NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

November 10, 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; Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Joe Latoof representing the Commissioner of the Department of Labor and Workforce Development; Public Members: Joseph McNamara, Vice Chairman; Charles Sarlo, Fred B. Dumont, Philip B. Alagia, William J. Albanese, Sr., Second Alternate Public Member; and Harold Imperatore, Third Alternate Public Member.

Present via conference call: Larry Downes and Massiel Medina Ferrara.

Absent: Rodney Sadler, Non-Voting Member.

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

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 October 14, 2014 regular and executive session meeting minutes. A motion was made to approve the minutes by Ms. Kokas, seconded by Mr. Dumont, and was approved by the 10 voting members present.

Ms. Ferrara and Mr. Albanese abstained.

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

Mr. Sarlo entered the meeting at this time.

BOND PROJECTS

AMENDED BOND RESOLUTIONS

ITEM: Research & Mfg. Corp. of America **APPL.**#40066
LOCATION: Linden City/Union
PROCEEDS FOR: Refinancing
FINANCING: $2,980,000 Tax-exempt Bond
MOTION TO APPROVE: Ms. Kokas **SECOND:** Commissioner Kobylowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PRELIMINARY RESOLUTIONS

ITEM: Health/Agriculture and Treasury Taxation Buildings **APPL.**#39892
This project was withheld from consideration.

ITEM: Provident Group –Kean Properties L.L.C. **APPL.**#40039
LOCATION: Union Township/Union
PROCEEDS FOR: Construction
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

LOANS/GRANTS/GUARANTEES

Direct Loans

PROJECT: Tuckers Management LLC **APPL.**#39773
LOCATION: Beach Haven Borough/Ocean
PROCEEDS FOR: Refinance purchase of equipment & machinery
FINANCING: $750,000 loan
MOTION TO APPROVE: Ms. Kokas **SECOND:** Commissioner Kobylowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

Petroleum Underground Storage Tank Program

FOR INFORMATION ONLY: Update on PUST and HDSRF program funding status.

ITEM: Summary of Petroleum UST Remediation, Upgrade & Closure Fund Program projects approved by the Department of Environmental Protection.

PROJECT: William Connington and Barbara Connington **APPL.#**39869
LOCATION: Bergenfield Borough/Bergen
PROCEEDS FOR: Remediation
FINANCING: $107,715 Petroleum UST Remediation, Upgrade and Closure Fund Grant
MOTION TO APPROVE: Ms. Kokas **SECOND:** Commissioner Kobylowski **YES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

PROJECT: Rosa Joao **APPL.#**38133
LOCATION: Elizabeth City/Union
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $58,423 Petroleum UST Remediation, Upgrade and Closure Fund Grant
MOTION TO APPROVE: Ms. Kokas **SECOND:** Commissioner Kobylowski **YES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

EDISON INNOVATION FUND

PROJECT: Phone.com, Inc. **APPL.#**39278
LOCATION: Newark City/Essex
PROCEEDS FOR: Growth capital
LOAN AMOUNT: $400,000 VC Growth fund
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

ANGEL INVESTOR TAX CREDIT PROGRAM

ITEM: Angel Investor Tax Credit Program - Zipz Inc.
This project was withheld from consideration.

Technology Business Tax Certificate Transfer Program

ITEM: Merger or Sale of Assets of Technology Business Tax Certificate Transfer Program Applicant and Past Benefit Recipient
REQUEST: To approve that the proposed merger or transfer of assets from Celldex Research Corporation to Celldex Therapeutics, Inc. does not require a recapture under the Technology Business Tax Certification Transfer Program.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Imperatore **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ANGEL INVESTOR TAX CREDIT PROGRAM

INVESTOR: Ironwood LLC **APPL.**# 40057
TECHNOLOGY BUSINESS: Eos Energy Storage LLC
LOCATION: Edison/Middlesex
QUALIFIED INVESTMENT: $1,500,000
MOTION TO APPROVE: Ms. Kokas **SECOND:** Commissioner Kobylowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

OFFICE OF RECOVERY

ITEM: Amendment to Stronger NJ Business Loan Program Policies
REQUEST: Consent to the following actions:

1) Approve an amendment to the Stronger NJ Business Loan Program to revise the repayment terms of construction and working capital loans.
2) Delegate to EDA staff the authority to approve one six month principle moratorium for these loans. Beyond one six month extension will require board approval.
3) Reduce the minimum credit score required for delegated approval from 650 to 600.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Imperatore **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

ITEM: Stronger NJ Neighborhood & Community Revitalization Program (NCR) Funding Reallocation.
REQUEST: To approve the reallocation of funds within the four components of the Stronger NJ Neighborhood and Community Revitalization Program (NCR Program)
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ITEM: Stronger NJ Business Grant Appeals:
JNM Realty – 56454
Freehold Radiology – 55839
I.P. Company Inc. – 53382
Stephen DiPietro/113 Blvd. LLC – 58713
Lyles-Belton Publishing and Communication, LLC – 56693
Arnott Appraisal and Consulting, LLC - 59851
REQUEST: To approve the Hearing Officers' recommendations to uphold the declinations of the Stronger NJ Business Grants.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

INCENTIVE PROGRAMS

Economic Redevelopment and Growth Grant Program

ITEM: ACTH Partners, LP
REQUEST: To approve the application of ACTH Partners, LP for a project located in Atlantic City, Atlantic County, for the issuance of tax credits. The recommendation is to award 30% of eligible costs, not to exceed $6,917,954.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT:11

ITEM: Chambers Crescent, LLC
REQUEST: To approve the application of Chambers Crescent 2014, LLC for a project located in Lakewood, Ocean County for the issuance of tax credits. The recommendation is to award 30% of eligible costs, not to exceed $4,037,434.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Imperatore **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

Grow New Jersey Assistance Program

ITEM: DioGenix Inc APPL.#39375
REQUEST: To approve the application of DioGenix Inc for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Camden, NJ.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

ITEM: DioGenix Inc APPL.#39375
REQUEST: To approve the application of DioGenix Inc for a Grow New Jersey Assistance Program Grant. The project location of Camden City, Camden County qualifies as a Garden State Growth Zone under N.J.S.A. 34:1B-242. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Deep Poverty Pocket, Transit Oriented Development, Jobs with Salaries in Excess of the Garden State Growth Zone Average, the presence of a Targeted Industry (life sciences), and location in a municipality in Camden County with 2007 Revitalization Index greater than 465. The estimated annual award is $745,500 for a 10-year term.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

ITEM: Lockheed Martin Corporation APPL.#39601
REQUEST: To approve the application of Lockheed Martin Corporation for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Camden, NJ.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

ITEM: Lockheed Martin Corporation APPL.#39601
REQUEST: To approve the application of Lockheed Martin Corporation for a Grow New Jersey Assistance Program Grant. The project location of Camden City, Camden County qualifies as a Garden State Growth Zone under N.J.S.A. 34:1B-242. The project is eligible, pursuant to the statute to receive per employee as a tax credit, the total amount of capital investment for the project divided by the number of employees, subject to certain limits, provided that the project represents a net positive benefit to the State over a 35 year period. Lockheed's estimated capital investment for this project is $146,379,719. The estimated annual award is $10,700,000 for a 10-year term.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

ITEM: Principis Capital LLC APPL.#39991
REQUEST: To approve the application of Principis Capital LLC for a Grow New Jersey Assistance Program Grant. The project location of Jersey City, Hudson County qualifies as an Urban Transit HUB Municipality under N.J.S.A. 34:1B-242. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Transit Oriented Development, Jobs with Salaries in Excess of the County Average, and the presence of a Targeted Industry (finance) . The estimated annual award is $387,500 for a 10-year term.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

ITEM: Surfside Seafood Products, LLC APPL.#40030
REQUEST: To approve the application of Surfside Seafood Products, LLC for a Grow New Jersey Assistance Program Grant. The project location of Millville City, Cumberland County qualifies as a Distressed Municipality under N.J.S.A. 34:1B-242. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Deep Poverty Pocket, Capital Investment in Excess of the Minimum (non-mega), the presence of a Targeted Industry (manufacturing), and location in a municipality in Cumberland County with 2007 Revitalization Index greater than 465. The estimated annual award is $160,000 for a 10-year term.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

ITEM: Material Handling Supply Inc. APPL. # P39716
REQUEST: To approve the modification request allowing the applicant's new site under the previously approved award.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

BOARD MEMORANDUMS

ITEM: Dr. Reddy's Laboratories, Inc. APPL. # P31275
REQUEST: Consent to the following changes to the BEIP:
1) Project location change from Bridgewater to Princeton; and
2) Reset New Employee Commitment from 52 jobs to 215 jobs for the remainder of the grant term, resulting in award percentage increase from 60% to 65%
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

