers of the Authority will make decisions on behalf of the Authority in consultation with the State Treasurer and will select the option(s) that are in the best interests of the State and meet the objectives of the plan of finance to finance and refinance the costs of the School Facilities Projects.

Subchapter 6.7 (Fee Waiver) of the Authority's rules permits the Chief Executive Officer, with the approval of the Members to waive, postpone or decrease the Authority's closing fees for State Agency projects. In the absence of such Board action, the NJEDA statutory bond closing fee will apply. Under existing regulations, the Authority's statutory bond closing fee on this transaction will be $300,000. Staff recommends the bond closing fee for this transaction be reduced to $250,000.

Professionals for the 2014 Series Obligations were selected in compliance with Executive Order No. 26. McCarter & English, LLP was selected as Bond Counsel through a competitive RFP/RFQ process performed by the Attorney General's Office on behalf of Treasury for State appropriation backed transactions. Through Treasury's competitive RFP/RFQ process, J.P. Morgan Securities, LLC was selected as senior manager. U.S. Bank National Association will serve as Trustee, Paying Agent, Registrar, Dissemination Agent, Calculation Agent and Escrow Agent. The Thirty-Third Supplemental Resolution will also authorize Authority staff to take all necessary actions incidental to the issuance of the 2014 Series Obligations subject to the State Treasurer's approval, including without limitation, the selection of additional underwriters and municipal bond insurers, if any, as described above.

RECOMMENDATION

Based upon the above description, and subject to the criteria set forth above, the Members are requested to: (i) approve the adoption of the Thirty-Third Supplemental Resolution authorizing the issuance of the 2014 New Money Obligations and 2014 Refunding Notes in the total aggregate principal amount not to exceed $675,000,000, as well as other matters in connection with the issuance and sale thereof and otherwise described above; (ii) approve several actions and delegation of actions to Authorized Officers as may be necessary or advisable in order to issue the 2014 Series Obligations and to undertake the other transactions described in (i) above on terms which are in the best interest of the State; (iii) authorize the use of the aforementioned professionals; (iv) reduce the Authority's closing fee to $250,000; and (v) authorize Authority staff to take all necessary actions incidental to the issuance of the 2014 Series Obligations; subject to final review and approval of all terms and documentation by Bond Counsel and the Attorney General's Office.

Prepared by: Teresa Wells

AMENDED BOND RESOLUTIONS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: 52 Green Pond Road, LLC P39696

PROJECT USER(S): Tripak Industrial USA, LLC * * - indicates relation to applicant

PROJECT LOCATION: 52 Green Pond Road Rockaway Borough (N) Morris

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

APPLICANT BACKGROUND:

52 Green Pond Road, LLC, is a real estate holding company, formed to hold title to property for its related users, Tripak Industrial USA, LLC and Perk-Up, Inc., manufacturers of plastic food containers. Tripak opened it's doors in early 2000 to meet the demands of today's food packaging needs with the design, development and manufacturing of the highest quality containers at the most cost-effective prices. Perk-Up, Inc. (a/k/a Kari Out, Inc.) is a manufacturer of food products, food packaging and paper products distributed nationally to food distributors throughout the U.S.

In 2008, the Authority closed on a $10,000,000 tax-exempt bond (P20937) which enabled the 52 Green Pond Road together with Tripak Industrial USA, LLC and Perk-Up, Inc., as co-applicants, to acquire 9.76 acres of land, a 157,000 sq. ft. building and purchase machinery and equipment to establish a new manufacturing business at the Project location. The 2008 Bond was directly purchased by Capital One, N.A. for 20 years at a fixed swapped rate of 2.70% for 10 years. In connection with the 2008 Bond, the applicant received an EDA Direct Loan in the amount of $1,250,000 (P19628), which has been paid in full.

This application is related to 690 Union Blvd. Assoc., L.L.C. (P39695) which is concurrently seeking Authority approval to refund the outstanding balance of the $10 million tax-exempt bond (Appl. P19093 & P19474) from 2007.

REFUNDING REQUEST:

Authority assistance will enable the applicant to current refund the 2008 Bond and pay costs of issuance in connection with a change in banking relationship.

FINANCING SUMMARY:

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

AMOUNT OF BOND: up to $7,705,596 Tax-exempt bond

TERMS OF BOND: 14 years (max.); Variable interest rate based on tax-exempt equivalent of 1 month LIBOR plus 1.35%. On the closing date, the borrower may enter into a fixed interest rate swap for up to 14 years. The estimated fixed interest rate is 2.80% for 14 years as of 5/14/14.

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	$7,600,000
Finance fees	$80,000
Legal fees	$50,000
Accounting fees	$10,000
TOTAL COSTS	$7,740,000

PUBLIC HEARING: N/A

DEVELOPMENT OFFICER: M. Piliere

BOND COUNSEL: Wolff & Samson

APPROVAL OFFICER: T. Wells

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: 690 Union Blvd. Assoc., L.L.C. P39695

PROJECT USER(S): Perk-Up, Inc. aka Kari Out, Inc. * * - indicates relation to applicant

PROJECT LOCATION: 690 Union Boulevard Totowa Borough (N) Passaic

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

APPLICANT BACKGROUND:

690 Union Blvd. Assoc., L.L.C. ("690 Union"), established in 2001, leases manufacturing space to its operating company, Perk-Up, Inc. (a/k/a Kari Out, Inc.), a food processing and packaging company of disposable food containers, bottled goods, specialty bags, towelettes, etc. The company also processes sauces, food colorings and spices. The company was founded in New York in 1964.

In 2007, 690 Union closed on a $10 million tax-exempt bond (Appl. P19093 & P19474) to refund the outstanding balance of a $7,500,000 tax exempt bond, Series 2002 and to construct a 50,000 sq. ft. addition to its existing facility in Totowa, to be used by Perk-Up, Inc. The 2007 Bond was directly purchased by North Fork Bank for 20 years at a fixed swapped rate of 4.5% for 10 years. The 2002 Bond (P14442) enabled 690 Union to acquire and renovate a vacant 130,000 sq. ft. facility on 12.99 acres of land in Totowa and purchase related production equipment and machinery. In connection with the 2002 Bond, the applicant received an EDA Direct Loan in the amount of $750,000 under P14692, which has been paid in full.

This application is related to 52 Green Pond Road, LLC (P39696), which is concurrently seeking Authority approval to refund the outstanding balance of a $10 million tax-exempt bond financing (P20937) from 2008.

REFUNDING REQUEST:

Authority assistance will enable the Applicant to current refund the outstanding balance of the 2007 Bond and pay costs of issuance in connection with a change in banking relationship and a lower interest rate.

FINANCING SUMMARY:

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

AMOUNT OF BOND: $7,912,787 Tax-exempt bond

TERMS OF BOND: 14 years (max.); Variable interest rate at the tax-exempt equivalent of 1.35% above the 1 month LIBOR. On the closing date the borrower may enter into a fixed interest rate swap for a maximum of 14 years. Estimated fixed interest rate as of 5/14/14 is 2.77% for 14 yrs.

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	$7,805,000
Finance fees	$80,000
Legal fees	$50,000
Accounting fees	$10,000
TOTAL COSTS	$7,945,000

PUBLIC HEARING: N/A

DEVELOPMENT OFFICER: M. Piliere

BOND COUNSEL: Wolff & Samson

APPROVAL OFFICER: T. Wells

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: Blair Academy P39764

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

PROJECT LOCATION: 2 Park Street Blairstown Township (N) Warren County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Blair Academy was founded in 1848 by railroad tycoon John Insley Blair and is situated on 423 hilltop acres in Blairstown, New Jersey. The school began in a one-room schoolhouse serving the sons and daughters of local farmers and merchants. Today, Blair Academy enrolls approximately 435 students in grades nine through twelve that come from 23 states and 28 countries. The school is currently led by Head of School, Christopher Fortunato.

The applicant has been an Authority applicant since 1995. Currently Blair Academy has two outstanding tax-exempt bonds. In 2007, the Authority issued a $23,355,000 tax-exempt bond (Appl. P18803 & P18805) which advanced refunded prior bonds from 1995 and 1999. The prior bonds funded the construction and renovation of numerous structures around its campus including athletic facilities, dormitories, and a student center. The 2007 Bonds were underwritten by Wachovia Securities as variable rate bonds, remarketed weekly and secured by a letter of credit from Wells Fargo (previously Wachovia Bank), which expires September 30, 2014. The applicant also closed on a $10,000,000 tax-exempt bond in 2013 (P38157) for the construction of two new dormitories that are scheduled to be completed by August 2015.

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

REFUNDING REQUEST:

Authority assistance will enable the Applicant to current refund the outstanding balance of the 2007 Bond together with costs of issuance for total bond issue not to exceed $20,500,000. The proposed refunding will provide the applicant an overall lower cost of debt and more certainty of future debt service obligations.

FINANCING SUMMARY:

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

AMOUNT OF BOND:	$14,500,000 (Estimated) Series A Tax-exempt bond	$6,000,000(Estimated) Series B Tax-exempt bond
TERMS OF BOND:	23 years; Fixed interest rate initially not to exceed 3.5%, subject to call option on the 10th anniversary. Estimated rate is 2.51% for 10 years as of 8/14/2014.	23 yrs.; Variable interest rate initially not to exceed 3%, based on the tax-exempt equivalent of 30-day LIBOR plus .91%; subject to call option on 10th anniversary.

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	$20,420,000
Finance fees	$45,000
Legal fees	$35,000
TOTAL COSTS	$20,500,000

PUBLIC HEARING: 09/11/14 (Published 08/27/14) **BOND COUNSEL:** McCarter & English, LLP
DEVELOPMENT OFFICER: T. Gill **APPROVAL OFFICER:** T. Wells

PUBLIC HEARING ONLY

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

APPLICANT: Vieira's Bakery Inc. P39631

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

PROJECT LOCATION: 34-48 Avenue K Newark City (T/UA) Essex

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

APPLICANT BACKGROUND:

Vieira's Bakery Inc. is a manufacturer of par-baked fresh breads and rolls. The company was founded by Carlos Vieira in 1974, and is a family operated business with approximately 130 employees. The company was the first in the United States to begin producing par-baked Portuguese rolls 25 years ago, and has just completed its 40th Anniversary. The company currently distributes frozen breads and rolls to nearly 30 states, as well as daily deliveries to New Jersey, New York, and Pennsylvania. Vieira's Bakery is KOF-K Parve Kosher certified & its products are considered Pas Yisrael.

The company intends to purchase a production line that will produce 1.0 ounce to 4.5 ounces rolls. The line will be acquired from Mechatherm S.A. This line will increase capacity and will also produce rolls, which will be placed in an ovenable bag. This product was developed for airline companies and the food service industry; the bags are prepared to be heated in the oven with the rolls inside. The company currently operates one line that produces the ovenable bagged rolls and this new line will increase business opportunities tremendously.

APPROVAL REQUEST:

Authority assistance will enable the company to purchase a new production line.

This project is being presented at the September 11, 2014 Board meeting for a public hearing only.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Purchase of equipment & machinery	$3,000,000
TOTAL COSTS	$3,000,000

JOBS: At Application 130 Within 2 years 24 Maintained 0 Construction 0

PUBLIC HEARING: 09/11/14 (Published 08/27/14) **BOND COUNSEL:** McManimon,Scotland & Baumann

DEVELOPMENT OFFICER: T. Gill **APPROVAL OFFICER:** J. Horezga

LOANS/GRANTS/GUARANTEES

FUND FOR COMMUNITY ECONOMIC DEVELOPMENT

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - COMMUNITY ECONOMIC DEVELOPMENT PROGRAM

APPLICANT: Union County Economic Development Corporation P39634

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

PROJECT LOCATION: 75 Chestnut Street Cranford Township (N) Union

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

APPLICANT BACKGROUND:

Union County Economic Development Corporation ("UCEDC" or "Company") is a private, independent, not-for-profit that was formed in 1977. Their mission is to promote community economic development by providing businesses with access to start-up capital and other services such as loans, loan packaging, government procedure assistance, training in English and Spanish, and technical support.

UCEDC has requested a $250,000 loan under the Loan to Lenders program. Proceeds will be used to provide capital to assist New Jersey small businesses grow, support, and strengthen the community in which they operate. UCEDC has already obtained the necessary match funding via a loan from the SBA.

APPROVAL REQUEST:

Approve a $250,000 loan under the Loan to Lender program.

FINANCING SUMMARY:

LENDER: Fund for Community Economic Development

AMOUNT OF LOAN: $250,000

TERMS OF LOAN: 15-Year Term, Fixed interest rate of 2%. Quarterly interest only payments for the initial five years. Fully amortizing quarterly P&I payments for the remainder of the loan. The loan will be disbursed in three equal tranches. The first tranche will be disbursed at closing. The two remaining tranches will be disbursed once 75% of the previous tranche is committed. Finally, all three tranches must be fully disbursed within two years after loan closing.

PROJECT COSTS:

Revolving Loan Fund	$250,000
Finance fees	$5,450
TOTAL COSTS	$255,450

JOBS: At Application 14 Within 2 years 7 Maintained 0 Construction 0

DEVELOPMENT OFFICER: D. Benns **APPROVAL OFFICER:** K. Tolly

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

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

DATE: September 11, 2014

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

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

UST Commercial Grant:

Warren Isaacs	$214,609
Kammerman's Marine, Inc.	$117,000
Katherine Stratos (Totowa Heights Service Center)	$231,579
Total UST for September 2014	**$563,188**

Prepared by: Kathy Junghans

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

APPLICANT: Warren Isaacs P39402

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

PROJECT LOCATION: 914 St. Georges Ave. W Linden City (T) Union

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

APPLICANT BACKGROUND:

In October 2011, Warren Isaacs former owner of Midas of Linden, received a grant in the amount of $105,934 under P34014 to close and remediate a regulated underground storage tank. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

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 supplemental grant funding in the amount of $214,609 to perform the approved scope of work at the project site. Because the supplemental funding request is over $100,000, it requires EDA's board approval. Total funding to date of $320,543.

The NJDEP oversight fee of $21,461 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: $214,609

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	$214,609
NJDEP oversight cost	$21,461
EDA administrative cost	$500
TOTAL COSTS	$236,570

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Kammerman's Marine, Inc. P39398

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

PROJECT LOCATION: Kammerman's Marine, Inc. Atlantic City (T) Atlantic

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

APPLICANT BACKGROUND:

In June 2000, Kammerman's Marine, Inc., received a grant in the amount of $30,040 under P12264 to close and perform the required remediation of a regulated underground storage tank (UST). The tank was decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities. (The lapse of time from initial grant until now was due to change of management.)

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 supplemental grant funding in the amount of $117,000 to perform the approved scope of work at the project site. Because the supplemental funding request is over $100,000, it requires EDA's board approval. Total funding to date of $147,040.

The NJDEP oversight fee of $11,700 is the customary 10% of the grant amount. This estimate assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: $117,000

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	$117,000
NJDEP oversight cost	$11,700
EDA administrative cost	$500
TOTAL COSTS	$129,200

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Katherine Stratos (Totowa Heights Service Center) P39355

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

PROJECT LOCATION: 600 Union Ave. Totowa Borough (N) Passaic

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

APPLICANT BACKGROUND:

Between September 2005 and September 2011, Katherine Stratos, owner of Totowa Heights Service Center, received a grant in the amount of $88,939 under P16576 and a supplemental grant in the amount of $87,694 under P36716 to remove four underground storage tanks (USTs) and install two USTs. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional soil and groundwater remediation activities.

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

APPROVAL REQUEST:

The applicant is requesting additional supplemental grant funding in the amount of $231,579 to perform the approved scope of work at the project site. Because the supplemental funding is over $100,000 it requires EDA's board approval. Total funding for this project to date is $408,212.

The NJDEP oversight fee of $23,158 is the customary 10% of the grant amount. This estimate assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: $231,579

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	$231,579
NJDEP oversight cost	$23,158
EDA administrative cost	$500
TOTAL COSTS	$255,237

APPROVAL OFFICER: K. Junghans

HAZARDOUS DISCHARGE SITE REMEDIATION FUND PROGRAM

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: September 11, 2014

SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

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

HDSRF Municipal Grants:

Bergen County (Area 1&2 Overpeck Park)	$ 159,172

Prepared by: Kathy Junghans

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

APPLICANT: Bergen County (Area 1&2 Overpeck Park) P20210

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

PROJECT LOCATION: DeGraw Avenue & Frank Burr Teaneck Township (N) Bergen

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

APPLICANT BACKGROUND:

The project site, identified as Blocks 3719; 3501; 3608 and Lot 1 is divided in two areas which have environmental areas of concern (AOCs). Area 1 is the Teaneck Creek Conservancy Park and Area 2 is a historical landfill currently unused. Bergen County currently owns the project site and has satisfied proof of site control. It is the County's intent upon completion of the environmental investigation activities to redevelop the project site for recreation and open space.

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

A grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of the remedial action for projects involving the redevelopment of contaminated property for recreation/open space. The property will be preserved for recreation and conservation purposes by conveyance of a development easement, conservation restriction or easement, or other restriction or easement permanently restricting development. The grant has been calculated by adding PA ($22,882), RI ($108,467) and 75% of RA ($27,823).

APPROVAL REQUEST:

Bergen County is requesting grant funding to perform PA, RI and RA in the amount of $159,172 at the Area 1 & 2 Overpeck Park project site.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: $159,172

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	$108,467
Remedial Action	$37,097
Preliminary assessment	$22,882
EDA administrative cost	$500
TOTAL COSTS	$168,946

APPROVAL OFFICER: K. Junghans

INCENTIVE PROGRAMS

ECONOMIC REDEVELOPMENT AND GROWTH (ERG) PROGRAM

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

ECONOMIC REDEVELOPMENT AND GROWTH (ERG) PROGRAM

Created by law in 2012, and substantially revised through P.L. 2013, c. 161, the intent of this program is to provide State incentive grants to a developer, or non-profit organization on behalf of a qualified developer, to capture new State incremental taxes derived from a project's development to address a financing gap, with $600 million authorized for qualified residential projects.

Per N.J.S.A. 34:1B-207 et seq. / N.J.A.C. 19:31-4 and the program's rules, the applicant must:

- Have a redevelopment project that is located in a qualifying area and not have begun any construction at the project site prior to submitting an application, except: if the EDA determines the project would not be completed otherwise; or if the project is undertaken in phases, a developer may apply for phases which construction has not yet commenced.
- Demonstrate to the EDA that 1) the project shall be constructed in accordance with certain minimum environmental standards; 2) except with regards to a qualified residential project, the project will yield a net positive benefit equaling at least 110% of the grant assistance to the State of 75% of the useful life of the project, not to exceed 20 years; and 3) that a financing gap exists.
- Meet a 20% equity requirement.

Staff Review:

- A comprehensive net benefit analysis is conducted to ensure the project has a positive net benefit to the State of at least 110%. The economic impact model used by the EDA includes multipliers from the RIMS II data base, published by the US Department of Commerce, along with internal econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation.

Amount of award based upon:

- Up to 75% of annual incremental State tax revenues or 85% in a Garden State Growth Zone (GSGZ) generated by the project over a term of up to 20 years, provided the combined amount of reimbursements do exceed 20% of total project cost, or 30% in a GSGZ.
- The maximum amount of any grant, including any increase in the amount of reimbursement, shall be up to 30% of total project cost, except for projects in a GSGZ, which may be up to 40%.
- Bonus amounts of up to 10% of total project cost are available if the project is: In distressed municipality which lacks adequate access to nutritious food and will include a supermarket, grocery store or prepared food establishment; In distressed municipality which lacks adequate access to health care/services and will include a health care and services center; Transit project; Qualified residential project with at least 10% of residential units reserved for moderate income housing; In highlands development credit receiving area or redevelopment area; Disaster recovery project; Aviation project; Tourism destination project; or Substantial rehabilitation or renovation of an existing structure(s).