ITEM: East Coast Hospitality Group, LLC
REQUEST: Consent to the assignment of the Brownsfields Site Reimbursement Agreement from the East Coast to Narayanswarupdasji, LLC.
As a condition of this approval, the agreement will be capped at 75% of $550,000 ($412,500) to align the project with current program guidelines.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

ITEM: Information Technology and Business Process Analysis Consulting Services
REQUEST: To approve the award of the Information Technology and Business Process Analysis Consulting Services to Crowe Horwatch, LLP of Livingston, NJ.
MOTION TO APPROVE: Commissioner Kobylowski **SECOND:** Ms. Kokas **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

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

Direct Loan Program: 506 Route 17 Realty LLC (P39766); Ancyma, Inc. (P39972)

NJ Main Street Assistance Program: Dataline, Inc. (P39908)

Small Business Fund Program: ANZ Properties, LLC (P39910); DG and Sons LLC (P39912)

Stronger NJ Loan Program: AllTech International Inc. (P39585); Atlas Refinery, Inc. (P38606); Barnacle Bills, Inc. (P39573 & P39642); Cable Solutions (P39365 & P39679); D&S Marine Service LLC (P39544 & P39671); Lyceum Enterprises Inc. (P39412 & P39732); Mac's Doc Inc. dba South Harbor Marine (P39579 & P39553)

Camden ERB: ATS Group LLC (P39901)

Community Economic Development Program: Greater Wildwoods Tourism Improvement and Development Authority (P39676)

REAL ESTATE

ITEM: Higher Education Public Private Partnership Program
Kean University – Student Dormitory and Dining Facility

REQUEST: Approve Kean University's application to develop a 384 bed dorm to serve freshman which will include a 2,000 SF dining facility and other amenities on approximately 4.55 acres of land on the Applicant's campus.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

PUBLIC COMMENT

There was no comment from the public.

There being no further business, on a motion by Commissioner Kobylowski , and seconded by Ms. Kokas, the meeting was adjourned at 11:20 am.

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

Kim Ehrlich, Sr. Governance & Outreach Officer
Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

DATE: November 10, 2014

SUBJECT: Agenda for Board Meeting of the Authority November 10, 2014

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Bond Projects

Loans/Grants/Guarantees

Edison Innovation Fund

Incentive Programs

Board Memorandums

Real Estate

Office of Recovery

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

October 14, 2014

MINUTES OF THE MEETING

Members of the Authority present: Al Koeppe, Chairman; State Treasurer Andrew Sidamon–Eristoff; Commissioner Hal Wirths of the Department of Labor and Workforce Development; Christopher Hughes representing the Commissioner of the Department of Banking and Insurance; Colleen Kokas representing the Commissioner of the Department of Environmental Protection Public Members: Larry Downes, Charles Sarlo, Fred B. Dumont, Philip B. Alagia, Harold Imperatore, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Absent: Public Members Joseph McNamara, Vice Chairman; Jerry Langer, Massiel Medina Ferrara, and William J. Albanese, Sr., Second Alternate Public Member.

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

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 September 12, 2014 regular and executive session meeting minutes. A motion was made to approve the minutes by Ms. Kokas, seconded by Mr. Dumont, and was approved by the 8 voting members present.

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

Mr. Alagia entered at this time.

BOND PROJECTS

AMENDED BOND RESOLUTIONS

ITEM: Bacharach Institute for Rehabilitation, Inc. **APPL.**#39784
LOCATION: Galloway Township/Atlantic
PROCEEDS FOR: Refinancing
FINANCING: $5,278,000 Tax-exempt Bond
MOTION TO APPROVE: Commissioner Hal Wirths **SECOND:** Ms. Kokas **AYES:** 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

ITEM: The Order of St. Benedict of New Jersey **APPL.**#39976
LOCATION: Morristown/Morris
PROCEEDS FOR: Refinancing
FINANCING: $26,100,000 Tax-exempt Bond
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Alagia **AYES:** 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

COMBINATION PREIMINARY AND BOND RESOLUTIONS

ITEM: The Order of Saint Benedict of New Jersey **APPL.**#39975
LOCATION: Morristown/Morris
PROCEEDS FOR: Renovation of existing building
FINANCING: $2,900,000 Tax-exempt Bond
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

ITEM: The Arc, Ocean County Chapter, Inc. **APPL.**#39680
LOCATION: Various
PROCEEDS FOR: Refinancing
FINANCING: $1,185,000 Tax-exempt Bond
MOTION TO APPROVE: Mr. Downes **SECOND:** Ms. Kokas **AYES:** 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

ITEM: Yeshivas Ohr Hatorah, Inc. **APPL.**#39466
LOCATION: Lakewood Township/Ocean
PROCEEDS FOR: Refinancing
FINANCING: $3,800,000 Tax-exempt Bond
MOTION TO APPROVE: Ms. Kokas **SECOND:** Commissioner Hal Wirths **AYES:** 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PRELIMINARY RESOLUTIONS

ITEM: AP&G Co. Inc. **APPL.**#39892
LOCATION: Bayonne City/Hudson
PROCEEDS FOR: Renovation of existing building/ Purchase of equipment & machinery
MOTION TO APPROVE: Ms. Kokas **ECOND:** Mr. Downes **AYES:** 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

LOANS/GRANTS/GUARANTEES

Petroleum Underground Storage Tank Program

ITEM: Approval of the following Petroleum UST Remediation, Upgrade & Closure Fund Program projects also approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Joseph Dolock **APPL.**#39409
LOCATION: Parsippany-Troy Hills/Morris
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $144,712 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: Marian Hare **APPL.**#39605
LOCATION: Garwood Borough/Union
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $470,918 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: James Thoma **APPL.**#39530
LOCATION: East Rutherford Borough/Bergen
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $30,507 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: St. Joseph Church **APPL.**#39407
LOCATION: East Orange/Essex
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $209,986 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: Croitor Feed **APPL.**#39435
LOCATION: Middle Township/Cape May
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $86,007 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: Fouad Nouri **APPL.**#38575
LOCATION: Paterson/Passaic
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $216,934 Petroleum UST Remediation, Upgrade and Closure Fund Grant

FOR INFORMATION ONLY: Summary of Petroleum Underground Storage Tank Program projects approved by the Delegated Authority.

HAZARDOUS DISCHARGE SITE REMEDIATION

ITEM: Approval of the following Hazardous Discharge Site Remediation Fund Program projects also approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PROJECT: Harrison Redevelopment Agency **APPL.**#39598
LOCATION: Harrison Town/Hudson
PROCEEDS FOR: Remedial Action/Remedial Investigation
FINANCING: $4,694,888

PROJECT: Jersey City Redevelopment Agency **APPL.**#39535
LOCATION: Jersey City/Hudson
PROCEEDS FOR: Remedial Action/Remedial Investigation
FINANCING: $258,407

PROJECT: Jersey City Redevelopment Agency **APPL.**#39536
LOCATION: Jersey City/Hudson
PROCEEDS FOR: Remedial Action/Remedial Investigation
FINANCING: $201,455

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

Mr. Sarlo entered at this time.

EDISON INNOVATION FUND

ITEM: Clarification of approval for Tax Certificate Transfer Program
REQUEST: To approve clarifying that the August 12, 2014 approval for participation in the Tax Certificate Transfer program for the holding company "Matinas BioPharma Holdings Inc." is for the operating company "Matinas BioPharma Inc."
MOTION TO APPROVE: Commissioner Hal Wirths **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

ITEM: PortaScience Incorporated Springboard Recoverable Grant restructure request
REQUEST: Consent to restructure PortaScience Inc.'s outstanding Springboard Recoverable Grant to support a NJ life sciences company, while protecting the NJ Economic Development Authority's best interest and increasing potential for repayments.
MOTION TO APPROVE: Commissioner Hal Wirths **SECOND:** Ms. Kokas **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ANGEL INVESTOR TAX CREDIT PROGRAM

FOR INFORMATION ONLY: Summary of Delegated Authority Approvals for 3rd Quarter 2014.

INVESTOR: Weiliam Chen **APPL.#**39588
TECHNOLOGY BUSINESS: Endomedix, Inc.
LOCATION: Newark City/Essex
QUALIFIED INVESTMENT: $50,000.00
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

ITEM: Tech Launch Follow – On Funding Request

The above matter was withheld from consideration.

OFFICE OF RECOVERY

ITEM: Stronger NJ Neighborhood & Community Revitalization Program (NCR)—Development and Public Improvement (D&I) Projects—Round Two and Three Recommendations
REQUEST: Approve five (5) applications from Round Two and seven (7) applications from Round Three for a total of twelve (12) applications to the next phase review under the Stronger NJ Neighborhood & Community Revitalization Program, Development and Public Improvement (NCR D&I). Also requested the reject three (3) applications that did not meet federal Community Block Grant-Disaster Assistance (CDBG-DR) or NCR D&I program requirements.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Kokas **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

ITEM: Point Pleasant Packing, Inc. **APPL.#**39381
LOCATION: Point Pleasant Beach/Ocean
PROCEEDS FOR: Working Capital
FINANCING: $5,000,000 Stronger NJ Business Loan
MOTION TO APPROVE: Commissioner Hal Wirths **SECOND:** Mr. Imperatore **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

ITEM: Energy Resilience Bank – ERB Launch of First Funding Product for Water and Wastewater Treatment Facilities
REQUEST: To review and approve the Grant and Loan Financing Program Guide and the Round 1 Product Guide for Water and Wastewater Treatment Facilities related to the creation of the Energy Resilience Bank (ERB).
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Dumont **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

FOR INFORMATION ONLY: Summary of Delegated Authority approves for the Retail Fuel Station – Energy Resiliency Program for the 3rd Quarter ending September 30, 2014

ITEM: Stronger NJ Business Grant Program Appeal – V.R.I Realty, Inc.
REQUEST: To approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Grants for V.R.I Realty, Inc.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Kokas **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

ITEM: Stronger NJ Business Grant Program Appeal – JNM Realty.

The above matter was withheld from consideration.

ITEM: Empire Entertainment, LLC
REQUEST: Address the legal matters of Empire Entertainment, LLC, related to the applicant's pending Stronger New Jersey Business Grant application.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

INCENTIVE PROGRAMS

Brownfield Redevelopment Initiative Program

PROJECT: Frank Greek Company EB27 LLC **APPL.#**40021
LOCATION: East Brunswick/Middlesex
PROCEEDS FOR: Reimbursement remediation costs under a Brownfields Reimbursement Agreement
GRANT: $2,400,000
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Imperatore **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

GROW NEW JERSEY ASSISTANCE PROGRAM

PROJECT: BlackRock, Inc. APPL.#39785
LOCATION: West Windsor/Mercer
ANNUAL GRANT AWARD: $1,211,250, 10-year term
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Dumont **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

PROJECT: CareKinesis, Inc. APPL.#39900
LOCATION: Moorestown Township/Burlington
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

PROJECT: CareKinesis, Inc. APPL.#39900
LOCATION: Moorestown Township/Burlington
ANNUAL GRANT AWARD: $975,375, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Commissioner Wirths **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

PROJECT: Charles Komar & Son, Inc. and Affiliates APPL.#39781
LOCATION: Jersey City/Hudson
ANNUAL GRANT AWARD: $3,720,000, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Imperatore **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

PROJECT: Diasol, Inc. APPL.#39786
LOCATION: Phillipsburg/Warren
ANNUAL GRANT AWARD: $105,000, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

PROJECT: LI 2000, Inc. d/b/a Century 21 Department Stores APPL.#39501
LOCATION: Secaucus/Hudson
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

PROJECT: LI 2000, Inc. d/b/a Century 21 Department Stores APPL.#39501
LOCATION: Secaucus/Hudson
ANNUAL GRANT AWARD: $3,995,750, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

PROJECT: Lockheed Martin Corporation APPL.#39601

The above matter was withheld from consideration.

PROJECT: LTC Consulting Services, LLC APPL.#39890
LOCATION: Lakewood Township/Ocean
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Ms. Kokas **S ECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 24

PROJECT: LTC Consulting Services, LLC APPL.#39890
LOCATION: Lakewood Township/Ocean
ANNUAL GRANT AWARD: $2,453,625, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 25

PROJECT: Material Handling Supply, Inc. APPL.#39716
LOCATION: Pennsauken Township/Camden
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 26

PROJECT: Material Handling Supply, Inc. APPL.#39716
LOCATION: Pennsauken Township/Camden
ANNUAL GRANT AWARD: $185,250, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 27

PROJECT: MGP Manufacturing, LLC APPL.#39782
LOCATION: Paterson/Passaic
ANNUAL GRANT AWARD: $379,750, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 28

PROJECT: Northern Leasing Systems, Inc. APPL.#39748
LOCATION: Jersey City/Hudson
ANNUAL GRANT AWARD: $713,000, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 29

PROJECT: Patella Construction Corp. APPL.#39872
LOCATION: Passaic/Passaic
REQUEST: To approve the finding of jobs at risk
ANNUAL GRANT AWARD: $1,032,500, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 30

PROJECT: Pollaro Custom Furniture, Inc. APPL.#39849
LOCATION: Hillside/Union
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 31

PROJECT: Pollaro Custom Furniture, Inc. APPL.#39849
LOCATION: Hillside/Union
ANNUAL GRANT AWARD: $260,000, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 32

PROJECT: Princeton Tectonics APPL.#39899
LOCATION: Pennsauken Township/Camden
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 33

PROJECT: Princeton Tectonics APPL.#39899
LOCATION: Pennsauken Township/Camden
ANNUAL GRANT AWARD: $1,831,500, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 34

PROJECT: Taiho Oncology, Inc. APPL.#39779
LOCATION: West Windsor Township/Mercer
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 35

PROJECT: Taiho Oncology, Inc. APPL.#39779
LOCATION: West Windsor Township/Mercer
ANNUAL GRANT AWARD: $350,000, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 36

PROJECT: Gaming Laboratories International, LLC APPL.#39014
LOCATION: Lakewood/Ocean
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 37

PROJECT: Gaming Laboratories International, LLC APPL.#39014
LOCATION: Lakewood/Ocean
ANNUAL GRANT AWARD: $999,000, 10-year term
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 38

BOARD MEMORANDUMS

ITEM: The Bank of New York (BEIP Grant: P10553)
REQUEST: 1.) Location change from Lodi to Jersey City
2.) Name change from The Bank of New York to The Bank of New York Mellon
MOTION TO APPROVE: Commissioner Hal Wirths **SECOND:** Mr. Downes **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 39

FOR INFORMATION ONLY: Summary of post-closing actions approved under delegated authority during the 3rd quarter of 2014

FOR INFORMATION ONLY: Summary of Incentives Modifications and Salem/UEZ renewal extensions approved under delegated authority in the 3rd quarter of 2014

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

New Jersey Business Growth Fund: CNJ Real Estate LLC (P39783); JSASA Real Estate LLC (P39791)

Direct Loan Program: 2nd Home Newark Operations LLC and 717-727 Newark Properties LLC (P39428); Nordhoff Realty Associates (P39583)

NJ Main Street Assistance Program: Broadway Packaging Solutions, Inc. and Broadway Kleer-Guard (P39681); Earth Stone & Tile Inc. (P39673); Vac-U-Max (P39689)

Small Business Fund Program: GMB Holding LLC (P39632); RECA Property, LLC & Acer Associates, LLC or Nominee (P39496); T Hook Carpet & Flooring LLC (P39593); Top Notch Tree & Landscape LLC (P39765)

Stronger NJ Loan Program: Opdyke Furniture, Inc. (P39134)

New Jersey Business Growth Fund - Modification: 1602 New Road, LLC (P39774)

REAL ESTATE

FOR INFORMATION ONLY: Summary of Real Estate Division Delegated Authority for Leases, CCIT Grant and Right of Entry (ROE). Licenses for Third Quarter 2014.

TECHNOLOGY BUSINESS TAX CERTIFICATE TRANSFER PROGRAM APPEALS

ITEM: Technology Business Tax Certificate Transfer Program - Appeals
REQUEST: Approve the Hearing Officer's Report recommending that the disapprovals of Connotate, Inc., Prescription Advisory Systems and Technology, Inc., Seldar Pharma, Inc., Tacurion Pharma, Inc., and Telsar Pharma, Inc. be upheld and the declination for Emisphere, Inc., to be reversed.
MOTION TO APPROVE: Mr. Downes **SECOND:** Ms. Kokas **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 40

PUBLIC COMMENT

There was no comment from the public.

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to discuss a contract matter. The minutes will be made public when the need for confidentiality no longer exists.
MOTION TO APPROVE: Mr. Downs **SECOND:** Ms. Kokas **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 41

The next item was to vote on the amended terms of the Ground Lease discussed in Executive Session.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Alagia **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 42

There being no further business, on a motion by Mr. Downes, and seconded by Ms. Kokas, the meeting was adjourned at 11:30 am.

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

Kim Ehrlich, 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: November 11, 2014

RE: Chief Executive Officer's Report to the Board

NEW JERSEY MARKS SECOND ANNIVERSARY OF SUPERSTORM SANDY

To help commemorate the two year anniversary of Superstorm Sandy and showcase the resiliency of New Jersey's business community, Governor Christie toured East Dover Marina on October 29th. The full service, family-owned marina has called Toms River home for over 50 years and is one of Ocean County's largest Sea-Doo personal watercraft dealers. The company lost nearly all of its boats, equipment and inventory during the storm, and received a $50,000 Stronger NJ Business grant to help rebuild.