Qualified Residential Projects:

The law authorizes $600 million in incentives for qualified residential projects that the EDA administers as tax credits pursuant to P.L. 2013, c. 161, as follows: 1) $250 million for projects within 8 southernmost counties, of which: $175 million for projects in Camden; $75 million for projects in municipalities with a 2007 MRI Index of 400 or higher; and $250 million for projects in: Urban Transit Hubs that are commuter rail in nature, GSGZ, Disaster recovery projects, and SDA municipalities located in Hudson County that were awarded State Aid in FY 2013 through the Transitional Aid to Localities Program; 2) $75 million for projects in distressed municipalities, deep poverty pockets, highlands development credit receiving areas or redevelopment areas; and 3) $25 million for projects located within a qualifying ERG incentive area

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: September 11, 2014

RE: **Tropicana Atlantic City Corporation**
Economic Redevelopment and Growth Grant Program
P #39431

Request

The Members are asked to approve the application of Tropicana Atlantic City Corporation ("Tropicana" or the "Applicant") for reimbursement of certain taxes for an Atlantic City, Atlantic 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 $35,000,000. The total qualified costs under the ERG Act are $33,500,000. The standard commercial ERG reimbursement is 20% of eligible cost. Since this award is limited to the net benefit to the State, the recommended award amounts to 14.5% of eligible cost not to exceed $4,849,075.

Project Description

Tropicana Atlantic City Corporation is the special purpose entity for the Tropicana Casino and Hotel located at 2831 on the Boardwalk of Atlantic City. The Tropicana opened in 1978 with 516 rooms. Since then it has undergone several expansions including the construction of a 500 room tower in 1988, the construction of a 604 room tower in 1996, and a major expansion in 2004, which included 502 additional rooms and a 2,400 space parking garage. The property currently features 2,079 hotel rooms, 3,660 gaming positions, 122,000 square feet of meeting/convention space, 18 restaurants, an IMAX theatre, nine nightclubs and bars, and a spa.

With the closing of the Atlantic Club in January of 2014, the Tropicana is now the only Downbeach casino in Atlantic City. In order to maintain foot traffic and drive visitation to that part of the boardwalk, the Tropicana is proposing improvements to its North Tower Hotel rooms, revitalization of its boardwalk façade, development of retail space on the board walk and between Morris and Pacific Avenue, and construction of a new fitness facility.

Revitalization of Tropicana's boardwalk Façade will include installation of an interactive LED light display, painting of the North and South towers and choreographed light and sound show. The proposed fitness facility will be located along Brighton Avenue between Atlantic and Pacific Avenues. The Fitness center will be 12,080 square feet and will consist of two floors and will be located next to Tropicana's existing Blue Mercury Spa.

The project also includes the creation of three new leased boardwalk retail outlets totaling 7,350 square feet from currently underutilized space. The project will also include the development of 10,000 square feet of retail space along Morris Avenue corridor between Pacific Avenue and Boardwalk. The North Tower Hotel has over 464 rooms, of which 434 will be renovated and updated with better lighting, fixtures, and TV's.

In its March 15, 2014 Market Study prepared by Morowitz Gaming Advisors, it illustrates the industry occupancy for the trailing four quarters ended in September of 2013 was 76.2% and Tropicana performed below that level with an occupancy rate of 70.3%. Above Average performers included Caesars and Borgata who had occupancy rates of 89.3% and 85.1% respectively. Revel and the Atlantic Club were underperformers with occupancy rates of 66.6% and 65% respectively. The Atlantic Club closed in January of 2014 and Revel filed for Chapter 11 bankruptcy in June of this year as owners looked to sell the property. Tropicana's ADR of $91.26 fell below the industry ADR of $99.53 for the same time period. The Market Study concluded that the Tropicana will achieve above average occupancy of the gaming industry in Atlantic City as a result of the proposed improvements with a projected occupancy rate of 81.5%.

While the Tropicana's occupancy rate and ADR currently falls below the industry average its financials remain strong. Unlike the Atlantic Club and Revel the Tropicana Atlantic City Corporation has a smaller amount of long term debt. The Tropicana Atlantic City Corporation has long term debt of $85.66 million with a debt to equity ratio of .42 based on its December 31, 2013 financial statements. The Tropicana had Cash and cash Equivalents of $120 million and a current ratio of 3.88 as of December 31, 2013. The Tropicana generated $19.4 million of cash from operating activities and had net income of 4.9 million in 2013.

The project is estimated to create 228 construction jobs. Upon completion of Tropicana's additional retail space and fitness center it is expected to create approximately 61 new full-time positions with an annual blended average wage of approximately $28,003 before benefits, for a total annual payroll in excess of $1.7 million.

Construction is anticipated to start this fall with an estimated completion date of June 30, 2015.

Project Ownership

The applicant entity is Tropicana Atlantic City Corp. which owns and operates the Tropicana Hotel and Casino located at 2831 Boardwalk, Atlantic City. Tropicana Entertainment Inc. owns 100% of the shares of Tropicana Atlantic City Corp. and is a publicly traded holding company, ticker symbol TPCA. Tropicana Entertainment Inc. owns through its subsidiaries 9 casinos and resorts in Indiana, Louisiana, Mississippi, Nevada, New Jersey, Aruba and Missouri. Icahn Enterprises has a 68% stake in Tropicana Entertainment Inc. and is publicly traded on the NASDAQ Stock Exchange under the ticker symbol IEP. Icahn Enterprises is a master limited partnership with a portfolio of $6 billion and has investment holdings in various industries including Automotive, Energy, Food Packaging, Mining, Real Estate, and Lodging & Gaming. All other shareholders of Tropicana Entertainment Inc. have less than a 5% stake in the Company.

Project Uses

Uses/Costs	*Total Project Costs*	*ERG Eligible Project Costs*
Improvements	$ 30,549,900	$ 30,549, 900
Professional Services	$ 2,474,100	$ 2,474,100
Financing and other cost	$ 301,000	$ 301,000
Soft Costs	$ 1,675,000	$ 1,675,000
TOTAL USES	$ 35,000,000	$ 35,000,000
Less: Amount of State Grant	$ 1,500,000	$ 1,500,000
Net Project Costs (1)	$ 33,500,000	$ 33,500,000

(1) While the entire $35,000,000 in project costs are eligible costs, when calculating the amount of the ERG, any amounts deemed state grants are subtracted. This project is receiving $1,500,000 in state grants (from CRDA and will be allocated to rehabilitation of the boardwalk Facade of the project). Subtracting the $1,500,000 grant from the project costs of $35,000,000 leaves a balance of $33,500,000 as the basis for the ERG award.

It is also noted that the project is receiving $17,300,000 in additional funding from CRDA (from previously collected alternative investment funds that may be utilized for certain development projects). This item is not deemed state grant (with no payments due) as it has been contributed by and permitted to be rebated to the casino licensee. This funding was approved by CRDA board on April 15, 2014 for this Project.

Project Sources

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

Sources	*Amount*
Applicant Equity	$ 16,200,000
CRDA Funding	$ 18,800,000
TOTAL SOURCES	**$ 35,000,000**

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

Gap Analysis

EDA staff has reviewed the application 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 11 years (one year to build and 10 years of cash flow).

Without ERG	**With ERG**
Equity IRR 11.61%	Equity IRR 13.64%

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 13.64% which is moderately below the Hurdle Rate Model provided by EDA's contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 14.73% for a lodging and gaming project located in Atlantic City.**

Net Positive Benefit Analysis

NJSA 19:31-4.5 requires that in order to determine eligibility for the ERG award, the Authority must undertake a fiscal impact analysis by determining whether public assistance provided to the proposed development will result in net positive economic benefits to the State for a period equal to 75% of the useful life of the Project, not to exceed 20 years. The Authority has conducted the required Net Benefit Analysis with the following taxes 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;

This analysis assumes that there are no incremental sales taxes generated for purposes of determining the net benefits. The net positive benefit analysis includes 61 new full time positions with an annual blended wage of approximately $28,003 before benefits, for a total annual payroll in excess of $1.7 million. The Net Benefit analysis supports the information noted.

The project is not deemed a destination facility, As such, none of the taxes collected by the State can be deemed net new based on Authority policy. The present value of the net benefits is reduced by the present value of all local and State grants, including the ERG award to the project, resulting in the present value of the Net Positive Benefits to the State of $4.8 million after applying the 110% debt coverage ratio.

Other Statutory Criteria

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

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

A review of the market study performed by Morowitz Gaming Advisor (as of March 15, 2014) concludes that the various financial and operating projections and plans are reasonable. Based on the expected generation of $374,362 in year one (with modest increases each year thereafter), in the amount of incremental State and local direct taxes over the 20 year period and a 75% rebate of eligible taxes, there are adequate funds to support the reimbursement of taxes to the Applicant as outlined in the analysis. As mentioned earlier, per the project's financial returns and to obtain the funding necessary to develop this project, there is a demonstrated need for the redevelopment incentive grant agreement. EDA has received a letter of support for this project from the Mayor of Atlantic City.

The Project appears to be economically feasible based on the financial strength and prior experience and track record of the Applicant in the hospitality and gaming industries.

The Project has an anticipated IRR of 11.61% without the ERG and 13.64% with the ERG. As explained previously, the Applicant represents that the ERG incentive grant is needed for the viability of the Project.

The degree to which the redevelopment project within a municipality that exhibits economic and social distress will advance State, regional, local development and planning strategies, promote job creation and economic development and have a relationship to other major projects undertaken within the municipality.

The Project is located in Atlantic City, Atlantic County. Atlantic City was the first jurisdiction after Nevada to implement casino style gaming and for several years enjoyed a monopoly in the northeast (and annual growth gains up until 2006). Atlantic City and its gaming market has been in decline since it's gaming peak in 2006. Gross casino revenues in the city declined 41% between the fiscal years 2006 and 2012. The revenues were down an additional 6.1% in 2013. Property values in Atlantic City have declined from more than $20 billion in 2010, to $14 billion in 2013. Fortunes of Atlantic City have been declining due to increased competition from neighboring states in particular Pennsylvania and Delaware.

Atlantic City's struggling gaming market has worsened the City's unemployment rate and median household income. Atlantic City's median household income in 2012 was $28,041 versus New Jersey's median household income of $69,667. The City's 11 gambling houses account for almost half of its jobs. The Atlantic Club closed in January taking away 1,600 casino jobs. The Projected closing of Caesars' Showboat on Aug. 31 will result in the loss of approximately 2,100 jobs. Trump Plaza Hotel & Casino said it plans to close Sept. 16, taking away another 1,000 jobs. Revel, which filed bankruptcy earlier this year employs 3,106 people. Atlantic City's unemployment rate as of May of 2014 was 11% versus New Jersey's unemployment rate of 6.8%.

About one-fifth of the people registered as casino workers with the state Division of Gaming Enforcement live in Atlantic City, the most in a single zip code. Thousands more live in the suburbs such as Egg Harbor Township, Galloway and Pleasantville.

Recommendation

Authority staff has reviewed the Tropicana Atlantic City Corporation's application and finds that it is consistent with eligibility requirements of the Act. The Treasury has reviewed the application and notified the Authority of the adequacy of the project's estimated tax revenues and specified the percentage reimbursement of total project costs. Therefore, 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 Tropicana Atlantic City Corporation's meeting the following conditions regarding the Project:

1. Financing commitments for all Project funding sources are consistent with the information provided by the Applicant in its application to the Authority for the ERG; and
2. Evidence of site control and site plan approval for all properties within the Project;

Reimbursement shall commence upon:

1. Completion of construction and issuance of a permanent Certificate of Occupancy no later than 12/31/2015;
2. Submission of a detailed list of all eligible costs, which costs shall be satisfactory to the NJEDA no later than 12/31/2015; and
3. New tax revenues have been paid to the NJ Treasury and appropriated.

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

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

Total Eligible Project Costs: $33,500,000.

Eligible Taxes for Reimbursement: Sales and other eligible taxes not to exceed $4,849,075 over 20 years.

Recommended Grant: of eligible costs, not to exceed **$4,849,075 to be paid over a maximum period of 20 years.**

Prepared by: Matt Boyle

GROW NEW JERSEY ASSISTANCE PROGAM (GROW NJ)

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

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

Created by law in 2012, and substantially revised through P.L. 2013, c. 161, the intent of this program is to provide tax credits to eligible businesses which make, acquire or lease a capital investment equal to or greater than certain minimum capital investment amounts at a qualified business facility at which it will employ certain numbers of employees in retained and/or new full-time jobs.

Per N.J.S.A. 34:1B-242 et seq. / N.J.A.C. 19:31-18 and the program's rules, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, i.e.: Industrial/Rehabilitation Projects-$20 sq. ft.; Industrial/New Construction Projects-$60 sq. ft.; Office/Rehabilitation Projects-$40 sq. ft.; and Office/New Construction-$120 sq. ft.
  Minimum capital investment amounts lowered to 2/3 in GSGZs and in eight southernmost counties

- Retain full-time jobs and/or create new full-time jobs in an amount equal to or greater than, the applicable minimum requirements, as follows: Tech start ups and manufacturing businesses - 10 new/25 retained FT jobs; Other targeted industries - 25 new/35 retained FT jobs; All other businesses/industries - 35 new/50 retained FT jobs.
  Minimum employment numbers lowered to 3/4 in GSGZs and in eight southernmost counties

- Demonstrate that: the qualified business facility is constructed to certain minimum environmental / sustainability standards; the proposed capital investment and resultant retention and creation of eligible positions will yield a net positive benefit equaling at least 110% of requested tax credit allocation amount prior to taking into account the value of requested tax credit, and shall be based on benefits generated during the first 20 years following project completion (30 years for mega project or project in GSGZ and, for GSGZ-Camden, 35 years and equal to 100% of requested allocation); and, the award of tax credits will be a material factor in the business's decision to create or retain the minimum number of full-time jobs (if the site was acquired within 24 months prior to project application, the business shall provide evidence relating to viable alternatives to site and ability to dispose of or carry the costs of the site, if the business moves to the alternate site).

Staff Review:

- A comprehensive net benefit analysis is conducted to ensure the project has a positive net benefit to the State of at least 110%. The economic impact model used by the EDA includes multipliers from the RIMS II data base, published by the US Department of Commerce, along with internal econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation.
- For material factor, staff reviews cost benefit analyses provided by the company regarding other out-of-state sites under consideration and cost of rent, property taxes, and utility costs; and, also investigates any existing labor contracts or real estate ownership that would render a re-location out of New Jersey impractical or cost prohibitive.
- For intra-State job transfers, EDA Board shall make a separate determination to verify and confirm that the jobs are at risk of leaving the state, the date(s) at which the EDA expects that those jobs would actually leave, or with respect to projects in a GSGZ-Camden, that the provision of tax credits under the program is a material factor in the businesses decision to make a capital investment and locate there, as attested to in a CEO certification.
- If the business reduces the total number of its full-time employees in the State by more than 20% from the tax period prior to approval, then the business shall forfeit its credit for that tax period and going forward until such time as its full-time employment in the State has increased to the 80% level.

Amount of award based upon:

- Base, gross and maximum amounts of tax credits for each new or retained full-time job, follows:

Project Type	**Base Amount** *Per Job/Per Year*	**Gross Amount** *Per Job/Per Year*	**Maximum Amount** *To be Applied Annually*
Mega Project	$5,000	$15,000	$30 million
GSGZ Project	$5,000	$15,000	$30 million/*$35 million-Camden*
UTHTC Municipality	$5,000	$12,000	$10 million
Distressed Municipality	$4,000	$11,000	$8 million
Priority Area	$3,000	$10,500	$4 million *(Not more than 90% of withholdings)*
Other Eligible Area	$500	$6,000	$2.5 million *(Not more than 90% of withholdings)*
Disaster Recovery Project	$2,000	$2,000	

- Bonus – The amount of tax credit shall be increased if the qualified business facility meets any of the following priority criteria or other additional or replacement criteria determined by EDA from time to time in response to evolving economic or market conditions:

Bonus Type	**Bonus Amount**
Deep poverty pocket or Choice Neighborhoods Transportation Plan area	$1,500
Qualified incubator facility	$500
Mixed-use development with sufficient moderate income housing on site to accommodate 20% of full-time employees	$500
Transit oriented development	$2,000
Excess capital investment in industrial site for industrial use (e*xcludes mega projects)*	$3,000 maximum
Excess capital investment in industrial site for industrial use (m*ega projects or GSGZ projects)*	$5,000 maximum
Average salary in excess of county's existing average or in excess of average for GSGZ	$1,500 maximum
Large numbers of new and retained full-time jobs 251 to 400 401 to 600 601 to 800 801 to 1,000 1,001+	 $500 $750 $1,000 $1,250 $1,500
Business in a targeted industry	$500
Exceeds LEED "Silver" or completes substantial environmental remediation	$250
Located in municipality in eight southernmost counties with a MRI Index greater than 465	$1,000
Located within a half-mile of any new light rail station	$1,000
Projects generating solar energy for onsite use	$250

- Final Total Tax Credit Amount – Except for in GSGZ-Camden, the final total amount of tax credit, following the determination by EDA of the gross amount of tax credits, shall equal to 100% of the gross amount of tax credits for each new full-time job; and 50% for each retained full-time job.

- For tax credits in excess of $40 million, the amount available to be applied by the business annually shall be the lesser of the permitted statutory maximum amount or an amount determined by EDA necessary to complete the project, determined through staff analysis of all locations under consideration and all lease agreements, ownership documents, or substantially similar documentation for the business's current in-State locations and potential out-of State location alternatives.

- Limits on Annual Tax Credits – The amount of tax credits available to be applied by the business annually shall not exceed certain amounts: GSGZ/Camden-$35,000,000; Mega Project/Growth Zone-$30,000,000; Urban Transit Hub - $10,000,000; Distressed Municipality - $8,000,000; Priority Areas - $4,000,000 (not more than 90% of withholdings); and Other Eligible Areas - $2,500,000 (not more than 90% of withholdings).

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

APPLICANT: Accurate Box Company, Inc. P39724

PROJECT LOCATION: 86 5th Avenue Paterson City Passaic County

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

APPLICANT BACKGROUND:
Accurate Box Company, Inc., a third generation family owned company celebrating its 70th year in business, is the leading manufacturer of high quality litho-laminated corrugated boxes and creative packaging material for industry products. Accurate Box's products are primarily destined for domestic suppliers from distribution centers such as Costco, BJs, Target, Walmart and Sam's Club. For over thirty years the company has been located in a 200,000 sq. ft. facility in Paterson, NJ currently with 224 full-time jobs. Accurate Box anticipates expanding into the new markets of high-graphic corrugated boxes for restaurant take-out orders and e-commerce shipping orders. The applicant has demonstrated the financial ability to undertake the project.

Accurate Box has been a customer of the NJEDA since 1980. In addition to prior tax-exempt bond financings to acquire the Paterson facility and the purchase of machinery and equipment, the Applicant has received EDA direct and LDFF loans for working capital and the purchase of machinery and equipment. The EDA loans have been paid in full. Currently, approximately $5.5 million is outstanding in tax-exempt bonds from a 2008 tax-exempt bond financing in the original principal amount of $6,955,000 and a 2006 Series A tax-exempt bond in the original principal amount of $5,835,000; proceeds from both bond financings were used to purchase machinery and equipment and make leasehold improvements to the manufacturing area.

MATERIAL FACTOR/NET BENEFIT:
Accurate Box Company, Inc. is currently evaluating potential locations for its business and headquarters as its current facility is functionally obsolete. The company is considering its options to expand and renovate its current facility in Paterson, NJ or to relocate to Montgomery, NY where it could lease a build-to suit facility to completely modernize operations.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Accurate Box Company, Inc. has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Lisa Hirsh, the CEO of Accurate Box Company, Inc. that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $69 million over the 30 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 224 New Jersey jobs listed in the application are at risk of being located outside the State on or before June 1, 2016, which is the anticipated date of completion of the alternate location facility in NY. 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.