East Dover is one of 900 small businesses supported through the Stronger NJ Business Grant and Loan programs to date. In total, the EDA has awarded $160 million to support the recovery of small businesses and communities through the Stronger NJ programs. This also includes the Stronger NJ Neighborhood & Community Revitalization Program, which has advanced 11 "Main Street" revitalization projects and 19 development and public improvement projects in impacted communities throughout the State.

As part of the long-term recovery strategy, the Christie Administration is committed to ensuring that New Jersey's communities and infrastructure are more prepared to withstand future storms. This effort includes the New Jersey Energy Resilience Bank (ERB), which the EDA jointly launched with the New Jersey Board of Public Utilities on October 20th. The ERB is the first public infrastructure bank in the nation to focus on energy resilience, and is using $200 million of Community Development Block Grant funds to support the development of distributed energy resources at critical facilities across New Jersey.

EOA ENCOURAGES BUSINESS EXPANSION THROUGHOUT NEW JERSEY

During the month of October, Lt. Governor Kim Guadagno announced that three companies had chosen New Jersey for their expansion projects. The projects were supported through the Grow NJ program and help to illustrate the collaborative efforts of the Partnership for Action team.

Allied Specialty Foods, Inc. will be purchasing and renovating a 76,500-square-foot manufacturing and distribution facility in Vineland. The company, which produces and supplies USDA-approved

thin-sliced steak and chicken products for restaurant operators and retail outlets, had also considered relocating to Delaware. Allied plans to create 127 new jobs and retain its existing staff of 70.

Liscio's Bakery has outgrown its 30,000-square-foot production facility and was looking to expand in either New Jersey or Pennsylvania. The company has decided to move to a larger facility in Glassboro that will lead to the creation of 71 new jobs and ensure the retention of 176 jobs.

Finally, Paterson-based Accurate Box Company, Inc. will expand in New Jersey, adding 51 new jobs and 78,000 square feet of space. The company, one of the largest independent manufacturers of high quality litho-laminated packaging, reached full capacity at its current facility and began exploring expansion options that included relocating to New York. Accurate Box also will retain its 220 existing employees.

ENHANCEMENTS TO EOA SIGNED INTO LAW

On October 24th, Governor Christie signed A-3213, "The Economic Opportunity Act of 2014, Part 3," into law. Among the highlights, the Act designates Atlantic City as the fifth Garden State Growth Zone in order to strengthen the State's efforts to attract non-gaming economic development, business investment and job growth in the City.

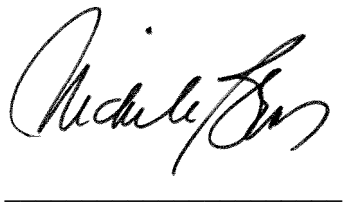
Other key provisions to the Grow NJ program including revising the definition of "capital investment" to exclude the cost of acquiring property, except in a Garden State Growth Zone; and, extending capital investment requirements tied to projects in an industrial premises to also include warehousing, logistics and research and development premises. Additionally, qualified residential projects under ERG now have until July 1, 2016 to submit an application to the EDA, with evidence of a temporary certificate of occupancy due by July 28, 2018.

2014 CLOSED PROJECTS

To date in 2014, the EDA has closed financing and incentives totaling more than $465 million for 172 projects that are expected to support the creation of more than 3,800 new jobs and involve total public/private investment of more than $1.1 billion in New Jersey's economy.

EVENTS

EDA representatives participated as speakers, attendees or exhibitors at 38 events in October. These included the NJTC Leadership Summit in Iselin, the NJ NAIOP Educational Seminar in New Brunswick, and the Governor's Conference for Women in Mays Landing.



AMENDED BOND RESOLUTIONS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: Research & Mfg. Corp. of America P40066

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

PROJECT LOCATION: 1130 West Elizabeth Avenue Linden City (T) Union

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

APPLICANT BACKGROUND:

Research & Mfg. Corp. of America ("RAMCOA") is a certified manufacturer of over 900 automotive suspension parts for light trucks, SUVs, major domestic and foreign passenger vehicles selling to large distribution companies that sell to national auto part stores. The company operates from a 58,860 sq. ft. facility on 4.7 acres on West Elizabeth Avenue, Linden with 42 employees.

In 2006, the Applicant closed on a $3,685,000 tax-exempt bond for the acquisition of the Project facility, renovations to the facility and the purchase of equipment and machinery. Wells Fargo (previously Wachovia Bank) privately placed the 2006 Bonds at a variable interest, resetting weekly, swapped to a fixed rate of 3.52% with a final maturity date of 11/1/31. The 2006 Bonds are also secured by a letter of credit provided by Wells Fargo.

The Applicant also closed on a $787,500 Clean Energy Solutions Capital Investment Loan (P29650) in 2010.

REFUNDING REQUEST:

Authority assistance will enable the applicant to refund the outstanding balance of the 2006 Bond, plus pay cost of issuance. Any difference between the project costs and the bond amount will be paid by the applicant.

FINANCING SUMMARY:

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

AMOUNT OF BOND: up to $2,980,000 Tax-exempt bond

TERMS OF BOND: 20 Years; Variable interest rate base on the tax-exempt equivalent of one month LIBOR plus 190 basis points. On the closing date, the borrower may enter into a fixed interest rate swap for either 5, 7 or 10 years. The indicative fixed rates as of 11/3/14 are 2.66% for 5 yrs., 2.90% for 7 yrs. or 3.13% for 10 yrs.

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	$2,980,000
Legal fees	$25,000
Finance fees	$22,500
TOTAL COSTS	$3,027,500

PUBLIC HEARING: 11/10/14 (Published 10/28/14) **BOND COUNSEL:** Wolff & Samson
DEVELOPMENT OFFICER: T. Gill **APPROVAL OFFICER:** J. Horezga

PRELIMINARY RESOLUTIONS

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

APPLICANT: Provident Group - Kean Properties L.L.C. P40039

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

PROJECT LOCATION: 1000 Morris Avenue Union Township (T) Union

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

APPLICANT BACKGROUND:

Provident Group - Kean Properties L.L.C. is a single purpose entity formed to hold title to the property located at 1000 Morris Avenue, Union, NJ. The sole and managing member of the applicant is Provident Resources Group ("Provident"), a 501(c)(3) not-for-profit organization committed to the development, ownership and operation of state-of-the-art facilities that serve to advance education, promote healthcare and meet the needs of the elderly and poor with safe and affordable housing. Since 2004, Provident has successfully financed and development more than $776 million in total student housing projects, resulting in the delivery of more than 7,500 beds of student housing for the benefit of colleges and universities in nine states and District of Columbia. In 2010, Provident participated with the Authority in the first public private partnership development under the Higher Education Public Partnership Program ("P3 Program") created as part of the NJ Economic Stimulus Act of 2009 and closed on a $234,990,000 tax-exempt bond financing to construct and manage a 2,000 bed student housing facility for the benefit of Montclair State University.

This Project is a public private partnership with Kean University under the P3 Program consisting of the construction of a multi-story student residence building on approx. 4.55 acres on the main campus of the University. In turn, University Student Living, LLC, will undertake the design, development, construction and furnishing and equipping of the Project via development and management agreements with Provident Group - Kean University Properties L.L.C., a single purpose entity created by the Applicant for the development, ownership and operation of the dormitory. The facility is designed to accommodate approx. 364 students in a combination of one, two and four bedroom units. The Project will also include an approx. 2,000 sq. ft. bistro and other student amenities, including study areas, game and laundry rooms.

The Project is also being presented by the Real Estate Division Staff at the November 10, 2014 Board Meeting for approval of Kean University's application to develop the dormitory in accordance with the P3 Program and the 2009 NJ Economic Stimulus Act.

The bonds for the Project will qualify as tax-exempt bonds under Section 103 and Section 145 of the Internal Revenue Code of 1986, as amended, and will not be subject to the State Volume Cap limitation pursuant to Section 146(g) of the Code and will be exempt from the $20,000,000 Capital Expenditure Limitation.