ELIGIBILITY AND GRANT CALCULATION:
Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program's rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)
Industrial - Rehabilitation Projects	**$ 20**
Industrial - New Construction Projects	$ 60
Non-Industrial – Rehabilitation Projects	$ 40
Non-Industrial – New Construction Projects	$120

Minimum capital investment amounts are ***reduced by 1/3 in GSGZs*** *and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	**10 / 25**
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are ***reduced by 1/4 in GSGZs*** *and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

As an Industrial - Rehabilitation Project for a manufacturing business in Passaic County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	**Minimum Requirement**	**Proposed by Applicant**
Capital Investment	$4,866,667	$19,807,551
New Jobs	8	51
Retained Jobs	19	224

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	**Requirement**	**Proposed by Applicant**
Garden State Growth Zone	Base award of $5,000 per year for projects located in a Garden State Growth Zone	Paterson is a Garden State Growth Zone
Increase(s) Criteria		
Deep Poverty Pocket or Choice Neighborhood	An increase of $1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood	86 5th Ave. is located in a Deep Poverty Pocket.
Transit Oriented Development	An increase of $2,000 per job for a project locating in a Transit Oriented Development	86 5th Ave. is located in a Transit Oriented Development by virtue of being within 1

		mile (GSGZ project) of the midpoint of a New Jersey Transit Corporation rail station.
Large Number of New/Retained Full-Time Jobs	An increase of $500 per job for 251-400 new or retained jobs, $750 per job for 401-600 new or retained jobs, $1,000 for 601-800 new or retained jobs, $1,250 for 801-1,000 new or retained jobs and $1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 275 Full-Time Jobs at the project location resulting in an increase of $500.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.
Mega/GSGZ Ind. Project w/ Cap. Inv. In Excess of Min	An increase of $1,000 per job for a Mega Project or a project located in a Garden State Growth Zone for each additional amount of capital investment that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of $5,000	The proposed project is in a Garden State Growth Zone. The proposed capital investment of $19,807,551 is 307% above the minimum capital investment resulting in an increase of $5,000 per year.

Grant Calculation

BASE GRANT PER EMPLOYEE:		
Garden State Growth Zone		$5,000
INCREASES PER EMPLOYEE:		
Deep Poverty Pocket or Choice Neighborhood:	$1,500	
Transit Oriented Development:	$2,000	
Large Number of New/Retained F/T Jobs:	$500	
Targeted Industry (Manufacturing):	$500	
Mega/GSGZ Ind. Project w/ Cap. Inv. In Excess of Min:	$5,000	
INCREASE PER EMPLOYEE:		$9,500
PER EMPLOYEE LIMIT:		
Garden State Growth Zone	$15,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$14,500
AWARD:		
New Jobs:	51 Jobs X $14,500 X 100% =	$739,500
Retained Jobs:	224 Jobs X $14,500 X 100% =	$3,248,000
	Total:	**$3,987,500**
ANNUAL LIMITS:		
Garden State Growth Zone	$30,000,000	
TOTAL ANNUAL AWARD		**$3,987,500**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$19,807,551
NEW FULL-TIME JOBS:	51
RETAINED FULL-TIME JOBS:	224
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$69,419,517
TOTAL AMOUNT OF AWARD:	$39,875,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$36,774
SIZE OF PROJECT LOCATION:	365,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	224

PROJECT IS: (X) Expansion ( ) Relocation

CONSTRUCTION: (X) Yes ( ) No

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 the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program 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, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve 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.

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 on or before June 1, 2016, which is the anticipated date of completion of the alternate location facility in NY; 2) approve the proposed Grow New Jersey grant to encourage Accurate Box Company, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: P. Ceppi/D. Ubinger **APPROVAL OFFICER**: T. Wells

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

APPLICANT: Allied Specialty Foods, Inc. P39706

PROJECT LOCATION: 1585 West Forest Grove Road Vineland City Cumberland County

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

APPLICANT BACKGROUND:
Allied Specialty Foods is a Vineland, New Jersey based specialty meats processor and distributor. Over the past 50 years, Allied has grown from a local butcher shop to a national purveyor of specialty meats to a variety of food-based industries. It is also one of the only producers of customized, individually quick-frozen (IQF) cooked beef and chicken products in the nation. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Allied is considering moving its headquarters and purchasing a processing facility in Vineland City, NJ or Newark, DE. The company will sell its two existing locations and sublease its currently leased space. It is requesting assistance to offset the costs associated with an expansion in New Jersey noting that Delaware provides a more cost effective operating environment. The applicant has submitted a cost benefit analysis comparing the renovation projects of a 76,500 sf. facility in New Jersey to a 48,000 sf. facility located in Delaware.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Allied Specialty Foods, Inc. has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Steven Zoll, the CEO of Allied Specialty Foods, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $35.3M over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 70 New Jersey jobs listed in the application are at risk of being located outside the State on or before May 22, 2015 as the applicant anticipates it will take a year to complete the project. 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.

ELIGIBILITY AND GRANT CALCULATION:
Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program's rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)
Industrial - Rehabilitation Projects	**$ 20**
Industrial - New Construction Projects	$ 60
Non-Industrial – Rehabilitation Projects	$ 40
Non-Industrial – New Construction Projects	$120

*Minimum capital investment amounts are **reduced by 1/3** in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, **Cumberland**, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	**10 / 25**
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

*Minimum employment numbers are **reduced by 1/4** in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, **Cumberland**, Gloucester, Ocean and Salem*

As an Industrial - Rehabilitation Project for a manufacturing business in Cumberland County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	**Minimum Requirement**	**Proposed by Applicant**
Capital Investment	$1,020,000	$10,420,000
New Jobs	8	127
Retained Jobs	19	70

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	**Requirement**	**Proposed by Applicant**
Distressed Municipality	Base award of $4,000 per year for projects located in a designated Distressed Municipality	Vineland City is a designated Distressed Municipality
Increase(s) Criteria		
Capital Investment in Excess of Minimum (non-Mega)	An increase of $1,000 per job for each additional amount of capital investment that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of $3,000	The proposed capital investment of $10.4M is 921% above the minimum capital investment resulting in an increase of $3,000 per year.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment	The applicant is a Manufacturing business.

	center business	
2007 Revit. Index>465 in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, Salem	An increase of $1,000 per job for locating in a municipality with a 2007 Revitalization Index greater than 465	Vineland City has a 2007 Revitalization Index of 474

Grant Calculation

BASE GRANT PER EMPLOYEE:
Distressed Municipality $4,000

INCREASES PER EMPLOYEE:
Capital Investment in Excess of Minimum (non-Mega): $3,000
Targeted Industry (Manufacturing): $ 500
2007 Revit. Index>465 in Cumberland County: $1,000

INCREASE PER EMPLOYEE: $4,500

PER EMPLOYEE LIMIT:
Distressed Municipality $11,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $8,500

AWARD:

New Jobs:	127 Jobs X $8,500 X 100% =	$1,079,500
Retained Jobs:	70 Jobs X $8,500 X 50% =	$ 297,500
	Total:	**$1,377,000**

ANNUAL LIMITS:
Distressed Municipality $ 8,000,000

TOTAL ANNUAL AWARD **$1,377,000**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 10,420,000
NEW FULL-TIME JOBS:	127
RETAINED FULL-TIME JOBS:	70
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 35,339,239
TOTAL AMOUNT OF AWARD	$ 13,770,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 21,000

SIZE OF PROJECT LOCATION:	76,500 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	112

PROJECT IS: (X) Expansion (X) Relocation
CONSTRUCTION: (X) Yes ( ) No

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 the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program 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, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve 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.

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 on or before May 22, 2015; 2) Approve the proposed Grow New Jersey grant to encourage Allied Specialty Foods, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: J. Kenyon **APPROVAL OFFICER**: J. Horezga

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

APPLICANT: Coperion K-Tron Pitman, Inc. P39716

PROJECT LOCATION: 590 Woodbury Glassboro Road Mantua Twp. Gloucester County

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

APPLICANT BACKGROUND:
Coperion K-Tron Pitman, Inc. is a global leader in providing process automation, equipment, systems and solutions for bulk material handling. It is a wholly owned subsidiary of Hillenbrand, Inc. and has a presence in 57 countries. The Company was formed in October 2013 as a result of a branding alignment between Coperion Corporation, an international market and technology leader in extrusion, compounding systems, bulk materials handling systems and services, and K-Tron Investment Co., a global leader in feeding, dosing, and pneumatic conveying equipment and systems. The company holds more than 100 patents for feeding, weighing, mechanical components and control technologies and their application to bulk solids handling in the plastics, chemical, food, pharmaceutical, detergent and nonwoven industries. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
The applicant is in the decision making process of either keeping its last remaining facility in New Jersey or re-locating its operations to a company run facility in Virginia. The Pitman location houses the last remaining New Jersey employees after the 2013 acquisition. This location is 100,000 sf. of space and requires major renovation to make it a viable option for the company to continue its operations within the state. The company also operates a facility in Virginia that provides a lower operational cost structure. This location can be rapidly expanded to accommodate the employees from the Pitman location. The company notes that without the incentive, there is no economic justification to move forward with the project in New Jersey.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Coperion K-Tron Pitman, Inc. has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Kevin C. Bowen, the CEO of Coperion K-Tron Pitman, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $30.8M over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 152 New Jersey jobs listed in the application are at risk of being located outside the State on or before November 1, 2015 as the applicant anticipates it will take a year to complete the project. 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.

ELIGIBILITY AND GRANT CALCULATION:
Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program's rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)
Industrial - Rehabilitation Projects	**$ 20**
Industrial - New Construction Projects	$ 60
Non-Industrial – Rehabilitation Projects	$ 40
Non-Industrial – New Construction Projects	$120

*Minimum capital investment amounts are **reduced by 1/3** in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, **Gloucester**, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	**10 / 25**
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

*Minimum employment numbers are **reduced by 1/4** in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, **Gloucester**, Ocean and Salem*

As an Industrial – Rehabilitation Project for a manufacturing business in Gloucester County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	$1,333,333	$1,899,970
New Jobs	8	20
Retained Jobs	19	152

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of $3,000 per year for projects located in a designated Priority Area	Mantua Twp. is a designated Priority Area
Increase(s) Criteria		
Capital Investment in Excess of Minimum (non-Mega)	An increase of $1,000 per job for each additional amount of capital investment that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of $3,000	The proposed capital investment of $1,899,970 is 42% above the minimum capital investment resulting in an increase of $2,000 per year.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation,	The applicant is a Manufacturing business.

	Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	

Grant Calculation

BASE GRANT PER EMPLOYEE:
Priority Area $3,000

INCREASES PER EMPLOYEE:

Capital Investment in Excess of Minimum (non-Mega): $2,000
Targeted Industry (Manufacturing): $ 500

INCREASE PER EMPLOYEE: $2,500

PER EMPLOYEE LIMIT:
Priority Area $10,500

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $5,500

AWARD:

New Jobs:	20 Jobs X $5,500 X 100% =	$110,000
Retained Jobs:	152 Jobs X $5,500 X 50% =	$418,000
	Total:	**$528,000**

ANNUAL LIMITS:
Priority Area (Est. 90% Withholding Limit) $ 4,000,000/($307,820)

TOTAL ANNUAL AWARD **$528,000**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 1,899,970
NEW FULL-TIME JOBS:	20
RETAINED FULL-TIME JOBS:	152
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 30,877,220
TOTAL AMOUNT OF AWARD (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	$ 5,280,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 69,000
SIZE OF PROJECT LOCATION:	100,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	152

PROJECT IS: (X) Expansion ( ) Relocation
CONSTRUCTION: (X) Yes ( ) No

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 the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program 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, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve 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.

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 on or before November 1, 2015; 2) approve the proposed Grow New Jersey grant to encourage Coperion K-Tron Pitman, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: J. Kenyon **APPROVAL OFFICER**: J. Horezga

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

APPLICANT: D' Artagnan, Inc. P39728

PROJECT LOCATION: 600 Green Lane Union Twp Union County

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

APPLICANT BACKGROUND:
D' Artagnan, Inc. is a seller, distributor and manufacturer of various meats, pâtés, sausages, smoked and cured charcuterie, all-natural and organic poultry, game, free-range meat, foie gras, wild mushrooms and truffles. Privately owned by Ariane Daguin, who co-founded the company in 1984, its corporate headquarters and distribution center are in Newark, NJ. The company generates revenue through direct sales to restaurants, retailers, supermarkets and to the consumer directly from its website.

The company sources from small farmers and creates cooperatives of farms where possible, to ensure that animals are raised in humane conditions. It procures meats from small family farms that are committed to humane, sustainable free-range, antibiotic and hormone free methods of animal husbandry. D' Artagnan contracts with 35 co-ops nationwide, representing about 1,500 farmers as of 2009.

MATERIAL FACTOR/NET BENEFIT:
In order to accommodate continued growth, expansion into food production (USDA approved) and to hire additional employees, D' Artagnan will be moving its headquarters and operations to either Brooklyn, NY or Union, NJ. The company is considering a New Jersey location that is 65,000 sf. with an option to lease an additional 22,000 sf. if necessary. This location provides the best alternative to retain the largest percentage of its current employee base. The New York location has 55,000 sf. available for the company to occupy. This location provides a logistical advantage to the company since most of its clientele reside within the five boroughs. The company expects significant savings on reduced transportation costs at this location. Additionally, NY state has approved the company for an incentives package making the location an attractive option.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option. As a result, the management of D' Artagnan, Inc. has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Ariane Daguin, the CEO of D' Artagnan, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $49.1M million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 115 New Jersey jobs listed in the application are at risk of being located outside the State on or before July 1, 2015 as the applicant anticipates it will take a year to complete the project. 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.

ELIGIBILITY AND GRANT CALCULATION:
Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program's rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)
Industrial - Rehabilitation Projects	$ 20
Industrial - New Construction Projects	$ 60
Non-Industrial – Rehabilitation Projects	**$ 40**
Non-Industrial – New Construction Projects	$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	**35 / 50**

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial – Rehabilitation Project for an other business in Union County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	$2,600,000	$2,900,000
New Jobs	35	52
Retained Jobs	50	115

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of $3,000 per year for projects located in a designated Priority Area	Union Twp. is a designated Priority Area.
Increase(s) Criteria		
Transit Oriented Development	An increase of $2,000 per job for a project locating in a Transit Oriented Development	600 Green Lane is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station.

Grant Calculation

BASE GRANT PER EMPLOYEE:		
Priority Area		$3,000
INCREASES PER EMPLOYEE:		
Transit Oriented Development:	$2,000	
INCREASE PER EMPLOYEE:		$2,000
PER EMPLOYEE LIMIT:		
Priority Area	$10,500	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$5,000
AWARD:		
New Jobs:	52 Jobs X $5,000 X 100% =	$260,000
Retained Jobs:	115 Jobs X $5,000 X 50% =	$287,500
	Total:	**$547,500**
ANNUAL LIMITS:		
Priority Area (Est. 90% Withholding Limit)	$ 4,000,000/($227,978)	
TOTAL ANNUAL AWARD		**$547,500**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 2,900,000
NEW FULL-TIME JOBS:	52
RETAINED FULL-TIME JOBS:	115
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 49,111,691
TOTAL AMOUNT OF AWARD (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	$ 5,475,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 40,997
SIZE OF PROJECT LOCATION:	65,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	138

PROJECT IS: (X) Expansion (X) Relocation

CONSTRUCTION: (X) Yes ( ) No

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 the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program 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, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve 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.

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 on or before July 1, 2015; 2) approve the proposed Grow New Jersey grant to encourage D' Artagnan, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Abraham **APPROVAL OFFICER**: J. Horezga

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

APPLICANT: HNTB Corporation P39705

PROJECT LOCATION: 2 Gateway Center, 12th Floor Newark City Essex County

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

APPLICANT BACKGROUND:
Headquartered in Kansas City, Missouri, HNTB Corporation is an architecture, civil engineering consulting and construction management firm that traces its roots to 1914. The firm has designed many bridges, roadways, airports, professional sports stadiums and rail and transit systems across the United States and around the world. The applicant has demonstrated the financial ability to undertake the project.

The applicant has 88 offices across the United States, including two in New York, four in Pennsylvania and three in New Jersey (Camden, Parsippany, and 1 Gateway Center, 24th Floor, Newark). HNTB is considering relocating a portion of its staff from the New York Penn Plaza office to a new office.

MATERIAL FACTOR/NET BENEFIT:
Currently based in New York City, the company has a large team of engineering professionals working mainly on infrastructure projects in the Northeast. HNTB Corporation is considering Newark, New Jersey or Philadelphia, Pennsylvania to relocate and expand a portion of this team. HNTB Corporation's expansion plans will result in the creation of 35 positions in New Jersey. The company has applied for an award of tax credits under the Grow New Jersey program to provide an incentive to relocate to New Jersey.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of HNTB Corporation 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 by Robert J. Slimp, the CEO of HNTB Corporation, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $10.4 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:
Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program's rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)
Industrial - Rehabilitation Projects	$ 20
Industrial - New Construction Projects	$ 60
Non-Industrial – Rehabilitation Projects	**$ 40**
Non-Industrial – New Construction Projects	$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	**35 / 50**

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial – Rehabilitation Project for an other business in Essex County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	**Minimum Requirement**	**Proposed by Applicant**
Capital Investment	$455,480	$743,488
New Jobs	35	35
Retained Jobs	50	N/A

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	**Requirement**	**Proposed by Applicant**
Urban Transit Hub Municipality	Base award of $5,000 per year for projects located in a designated Urban Transit Hub Municipality	Newark City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		
Deep Poverty Pocket or Choice Neighborhood	An increase of $1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood	2 Gateway Center is located in a Deep Poverty Pocket.
Transit Oriented Development	An increase of $2,000 per job for a project locating in a Transit Oriented Development	2 Gateway Center is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of $250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500	The proposed median salary of $119,953 exceeds the County median salary by 147% resulting in an increase of $1,000 per year.

Grant Calculation

BASE GRANT PER EMPLOYEE:		
Urban Transit HUB Municipality		$5,000
INCREASES PER EMPLOYEE:		
Deep Poverty Pocket or Choice Neighborhood:	$1,500	
Transit Oriented Development:	$2,000	
Jobs with Salary in Excess of County/GSGZ Average:	$1,000	
INCREASE PER EMPLOYEE:		$4,500
PER EMPLOYEE LIMIT:		
Urban Transit HUB Municipality	$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$9,500
AWARD:		
New Jobs:	35 Jobs X $9,500 X 100% =	$332,500
Retained Jobs:	0 Jobs X $9,500 X 50% =	$ 0
	Total:	**$332,500**
ANNUAL LIMITS:		
Urban Transit HUB Municipality	$10,000,000	
TOTAL ANNUAL AWARD		**$332,500**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 743,488
NEW FULL-TIME JOBS:	35
RETAINED FULL-TIME JOBS:	0

NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 10,368,662
TOTAL AMOUNT OF AWARD	$ 997,500
ELIGIBILITY PERIOD:	3 years
MEDIAN WAGES:	$ 119,953
SIZE OF PROJECT LOCATION:	11,387 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	133

PROJECT IS: (X) Expansion ( ) Relocation

CONSTRUCTION: (X) Yes ( ) No

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 the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program 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, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve 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.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage HNTB 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.

DEVELOPMENT OFFICER: M. Abraham **APPROVAL OFFICER**: D. Sucsuz

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

APPLICANT: Plastics Consulting and Manufacturing Company, Inc. P39697

PROJECT LOCATION: 1431 Ferry Ave. Camden City Camden

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

APPLICANT BACKGROUND:
Plastics Consulting and Manufacturing Company, Inc., founded in 1962 and located in Camden, NJ, applies functional coatings for a variety of industries to make their processes and products more efficient. The coatings such as Teflon, Halar, Kynar, provide corrosion resistant and non-stick coating application for various industries including food manufacturing, chemical and pharmaceutical, commercial baking and printing. The company is currently located in Camden, NJ with 20 employees. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
The current facility in Camden was significantly damaged in a fire in June 2014. The company is evaluating reconstructing the manufacturing facility and office as well as the purchase of new equipment and furnishings at the same location in Camden or relocating to Philadelphia, PA.