APPROVAL REQUEST:

Authority assistance will enable the applicant to (i) finance the development and construction of the Project, (ii) fund a debt service reserve fund, (iii) pay capitalized interest and (iv) pay costs of issuance of the bonds.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	$30,257,500
Interest during construction	$4,120,000
Debt service reserve fund	$2,795,000
Engineering & architectural fees	$1,985,000
Project Contingency	$1,650,000
Finance fees	$1,515,000
Purchase of equipment & machinery	$1,310,000
Soft Costs	$735,000
Legal fees	$345,000
Working capital	$287,500
TOTAL COSTS	$45,000,000

JOBS: At Application 0 Within 2 years 15 Maintained 0 Construction 245

PUBLIC HEARING:

BOND COUNSEL: Wolff & Samson

DEVELOPMENT OFFICER: T. Gill

APPROVAL OFFICER: T. Wells

LOANS/GRANTS/GUARANTEES

DIRECT LOANS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - DIRECT LOAN PROGRAM

APPLICANT: Tuckers Management LLC P39773

PROJECT USER(S): Tuckers Restaurant LLC * - indicates relation to applicant

PROJECT LOCATION: 101 S. West Avenue Beach Haven Borough (N) Ocean

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

APPLICANT BACKGROUND:

Tuckers Restaurant was a successful business for over 50 years until 2012 when the restaurant suffered heavy damage from Hurricane Sandy and closed. The prior owner decided not to rebuild and sold the property and business for $3.5 million to Martin Grims, who also owns 2 other successful restaurants in New Jersey (The Plantation, Daddy O's) as well as White Dog Café, and Moshulu in Pennsylvania.

The estimated cost to complete renovations, equip and furnish the restaurant was $1.95 million. In May of 2014, Susquehanna Bank provided a $750,000 capital lease, and in June 2014 the EDA approved a $360,000 loan under the EDA's Small Business Fund to pay for the remaining equipment.

At this time, Mr. Grims has requested a loan to refinance the Susquehanna Bank capital lease.

APPROVAL REQUEST:

Approve a new $750,000 Direct Loan to refinance equipment; interest only for 6 months; 10 year term/114 month amortization with a 5 year call and 5 year rate reset.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: $750,000

TERMS OF LOAN: First 6 months interest only. Interest rate based on the 5 year US Treasury rate or 2.0% (whichever is greater) plus 200 basis points; rate to reset at year 5. 10 year term 114 month amortization with a 5 year call option

PROJECT COSTS:

Purchase of equipment & machinery	$750,000
Finance fees	$14,200
TOTAL COSTS	$764,200

JOBS: At Application 50 Within 2 years 0 Maintained 50 Construction 0

DEVELOPMENT OFFICER: T. Gill **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 and Chief Operating Officer

DATE: November 10, 2014

SUBJECT: PUST and HDSRF Program Funding Status
(For Informational Purposes Only)

In December, 2012, the members approved a change in the administration of the subject programs as a result of new Treasury guidance for fund transfers. Throughout 2013, staff reported the status of those funds to the members monthly. In December, 2013 the board was advised that ongoing reporting of funding would be provided to the members quarterly commencing in January 2014.

Below is the funding availability as of third quarter ending on September 30, 2014:

PUST:
As of September 30th, remaining cash and unfunded appropriations (including budget approved appropriations for FY 2015) net of commitments was $9.3 million available to support an estimated $49.2 million pipeline of projects, of which approximately $ 5.2 million are under review at EDA.

HDSRF:
As of June 30th, remaining cash and unfunded appropriations (including budget approved appropriations for FY 2015) net of commitments was $33.4 million available to support an estimated $51.6 million pipeline of projects, of which approximately $11.3 million are under review at EDA.

Prepared by: Lisa Petrizzi

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

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

DATE: November 10, 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 Residential Grant:	
William and Barbara Connington	$107,715
UST Commercial Grant:	
Rosa Joao	$ 58,423
Total UST Grant Funding November 2014	**$166,138**

Prepared by: Lisa Petrizzi

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

APPLICANT: William Connington and Barbara Connington P39869

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

PROJECT LOCATION: 26 East Clinton Avenue Bergenfield Borough (N) Bergen

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

APPLICANT BACKGROUND:

In February 2014, William Connington and Barbara Connington received an initial grant in the amount of $128,938 under P38594 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. 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 applicants demonstrate that the applicants' financial condition conforms to the financial hardship test for a conditional hardship grant.

APPROVAL REQUEST:

The applicants are requesting a supplemental grant in the amount of $107,715 to perform the approved scope of work at the project site. Because the supplemental funding request exceeds the maximum aggregate staff delegation approval of $100,000, it requires EDA's board approval. Total funding to date for this project is $236,653.

The NJDEP oversight fee of $10,772 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: $107,715

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remediation	$107,715
NJDEP oversight cost	$10,772
EDA administrative cost	$250
TOTAL COSTS	$118,737

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Rosa Joao P38133

PROJECT USER(S): Centro Americano * - indicates relation to applicant

PROJECT LOCATION: 338 South 5th Street Elizabeth City (T/UA) Union

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

APPLICANT BACKGROUND:

Between March 2006 and February 2007, Rosa Joao, an equal partner with Manual Joao, Isabel Costa and Antonia Costa in the ownership of the project site, which is a service station, received an initial grant in the amount of $77,494 under P16661 and a supplemental grant in the amount of $85,843 under P17872 to close five underground storage tanks (USTs), perform the required remediation and restoration at the project site. The NJDEP has determined that the project costs are technically eligible to perform additional remedial activities at the project site.

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

APPROVAL REQUEST:

The applicant is requesting an additional supplemental grant in the amount of $58,423 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is $144,266, it exceeds the maximum aggregate staff delegation approval of $100,000 and therefore requires EDA's board approval. Total funding to date for this project is $221,760.

The NJDEP oversight fee of $5,842 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: $58,423

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	$58,423
NJDEP oversight cost	$5,842
EDA administrative cost	$500
TOTAL COSTS	$64,765

APPROVAL OFFICER: K. Junghans

EDISON INNOVATION FUND

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - EDISON INNOVATION VC GROWTH FUND PROGRAM

APPLICANT: Phone.com, Inc. P39278

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

PROJECT LOCATION: 211 Warren Street Newark City (T/UA) Essex

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

APPLICANT BACKGROUND:

The Company was formed in 2006 (operations commenced in 2007) as a provider of voice-over-internet ("VOIP") services with a focus on small office and home office ("SOHO") businesses. The Company's VOIP service is built on a proprietary software platform that is robust, scalable and cloud-based. In September 2012, the Board approved a $600,000 VC Growth loan to fund working capital needs. The loan has been fully disbursed and has remained in good standing. The Company is now seeking an additional VC Growth loan in the amount of $400,000 for growth capital.

APPROVAL REQUEST:

Approval is requested for a $400,000 loan as proposed.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: $400,000

TERMS OF LOAN: Interest rate of 6.1% with a 12-month interest-only period followed by a 48-month term and amortization.

PROJECT COSTS:

Growth Capital	$400,000
TOTAL COSTS	$400,000

JOBS: At Application 7 Within 2 years 16 Maintained 0 Construction 0

DEVELOPMENT OFFICER: C. Caruso **APPROVAL OFFICER:** Temporary

ANGEL INVESTOR TAX CREDIT PROGRAM

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

New Jersey Angel Investor Tax Credit Program

Created by law in 2013, the intent of this program is to encourage angel investment, which are generally equity placements into high-risk start-up ventures, to spur job creation and growth in New Jersey's current and next generation of select high-skill, high-wage, emerging technology industries.

Per N.J.S.A. 54:10A-5.28 et seq. / proposed N.J.A.C. 19:31-19 and the program's proposed rules, the applicant must:

- invest in calendar year 2012 or after, in a qualifying New Jersey emerging technology business with fewer than 225 employees, at least 75% of whom work in New Jersey.
- New Jersey emerging technology business must meet the following four criteria:
  - employs fewer than 225 employees, at least 75% of whom work in New Jersey.
  - does business, employs or owns capital or property, or maintains an office in New Jersey.
  - conducts at least one of the following activities in New Jersey:
    - incurs qualified research expenses in the State.
    - conducts pilot scale manufacturing in the State.
    - commercializes one or more of the following eligible technologies in the State: Advanced Computing, Advanced Materials, Biotechnology, Electronic Devices, Information Technology, Life Sciences, Medical Devices, Mobile Communications, and Renewable Energy Technology.
    - has as its primary business an eligible technology (as listed above).
  - qualified investments include non-refundable transfers of cash made directly to the New Jersey emerging technology business in connection with at least one of the assets listed below. To be considered non-refundable, these assets must be held or not expire for at least 2 calendar years from the date of the transfer of cash, with an exception being made for initial public offerings (IPOs), mergers and acquisitions, damage awards for the business's default of an agreement, or other return of initial cash outlay beyond the investor's control.
    - stock, interests in partnerships or joint ventures, licenses (exclusive or non-exclusive), rights to use technology, marketing rights, warrants, options, or any similar assets, including but not limited to options or rights to acquire any of the assets.
    - a purchase, production, or research agreement.
  - For all qualified investments, an investor must submit a completed application within one year of the date of the qualified investment.