The location analysis submitted to the Authority shows Camden to be the more expensive option and, as a result, the management of Plastics Consulting and Manufacturing Company, Inc. has certified that the grant of tax credits is a material factor in the company's decision to make a capital investment and locate in Camden. The Authority is in receipt of an executed CEO certification by Steven Schwartz, the President of Plastics Consulting and Manufacturing Company, Inc. that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur in Camden. It is estimated that the project would have a net benefit to the State of $3.8 million over the 35 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 20 New Jersey jobs listed in the application are at risk of being located outside the State on or before December 1, 2014, when the company could complete the relocation to the alternate location. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the award of the Grow New Jersey tax credits is a material factor in the applicant's decision to make a capital investment and locate in Camden.

ELIGIBILITY AND GRANT CALCULATION:
Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program's rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)
Industrial - Rehabilitation Projects	**$ 20**
Industrial - New Construction Projects	$ 60
Non-Industrial – Rehabilitation Projects	$ 40
Non-Industrial – New Construction Projects	$120

*Minimum capital investment amounts are **reduced by 1/3 in GSGZs** and in eight South Jersey counties: Atlantic, Burlington, **Camden**, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	**10 / 25**
Other targeted Industries	25 / 35
All other businesses/industries	35 / 50

*Minimum employment numbers are **reduced by 1/4 in GSGZs** and in eight South Jersey counties: Atlantic, Burlington, **Camden**, Cape May, Cumberland, Gloucester, Ocean and Salem*

As an Industrial - Rehabilitation Project for a Manufacturing business in Camden County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	**Minimum Requirement**	**Proposed by Applicant**
Capital Investment	$180,000	$1,700,000
New Jobs	8	8
Retained Jobs	19	20

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	**Requirement**	**Proposed by Applicant**
Garden State Growth Zone	Base award of $5,000 per year for projects located in a Garden State Growth Zone	Camden is a Garden State Growth Zone
Increase(s) Criteria		
Deep Poverty Pocket or Choice Neighborhood	An increase of $1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood	1431 Ferry Avenue is located in a Deep Poverty Pocket.
Transit Oriented Development	An increase of $2,000 per job for a project locating in a Transit Oriented Development	1431 Ferry Avenue is located in a Transit Oriented Development by virtue of being within 1 mile (GSGZ project) of the midpoint of a New Jersey Transit Corporation rail station.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health,	The applicant is a Manufacturing business.

	or Finance excluding a primarily warehouse, distribution or fulfillment center business	
Mega/GSGZ Ind. Project w/ Cap. Inv. In Excess of Min	An increase of $1,000 per job for a Mega Project or a project located in a Garden State Growth Zone for each additional amount of capital investment that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of $5,000	The proposed project is in a Garden State Growth Zone. The proposed capital investment of $1,700,000 is 844% above the minimum capital investment resulting in an increase of $5,000 per year.

Grant Calculation

BASE GRANT PER EMPLOYEE:

Garden State Growth Zone		$5,000

INCREASES:

Deep Poverty Pocket or Choice Neighborhood:	$1,500	
Transit Oriented Development:	$2,000	
Targeted Industry (Manufacturing):	$ 500	
Mega/GSGZ Ind. Project w/ Cap. Inv. In Excess of Min:	$5,000	
INCREASE PER EMPLOYEE:		$9,000

PER EMPLOYEE LIMIT:

Garden State Growth Zone	$15,000	

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: **$**14,000

AWARD:

New Jobs:	8 Jobs X $14,000 X 100% =	$112,000
Retained Jobs:	20 Jobs X $14,000 X 100% =	$280,000
	Total:	**$392,000**

ANNUAL LIMITS:

Garden State Growth Zone and MRERA	$35,000,000	

TOTAL ANNUAL AWARD **$392,000**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$1,700,000
NEW FULL-TIME JOBS:	8
RETAINED FULL-TIME JOBS:	20

NET BENEFIT TO THE STATE (NET OF AWARD):	$3,758,516
TOTAL AMOUNT OF AWARD:	$3,920,000
TERM:	10 years
MEDIAN WAGES:	$30,000
SIZE OF PROJECT LOCATION:	13,500 sq. ft.
STATEWIDE BASE EMPLOYMENT:	20

PROJECT IS: (X) Expansion ( ) Relocation
CONSTRUCTION: (X) Yes ( ) No

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 the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program 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, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve 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.

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the award of the Grow New Jersey tax credits is a material factor in the applicant's decision to make a capital investment and locate in Camden; 2) approve the proposed Grow New Jersey grant to encourage Plastics Consulting and Manufacturing Company, Inc. to locate in Camden. 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.

DEVELOPMENT OFFICER: J. Kenyon **APPROVAL OFFICER**: T. Wells

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

APPLICANT: RAB Lighting Inc. P39725

PROJECT LOCATION: 140, 150, 170, 173 Ludlow Ave. Northvale Borough Bergen County

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

APPLICANT BACKGROUND:
RAB Lighting Inc. (RAB), incorporated in 1951, is a manufacturer of sustainable lighting fixtures using LED, HID, CFL and motion sensing technology, with sales throughout the U.S. and Canada. The company is headquartered and operates in Northvale, NJ on 16 acres in several buildings totaling approximately 200,000 sq. ft. with 318 employees. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
With the revolution in LED Lighting technology, RAB has seen substantial growth in the business resulting in the increased needs for personnel, office, warehouse and factory space. The options are for the company to expand and renovate at its current NJ location to a total of 4 interconnected buildings of 364,240 sq. ft., or the alternative is to relocate to a 341,000 sq. ft. facility in Orangeburg, Rockland County, NY.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of RAB Lighting Inc. has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Ross Barna, the CEO of RAB Lighting Inc. that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $113 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 318 New Jersey jobs listed in the application are at risk of being located outside the State on or before March 31, 2015, which is the anticipated date that the relocation would be complete at the alternate location. 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.

ELIGIBILITY AND GRANT CALCULATION:
Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program's rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)
Industrial - Rehabilitation Projects	**$ 20**
Industrial - New Construction Projects	$ 60
Non-Industrial – Rehabilitation Projects	$ 40
Non-Industrial – New Construction Projects	$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	**10 / 25**
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As an Industrial - Rehabilitation Project for a manufacturing business in Bergen County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	**Minimum Requirement**	**Proposed by Applicant**
Capital Investment	$7,284,800	$18,000,000
New Jobs	10	181
Retained Jobs	25	318

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	**Requirement**	**Proposed by Applicant**
Priority Area	Base award of $3,000 per year for projects located in a designated Priority Area	Northvale is a designated Priority Area
Increase(s) Criteria		
Capital Investment in Excess of Minimum (non-Mega)	An increase of $1,000 per job for each additional amount of capital investment that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of $3,000	The proposed capital investment of $18,000,000 is 136% above the minimum capital investment resulting in an increase of $3,000 per year.
Large Number of New/Retained Full-Time Jobs	An increase of $500 per job for 251-400 new or retained jobs, $750 per job for 401-600 new or retained jobs, $1,000 for 601-800 new or retained jobs, $1,250 for 801-1,000 new or retained jobs and $1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 499 Full-Time Jobs at the project location resulting in an increase of $750.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a	The applicant is a Manufacturing business.

	primarily warehouse, distribution or fulfillment center business	

Grant Calculation

BASE GRANT PER EMPLOYEE:

Priority Area		$3,000

INCREASES PER EMPLOYEE:

Capital Investment in Excess of Minimum (non-Mega):	$3000	
Large Number of New/Retained F/T Jobs:	$ 750	
Targeted Industry (Manufacturing):	$ 500	
INCREASE PER EMPLOYEE:		$4,250

PER EMPLOYEE LIMIT:

Priority Area	$10,500	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$7,250

AWARD:

New Jobs:	181 Jobs X $7,250 X 100% =	$1,312,250
Retained Jobs:	318 Jobs X $7,250 X 50% =	$1,152,750
	Total:	**$2,465,000**

ANNUAL LIMITS:

Priority Area (Est. 90% Withholding Limit) $ 4,000,000/($670,632)

TOTAL ANNUAL AWARD **$2,465,000**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$18,000,000
NEW FULL-TIME JOBS:	181
RETAINED FULL-TIME JOBS:	318

NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$112,887,534
TOTAL AMOUNT OF AWARD (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	$24,650,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$30,727
SIZE OF PROJECT LOCATION:	364,240 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	318

PROJECT IS: (X) Expansion ( ) Relocation
CONSTRUCTION: (X) Yes ( ) No

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 the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program 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, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve 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.

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 on or before March 31, 2015; 2) approve the proposed Grow New Jersey grant to encourage RAB Lighting Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Abraham **APPROVAL OFFICER**: T. Wells

BOARD MEMORANDUMS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: September 11, 2014

SUBJECT: 1655 Imperial Realty LLC
P 39590
1655 Imperial Way
West Deptford Township, Gloucester County

Modification Request:

Approval is requested to modify the Authority's approval to permit a loan to value of 100% as well as increase the participation percentage to 34.84% at the same dollar amount in a TD Bank mortgage.

Background:

On August 12, 2014, the Members of the Authority approved a $1,000,000 participation in a $3.13 million loan from TD Bank to 1655 Imperial Realty, LLC ("IR" or the "Applicant").

This project involves IR, a newly formed entity, purchasing a 45,000 square foot industrial facility on 5.8 acres in West Deptford, NJ. South Jersey Bakery, LLC ("SJB"), which has common ownership with IR, will lease the entire facility and open a new centralized manufacturing location ("CML") for five Dunkin Donut franchise networks in the Philadelphia and Southern New Jersey market. Expectations are for the CML to open by year end 2014.

The purchase price of the building is $1.6 million. This acquisition was consummated in July via a TD Bank $730,000 bridge note which matures on 9/30/14 and an equity contribution of $870,000 by the Applicant.

The original EDA board approval indicated that the loan to value ("LTV") would be 80% assuming an anticipated "as completed" appraisal of $3.9 million on the building.

Subsequently the appraisal report reflected a $2,870,000 value. The reason this figure is well below the anticipated value is threefold; 1] there was about $300,000 in what was deemed equipment that was

included as part of the renovation budget, 2] there were no recent reasonable comparables to this unique donut baking facility that the appraiser could use to compute the "as completed" value and 3] the budget included approximately $800,000 in electrical, plumbing and mechanical upgrades that ultimately do not increase the value of the facility.

In response to the lower than expected appraisal, TD Bank plans to reduce its mortgage by $260,000 to $2,870,000. The EDA's participation of $1 million in this mortgage will remain the same resulting in a 100% LTV to the Authority. Also, our $1 million participation will now represent 34.84% of the total mortgage versus the 31.95% at original approval.

TD Bank will increase its term loan to SJB from $3.5 million to $3,760,000 to cover the $260,000 reduction in mortgage loan proceeds.

Recommendation:

Approval of the modification to permit the 100% LTV and increase our participation to 34.84% is recommended. We are comfortable in making this recommendation due to the nominal change to the projected DSCR. We will also continue to have the unlimited personal guarantees of the owners who collectively have extensive industry experience and to support the financing of project. Finally, this amended structure meets the parameters of the Statewide Loan Program which requires a LTV not to exceed 100%. Assuming that this project was presented originally as having a 100% LTV versus 80%, our recommendation would have been to approve the loan.

Prepared by: Michael Conte, Senior Credit Underwriter

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: September 11, 2014

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

The following projects were approved under Delegated Authority in August 2014:

Small Business Fund Program:

1) Adagio Teas, Inc. (P39570), located in Edgewater Borough, Bergen County, was founded in 1989 as a fabricator and high-end retailer of natural gourmet teas and tea related products such as filters, bags, pots, glassware, and cups. M&T Bank approved a $600,000 loan with a $300,000 (50%) Authority participation under the Small Business Fund Program. Proceeds will be used for working capital and to refinance an existing loan. The Company currently has 42 employees and plans to create eight new positions over the next two years. SSBCI funds will be utilized for this project.

2) F & M Realty, LLC (P39578), located in Denville Township, Morris County, is the newly created real estate holding company formed to purchase the project property. The operating company, Olmec Systems, Inc. was established in 1998 as an IT company that supports and services small and medium sized companies. M&T Bank approved a $1,260,000 mortgage contingent upon a $500,000 (39.7%) Authority participation under the Small Business Fund Program. Proceeds will be used to purchase the project property. Currently, the Company has two employees and plans to create eight new positions within the next two years.

Stronger NJ Loan Program:

1) AFW 500, LLC (P39476 & P39757) is located in Seaside Heights Borough, Ocean County. AFW 500, LLC dba Spicy Cantina was formed in 2011 to operate the restaurant located at 600 Boardwalk in Seaside Heights. AFW, which did not receive funding under the Grant Program, suffered damage during Superstorm Sandy. The Company is seeking a $354,565 working capital loan (P39476) and a $50,000 contingent loan (P39757) under the Stronger NJ Business Loan Program. Proceeds will be used for working capital expenses incurred in 2013.

2) Coin Castle Amusements Cimorelli, Storino & Storino ("CCA") (P39475 & P39745), located in Seaside Heights Borough, Ocean County, is an arcade that has been owned and operated by Wayne Cimorelli since 1978. The Storino's own several "Shore" businesses including Jenkinson's at Point Pleasant and purchased their interest in CCA in 2012. CCA, which did not receive funding under the Grant Program, sustained damage during Superstorm Sandy. Of note, AFW 500, LLC dba Spicy Cantina is a common-ownership company that operates the restaurant adjacent to the arcade. The Company is seeking a $747,500 (P39475) working capital loan and a $50,000 (P39745) working capital loan under the Stronger NJ Business Loan Program. Proceeds will be used for working capital expenses incurred in 2013.

3) JC Pasacreta, LLC dba Il Giardinello Beach Grill (P39189), located in Normandy Beach, Dover Township, Ocean County, is a full service restaurant that was formed in 2005 by Joseph and Colleen Pisacreta. Of note, the Company, which employs six, represents the second location that was founded in 1988 called Il Giardinello Ristorante, located in Toms River. The Company, which did not receive funding under the Grant Program, suffered damage from Superstorm Sandy. The Company is seeking $111,271 working capital loan under the Stronger NJ Business Loan Program. Proceeds will be used to cover working capital expenses incurred in 2014.

Prepared by: D. Lawyer
DL/gvr

REAL ESTATE

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: September 11, 2014

RE: Real Estate Impact Fund

Summary

The Members are requested to approve a proposed new pilot loan fund, the Real Estate Impact Fund ("Impact Fund"), to support and foster redevelopment in strategic urban and other significant locations that would not otherwise occur in the near term and to strengthen existing and catalyze future development opportunities and private investment as set forth below and in the attached sheet, which would be supported through the use of $10 million of any eligible Authority funds to capitalize the Impact Fund.

Background

In order to assist in revitalizing communities through redevelopment initiatives and promote job creation, the Authority has found that a need exists for a loan product to provide early capital on flexible terms to stimulate real estate development projects, which otherwise would not occur, within municipalities qualified to receive assistance under P.L. 1978, c.14 (N.J.S.A. 52:27D-178 et seq.) (known as Urban Aid municipalities), or within Fort Monmouth, or to assist New Jersey university/college sponsored projects that are public-private partnerships that promote emerging technologies or industries ("Targeted Areas"). The Impact Fund is proposed to serve this catalytic role. In meetings and discussions with developers and businesses, Authority staff recognized a need for a new loan product for community development real estate projects and included this new program (previously called the Equity Investment Fund) as part of the Authority's 2014 Strategic Plan. Throughout 2014, Authority staff honed the initial program concept, moving away from a possible equity participation product, to a flexible, subordinated, participating mortgage loan product as outlined in this memo.

Real Estate Impact Fund

The Impact Fund is aligned with the Authority's ongoing strategies to assist real estate developers and not-for-profit organizations, with a particular emphasis to bring about meaningful revitalization in the Targeted Areas. The Impact Fund will advance economic development by supporting projects consistent with local redevelopment plans or strategies, attract private investment, and by creating or retaining jobs.

The Impact Fund is designed to fill a gap in existing loan products for small and mid-size real estate development projects, provide for both construction and permanent loan financing, leverage existing

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Authority resources, and stimulate new investment in the Targeted Areas. The attached document outlines general program specifications. Eligible projects include mixed use (residential with a minimum 20% commercial space), retail, office, industrial, entertainment venues, associated parking garage structures, and/or land acquisition/assemblages for development. Projects can be either new construction or substantial rehabilitation (defined as rehabilitation costs equaling not less than 50% of the value of the property as improved after rehabilitation (excluding land value). Projects will be required to meet minimum job creation/maintenance requirements consistent with Authority policy (1 FTE job per $65,000 of Impact Fund funding).

Eligible applicants include for profit and non-profit developers and business entities with demonstrated experience in successfully completing similar projects. The loan can be used for eligible project development costs including property acquisition and assembly, demolition and site clearance, environmental investigation and remediation, pre-development costs, on-site infrastructure, general construction and/or rehabilitation, and associated soft development expenses.

The loan shall not exceed 25% of total project costs with a maximum of $3,000,000 and a minimum of $250,000 per project. Applicants must provide owner equity equal to a minimum of 20% of total project costs and equal to the amount of the loan; owner equity will not include grants or developer fee. Additional Authority funds may be part of the overall project financing. Total public (federal, state and/or local government) funding, including all Authority funding, cannot exceed 50% of total project costs. If the project's returns are in excess of the Authority's underwriting analysis (JLL model) without the Impact Fund loan, then the project will not qualify for an Impact Fund loan.

Loan funding will be made available during construction, distributed proportionately with all other construction funding sources, and with standard 10% retainage. Loan term will be up to a maximum of ten years, commencing upon construction completion and the loan shall be due at the earlier of refinancing, sale of property, ownership change/transfer (together, "Liquidity Event"), or the end of the loan term. The mortgage lien position will typically be subordinate to senior debt; with no personal guarantees required. The Authority will require a second assignment of all leases, as applicable.

The loan will be structured as a participating mortgage loan with an interest rate of 3% during the loan term. The loan shall be repaid from net cash flow, after debt service is paid to senior lender(s). During the term of the loan, interest shall accrue at the stated interest rate and payments shall be made from 50% of project's net cash flow, after payment of senior debt. In the event 50% of the net cash flow is insufficient to pay interest only, then any unpaid interest shall accrue and be added to the outstanding principal balance. In the event 50% of net cash flow is in excess of the current interest, then the payment shall first be applied to accrued interest, if any, and then to reduce outstanding principal. All unpaid or deferred interest payments and principal shall be due in full at the end of the loan term or at a Liquidity Event. Additionally, at approval, the Board shall determine the effective rate of the loan which shall range between 3 and 10%, determined by the economic feasibility and the need of the Impact Fund loan to the viability of the project, the economics pertaining to the return on investment, and the ability to attract the required investment and full repayment shall be due and payable to the Authority at the earlier of the end of the loan term or a Liquidity Event, on terms and conditions mutually agreed upon based on the structure and merits of the project.

As part of the application review process, Authority staff will review the appraisal, market study and/or leasing letters of intent, development budget, operating pro-forma projections, and other lender terms and commitments, to underwrite and assess project viability. In deciding to recommend loan approval, Authority staff shall consider the following factors:

(1) the applicant's experience in undertaking and completing similar projects;
(2) the economic feasibility of the development project;
(3) the need of the Impact Fund loan to the viability of the development project;
(4) whether the development project will advance State, regional and local development and planning strategies;
(5) whether the development project enhances and promotes job creation or retention and economic development; and,
(6) the readiness of the development project to proceed in a timely manner.

Authority staff will review and approve annual project operating budgets, require annual audits or reviewed financial statements, and review cash flow and operations to confirm annual net cash flow payments. Non-monetary default provisions such as non-compliance with required documentation submission for Authority review, advance notification regarding any property sale, ownership change/transfer, or refinancing will be outlined in loan documents.

Program funding will be on a first come, first served basis through the standard online application process. The application fee will be $2,500 and other fees for the program will be consistent with the Authority's standard loan program fees: 0.875% of loan amount for commitment fee; 0.875% of loan amount for closing fee; and reimbursement for any third party fees that the Authority deems necessary and incurs during application review and prior to Board approval. Board approval will be required for each project.

Recommendation

The Members are requested to approve: (1) the establishment of the new pilot Real Estate Impact Fund, (2) the utilization of $10 million any eligible Authority funds for the initial capitalization of the Impact Fund; and, (3) the attached draft Notice of Proposal implementing amendments to the Authority's rules to establish certain terms and eligibility requirements for the Real Estate Impact Fund. The Members are also asked to authorize staff to submit program rules for promulgation in the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law (OAL).

Timothy J. Lizura
President/Chief Operating Officer

Prepared by: Liza Nolan
Attachment

- Program Specifications
- Notice of Proposal – Proposed Amendments: N.J.A.C. 19:31-3.1

Real Estate Impact Fund
Program Specifications
September 2014

Eligible Projects	Real estate development projects, including mixed-use (residential and minimum 20% commercial); retail; office; industrial; entertainment venues; associated parking garage structures, and/or land acquisition/assemblages for development. Residential only projects are ineligible. Small and mid-size development projects, typically not exceeding total project cost of $15 million. Projects can be either new construction or substantial rehabilitation (defined as rehabilitation costs equaling not less than 50% of the value of the property as improved after rehabilitation (excluding land value).
Eligible Uses	Loan proceeds can be used for eligible project development costs, which include: property acquisition and assembly; demolition and site clearance; environmental investigation and remediation; pre-development costs; on-site infrastructure; general construction and/or rehabilitation; and associated soft development expenses
Eligible Applicants	For profit and non-profit developers and business entities with demonstrated experience in successfully completing similar projects
Targeted Areas	Projects must be located within municipalities qualified to receive assistance under P.L. 1978, c.14 (N.J.S.A. 52:27D-178 et seq.) (known as Urban Aid municipalities); or within Fort Monmouth or be New Jersey university/college sponsored projects that are public-private partnerships that promote emerging technologies or industries
Loan Amounts	• Minimum loan amount of $250,000 • Maximum loan amount of $3,000,000 • Loan shall not exceed 25% of total project costs • Total public (federal, state and/or local government) funding, including all Authority funding, cannot exceed 50% of total project costs • If the project's returns are in excess of the JLL model without the Impact Fund loan then the project will not qualify for an Impact Fund loan
Loan Term	Maximum 10 years, commencing upon construction completion; loan due at earlier of refinancing, sale of property, ownership change/transfer (together, "Liquidity Event"), or end of loan term
Rates, Repayment, and Participating Mortgage	• Loan Interest Rate during term shall be 3% • During the term of the loan, interest shall accrue at the stated

Loan Structure	interest rate and payments shall be made from 50% of project's net cash flow, after payment of senior debt. In the event 50% of the net cash flow is insufficient to pay interest only, then any unpaid interest shall accrue and be added to the outstanding principal balance. In the event 50% of net cash flow is in excess of the current interest, then the payment shall first be applied to accrued interest, if any, and then to reduce outstanding principal. All unpaid or deferred interest payments and principal plus amount equal to effective rate per below shall be due in full at end of loan term or at a Liquidity Event • At approval, the Board shall determine the effective Rate of the loan, which shall range between 3 and 10%, determined by the economic feasibility and the need of the Impact Fund loan to the viability of the project, the economics pertaining to the return on investment, and the ability to attract the required investment, and shall be due and payable at the earlier of the end of the loan term or at a Liquidity Event, on terms and conditions mutually agreed upon based on the structure and merits of the project
Investment Match and Other Funding	• Applicant must provide Owner Equity equal to a minimum of 20% of total project costs and must match Impact Fund investment 1:1; Owner Equity shall not include grants or developer fee • Total public (federal, state and/or local government) funding, including all Authority funding, cannot exceed 50% of total project costs
Lien/Collateral/Security	• Generally subordinate to senior debt, secured by a mortgage • No personal guarantees required • Second assignment of all leases
Funding Disbursement	Funding will be made available at start of construction, proportionate to other construction funds, with standard 10% retainage
Job Creation	Minimum of 1 full time equivalent (FTE) job to be created/maintained per $65,000 of loan funds
Readiness to Proceed	Projects shall evidence other funding commitments, design and construction documents, and generally be ready to commence construction within six months of loan approval
Fees	• Application fee: $2,500 • Commitment fee: 0.875% of loan amount

	• Closing fee: 0.875% of loan amount • Applicants will reimburse NJEDA for any third party fees (e.g. appraisals, market studies, etc.) that the Authority deems necessary and incurs during application review and prior to Board approval
Board Approval	Required for each project
Loan Administration	Authority review and approval of annual project operating budgets, annual audits or reviewed financial statements, and cash flow statements from operations to confirm annual net cash flow payments

D R A F T

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Proposed Amendments: N.J.A.C. 19:30-6.1; and 19:31-3.1

Administrative Rules; Fees

Authority Assistance Programs; Direct Loan Program

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

Authority: N.J.S.A. 34:1B-1 et seq.

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

Proposal Number: PRN 2014- .

Submit written comments by October 17, 2014 to:

Jacob Genovay, Senior Legislative and Regulatory Officer
New Jersey Economic Development Authority
PO Box 990
Trenton, NJ 08625-0990
jgenovay@njeda.com

The agency proposal follows:

Summary

The New Jersey Economic Development Authority ("EDA" or "Authority") is proposing amendments to establish certain terms and eligibility requirements for a new loan product, entitled the Real Estate Impact Fund, intended to support and foster redevelopment in strategic urban and other significant locations.

Specifically, the proposed amendment at N.J.A.C. 19:30-6.1(a)5 establishes an application fee for assistance under the Real Estate Impact Fund of $2,500 and requires an eligible developer or business to pay the full amount of direct costs of any analysis by a third party retained by the Authority, if the Authority deems such retention to be necessary.

The proposed amendment at new N.J.A.C. 19:31-3.1(b)8 provides that the maximum loan amount will be $3 million, not to exceed 25 percent of the total project costs; and the total amount of public assistance that a developer or business may receive shall not exceed 50 percent

of the total project costs.

The proposed amendment at new N.J.A.C. 19:31-3.1(h) provides that proceeds of Real Estate Impact Fund loans may be used for eligible project development costs within municipalities qualified to receive assistance under P.L. 1978, c. 14 (N.J.S.A. 52:27D-178 et seq.) or within Fort Monmouth or as part of New Jersey university/college sponsored projects that are public-private partnerships that promote emerging technologies or industries.

Finally, the proposed amendments at new N.J.A.C. 19:31-3.1(i)6 provide that the rate of interest for Real Estate Impact Fund loans shall be determined by the economic feasibility and economics pertaining to the return on investment and the ability to attract the required investment; and full repayment shall be due and payable to the Authority at the earlier of the end of the loan term or a liquidity event, on terms and conditions mutually agreed upon based on the structure and merits of the project.

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

Social Impact

The proposed amendments will have a positive social impact by offering assistance to revitalize communities through development and redevelopment initiatives, including mixed use, retail, office, industrial, entertainment venues, associated parking garage structures and/or land acquisition/assemblages for development, in critical areas of the State.

Economic Impact

The EDA has utilized $10 million of Authority funds to capitalize the Real Estate Impact Fund which may result in increased capital available to eligible applicants to support necessary project development costs such as property acquisition and assembly, demolition and site clearance, environmental investigation and remediation, pre-development costs, on-site infrastructure, general construction or rehabilitation and associated soft development expenses.

Federal Standards Statement

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

Jobs Impact

The proposed amendments, which establish certain terms and eligibility requirements for the newly-established Real Estate Impact Fund, may result in an indeterminate number of construction jobs and new or retained full-time jobs derived through eligible development and redevelopment projects.

Agriculture Industry Impact

The proposed amendments will have no impact on the agriculture industry of the State of New Jersey.

Regulatory Flexibility Analysis

The proposed amendments do not impose reporting, recordkeeping, or other compliance requirements on small business, as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., because the Real Estate Impact Fund is intended to support development and redevelopment projects, which are invariably advanced by large and medium sized developers and business entities. The proposed fees, which are based on standard EDA fees, will not require eligible businesses to utilize professional services for compliance purposes.

Housing Affordability Impact Analysis

The proposed amendments may increase an indeterminate number of housing units, particularly multi-family rental housing and for-sale housing, in qualified real estate development projects that are mixed use projects including residential space. The number of housing units, as well as any increase or decrease in the average cost of housing affected by the proposed amendments, cannot be estimated, because the actual development and redevelopment projects that may be eligible is not known.

Smart Growth Development Impact Analysis

The proposed amendments are intended to further development and redevelopment projects in areas designated as municipalities qualified to receive assistance under P.L. 1978, c. 14 (N.J.S.A. 52:27D-178 et seq.) or within Fort Monmouth, both of which are in Planning Area 1 of the State Development and Redevelopment Plan. The number of housing units, as well as any increase or decrease in the average cost of housing affected by the amendments, may not be estimated, because the actual development which may be eligible and proposed as eligible development and redevelopment projects is not known.

Full text of the proposed amendments follows (additions indicated in boldface thus; deletions indicated in brackets [thus]):

CHAPTER 30
ADMINISTRATIVE RULES

SUBCHAPTER 6. FEES

19:30-6.1 Application fee

(a) Except as set forth in (c) and (d) below, a non-refundable fee of $1,000 shall accompany every application for Authority assistance, except for:

1.-2. (No change.)

3. An application for a State or local incentive grant under the Economic Redevelopment and Growth (ERG) Grant Program, for which the fee is $5,000; and for a State or local incentive grant, the full amount of direct costs of any analysis by a third party retained by the Authority, if the Authority deems such retention to be necessary, shall be paid; [and]

4. An application for assistance under the Small Business Fund and N.J.S.A. 34:1B-47 et seq., for which the fee is $300.00[.] **; and**

5. An application for assistance under the Real Estate Impact Fund, for which the fee is $2,500; and the full amount of direct costs of any analysis by a third party retained by the Authority, if the Authority deems such retention to be necessary, shall be paid.

(b)-(d) (No change.)

CHAPTER 31
AUTHORITY ASSISTANCE PROGRAMS

SUBCHAPTER 3. DIRECT LOAN PROGRAM

19:31-3.1 Program description

(a) (No change.)

(b) Except as otherwise provided in this subsection, direct loans are available in a maximum amount of $ 1,250,000 for fixed asset financing and $750,000 for working capital.

1.-7 (No change.)

8. For the Real Estate Impact Fund, the maximum loan amount will be $3 million, not to exceed 25 percent of the total project costs; and the total amount of public assistance that a developer or business may receive shall not exceed 50 percent of the total project costs.

(c)-(g) (No change.)

(h) Proceeds of Real Estate Impact Fund loans may be used for eligible project development costs within municipalities qualified to receive assistance under P.L. 1978, c. 14 (N.J.S.A. 52:27D-178 et seq.) or within Fort Monmouth or as part of New Jersey university/college sponsored projects that include public-private partnerships that promote emerging technologies or industries.

[(h)] **(i)** The Authority shall determine the term, and fixed and/or variable rates of interest, including interest rate floors, to be charged for each loan product through consideration and official action of the Members at a public hearing. The applicant shall elect in writing, at or prior to the time of closing, a fixed interest rate or at a variable interest rate.

1.-5. (No change.)

6. The rate of interest for Real Estate Impact Fund loans shall be determined by the economic feasibility and economics pertaining to the return on investment and the ability to attract the required investment; and full repayment shall be due and payable to the Authority at the earlier of the end of the loan term or a liquidity event, on terms and conditions mutually agreed upon based on the structure and merits of the project.

[6.] **7.** The Authority shall provide public notice of the loan terms and interest rates, including interest rate floors, to be charged for all loan products as authorized by the Members through, among other methods, listing on the agency's website at www.njeda.com.

Recodify existing (i)-(m) as (j)-(n) (No change in text.)

OFFICE OF RECOVERY

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STRONGER NJ BUSINESS LOAN PROGRAM PROGRAM

APPLICANT: Compounding Engineering Solutions Inc. P39192

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

PROJECT LOCATION: 473 Route 46W Clifton City (T/UA) Passaic

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

APPLICANT BACKGROUND:

Compounding Engineering Solutions is a contract manufacturer which compounds a wide range of engineering thermoplastics. The company was founded in 1999 by Dr. Arash Kiani, an expert in twin screw compounding with many years of prior experience at Coperion, a multi-national plastics compounder, both in Germany and the US. The company is located in Clifton, New Jersey and therefore, is not in one of the nine impacted counties in New Jersey; however, it did sustain greater than $5,000 in physical damage to its facility.

APPROVAL REQUEST:

Approval of a $191,396 Working Capital loan under the Stronger NJ Business Loan Program. This loan is related to a $50,000 forgivable loan under P#39682.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: $191,396

TERMS OF LOAN: 24 months of 0% interest followed by 156 months of interest payments based on the 5 year US Treasury rate. Rate reset at the 10 year anniversary. During the first 18 months of the loan no principal payments are due followed by 162 months of principal payments in an amount adequate to fully amortize the loan.

PROJECT COSTS:

Working capital	$241,396
TOTAL COSTS	$241,396

JOBS: At Application 8 Within 2 years 7 Maintained 0 Construction 0

DEVELOPMENT OFFICER: D. Benns **APPROVAL OFFICER:** T. Bossert

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
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APPLICANT: Compounding Engineering Solutions Inc. P39682

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

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Compounding Engineering Solutions is a contract manufacturer which compounds a wide range of engineering thermoplastics. The company was founded in 1999 by Dr. Arash Kiani, an expert in twin screw compounding with many years of prior experience at Coperion, a multi-national plastics compounder, both in Germany and the US. The company is located in Clifton, New Jersey and therefore, is not in one of the nine impacted counties in New Jersey; however, it did sustain greater than $5,000 in physical damage to its facility.

APPROVAL REQUEST:

Approval of a $50,000 forgivable loan under the Stronger NJ Business Loan Program. This loan is related to a $191,396 working capital loan under P#39192.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: $50,000

TERMS OF LOAN: From closing to 12 months thereafter, 0% interest and no principal payments, then the loan will be forgiven provided certain conditions under the loan program are met. If these conditions are not met, then the loan will be subject to the same repayment terms of related loan #P39192.

PROJECT COSTS:

TOTAL COSTS	**$0 ***

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

JOBS:	At Application	Within 2 years	Maintained	Construction
	0	0	0	0
Jobs on Related P039192	8	7	0	0

DEVELOPMENT OFFICER: D. Benns **APPROVAL OFFICER:** T. Bossert

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

DATE: September 11, 2014

SUBJECT: Stronger NJ Business Grant Program Appeals – Ocean's Four

Pursuant to the appeal process approved by the Board at the June 10, 2014 Board meeting, applicants to the Stronger NJ Business Grant program may challenge the EDA's decisions by submitting in writing to the EDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned to each project to provide an independent review of the appeal.

The Hearing Officer's review includes reviewing the appeal letter, the application and file, as well as speaking directly with the applicant and relevant Office of Recovery staff. The applicants have been sent the Hearing Officer's report in advance of the Board Meeting. They have been given an opportunity to reach out directly to the Hearing Officer to discuss the decision, and have been notified of the date and time of the Board Meeting.

At this meeting, the Board is being asked to consider one appeal: Ocean's Four. Attached to this memo you will find the Hearing Officer's recommendation, the Hearing Officer's letter to the applicant, the declination letter and the applicant's appeal. I have reviewed the attached and I concur with the recommendation that the declination under the Stronger NJ Business Grant Program for Ocean's Four be upheld.

Michele Brown

attachments

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Michele Brown, Chief Executive Officer
Members of the Authority

FROM: Dina Khmelnitsky
Hearing Officer

DATE: September 11, 2014

SUBJECT: Stronger NJ Business Grant Program Appeals
Ocean's Four - 53919

Request:
The Members are asked to approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Grants for Ocean's Four.

Background:
Pursuant to the appeal process approved by the Board at the April 30, 2013 Special Board meeting, and revised at the June 10, 2014 Board Meeting, applicants to the Stronger NJ Business Grant program may challenge the EDA's decisions by submitting in writing to the EDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned by the CEO to each project to provide an independent review of the appeal. Dina Khmelnitsky has fulfilled the role of Hearing Officer to review this appeal and has completed the review with legal guidance from the Attorney General's Office.

The appeal has been reviewed and a letter has been sent to the applicant with the Hearing Officer's recommendations. The applicant was notified in the letter that they have the opportunity to provide comments or exceptions directly to the Hearing Officer. Letters are attached to this memo.

Based on the review of the appeal submitted by the applicant and the process undertaken and the analysis prepared by the initial review team from the EDA, the Hearing Officer recommends the following:

Business Name	Reason for Decline	Discussion
Ocean's Four	Business did not own two or more seasonal rental units at the time of the storm.	Applicant is a four-person partnership with ownership of only one seasonal rental unit.

Recommendation:
As a result of careful consideration of the above appeal in consultation with the Attorney General's Office, the recommendation of the Hearing Officer is to uphold the declination of the Stronger NJ Grant application for Ocean's Four.

Prepared by: Dina Khmelnitsky

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Lauren Quigley
Ocean's Four Partnership
12 Valley Road
Madison, New Jersey 07940

Dear Mrs. Quigley:

My name is Dina Khmelnitsky and I was appointed to serve as the Appeal Officer for your appeal under the Stronger NJ Business Grant Program ("Program").

By way of background, the New Jersey Economic Development Authority ("EDA") reviewed and declined your application for a grant on February 7, 2014. The information provided indicated that Ocean's Four is a four-person partnership involved in the ownership of a single, year-round, residential rental property.

As part of my review of your grant application and appeal, I have read your appeal letter, your application and file, and spoken with relevant Office of Recovery staff. This letter follows our telephone conversation on August 13, 2014.

The New Jersey Department of Community Affairs Community Development Block Grant Disaster Recovery Action Plan ("Action Plan") states in section 4.3.1 that the Program is specifically open to small businesses, however, "businesses served may be limited based on additional criteria." These additional criteria can be found in the resolution ("Board Resolution") approved by the EDA's Board at its April 30, 2013 meeting, as well as the Stronger NJ Business Grant Application Overview ("Overview").

The Board Resolution states (as attached) that: "Rental properties are not eligible as businesses, except where they are owned by a registered, structured company, that company has its own federal tax identification (EIN) number, and the company manages two or more rental units. The real property must have been owned by the applicant on the date of the storm, October 29, 2012."

This eligibility consideration is also described in our Overview (as attached), which states, "HUD does not consider second homes used as seasonal or weekly rental properties to be eligible businesses. However, where (i) two or more seasonal rental units are owned by a registered, formally structured company, (ii) that company has its own federal tax identification or employer identification (EIN) number, and (iii) that company owned the impacted real property on the date of the storm, October 29, 2012, the company may be eligible to receive funding for impacted locations under the Stronger NJ Business Grant program."

MAILING ADDRESS ▯ PO BOX 990 ▯ TRENTON, NJ 08625-0990
36 WEST STATE STREET ▯ TRENTON, NJ 08625 ▯ 609.292.1800 ▯ e-mail: njeda@njeda.com ▯ www.njeda.com

In your appeal, you also address #54 of the Frequently Asked Questions ("FAQ") on the NJ EDA's website and state that the EDA's sole basis for denial is this specific FAQ. While FAQ #54 may attempt to point you in a different direction for assistance and does not explicitly state that a single family home used as a rental property is ineligible for the grant, the Overview and Board Resolution explicitly state that seasonal rental properties are not eligible unless two or more such rental properties were owned by a registered, formally structured company and belonged to a single EIN. To hold otherwise would effectively nullify the clear guidance set out by the Overview and HUD.