Staff Review:

- After a complete application is submitted, staff reviews it according to the requirements of the Program and prepares a recommendation of approval or denial for Board action.
- Once an application is approved and Taxation issues the corresponding tax credit certificate, the tax credit is allowed and Taxation will administer compliance with the Program through Taxation's customary auditing and enforcement processes.

Amount of award based upon:
10% of the qualified investment made in a New Jersey emerging technology business, up to a maximum amount allowed credit of $500,000 for each qualified investment.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: November 10, 2014

SUBJECT: Angel Investor Tax Credit Program

On January 31, 2013, the New Jersey Angel Investor Tax Credit Act was signed into law with Regulations approved by the Members of the Board in June 2013. The New Jersey Angel Investor Tax Credit Program establishes credits against corporate business tax or New Jersey gross income tax in the amount of 10% of a qualified investment made into New Jersey emerging technology businesses as of January 1, 2012. The program has an annual approval cap of $25 million in tax credits per calendar year. Year-to-date 2014 there have been 32 investments approved for $1,198,758 in tax credits, representing the injection of nearly $12 million of capital into New Jersey emerging technology and life sciences companies. Staff is currently processing approximately 120 additional applications. The following investor is recommended for approval and is described on the attached project summary:

Application Number	Investor	NJ Emerging Technology Company	Qualified Investment	Proposed Tax Credit
P40057	Ironwood LLC	Eos Energy Storage LLC	$1,500,000	$150,000

Prepared By: David Ackerman

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - ANGEL INVESTOR TAX CREDIT

APPLICANT(S)/ANGEL INVESTOR:
Ironwood LLC P40057

APPLICANT(S)/ANGEL INVESTOR LOCATION:
New York, NY

NJ EMERGING TECHNOLOGY BUSINESS:
EOS Energy Storage LLC

TECHNOLOGY BUSINESS NJ LOCATION:
214 Fernwood Ave Edison Township (N) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Eos Energy Storage develops novel, low-cost energy storage solutions for the electric utility and transportation industries. Eos' mission is to produce cost effective energy storage solutions that are projected to be not only less expensive than other battery technologies, but less expensive than the most economical alternatives used today to provide the same services - a gas turbine for power generation or an internal combustion engine for vehicle power.

INDUSTRY:

( ) **Advanced Computing**	( ) **Information**	(X) **Renewable Energy**
( ) **Advanced Materials**	( ) **Life Sciences**	
( ) **Biotechnology**	( ) **Medical Device**	
( ) **Electronic Device**	( ) **Mobile Communications**	

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Eos Energy Storage LLC in exchange for LLC membership units in the company.

APPROVAL REQUEST:
As per authorized delegations, this investment exceeds the delegated signing authority cap. The Members of the Authority are therefore asked to approve the proposed Angel Investor Tax Credit to Ironwood LLC to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		06/26/2012
QUALIFIED INVESTMENT:	$	1,500,000.00
TAXPAYER APPROVAL YEAR: (2014)	$	150,000.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		23
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		19

DEVELOPMENT OFFICER: D. Ackerman **APPROVAL OFFICER:** D. Ackerman

TECHNOLOGY BUSINESS TAX CERTIFICATE TRANSFER PROGRAM

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: November 10, 2014

SUBJECT: Merger or Sale of Assets of Technology Business Tax Certificate Transfer Program Applicant and Past Benefit Recipient

Request:

To approve that the proposed merger or transfer of assets from Celldex Research Corporation (wholly owned subsidiary) to Celldex Therapeutics, Inc. (parent company and 100% owner) does not require a recapture under the Technology Business Tax Certificate Transfer Program.

Background:

Celldex Research Corporation was an applicant to the 2010, 2011, 2012 and 2013 Technology Business Tax Certificate Transfer Program. Their application was approved each year for $560,722 in 2010, $771,945 in 2011, $821,261 in 2012, and $1,106,226 in 2013 for a total face value of $3,260,154 in tax benefits. The company is also an approved applicant in the 2014 program.

On September 17, 2014, the Authority received a letter from Lowenstein Sandler LLP on behalf of Celldex Research Corporation. This letter requested the following:

1. The Authority reviews the combination of Celldex Research Corporation into its parent company, Celldex Therapeutics, Inc. via merger or transfer of assets.
2. The Authority confirms the combination would not initiate the recapture of awarded tax benefits granted to Celldex Research Corporation through participation in the Technology Business Tax Certificate Transfer Program.

The companies made this request because they desire to simplify their corporate structure, but in the course of doing so, they do not want to incur the recapture of past benefits.

The Technology Business Tax Certificate Transfer Program regulations addresses these instances in § 19:31-12.8 Recapture of tax benefits. The subsection specifies that tax benefits are subject to recapture if the "selling business fails to maintain a headquarters or base of operation in the State during the five years following the receipt of the private financial assistance" or if a "selling business fails to use the tax benefits or cash benefits as required by the Act."

In their request, the companies assert that the remaining entity after the business combination, Celldex Therapeutics, will continue to meet the Program requirements including maintaining the required amount of full time employees, the same operations, and headquarters/base of

operations. The companies specifically highlighted they will continue to maintain a headquarters/base of operations in Hampton, New Jersey as they have four years remaining on their facility's lease as well as two, five-year renewal options. Also, they stated that the operations and employee headcount of Celldex Research will continue and, hopefully, grow under the banner of Celldex Therapeutics.

As of today, Celldex Research is compliant with all Program regulations. Additionally, after the structure change, the surviving company, Celldex Therapeutics, has no intention to cease meeting the eligibility definition of a technology or biotechnology business. This includes owning protected, proprietary intellectual property and maintaining the primary business in research, development, production, or provision of biotechnology for the purpose of developing or providing products or processes for specific commercial or public purposes as well as retaining all employees as stated in past Program applications. Also, the remaining company would not use benefit funds for ineligible expenses per Program regulations. The companies would not initiate the business combination proceedings until after completion of the benefit closing process for 2014.

Furthermore, this is a transaction between a parent and its 100% wholly owned subsidiary. Because of that relationship, staff confirmed, as part of its review of the application from Celldex Research Corporation, that Celldex Therapeutics does not have net operating income in either of its two most recent full years of operations. The companies proactively submitted their request to the Authority before moving forward with a structural change to the business. This is in addition to stating they will not move forward with the combination if it violates the Program requirements and triggers the recapture of awarded benefits.

Recommendation:

Approve that the consolidation of Celldex Research Corporation, by either merger or transfer of assets, into its parent company, Celldex Therapeutics, Inc. does not require a recapture under the Program's regulations. This confirmation is contingent on Celldex Therapeutics assuming responsibility for all Technology Business Tax Certificate Transfer Program agreements and certifications made by Celldex Research Corporation as well as maintaining compliance with all covenants of these agreements and certifications.

Prepared by: Clark Smith

OFFICE OF RECOVERY

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: November 10, 2014

SUBJECT: **Amendment to Stronger NJ Business Loan Program Policies**

Request

Consent to the following actions:

1. Approve an amendment to the Stronger NJ Business Loan Program to revise the repayment terms of construction and working capital loans.

2. Delegate to EDA staff the authority (Level 3: Director (Credit and Real Estate Underwriting and Post Closing Credit and Bonds) to approve one six month principal moratorium for these loans. Additional extensions of time beyond one six month extension of the principal moratorium will require board approval, consistent with the policy requirements for EDA's Core Loan and Guarantee Programs.

3. Reduce the minimum credit score required for delegated approval from 650 to 600.

Background:

On 6/11/13, the Members approved the creation of the Stronger NJ Business Loan program in response to Superstorm Sandy.

Amendment to the Repayment Terms of Construction and Working Capital Loans

Currently, the Stronger NJ Business Loan Program requires that principal repayments on construction loans commence on the earlier of two years post closing or upon the borrowers receipt of a temporary certificate of occupancy ("TCO"). Applicants have expressed concern to EDA staff that at the point a TCO is issued the business may not necessarily be generating recurring cash flow in amounts sufficient to commence principal repayments. An example of this position is a retail business whose sole location was destroyed by the storm, eventually rebuilt, and a TCO issued 12 months post loan closing. The business will not be generating

positive recurring cash flow until some point post the receipt of the TCO. This reflects the fact that there will be a ramp up period of the prior customer base returning and any one time upfront costs being covered by the initial cash receipts of the business. As such, requiring principal repayments at that point will impair the business's ability to fully recover which is the purpose of the loan program.

To remedy this situation, EDA staff is proposing to eliminate the concept of the earlier of two years or TCO requirement and provide a blanket two year moratorium on principal payments to all construction loan borrowers. To ensure consistency, the two year moratorium of principal payments will also be applied to working capital loans which currently have an 18 month moratorium. This amendment to the loan program will be made available to all existing and future loan approvals.