Based on my review as Hearing Officer, I find that Ocean's Four does not meet the above eligibility criteria for rental properties.

For the reasons above, I will be recommending that the appeal be denied by the EDA Board at its meeting on September 11, 2014.

If you have any comments or exceptions to this report, please contact me in advance of the above meeting. My contact information is below.

After the EDA Board concludes its review and renders its decision, which is subject to a ten (10) day veto period by the Governor, we will notify you of that final action.

Very truly yours,

Dina Khmelnitsky
Hearing Officer
609-858-6918
dkhmelnitsky@njeda.com

cc: Michele Brown, Chief Executive Officer
Tim Lizura, President/Chief Operating Officer

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

February 7, 2014

In Reference to:
Stronger NJ Business Grant (SG) # 53919

Oceans Four
Lauren Quigley
12 Valley Road
Madison, NJ 07940

RE: Stronger NJ Business Grant Application

Dear Ms. Quigley:

Thank you very much for applying for a Stronger NJ Business Grant. We sincerely appreciate the time your business invested in applying to the program. The New Jersey Economic Development Authority (EDA) has completed a review of your grant (SG) # 53919 request. Based on the federal and/or program guidelines we must adhere to, we regret that we are unable to provide your organization with a grant for the following reason(s):

- ***Business did not own two or more seasonal rental units at the time of the storm.***

  The Stronger NJ Business Grants Program requires that a seasonal rental business have two or more seasonal rental units, owned by a registered, formally-structured company at the date of Superstorm Sandy (10/29/12).

You may appeal this decision by submitting a written explanation addressing the reason for declination within **30 days** of the date of this letter to the following address:

NJ Economic Development Authority
Attn: Office of Recovery
PO Box 990
Trenton, NJ 08625-0990

In addition to this program, the EDA has provided funds to local economic development organizations supporting loans to Sandy-impacted small businesses. We would like to make you aware of this additional relief that may be available to you. Please see the enclosed sheet containing profiles and contact information for these organizations and others that might be helpful.

Sincerely,

Timothy J. Lizura
President & Chief Operating Officer

MAILING ADDRESS: | PO BOX 990 | TRENTON, NJ 08625-0990
SHIPPING ADDRESS: | 36 WEST STATE STREET | TRENTON, NJ 08625 | 609.858.6700 | e-mail: njeda@njeda.com | www.njeda.com

Ocean's Four

received 2/24

February 20, 2014

NJ Economic Development Authority
Attn: Office of Recovery
PO Box 990
Trenton, NJ 08625-0990

Re: Stronger NJ Business Grant for Oceans Four Partnership, Program #: SG #53919
NJ Tax ID #: 204299295/000
DUNS No.: 78831213
Business Location: 578 Brielle Road, Manasquan, NJ 08736
Partners: Lauren & Dennis Quigley, Kathleen & David Rennie

Dear Office of Recovery:

We are in receipt of Timothy J. Lizura's letter dated February 7, 2014 (but not received until February 18th) which denied our eligibility for funds under the Stronger NJ Business Grant. We are appealing this decision as we feel it is based on a misinterpretation of the HUD guidelines for the program, thereby discriminating against a sector of small businesses that desperately need the money to survive.

We began our Stronger NJ Grant application at the urging of our SBA loan officer in May 2013, hoping to cover working capital (operating expenses) and other costs associated with storm damage that were not reimbursed through insurance or any other mechanism. We are a small business that met ALL of the eligibility criteria. Oceans Four:

- was in existence on the date of Superstorm Sandy (10/29/12),
- had at least <u>one impacted location</u> within the State of New Jersey,
- sustained at least $5,000 in physical damages from Superstorm Sandy, including damage to non-perishable/ non-consumable inventory and damage to real property,
- is considered a "small business" as defined by the U.S. Small Business Administration (SBA), and has more than $25,000 but less than $5 million in gross operating revenues,
- has received approval (**and has closed**) on an SBA disaster loan covering both physical damage and economic injury,
- is not seeking to receive funds from the Stronger NJ Business Grant Program that would duplicate funding already received, or known to be forthcoming, from other sources such as private insurance, FEMA or SBA that are for the same purpose,
- has not been debarred by HUD or the State of NJ for certain legal matters,
- is up to date on all tax filings with State of New Jersey,
- is registered to do business in New Jersey and is in good standing, and
- is registered with Dun and Bradstreet and has a DUNS # (see above).

We were initially contacted by a "Grant Liaison" who went through our application with us, advising us where to make modifications (due to quirks in the system) for our best chance of success. He explained both the grant and forgivable loan aspects of the EDA program, and had us complete the application with a focus on the "ongoing expenses" section, since this would be the easiest to prove and it covered money not being reimbursed by our flood policy.

In July 2013, during a discussion with another EDA employee about the status of our application, it was revealed that we might not be eligible for the grant due to a (deeply buried) clause in "Frequently Asked Question" #54 on the NJEDA website which states:

"... Businesses that own a single rental unit and privately owned rental units that are available for lease throughout the calendar year may be eligible for assistance under the Department of Community Affairs' (DCA) CDBG-DR programs."

Nowhere in #54 does it state that a single family home used solely as a rental is INELIGIBLE for the grant. It merely says that "other vehicles are available" through the Department of Community Affairs DDBG-DR programs.

ONLY this clause is being used to deny us grant money. (For the record, we did look into the two programs that we would be eligible for as an alternative to the grant, and both had restrictions that prevented us from applying for them.) Use of Question #54 as a basis of rejection is unfair to us as a NJ small business. How is our property any different than a single location bagel shop or a single location surf shop? We are a legally registered NJ business that was created for the sole purpose of owning real estate investment property.

We contacted the EDA and spoke with the Deputy Director who explained that HUD created the two or more unit residential requirement "to prevent second homes from qualifying for money." Our business is NOT a second home; it is strictly a rental property. It has never been used personally by any of the four partners; it is only rented out to tenants year round; we have historical leases and rent checks to prove this. The biggest irony of all is that a two family unit would hypothetically qualify (even if one unit was used personally?)....contrary to what HUD thought they were carving out with the single unit stipulation in question #54.

We have been fighting this interpretation of the HUD requirement for eight months. We have been told by numerous people within the EDA that we were not the only ones arguing this, and have vowed to stand up for all of the others in our same boat. We have contacted our Senators, Legislators, the Governor's Office, Department of Consumer Affairs and HUD repeatedly trying to get someone who will take up this fight with us.

Our house was totally destroyed by Superstorm Sandy, so no rental income could be collected in 2013, yet our out-of-pocket ongoing expenses (mortgage, taxes, insurance, and partnership filings) are more than $70,000 sixteen months after the storm. Additional expenses continue to accrue each month. To secure our SBA loan, we put up our personal homes (in Madison and Union) as collateral...while we have also dealt with tens of thousands of dollars of Sandy damage on these personal homes.

We are treated by the State as a business when taxes are collected, yet are denied access to a business grant due one clause that "sort of seems to" disqualify us. Meanwhile, we have been forced to use claim dollars to help carry these uncovered expenses. In order to rebuild, we had to borrow money from the SBA; this has placed the partnership in a serious financial position.

It is a tragedy that businesses like ours are trying so hard to do the right thing and recover from Sandy, but we have been denied the funding which has been created specifically to assist. This journey has taken too long already and we should not still have to be fighting for what is just and right. We are urging you to help us, and others in the same situation to properly interpret #54.

We look forward to hearing from you regarding our appeal soon.

Sincerely,

Lauren Quigley, Oceans Four Partnership
12 Valley Road, Madison, NJ 07940

C: 908-448-9743
lauren.quigley@verizon.com

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

DATE: September 11, 2014

SUBJECT: Stronger NJ Neighborhood and Community Revitalization – Development and Public Improvement Projects – Round One Appeal for Community Asset Preservation Corporation

Pursuant to the appeal process approved by the Board at the October 8, 2013 Board meeting, applicants to the Stronger NJ Neighborhood and Community Revitalization program may challenge the EDA's decisions by submitting in writing to the EDA no later than 20 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned to each project to provide an independent review of the appeal.

The Development and Public Improvement Projects ("D&I") program provides financial assistance to eligible entities for four types of projects: Catalytic Projects; Transformative Neighborhood Projects; Recreation, Cultural and Park Land Amenities Projects; and Innovation Projects. In accordance with the NCR Guide and further outlined in a February 14, 2014 Memo to the NJEDA Board, proposed projects for D&I were assessed using threshold and evaluative criteria detailed in the aforementioned memo. All review and scoring was based on the documentation and detail provided in each application. The EDA Board was notified of the final scores in a memo dated June 10, 2014. On July 11, 2014 EDA informed the Community Asset Preservation Corporation that their submitted project scored 61 points, which was below the minimum score of 65.

At this meeting, the Board is being asked to consider the appeal of the Community Asset Preservation Corporation. Attached to this memo you will find the Hearing Officer's recommendation and the Hearing Officer's report to the applicant. I have reviewed the attached and I concur with the recommendation that the declination under the Stronger NJ Neighborhood & Community Revitalization – Development and Public Improvement Projects program for the Community Asset Preservation Corporation be upheld.

Michele Brown

attachments

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Michele Brown, Chief Executive Officer
Members of the Authority

FROM: Dina Khmelnitsky
Hearing Officer

DATE: September 11, 2014

SUBJECT: Stronger NJ Neighborhood and Community Revitalization – Development and Public Improvement Projects – Round One Appeal – Community Asset Preservation Corporation (CAPC)

Request:
The Members are asked to approve the Hearing Officer's recommendation to uphold the declination for the Stronger NJ Neighborhood & Community Revitalization – Development and Public Improvement Projects (Round One) for the CAPC.

Background:
Pursuant to the appeal process approved by the Board at the October 8, 2013 Board meeting, applicants to the Stronger NJ Neighborhood and Community Revitalization – Development and Public Improvement Projects program may challenge the EDA's decisions by submitting in writing to the EDA no later than 20 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned to provide an independent review of the appeal. Dina Khmelnitsky fulfilled the role of Hearing Officer to review this appeal and has completed her review with legal guidance from the Attorney General's Office.

The appeal has been reviewed and a letter has been sent to the applicant with the Hearing Officer's recommendations. The applicant was given the opportunity to contact the Hearing Officer with comments or exceptions to the Hearing Officer's recommendation. The letter and any applicant responses received prior to the agenda package being sent to the Board are attached; any responses received thereafter will be presented at the time of the Board meeting.

Based on the review of the appeal submitted by the applicant and the process undertaken and scores assessed by the EDA evaluator for this application, the Hearing Officer recommends the original declination be upheld. In accordance with program requirements, the review and analysis conducted by the original evaluator resulted in the appellant receiving a score of 61 points (on a hundred point scale) using threshold and evaluative criteria. This was below the minimum 65 points required to be eligible for consideration to receive funds. The CAPC alleged that it should have received a higher score for one (1) of the nine (9) evaluative criteria. However, the Hearing Officer, based on her review of the CAPC's application and other pertinent information submitted, determined that while the scores given to the CAPC were reasonable and were not arbitrary or capricious, the CAPC's proposal was ineligible for funding as it was not actually a project, but rather an acquisition of a building for their own use. She therefore determined that the declination should be affirmed by the Board.

Recommendation:

As a result of careful consideration of the above appeal in consultation with the Attorney General's Office, the recommendation of the Hearing Officer is to uphold the declination of Stronger NJ Neighborhood & Community Revitalization – Development and Public Improvement Projects funding for the CAPC.

Prepared by: Dina Khmelnitsky

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Jeffrey Crum, Director of Real Estate
Community Asset Preservation Corporation
421 Halsey Street
Newark, New Jersey 07102

RE: Stronger NJ Neighborhood and Community Revitalization – Development and Public Improvement Projects – Round One Appeal for Community Asset Preservation Corporation

Dear Mr. Crum:

My name is Dina Khmelnitsky and I was appointed to serve as the Appeal Officer for Community Asset Preservation Corporation's ("CAPC") appeal under the New Jersey Economic Development Authority's ("NJEDA") Stronger NJ Neighborhood and Community Revitalization ("NCR") Program– Development and Public Improvement Projects ("D&I"). I have reviewed your appeal dated July 24, 2014; below is a summary of my review and final determination.

By way of background, a total of $52.5 million was made available for qualified D&I projects through the NCR program. D&I provides financial assistance to eligible entities in the form of grants and/or loans, up to a maximum of $10 million dollars combined per project. Such eligible entities are: for-profit or non-profit developers, other eligible non-profits, municipal, county or state redevelopment agencies and municipal or county governments. The four types of D&I projects are: Catalytic Projects; Transformative Neighborhood Projects; Recreation, Cultural and Park Land Amenities Projects; and Innovation Projects. In accordance with the NCR Guide and further outlined in a February 14, 2014 Memo to the NJEDA Board, proposed projects under D&I were assessed using threshold and evaluative criteria detailed in the aforementioned memo. To be considered for funding, a project had to first, satisfy the threshold criteria, and secondly, receive a minimum 65 points on a hundred point scale for the scored evaluative criteria. As such, a proposed project would only be scored if it first satisfied all threshold criteria.

Project evaluation was carried out by experienced NJEDA staff, all of whom have extensive experience reviewing projects similar in nature to those eligible under D&I. All reviewing and scoring was done based on the documentation and detail provided in each application or subsequent documentation requested for clarification. No information provided after the end date of the application and review period was considered in the final scoring of applicants under this program. Accordingly, it is not appropriate to consider supplemental information provided after the application and review process end date in this appeal.

On July 11, 2014, NJEDA wrote a letter to CAPC's Community and Communications Manager, notifying her that CAPC's project scored 61 points, which is below the minimum required score of 65.

In its appeal dated July 24, 2014, CAPC stated it deserved higher scores than those allotted by the evaluator on one (1) of the nine (9) evaluative criteria:

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36 WEST STATE STREET ▯ TRENTON, NJ 08625 ▯ 609.292.1800 ▯ e-mail: njeda@njeda.com ▯ www.njeda.com

Applicant Experience
EDA score – 0; CAPC contends 5 points.

In order to evaluate CAPC's appeal, I reviewed all information provided at application or further clarified during the review process to determine if the correct score was fairly issued based on program requirements. My review findings pertain not only to Applicant Experience, but eligibility as well, and are as follows:

Eligibility

D&I projects are evaluated in two phases. The first determines threshold eligibility, wherein a project must qualify for six criteria. If the project passes these, it is then scored for evaluative criteria. One such required criterion of threshold eligibility, as aforementioned, is that the proposed project fall into a specific category: Catalytic Projects; Transformative Neighborhood Projects; Recreation, Cultural and Park Land Amenities Projects; or Innovation Projects. As per the Stronger NJ Neighborhood and Community Revitalization Program's Guide to Program Funds, all four categories require that these projects be "planned physical improvements" that "will contribute to the economic development of the municipality in which they are located." Each category has additional requirements as well. In reviewing CAPC's application, supporting documents and appeal letter, I have found that CAPC is ineligible as it does not satisfy threshold requirements.

First, CAPC does not qualify under any of the four project types. CAPC has unequivocally stated that there is no actual project. Answer 8 of CAPC's application states, "The funding requested for this project is for acquisition only. All construction upgrades have already been made to the space and no additional substantial construction will be undertaken." As previously stated, projects must be physical planned improvements. Because all the work has already taken place, there are no actual planned improvements subject to evaluation for eligibility determination. Thus, there is no actual project for the EDA to evaluate.

Second, even if CAPC's acquisition of renovated office space is deemed a project, CAPC is not requesting funding for a project that would immediately benefit the community. Rather, CAPC is requesting funding for an acquisition of real estate that will directly benefit CAPC, as they would then own the building they work in instead of continuing to lease it, thereby benefiting CAPC's operating budget. Any incidental benefit to the community or economy would remain to be seen.

Third, there are other requirements of D&I proposed projects that CAPC would avoid if deemed eligible. For instance, HUD requires that projects undergo environmental impact evaluations by the New Jersey Department of Environmental Protection ("NJDEP"). This requirement can be found in the Stronger NJ NCR Guide to Program Funds, Page 9, Condition 1, which further states that should an environmental review be required, "all construction and ground-disturbing work must cease until this review is completed." As all construction work has been completed, NJDEP would be unable to perform any required pre-construction environmental evaluations. However, this does not void the requirement that said evaluations be performed. As there is no evidence to indicate the contrary, CAPC did not have any of the required NJDEP evaluations done, and therefore is ineligible for funding on that ground as well.

Based on my review of the entire application, appeal and all other documents submitted, I find that CAPC's application for the acquisition of real estate is ineligible for D&I funding. Notwithstanding my determination, I will address the subject of your appeal below as well.

Applicant Experience

The score for this criterion was based on the applicant's experience in completing projects of similar size and scope within the past five years. While CAPC does have ample experience in community revitalization, acquisition of properties through spot-blight eminent domain and restoring vacant and abandoned properties to use as residential units, the task currently undertaken - the acquisition of 421 Halsey Street – is none of those. Rather, the acquisition of 421 Halsey Street is actually the purchasing, owning, supporting and maintaining of a property for use as its own office and leased space. CAPC's application provided no evidence of prior experience in purchasing, owning, supporting and maintaining real estate for use as its office and leased space. As such, I believe this score was fairly rendered and I see no reason to overturn it.

My review has concluded the following:

> CAPC's proposed project is ineligible for D&I funding as it does not satisfy the threshold eligibility requirements. This finding aside, the evaluator appears to have carried out the scoring process reasonably, fairly and in accordance with the Program Guide and other clarifying documents, such as memos to the NJEDA Board. As such, the score of 61 points out of 100 issued to CAPC is supported by the record, is neither arbitrary nor capricious and should be allowed to stand.

Based on my review as Appeal Officer, I find that CAPC is ineligible for funding. Additionally, I concur with the original finding of the evaluator and find there is insufficient evidence to overturn the original declination in light of the applicant's appeal, namely that CAPC should have received scores different than those issued by the original evaluator.

For the reasons above, I will be recommending the appeal be denied by the NJEDA Board at its meeting on Thursday, September 11, 2014 at 10:00 a.m.

After the NJEDA Board concludes its review and renders its decision, subject to a ten (10) day veto period by the Governor, we will notice you of that final action.

Very truly yours,

Dina Khmelnitsky, Hearing Officer
dkhmelnitsky@njeda.com
(609) 858-6918

CC: Michele Brown, Chief Executive Officer
Tim Lizura, President/Chief Operating Officer

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

DATE: September 11, 2014

SUBJECT: Stronger NJ Neighborhood and Community Revitalization – Development and Public Improvement Projects – Round One Appeal for the Borough of Lavallette

Pursuant to the appeal process approved by the Board at the October 8, 2013 Board meeting, applicants to the Stronger NJ Neighborhood and Community Revitalization program may challenge the EDA's decisions by submitting in writing to the EDA no later than 20 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned to each project to provide an independent review of the appeal.

The Development and Public Improvement Projects ("D&I") program provides financial assistance to eligible entities for four types of projects: Catalytic Projects; Transformative Neighborhood Projects; Recreation, Cultural and Park Land Amenities Projects; and Innovation Projects. In accordance with the NCR Guide and further outlined in a February 14, 2014 Memo to the NJEDA Board, proposed projects for D&I were assessed using threshold and evaluative criteria detailed in the aforementioned memo. All review and scoring was based on the documentation and detail provided in each application. The EDA Board was notified of the final scores in a memo dated June 10, 2014. On July 11, 2014 EDA informed the Borough of Lavallette that their project was deemed ineligible for funding.

At this meeting, the Board is being asked to consider the appeal of the Borough of Lavallette. Attached to this memo you will find the Hearing Officer's recommendation and the Hearing Officer's report to the applicant. I have reviewed the attached and I concur with the recommendation that the declination under the Stronger NJ Neighborhood & Community Revitalization – Development and Public Improvement Projects program for the Borough of Lavallette be upheld.