Delegation to Provide One Six Month Extension

If after the two year moratorium the borrower is unable to commence principal repayments on the construction or working capital loans, staff is proposing a delegation to extend that timeline for one six month period provided the borrower substantiates the request. If the extension is approved, interest will accrue and capitalize at the then current five year US Treasury rate per the original approval.

Should a borrower be unable to commence full monthly payments after the initial six month principal moratorium, a second six month principal moratorium may considered provided the borrower substantiates the request. All second six month extensions will be presented to the board for approval, consistent with EDA's policy for its core loan and guarantee programs. This amendment to the loan program will be made available to all existing and future loan approvals.

Reduction of Credit Score

Applications under the Stronger NJ Business Loan program may be approved either by the Members of the Board or via delegated authority. Approvals under delegated authority must meet all of the following credit criteria:

- 100% loan-to-cost (inclusive of other funding sources).
- Global debt service coverage of 1.10 in fiscal year before or after Superstorm Sandy.
- Minimum credit score of 650 for at least one guarantor, if applicable.
- The total loan must not exceed $2 million.

Over the life of the loan program, EDA staff has observed that the majority of guarantor credit scores are above 650. Credit scores between 600 and 650 in many cases had derogatory events caused by the storm. As such, there is an explanation pointing to something beyond the applicant's control on why they were not able to manage their debt obligations appropriately. The credit analysis completed by EDA staff will determine if the poor credit score was related to an event beyond a guarantor's control or due to the mismanagement of personal finances prior to or after the storm. Projects in which the highest credit score of a guarantor is less than 600 and

EDA staff has determined through its credit analysis there are explainable mitigating factors causing the score to be less than 600 will be presented to the board for approval.

Recommendation

Consent to the aforementioned changes above to amend the Stronger NJ Business Loan Program.

Timothy Lizura
President and Chief Operating Officer

Prepared by: David A. Lawyer

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: November 10, 2014

RE: Stronger NJ Neighborhood & Community Revitalization Program (NCR) Funding Reallocation

Summary

The Members are requested to approve the reallocation of funds within the four components of the Stronger NJ Neighborhood and Community Revitalization Program (NCR Program).

Background

The Members have previously approved the creation of the Stronger NJ Neighborhood and Community Revitalization Program, the fourth and final program outlined in the State of New Jersey's Action Plan and allocated to the Authority. A total of $65 million was allocated to this program, to be used to fund several activities: (i) Development and Public Improvement (D&I) projects ($47.5MM); (ii) assisting Community Development Financial Institutions (CDFIs) in lending to businesses ($2.5MM); (iii) Streetscape Improvement Projects ($10MM); and (iv) assistance to Seaside Heights and Seaside Park for demolition and site clearance ($5MM).

To date, four CDFI grants have been awarded totaling $2MM. The fifth applicant has not closed on their grant. Due to the complexity of the NCR Program requirements, some, if not all, of the CDFI grantees may be withdrawing their funding requests and/or terminating their Grant Agreements. No funds have been disbursed to any CFDI grantees. In addition, funds may be available from the Seaside Heights and Seaside Park allocation.

Under the Streetscape component, adequate funding was not available for all the projects that scored higher than the 55 point threshold. These applicants were advised that their projects could advance if additional funds became available in the future. In order to expend the entire funding allocation, it is recommended that any unexpended funds from the CDFI and Seaside components of the NCR Program be allocated to fund eligible Streetscape Improvement Projects.

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

Notification is also being provided of scoring errors that occurred during the Round Two approval process. One of the scoring criteria for the Streetscape component was "Level of Damage to the Municipality", which was valued up to 15 points. The only project affected that was moving forward in the approval process is South Toms Rivers which was inadvertently given a score of 15 points in this category, the correct score should have been 0 points. Therefore, South Toms River's score has been reduced from 76 points to 61 points. Since the project scored more than 55 points, it will be eligible for funding, after any eligible, higher-scoring projects.

Attached is an integrated ranking summary of the applicants and their current standing.

Recommendation

The Board is requested to approve the reallocation of funds as outlined above within the four components of the Stronger NJ Neighborhood and Community Revitalization Program.

Timothy J. Lizura
President/Chief Operating Officer

Attachment
Prepared by: Donna T. Sullivan

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
STREETSCAPE REVITALIZATION PROGRAM - PROGRAM APPLICATION EVALUATION SHEET
Round 2

Revised 2014-10-28

Evaluative Criteria	Weight in Points	Grant Funds Allocated for Round 2	Hoboken	Long Branch	Neptune	Margate	Belmar - Main St.	Downtown - East Main Street	Sea Bright		Jersey City	Brigantine	Monmouth Beach Beach Road Facade	South Toms River	Belleville - Washington Ave & Main St.	Little Egg Harbor - Town Center	Fair Haven	Pleasantville - Main St.	Point Pleasant - Channel Drive	Ventnor - North Beach	Cape May - Convention Hall District		Park Amboy	Berkeley Township	Middle Twp Cape May Courthouse	Spring Lake	Hammonton	Harrison		Atlantic City - Atlantic Ave	Union Beach *
Requested Amount			$879,401	$750,000	$800,114	$354,664	$972,900	$390,000	$1,384,158		$1,500,000	$758,448	$245,000	$600,048	$1,500,000	$715,000	$1,081,820	$474,214	$1,500,000	$800,000	$253,000		$1,217,000	$171,612	$474,500	$134,400	$900,000	$589,000		$1,085,000	$113,708
Overall Project Cost			$965,373	$750,000	$800,114	$377,049	$972,900	$390,000	$1,384,158		$1,584,000	$758,448	$245,000	$600,048	$1,674,000	$715,000	$1,081,330	$474,214	$1,651,028	$800,000	$253,000		$1,275,000	$171,612	$474,500	$134,400	$900,000	$589,000		$4,485,000	$1,137,078
1-A) Super Storm Sandy Impacted Community - The project is located in one of the nine (9) "most impacted" counties.	10		10	10	10	10	10	10	10		10	10	10	10	10	10	10	10	10	10	10		10	10	10	10	10	10		10	
1-B) Super Storm Sandy Impacted Community - Level of Damage to Municipality	15		15	15	15	15	15	15	15		15	15	15	0	5	15	5	15	15	15	15		5	15	10	5	5	10		15	
1-C) Super Storm Sandy Impacted Community - Level of Damage to Proposed Project Vicinity	10		7	5	0	3	10	5	7		0	3	7	7	10	0	5	3	0	3	3		0	0	3	3	3	0		3	
2) Readiness to Proceed and Succeed - Projects with earlier completion dates will receive priority scoring in order to ensure that all awarded funds are disbursed by December 31, 2015.	10		5	5	7	7	7	7	7		5	5	7	7	5	7	3	3	3	5	3		3	5	0	7	5	3		0	
3) Low or Moderate Income Communities - Projects will be prioritized based on their location in a low or moderate income community	10		3	10	10	5	0	0	0		10	5	0	10	8	5	10	10	10	5	10		10	0	0	0	5	10		10	
4) Experience - Applicant's experience in successfully completing projects of a similar size and scope	10		7	7	7	7	7	10	7		5	5	7	7	5	5	5	5	7	5	5		7	5	3	7	7	3		7	
5) Relationship with Plan - Documentation that the project improvements are integral to implementing a comprehensive revitalization strategy or plan	10		8	5	10	10	9	10	6		10	9	7	7	7	5	7	5	5	5	3		7	3	7	5	4	3		8	
6-A) Extent to which the project will improve the neighborhood and community at large as documented in the submission package	15		10	10	10	10	10	10	10		7	10	7	10	3	7	10	4	5	5	5		10	5	10	5	5	5		10	
6-B) Increase the resiliency of the community to rebound from future weather-related disasters	10		10	8	3	4	3	3	7		5	3	3	3	5	5	3	3	3	3	3		0	3	3	3	0	0		3	
GRAND TOTAL	100		75	75	72	71	71	70	69		67	65	63	61	60	59	58	58	58	57	57		52	46	46	45	44	44		72	-

* Below minimum $ thresholds for Program

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

DATE: November 10, 2014

SUBJECT: Stronger NJ Business Grant Program Appeals – JNM Realty; Freehold Radiology; I.P. Company, Inc.; Steven DiPietro/113 Blvd. LLC; Lyles-Belton Publishing and Communication, LLC; and Arnott Appraisal and Consulting, LLC

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 six appeals: JNM Realty; Freehold Radiology; I.P. Company, Inc.; Steven DiPietro/113 Blvd. LLC; Lyles-Belton Publishing and Communication, LLC; and Arnott Appraisal and Consulting, LLC. 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 declinations under the Stronger NJ Business Grant Program for JNM Realty; Freehold Radiology; I.P. Company, Inc.; Steven DiPietro/113 Blvd. LLC; Lyles-Belton Publishing and Communication, LLC; and Arnott Appraisal and Consulting, LLC be upheld.