Michele Brown

attachments

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Michele Brown, Chief Executive Officer
Members of the Authority

FROM: Dina Khmelnitsky
Hearing Officer

DATE: September 11, 2014

SUBJECT: Stronger NJ Neighborhood and Community Revitalization – Development and Public Improvement Projects – Round One Appeal – Borough of Lavallette

Request:
The Members are asked to approve the Hearing Officer's recommendation to uphold the declination for the Stronger NJ Neighborhood & Community Revitalization – Development and Public Improvement Projects (Round One) for the Borough of Lavallette.

Background:
Pursuant to the appeal process approved by the Board at the October 8, 2013 Board meeting, applicants to the Stronger NJ Neighborhood and Community Revitalization – Development and Public Improvement Projects program may challenge the EDA's decisions by submitting in writing to the EDA no later than 20 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned to provide an independent review of the appeal. Dina Khmelnitsky fulfilled the role of Hearing Officer to review this appeal and has completed her review with legal guidance from the Attorney General's Office.

The appeal has been reviewed and a letter has been sent to the applicant with the Hearing Officer's recommendations. The applicant was given the opportunity to contact the Hearing Officer with comments or exceptions to the Hearing Officer's recommendation. The letter and any applicant responses received prior to the agenda package being sent to the Board are attached; any responses received thereafter will be presented at the time of the Board meeting.

Based on the review of the appeal submitted by the applicant and the process undertaken and determination assessed by the EDA evaluator for this application, the Hearing Officer recommends the original declination be upheld. In accordance with program requirements, the review and analysis conducted by the original evaluator resulted in the determination that the appellant was ineligible for funding consideration due to being unable to fully satisfy the threshold criteria. The Borough of Lavallette alleged that it was eligible under the two (2) of six (9) contested threshold criteria. However, the Hearing Officer, based on her review of the Borough of Lavallette's application and other pertinent information submitted, determined that the resolution given to the Borough of Lavallette was reasonable and was not arbitrary or capricious. She therefore determined that the declination should be affirmed by the Board.

Recommendation:

As a result of careful consideration of the above appeal in consultation with the Attorney General's Office, the recommendation of the Hearing Officer is to uphold the declination of Stronger NJ Neighborhood & Community Revitalization – Development and Public Improvement Projects funding for the Borough of Lavallette.

Prepared by: Dina Khmelnitsky

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Anthony M. Agliata, Assistant Planning Director
Ocean County Planning Board
P.O. Box 2191
Toms River, New Jersey 08754-2191

RE: Stronger NJ Neighborhood and Community Revitalization – Development and Public Improvement Projects – Round One Appeal for the Borough of Lavallette

Dear Mr. Agliata:

My name is Dina Khmelnitsky and I was appointed to serve as the Appeal Officer for the Borough of Lavallette's appeal under the New Jersey Economic Development Authority's ("NJEDA") Stronger NJ Neighborhood and Community Revitalization ("NCR") Program – Development and Public Improvement Projects ("D&I"). I have reviewed the Borough of Lavallette's ("Lavallette") appeal dated August 1, 2014; below is a summary of my review and final determination.

By way of background, a total of $52.5 million was made available for qualified D & I projects through the NCR program. D & I provides financial assistance to eligible entities in the form of grants and/or loans, up to a maximum of $10 million dollars combined per project. Such eligible entities are: for-profit or non-profit developers, other eligible non-profits, municipal, county or state redevelopment agencies and municipality or county governments. The four types of eligible D & I projects are: Catalytic Projects; Transformative Neighborhood Projects; Recreation, Cultural and Park Land Amenities Projects; and Innovation Projects. In accordance with the NCR Guide and further outlined in a February 14, 2014 Memo to the NJEDA Board, proposed projects for D & I were assessed using threshold and evaluative criteria detailed in the aforementioned memo. To be considered for funding, a project had to first, satisfy the threshold criteria, and secondly, receive a minimum 65 points on a hundred point scale for the scored evaluative criteria. As such, a project proposal would only be scored if it first satisfied all threshold criteria.

Project evaluation was carried out by experienced NJEDA staff, all of whom have extensive experience reviewing projects similar in nature to those eligible under D & I. All reviewing and scoring was done based on the documentation and detail provided in each application or subsequent documentation requested for clarification. No information provided after the application and review period end date was considered in the final scoring of applicants under this program. Accordingly, it is not appropriate to consider supplemental information provided after the application and review process in this appeal.

On July 11, 2014, the NJEDA wrote a letter to Lavallette's Administrator/Clerk, notifying him that Lavallette's project was deemed ineligible for funding under Round 1 threshold criteria.

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In its appeal dated August 1, 2014, Lavallette, by way of the Ocean County Planning Board ("Planning Board"), stated it was eligible under the two (2) of six (6) contested threshold criteria qualifications:

Area Benefit/Low-to-Moderate Income ("LMI")/National Department of Housing and Urban Development ("HUD") Objectives
NJEDA contends that Lavallette does not meet the requirements; Lavallette contends that their project is now directly located in a LMI Tract, and as such, the LMI requirements have been met.

Environmental Review
NJEDA contends that Lavallette is required to stop construction pending environmental report approval by New Jersey's Department of Environmental Protection ("NJDEP"); Lavallette contends that prior HUD-approved reports suffice for purposes of D&I funding.

In order to evaluate Lavallette's appeal, I reviewed all information provided at application or further clarified during the review process to determine if the original result was fairly issued based on program requirements. My review findings are as follows:

Area Benefit, LMI and HUD Objectives

By way of background, the D&I application assessed two separate LMI National Objective considerations, one as threshold criteria and the other as evaluative criteria. Under threshold criteria, Lavallette would actually be found to satisfy the National Objective as per the Urgent Needs requirement because: 1) Superstorm Sandy created emergency conditions that posed a serious and immediate threat to the health or welfare of the community; 2) Other financing resources were either unavailable or partially available; and 3) the conditions addressed by the project had been in existence for the past eighteen (18) months. As such, threshold LMI and HUD objectives would not have been the basis for Lavallette's inability to satisfy threshold criteria. However, for clarification, I will explain the evaluative scoring process for this category as well because Lavallette's appeal appears to address both as a single category, which it is not.

The score for the evaluative criterion pertaining to Area Benefit, LMI and HUD objectives were based on an Area Benefit Calculation performed by the Federal Financial Institutions Examination Council ("FFIEC"). Any calculations performed by the FFIEC are done in accordance to federal standards. Pursuant to the FFIEC's findings and the guidelines of the Department of Housing and Urban Development ("HUD") and the NJEDA, projects located in low or moderate income ("LMI") tracts received a score of 15. Projects located in middle or upper income tracts received a score of 0. FFIEC data determined that Lavallette is located in a middle tract area.

Under evaluative criterion, the NJEDA assessed the benefit to the area upon project completion. Here, the NJEDA utilized the aforementioned FFIEC calculation of Lavallette as middle tract, as well as the applicant's answer to Question 10 on the application. The question inquired as to what geographic area the project would serve upon completion. Lavallette responded that the Borough of Lavallette in its entirety would be the benefit area. Thus, Lavallette's 'LMI Area Benefit Calculation' is of Lavallette itself as tract 7270.01. This calculation included all tract blocks as well.

Lavallette's appeal addresses the fact that "the area of proposed work is located under block 5, which meets HUD LMI National Objectives." However, the NJEDA can not only consider the immediate area of proposed work. The application has been filed for the Borough of Lavallette as a whole to benefit

the Borough as whole, and while there may be one block in Lavallette that qualifies as HUD LMI, overall, the entirety of Lavallette does not. Therefore, had Lavallette's application been scored, this category would have been awarded 0 points.

However, despite my findings for the category of Area Benefit, Lavallette's application still does not pass threshold criteria and is disqualified in its entirety, the reasons for which are explained in detail below.

Environmental Review

This criterion was designated by HUD and requires that projects applying for D&I funding undergo federally required environmental and/or historical reviews. Such reviews are performed and approved by New Jersey's Department of Environmental Protection ("NJDEP") , pertain to the scope of the project being reviewed and are distinctively structured to adhere to HUD requirements. In some instances, prior reviews may be adopted by NJDEP. However, the adoption of prior reviews has its own process, the completion of which would require any project work to cease until the adoption review was completed.

Lavallette's appeal states that the Planning Board is the lead agency for the county's CDBG Program, is experienced with CDBG funding and its requirements, and is responsible for all associated environmental reviews. The appeal further states that all reviews done by the Planning Board have been in accordance with 24 CFR 58, also known as "Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities", published October 29, 2003. In support of this, Lavallette provided HUD-approved environmental and historical reviews from projects dated 2006 and 2013. However, as previously stated, the guidelines for D&I funding require that environmental reviews be performed in consideration of the scope of the proposed D&I project. As such, NJDEP cannot accept previously approved reviews. Said reviews would have to be adopted, and while there is a process associated with prior review adoption, such a process was not undertaken here. Moreover, the scopes of the 2006 and 2013 projects are entirely different from the scope of the project at hand. In 2006, Lavallette's approved environmental review was for the removal of architectural barriers, and in 2013, for the construction of timber handicap- accessible dune walkover structures. These projects are entirely different in scope and size from the project at hand – the construction of a new municipal and police building. As such, the 2006 and 2013 environmental reviews cannot be taken into consideration because they would not satisfy HUD requirements.

Furthermore, if project development commenced before performance of the required environmental reviews, said project must cease development pending performance of the required DEP reviews as per HUD and D&I guidelines. Lavallette, however, has abstained from doing so, despite being aware of this requirement. Lavallette's refusal to stop work pending the required DEP evaluations are specifically evidenced by the minutes for the July 28, 2014 Council meeting, which states, "That is just an impossible task for work to stop on our Municipal Building considering all the deadlines we have." However, a perceived impossibility in ceasing project work does not invalidate the requirements of HUD nor the guidelines of D&I. As such, in refusing to cease work pending federally required DEP environmental review, Lavallette has actually disqualified itself from D&I funding eligibility. Therefore, I believe NJEDA's original conclusion pertaining to the required environmental reviews was fairly reached and I see no reason to overturn it.

My review has concluded the following:

> While my findings for the first appealed criterion, 'Area Benefit, LMI and HUD objectives' are different than those of the original evaluator, the result remains the same. The evaluator appears, under the second threshold criteria consideration being appealed,

to have carried out the qualification evaluation reasonably, fairly and in accordance with the Program Guide and other clarifying documents, such as memos to the NJEDA Board. As such, the conclusion that Lavallette did not satisfy all threshold criteria for funding eligibility is supported by the record, is neither arbitrary nor capricious and should be allowed to stand.

Based on my review as Appeal Officer, I concur with the original finding of the evaluator and find there is insufficient evidence to overturn the original declination in light of the applicant's appeal, namely that Lavallette should have received a threshold criteria determination different than that found by the original evaluator.

For the reasons above, I will be recommending the appeal be denied by the NJEDA Board at its meeting on Thursday, September 11, 2014 at 10:00 a.m.

After the NJEDA Board concludes its review and renders its decision, subject to a ten (10) day veto period by the Governor, we will notice you of that final action.

Very truly yours,

Dina Khmelnitsky, Hearing Officer
dkhmelnitsky@njeda.com
(609) 858-6918

CC: Michele Brown, Chief Executive Officer
Tim Lizura, President/Chief Operating Officer

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

DATE: September 11, 2014

SUBJECT: Stronger NJ Neighborhood and Community Revitalization – Development and Public Improvement Projects – Round One Appeal for the Borough of Carlstadt

Pursuant to the appeal process approved by the Board at the October 8, 2013 Board meeting, applicants to the Stronger NJ Neighborhood and Community Revitalization program may challenge the EDA's decisions by submitting in writing to the EDA no later than 20 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned to each project to provide an independent review of the appeal.

The Development and Public Improvement Projects ("D&I") program provides financial assistance to eligible entities for four types of projects: Catalytic Projects; Transformative Neighborhood Projects; Recreation, Cultural and Park Land Amenities Projects; and Innovation Projects. In accordance with the NCR Guide and further outlined in a February 14, 2014 Memo to the NJEDA Board, proposed projects for D&I were assessed using threshold and evaluative criteria detailed in the aforementioned memo. All review and scoring was based on the documentation and detail provided in each application. The EDA Board was notified of the final scores in a memo dated June 10, 2014. On July 11, 2014 EDA informed the Borough of Carlstadt that their submitted project scored 45 points, which was below the minimum score of 65.

At this meeting, the Board is being asked to consider the appeal of the Borough of Carlstadt. Attached to this memo you will find the Hearing Officer's recommendation and the Hearing Officer's report to the applicant. I have reviewed the attached and I concur with the recommendation that the declination under the Stronger NJ Neighborhood & Community Revitalization – Development and Public Improvement Projects program for the Borough of Carlstadt be upheld.

Michele Brown

attachments

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Michele Brown, Chief Executive Officer
Members of the Authority

FROM: Dina Khmelnitsky
Hearing Officer

DATE: September 11, 2014

SUBJECT: Stronger NJ Neighborhood and Community Revitalization – Development and Public Improvement Projects – Round One Appeal – Borough of Carlstadt

Request:
The Members are asked to approve the Hearing Officer's recommendation to uphold the declination for the Stronger NJ Neighborhood & Community Revitalization – Development and Public Improvement Projects (Round One) for the Borough of Carlstadt.

Background:
Pursuant to the appeal process approved by the Board at the October 8, 2013 Board meeting, applicants to the Stronger NJ Neighborhood and Community Revitalization – Development and Public Improvement Projects program may challenge the EDA's decisions by submitting in writing to the EDA no later than 20 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned to provide an independent review of the appeal. Dina Khmelnitsky fulfilled the role of Hearing Officer to review this appeal and has completed her review with legal guidance from the Attorney General's Office.

The appeal has been reviewed and a letter has been sent to the applicant with the Hearing Officer's recommendations. The applicant was given the opportunity to contact the Hearing Officer with comments or exceptions to the Hearing Officer's recommendation. The letter and any applicant responses received prior to the agenda package being sent to the Board are attached; any responses received thereafter will be presented at the time of the Board meeting.

Based on the review of the appeal submitted by the applicant and the process undertaken and scores assessed by the EDA evaluator for this application, the Hearing Officer recommends the original declination be upheld. In accordance with program requirements, the review and analysis conducted by the original evaluator resulted in the appellant receiving a score of 45 points (on a hundred point scale) using threshold and evaluative criteria; this was below the minimum 65 points required to be eligible for consideration to receive funds. The Borough of Carlstadt alleged that it should have received higher scores for three (3) of the nine (9) evaluative criteria. However, the Hearing Officer, based on her review of the Borough of Carlstadt's application and other pertinent information submitted, determined that the scores given to the Borough of Carlstadt were reasonable and were not arbitrary or capricious. She therefore determined that the declination should be affirmed by the Board.

Recommendation:

As a result of careful consideration of the above appeal in consultation with the Attorney General's Office, the recommendation of the Hearing Officer is to uphold the declination of Stronger NJ Neighborhood & Community Revitalization – Development and Public Improvement Projects funding for the Borough of Carlstadt.

Prepared by: Dina Khmelnitsky

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

James Lenoy, Borough Council President
Borough of Carlstadt
Memorial Municipal Building
500 Madison Street
Carlstadt, New Jersey 07072

RE: Stronger NJ Neighborhood and Community Revitalization – Development and Public Improvement Projects – Round One Appeal for the Borough of Carlstadt

Dear Mr. Lenoy:

My name is Dina Khmelnitsky and I was appointed to serve as the Appeal Officer for the Borough of Carlstadt's ("Carlstadt") appeal under the New Jersey Economic Development Authority's ("NJEDA") Stronger NJ Neighborhood and Community Revitalization ("NCR") Program – Development and Public Improvement Projects ("D&I"). I have reviewed your appeal dated August 7, 2014. Below, please find a summary of my review and final determination.

By way of background, a total of $52.5 million was made available for qualified D&I projects through the NCR program. D&I provides financial assistance to eligible entities in the form of grants and/or loans, up to a maximum of $10 million dollars combined per project. Such eligible entities are: for-profit or non-profit developers, other eligible non-profits, municipal, county or state redevelopment agencies and municipality or county governments. The four types of eligible D&I projects are: Catalytic Projects; Transformative Neighborhood Projects; Recreation, Cultural and Park Land Amenities Projects; and Innovation Projects. In accordance with the NCR Guide and further outlined in a February 14, 2014 Memo to the NJEDA Board, proposed projects under D&I were assessed using threshold and evaluative criteria detailed in the aforementioned memo. To be considered for funding, a project had to first, satisfy the threshold criteria, and secondly, receive a minimum 65 points on a hundred point scale for the evaluative criteria. As such, a project would only be scored if it first satisfied all threshold criteria.

Project evaluation was carried out by experienced NJEDA staff, all of whom have extensive experience reviewing projects similar in nature to those eligible under D&I. All reviewing and scoring was done based on the documentation and detail provided in each application or subsequent documentation requested for clarification. No information provided after the end date of the application and review period was considered in the final scoring of applicants under this program. Accordingly, it is not appropriate to consider supplemental information provided after the end of the application and review process in this appeal.

On July 11, 2014, NJEDA wrote a letter to Carlstadt's Grant Manager, notifying them that their project scored 45 points, which was below the minimum required score of 65.

In its appeal dated August 7, 2014, Carlstadt stated it deserved higher scores than those given by the evaluator on three (3) of the nine (9) evaluative criteria:

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Superstorm Sandy Impacted Community – Level of Damage to Proposed Project Vicinity:
NJEDA score – 0; Carlstadt contends a higher score due to close vicinity to highly impacted communities.

LMI National Objective – Low or Moderate Income Community
EDA score – 0; Carlstadt contends 15 out of 15 possible points.

Early Completion of the Work
EDA score – 0; Carlstadt contends a higher score due to remaining within guidelines.

In order to evaluate Carlstadt's appeal, I reviewed all information provided at application or further clarified during the review process to determine if the correct score was fairly issued based on program requirements. My review findings and answers to any questions in your appeal are as follows:

Superstorm Sandy Impacted Community – Level of Damage to Proposed Project Vicinity

The score for this criterion was generated directly from the FEMA Joint Field Office New Jersey, Damage to Essential Functions/Municipality List, dated January 24, 2013. Applicants were provided this list, which the NJEDA used to evaluate each application. Pursuant to this guiding document, jurisdictions identified by the list as having "Lots of Damage" received 20 points; those designated as having "Much More Than Some Damage" received 10 points; those with "More Than Some Damage" and "Some Damage" received 0 points. Carlstadt was deemed a municipality with "Some Damage" and was accordingly given a score of 0.

Carlstadt's appeal, in discussing the 0-points awarded under this category, addresses their proximity to townships that have been designated as having "Much More Than Some Damage" , according to the List described above. However, in determining a score for the category of Superstorm Sandy Impacted Community, the NJEDA must consider the applicant-municipality by itself as they are applying for funding for their specific municipality. Accordingly, every D&I application reviewed by the NJEDA has been assessed equally with respect to this category and manner of scoring.

Additionally, Carlstadt's appeal addresses the benefit that the surrounding townships would receive in Carlstadt being granted funding. However, in assessing the points under the specific category of Superstorm Sandy Impact, the NJEDA did not consider the benefit that surrounding boroughs may receive. That is not to say that area benefit was not assessed, considered and scored as well, but with this category specifically, Superstorm Sandy Impact was its own separate categorical consideration.

Therefore, I find the score awarded for the category of Superstorm Sandy Impacted Community to adhere to the rules for this method of scoring. As such, I find no basis to overturn the score provided by the original evaluation.

LMI National Objective – Low or Moderate Income Community

The score for this criterion was based on an Area Benefit Calculation performed by the Federal Financial Institutions Examination Council ("FFIEC"). Any calculations performed by the FFIEC are done in accordance to federal standards. Pursuant to the FFIEC's findings and the guidelines of the Department of Housing and Urban Development ("HUD") and the NJEDA, projects located in low or moderate income ("LMI") tracts received a score of 15. Projects located in middle or upper income tracts received a score of 0. FFIEC data determined that Carlstadt is located in a middle tract area. This is not a point of contention in Carlstadt's appeal.

By way of background, the D&I application assessed two separate LMI National Objective considerations, one as threshold criteria and the other as evaluative criteria. Under threshold criteria,

Carlstadt was found to satisfy the National Objective due to the Urgent Needs requirement because: 1) Superstorm Sandy created emergency conditions that posed a serious and immediate threat to the health or welfare of the community; 2) Other financing resources were either unavailable or partially available; and 3) the conditions addressed by the project had been in existence for the past eighteen (18) months. As such, Carlstadt passed the threshold LMI National Objectives criterion and continued to the evaluative scoring process.

Under evaluative criterion, the NJEDA assessed the benefit to the area once the project was completed. Here, the NJEDA utilized the FFIEC's calculation, as mentioned above, wherein the FFIEC determined that Carlstadt was a middle income tract. For this calculation, the applicant's answer to Question 10 on the application was used. The question inquired as to what geographic area the project would serve upon completion. Carlstadt responded that the Borough of Carlstadt and south Bergen County would be the benefit area. Thus, Carlstadt's 'LMI Area Benefit Calculation' includes Carlstadt itself as tract 0050.00 and six surrounding tracts in Bergen County, none of which were LMI, but rather middle to upper tract. Accordingly, Carlstadt received a score of 0.

Carlstadt's appeal addresses the evaluative scoring aspect of the LMI National Objectives and applications from middle tract applicants obtaining a full score of 15 points. It is possible for a middle tract applicant to receive full points for this category if the total area benefited by the project was calculated as low to moderate income. For example, if a middle tract applicant stated that the completed project would benefit surrounding LMI tracts, such would be reflected in the calculations for this category, and that calculation could deem the area benefit as LMI. However, as mentioned above, Carlstadt's area of benefit was stated as the Borough of Carlstadt and south Bergen County, none of which are LMI tracts, and as such, the accompanying calculation did not yield a low-to-moderate income result.

Carlstadt's appeal also addresses the fact that "the area of proposed work is located under block 5, which meets HUD LMI National Objectives." However, the NJEDA can not only consider the immediate area of proposed work. The application has been filed for the Borough of Carlstadt as a whole, and while there may be one block in Carlstadt that qualifies as HUD LMI, overall, the entirety of Carlstadt does not.

Pursuant to the above state reasoning, I believe this score was fairly rendered and I see no reason to overturn it.

Early Completion of the Work

The score for this criterion was based on HUD's requirement that all project funds under D&I be disbursed by December 31, 2015. Accordingly, projects with earlier completion dates, and thus a greater guarantee of timely disbursement, received higher scores. Scoring for evaluative criteria pertaining to completion allotted 15 points for completion on June 30, 2015 or earlier; 10 points for completion between July 1 and August 31, 2015; 5 points for completion between September 1 and October 31, 2015; and 0 for later completion dates.

Carlstadt's appeal addresses this method of scoring, namely awarding a score of 0 for their estimated completion date of November 2015, as a penalty. However, as stated, the guidelines followed in scoring were created solely to ensure adherence to HUD's requirements for funds disbursement, not as a penalty. This was done so as to not risk the possible consequence of funding recapturing and reprogramming, should the project go beyond December 31, 2015. Because this score was given to comply with HUD and NJEDA guidelines, I find no basis to overturn it.

My review has concluded the following:

The evaluator appears, under all three (3) evaluative criteria scores being appealed, to have carried out the scoring process reasonably, fairly and in accordance with the Program Guide and other clarifying documents, such as memos to the NJEDA Board. As such, the score of 45 points out of 100 issued to Carlstadt is supported by the record, is neither arbitrary nor capricious and should be allowed to stand.

Based on my review as Appeal Officer, I concur with the original finding of the evaluator and find there is insufficient evidence to overturn the original declination in light of the applicant's appeal, namely that Carlstadt should have received scores different than those issued by the original evaluator.

For the reasons above, I will be recommending the appeal be denied by the NJEDA Board at its meeting on Thursday, September 11, 2014 at 10:00 a.m.

After the NJEDA Board concludes its review and renders its decision, subject to a ten (10) day veto period by the Governor, we will notice you of that final action.

Very truly yours,

Dina Khmelnitsky, Hearing Officer
dkhmelnitsky@njeda.com
(609) 858-6918

CC: Michele Brown, Chief Executive Officer
Tim Lizura, President/Chief Operating Officer

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: September 11, 2014

RE: Retail Fuel Station–Energy Resiliency Program ("RFS")

Request:
Consent to the following:

1. Approve the attached standard form of the Sub-Grant Agreement between the New Jersey Office of Emergency Management ("NJOEM") and EDA; and

2. Delegate approval to staff (Level 2: SVP – Finance & Development) to execute individual Sub-Grant Agreements with NJOEM for each round of funding approvals for projects.

Approval of this Sub-Grant agreement represents the final step of the RFS Program and guidelines approved by the members in November 2013. The proposed delegation to staff to sign Sub-Grant agreements to award funding to tranches of projects expands the December 2013 delegation granted by the members for the approval of individual awards.

NJOEM has agreed to enter into these Sub-Grant agreements subject to the consent of the members.

Background:
In November and December 2013, the members approved the RFS grant program, an MOU between EDA and NJOEM to administer the program, and staff delegation to approve individual grant awards to assist owners/operators of retail fuel stations with enhancing their operational energy resiliency during extensive power outages like those that occurred during Superstorm Sandy.

The program provides grants of up to $15,000 for smaller stations for the installation of a quick connect ("QC") transfer switch for a mobile generator or up to $65,000 for larger stations for the purchase and installation of a permanent generator. RFS is being funded with $7 million from FEMA; FEMA will also provide $3 million in funding to the New Jersey Division of Homeland Security for the purchase a cache of mobile generators for use by the QC stations.

Since program launch in March, 236 applications have been received from 335 targeted stations. DEP has approved 172 applications, and of those, 149 have received preliminary EDA approval and 135 of the 149 have been approved by FEMA for Environmental and Historic Preservation compliance ("EHP"). FEMA is currently reviewing 37 applications for approval and funding obligation.

Subsequent to the November 13, 2013 Board approval, and in order to streamline processes, OEM and EDA identified the need to review and approve tranches of funding, documented by sub-grant agreements that reflect the specific funding amount for each tranche. EDA anticipates receiving FEMA approval for 16 applications totaling $990,000 within the week. The remaining 21 applications totaling $1,050,000, currently under FEMA review, are close to receiving FEMA approval.

The approval of a standard Sub-Grant agreement, and the delegation to staff to execute individual Sub-Grant agreements with NJOEM, will ensure that these projects located in strategic areas (north, central and south) of New Jersey can, upon approval and execution of their agreements, begin the installation of the quick connects or permanent generators.

The members are asked to approve the standard form of this Sub-Grant agreement as the final step of the RFS program process approved in November, 2013. All additional retail stations to be funded by FEMA hereafter also will be subject to the terms and conditions set forth in this standard form of Sub-Grant agreement. As individual Sub-Grant agreements will be required for each funding round, the members are also asked to expand the December 2013 delegation to allow staff to execute these agreements.

Recommendation:
Consent to:

1. The form of the Sub-Grant agreement between NJOEM and EDA; and
2. Delegate approval to staff (Level 2: SVP – Finance & Development) to execute Sub-Grantee agreements for each funding round of projects under this program.

All delegated approvals will be shared with the members quarterly.

Prepared by: Lisa Coane and Lisa Petrizzi

SUB- GRANT AGREEMENT
HAZARD MITIGATION GRANT PROGRAM (CFDA#97.039)
FEMA-DR-4086-NJ-087
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

This Sub-grant Agreement (the "Agreement") is made and entered into by, and between, the State of New Jersey, Office of Emergency Management, located at PO Box 7068, West Trenton, New Jersey 08628 (herein referred to as the "Grantee"); and the New Jersey Economic Development Authority, 36 West State Street, Trenton, New Jersey 08625 (herein referred to as the "Sub-grantee").

The period of performance of this Project is the period beginning _____ and ending _____.

1 The provisions of The Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended ("the Stafford Act"), identify the use of disaster relief funds under Section 404 (Hazard Mitigation Grant Program, "HMGP") for a variety of hazard mitigation activities, including generators and/or quick connect switches for retail fuel station entities.

2 Section 404 of the Stafford Act provides authorization for hazard mitigation assistance to eligible applicants, including a State Agency, through the State of New Jersey, Office of Emergency Management, on behalf of property owners and/or operators for funding to be used to implement the Retail Fuel Station Energy Resiliency Program.

3 The New Jersey Office of Emergency Management (NJOEM) has been designated as the Grantee to receive, administer, and disburse FEMA hazard mitigation funds for mitigation projects in New Jersey. The Grantee shall monitor and evaluate the implementation of mitigation projects and control the disbursement of HMGP funds from FEMA.

4 The New Jersey Economic Development Authority is the Sub-grantee and has submitted an application to FEMA, through the Grantee setting forth a list of retail fuel stations in various counties (herein all of the approved retail fuel station applications are collectively referred to as the "Project"). The Grantee and FEMA have approved the Project along with any exceptions that have been made prior to signing of this Agreement and FEMA has provided an award letter to the Grantee, which is incorporated herein by reference. The Sub-grantee agrees to require the property owners and/or operators to complete the Project prior to the Project completion dated specified in the applicable award letter unless a time extension is granted by the Grantee and FEMA.

5 The Sub-grantee shall coordinate and monitor the implementation of the Project approved by FEMA in accordance with the terms of this Agreement.

6 The Sub-grantee has the legal authority to accept mitigation funds and shall provide all necessary financial and managerial resources to meet the terms and conditions of receiving Federal and State mitigation funds. The financial management system must comply with 44 Code of Federal Regulations (C.F.R.) Part 13 and OMB Circulars A-87 and A-102.

7 The Sub-grantee shall use and shall require the property owners and/or operators to use the mitigation funds solely for eligible costs associated with the approved scope of work in the Project.

The approved scope of work for each batch of retail fuel stations is set forth in the applicable award letter and conditions of approval, including but not limited to environmental and historic preservation..

8 Only those costs that are allowable as defined in 44 C.F.R. Part 13 and OMB Circular A-87, will be reimbursable:

a. This Grant Agreement in the amount of **$7,000,000.00** ("Funds") will serve as the contract between the Grantee and the Sub-grantee for the purpose of the approved Project Number FEMA-DR-4086-NJ-087. This grant amount represents the maximum federal funding currently allocated for the Project and may not be equal to the estimated cost of completing the entire Project. The Project provides a maximum of $15,000.00 for a quick connect installation or a maximum of $65,000.00 for installation of a generator per retail fuel station. Any additional cost for an approved location is the responsibility of the retail fuel station.

The award is $_____ for ____ retail fuel stations identified in the attached award letter.

Funds obligated by FEMA for this Project are subject to time limits imposed under Section 904(c) of the Disaster Relief Appropriations Act, 2013, P.L. 113-2, and are required to be expended by the Grantee or Sub-grantee (paid as an outlay of money in furtherance of the grant purpose) within 730 days of the date FEMA obligates the funds for the Project in its financial system as set forth in the award letter. Any funds not expended within 730 days will be de-obligated by FEMA within 30 days from the end of this 730 day period and any funds withdrawn and not expended must be returned to FEMA within 30 days from the end of the 730 day period, ceasing FEMA's financial liability.

b. The Sub-grantee agrees to provide the Grantee documentation showing a full accounting of 100% of the eligible project costs as required by 44 C.F.R. 13.24 for individual Project costs, including those in excess of the federal share allocated. Project management costs shall be submitted separately. The Sub-grantee shall be responsible for tracking and verification of all costs.

c. Any revision, change or modification to the approved scope of work must be submitted to Grantee and be approved by FEMA prior to implementation and/or construction. Any revision, change or modification that does not receive prior FEMA approval will violate the conditions of the grant.

d. All work under this Agreement shall be completed by the date indicated in the FEMA award letter for each batch of properties constituting the Project, unless an extension is approved by the Regional Administrator.

9 The Sub-grantee shall return to Grantee any grant funds which are not supported by audit or other Federal or State review of documentation maintained by the Sub-grantee.

10 The Sub-grantee shall maintain records for the period set forth in 44 C.F.R. 13.42 and shall give State and Federal agencies access to, and the right to examine all records and documents related to use of mitigation funds.

11. The Sub-grantee shall track and verify compliance with all applicable State and local ordinances, laws, regulations, building codes and standards applicable to this Project as follows:

a. The Sub-grantee shall require retail fuel station owners and/or operators to obtain all Federal, State and/or local permits prior to commencing construction.

b. The Sub-grantee shall require retail fuel station owners and/or operators to consult with the local floodplain administrator and obtain any necessary permits prior to implementation of this Project.

c. All permits shall be submitted to Grantee who shall review, maintain and submit to FEMA copies of all permits.

d. Failure of the Sub-grantee to require and verify that retail fuel station owners obtain all required permits associated with the approved scope of work violates the condition of the project approval and may result in a determination that no Federal funding is eligible to be reimbursed for this Project.

12 The Sub-grantee agrees to require compliance with local regulations pertaining to the National Flood Insurance Program (NFIP). The Sub-grantee shall require any projects located in the SFHA (Special flood hazard area) to obtain an elevation certificate upon completion of the project, as supporting documentation for FEMA and State NFIP compliance.

13. The Sub-grantee shall require the property owner and/or operators to comply with 44 C.F.R.13.36 in all procurements, including the contract provisions found in subsection 13.36(i)(l)-(13). In particular,

a. The Sub-grantee shall require the property owners and/or operators to comply, as applicable, with provisions of Federal laws and regulations pertaining to labor standards, and the State of New Jersey Prevailing Wages laws and regulations.

b. The Sub-grantee or subsequent recipients shall not enter into any contract with any party which is debarred or suspended from participating in Federal assistance

programs, or is otherwise ineligible pursuant to E.O. 12549, Debarment and Suspension, as implemented at 44 C.F.R. 13.35. The Sub-grantee and subsequent recipients shall not enter into any contract with any party which is listed in the State of New Jersey Consolidated Debarment Report.

14 The Sub-grantee has read, understands, and shall comply with the State of New Jersey Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, State Circular 04-04-OMB, and OMB Circular A-133.

15 The Sub-grantee shall submit to the Grantee quarterly progress reports (QPR), due the 7th day of the month after the end of the quarter on the following schedule:

a.

January – March	Due April 7
April – June	Due July 7
July – September	Due October 7
October – December	Due January 7

b. Failure to provide the required reports will result in suspension of grant funds until the required reports are provided and approved by the Grantee.

c. The QPR should reflect the status and completion date for the Project and any problems or circumstances affecting the completion date, scope of work, Project costs, or which could be expected to result in noncompliance with the approved grant conditions.

16 DEED RESTRICTIONS

a. Upon completion of the Project, any deed restrictions required by FEMA for the specific property as set forth in the award letter shall be duly recorded by the property owner and proof of recording submitted to the Sub-grantee.

b. The Sub-grantee shall document that the property owner legally recorded, with the county or appropriate jurisdiction's land records, a notice that includes the name of the current property owner (including book/page reference to record of current title, if readily available), a legal description of the property, and the following notice of flood insurance requirements:

"This property has received Federal hazard mitigation assistance. Federal law requires that flood insurance coverage on this property must be maintained during the life of the property regardless of transfer of ownership of such property. Pursuant to 42 U.S.C. 5154a, failure to maintain flood insurance on this property may prohibit the owner from receiving Federal disaster assistance with respect to this property in the event of a flood disaster. The Property Owner is also required to maintain this property in accordance with the floodplain management criteria of 44 C.F.R. Part 60.3 and City/County Ordinance."

17 ENFORCEMENT (44 C.F.R.13.43)

a. If the Sub-grantee fails to comply with the terms of the award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, FEMA may take one or more of the following actions, as appropriate in the circumstances:

1) Temporarily withhold cash payments pending correction of the deficiency;
2) Disallow all or part of the cost of the activity or action not in compliance;
3) Wholly or partly suspend or terminate the current award for the program;
4) Withhold further awards for the program; and
5) Take other remedies that may be legally available.

b. In taking an enforcement action, FEMA and/or the Grantee shall provide an opportunity for such hearing, appeal, or other administrative proceeding to which the Grantee or the Sub-grantee is entitled under any statute or regulation applicable to the action involved.

c. Costs resulting from obligations incurred by the Sub-grantee during a suspension or after termination of an award are not allowable unless FEMA expressly authorizes them in the notice of suspension or termination. Other costs during suspension or after termination that are necessary and not reasonably avoidable are allowable if:

1) The costs result from obligations which were properly incurred before the effective date of suspension or termination, are not in anticipation of it, and, in the case of a termination, are not cancelable; and
2) The costs would be allowable if the award were not suspended or expired normally at the end of the funding period in which the termination takes place.

18 ENVIRONMENTAL COMPLIANCE

a. The Sub-grantee shall require compliance with 44 C.F.R. Part 10 Environmental Considerations, National Environmental Policy Act (NEPA), and other Federal and State environmental laws and regulations in the implementation of the Project as a condition of reimbursement of the retail fuel station owner. FEMA performs the Environmental and Historic Preservation review for approval of the Project and consistency with federal laws. The Sub-grantee shall review and require individual retail fuel station owner and/or operator compliance with any and all environmental conditions identified in the approved application and award letter for the Project.

b. Failure of the retail fuel station owner and/or operator to comply with any environmental condition or requirement in the conditions of award will result in the Sub-grantee withholding reimbursement of the retail fuel station owner.

19 CLOSE-OUT (44 C.F.R. 13.50)

a. The Sub-grantee will notify the Grantee that the Project has been completed, and shall provide a Final Progress Report and financial report by the end of the close-out

period approved by FEMA. The Grantee shall conduct or arrange for a final site visit within 30 days of receiving the final progress report and financial report, and shall provide the Sub-grantee with the findings within 30 days of the visit. The findings will outline the results of the site visit and in particular any upward or downward adjustment to allowable costs.

b. The close-out of the grant does not affect the right of FEMA to disallow costs and recover funds on the basis of a later audit or other review, the obligation to return any funds due as a result of later refunds, corrections, or other transactions, records retention as required in 44 C.F.R.13.42, Property management requirements in 44 C.F.R.13.31 and 13.32, and audit requirements in 44 C.F.R. 13.26.

c. Any funds not returned within a reasonable period of time after request, may result in an administrative offset against other requests for assistance, withholding advance payments otherwise due, and other action permitted by law.

20 PROPERTY DESCRIPTION

a. The retail fuel stations are described in the attached award letter and conditions of approval. FEMA will issue subsequent award letters for batches of retail fuel stations as they are reviewed and approved. Such award letters will be incorporated into this Agreement by reference upon issuance.

b. The Sub-grantee should reference the grant award letters for further eligibility and restriction information. Reimbursement is subject to all terms and conditions in the applicable award letter.

c. Any request for substitution must be submitted in writing.

21 PERIOD OF PERFORMANCE EXTENSION

Should the Sub-grantee require a period of performance extension, a request must be submitted to the Grantee at least 60 days prior to _____. This request must include a justification for the extension, including: a summary of all work completed and remaining; a Statement demonstrating that all work can be completed within the extension period; a revised budget form (if applicable); copies of contracts between the Sub-grantee and third parties for work to be performed; and any other material supporting the extension.

Signature page follows

STATE OF NEW JERSEY

HAZARD MITIGATION GRANT PROGRAM

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement and have herein set their respective names on the day and year set forth below:

SUB-GRANTEE –NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

_____ _____

Maureen Hassett **Date**
Sr. Vice-President – Finance & Development

GRANTEE-NEW JERSEY OFFICE OF EMERGENCY MANAGEMENT

_____ _____

SFC Michael Gallagher **Date**
State Hazard Mitigation Officer
State of New Jersey, Office of Emergency Management