Michele Brown

attachments

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) the project has a financing gap.
- 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: November 10, 2014

RE: **ACTH Partners, LP**
Residential Economic Redevelopment and Growth Grant Program ("RES ERG")
P #39273

Request

The Members are asked to approve the application of ACTH Partners, LP (the "Applicant") for a Project located in Atlantic City, Atlantic County (the "Project"), for the issuance of tax credits pursuant to the RES ERG program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 ("Act").

The total costs of the Project are estimated to be $25,602,286 and of this amount $23,059,846 are eligible costs under the RES ERG program. The recommendation is to give 30% of eligible costs, not to exceed $6,917,954.

The Applicant is a single purpose entity that will be 99.99% owned by an Investor Member LLC to be created through R4 and 0.01% by ACTH Management LLC, a single purpose entity. Vitus Development New York, LLC is the sole managing member of ACTH Partners, LP.

Project Description

Atlantic City Townhomes is located at 1330 Mediterranean Avenue in Atlantic City, Atlantic County. It is a 14 story senior apartment building, originally constructed in 1980. The project consists of 175 rental dwelling units of which 168 are one-bedroom units and seven are two-bedroom units. A two-bedroom unit serves as a rent free superintendent's unit. There is currently a Project Based Section 8 Housing Assistance Payment (HAP) contract for 174 units which expires on August 18, 2015. The applicant is in the process of renewing the Project's HAP contract. The project currently operates at approximately a 5% vacancy rate.

The rehabilitation will include replacement of all unit windows throughout the building, and painting of exterior doors. The common area renovations include newly painted walls and the addition of new recessed lighting. The community room will have new carpet, window treatments and painting throughout. Unit upgrades will include the renovation of bathrooms and replacement

of cabinets, appliances and flooring. Exterior renovations will include new exterior LED building lighting, replacement of the parking lot seal coating and line striping, canopy roofs, asphalt repairs, curb and gutter replacement. The domestic hot water return pump will be replaced for improved performance and energy efficiency. In addition, installation of additional domestic hot water storage capacity will eliminate short cycling of the new condensing hot water boilers.

The current owner of the property, A.C.T Affordable Housing, Inc., acquired the property in 1996. The applicant and A.C.T Affordable Housing, Inc. have entered into an agreement for the sale and purchase of the property which reflects a purchase price of $12,500,000.

The property is located within a Smart Growth Area and an Urban Coordinating Council (UCC) Target Area. This Project will comply with the New Jersey Housing and Mortgage Finance Agency's ("NJHMFA") Energy Star Equivalency Program. An estimated completion date for the rehabilitation of the project complies with the RES ERG deadline of July 1, 2018.

Although applicants for the RES ERG program are not required to maintain certain employment levels, it is estimated that this Project, per the Applicant, will create approximately 30 temporary construction jobs during rehabilitation and retain 5 full time positions at the project site as a result of the ERG subsidy.

Per the appraisal report prepared by a Carduner Valuations Services, Inc. dated May 21, 2014, the "as is" value of the property is $13,300,000.

EDA will follow NJHMFA's underwriting guidelines by recognizing the lesser of the appraised value or the purchase price of the property in the last arm's length transaction. For the proposed project, $12,500,000 is being recognized for the cost of acquisition.

Project Ownership

The Applicant is a single purpose entity that will be 99.99% owned by an Investor Member LLC to be created through R4 Capital, the project's tax credit syndicator, and 0.01% by ACTH Management LLC, a single purpose entity. Vitus Development New York, LLC is the sole managing member of ACTH Partners, LP.

Vitus Development New York, LLC ("The Vitus Group") located in New York, NY is the developer of the project. The Vitus Group completed Asbury Park Gardens in New Jersey and has been active in the New York market since 2008. They developed Lexington Courts which is a 229 unit preservation project in East Harlem. The Vitus Group also developed a 111 unit preservation project in the Bronx called Morris Heights Mews. To date, Vitus has developed and owns more than 60 projects with more than 5,000 units across 13 states.

Project Uses

The Applicant proposes the following uses for the Project:

Uses	*Total Project Costs*	*RES ERG Eligible Amount*
Acquisition of Land and Buildings	$ 12,500,000	$ 12,500,000
Construction & Site Improvements	5,972,925	5,972,925
Professional Services	478,481	478,481
Financing & Other Costs	3,725,853	3,372,180
Contingency	736,260	736,260
Development Fee	2,188,767	0
TOTAL USES	**$ 25,602,286**	**$ 23,059,846**

ERG eligible project costs exclude ineligible costs aggregating $2,542,440, which include the developer fee of $2,188,767 and Reserve Escrows of $353,673.

Sources of Financing	*Amount*
Conduit Loan Perm Debt	$ 13,400,000
ERG Tax Credit Equity	5,188,465
Equity	
Income during operations	884,294
LIHTC	4,795,133
Deferred Developer Fee	1,334,394
Total	**$ 25,602,286**

The Applicant is anticipating a firm commitment at NJHMFA's November 21, 2014 board meeting. The project did receive from NJHMFA a Declaration of Intent in the amount of $13.1 million for construction and permanent financing on July 10, 2014. As part of its approval, NJHMFA reviews and approves all components of the financing in addition to the development fee.

As part of its permanent financing structure the Applicant has received a letter of intent from the tax credit syndicator, R4 Capital, who will be providing both the Low Income Housing Tax Credit equity and RES ERG Tax Credit equity for a total of $9,983,598. The RES ERG tax credits will be priced at $0.75 for each dollar of State Tax Credits allocated to the investment of the project. In addition, the Applicant anticipates receiving a permanent loan from CITI through NJHMFA's conduit bond program in the amount of $13,400,000.

Development Fee

The amount of developer fee allowed for eligible rehabilitation or new construction costs will be limited to 15% of total development costs excluding land, pre-operational expenses, and escrows and reserves pertaining to permanent takeout financing. Total development fee includes all hard and soft costs, in addition to applicable financing fees. Developer fee at project construction completion or stabilization shall not exceed 8% (out of the 15% total) with the balance being deferred and taken through projected cash flow. This is consistent with NJHMFA's approach.

The Applicant has demonstrated to both NJHMFA and EDA that the project will not generate sufficient cash flow to return the entire developer fee within five years of project stabilization. The maximum developer fee of 15% for this project will not be achieved until year 9.

Residential ERG projects are required to have a minimum of 20% equity in the capital stack based on the total projects costs. The three equity sources of capital in Atlantic City Town Homes are deferred developer fee of $1,334,394, LIHTC equity syndicated by R4 Capital in the amount of $4,795,133, and income from operations during construction of $884,294 which collectively is 27% of total project costs.

Other Statutory Criteria

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

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

Atlantic City Townhouses project was originally constructed in 1980. Renovations will update an aging building and provide senior housing to the residents of Atlantic City, NJ. Post-completion, the project is anticipated to operate with sufficient cash flow for the foreseeable future in conjunction with the Applicant's Section 8 contract. However, without the State incentive, the Applicant represents that the Project is not feasible due to the initial funding gap.

The Authority is in receipt of a Market Feasibility Analysis dated March 04, 2014 on the Project prepared by Tony Kamand Realty LLC, a third party consultant who issued their determination of current and future market conditions. The study demonstrates the continued market demand for the Project and supports the financial assumptions included in the Project pro forma.

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

The Project is located in Atlantic City, NJ, Atlantic County, an area that has struggled economically and socially due to a declining employment base, lack of outside investment and poor schools. As of 2011, the median household income of Atlantic City was $26,257, which is

much lower than the State median household income of $67,458. The unemployment rate as of July 2013 was 15.3% versus the State of New Jersey's unemployment rate of 8.6%. Additionally, Atlantic City is ranked # 559 in the MRI index, is a Distressed Community and is designated as an Urban Aid Municipality. The project fills the need for affordable housing in the Atlantic City, NJ.

Recommendation

Authority staff has reviewed the application for ACTH Partners, LP and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue a commitment letter to the Applicant.

Issuance of the RES ERG tax credits are contingent upon the Applicant meeting the following conditions:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant to the Authority for the RES ERG; and

2. Evidence of site control and site plan approval for the Project; and

3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project.

Tax Credits shall be issued upon:

1. Completion of construction and issuance of a Certificate of Occupancy (no later than July 1, 2018; and

2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and satisfactory to the NJEDA; and

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: $25,602,286.

Eligible Tax Credits and Recommended Award: Not to exceed $6,917,954 which equates to 30% of eligible project costs over 10 years.

Timothy Lizura

Prepared by: Matthew Boyle

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: November 10, 2014

RE: **Chambers Crescent, LLC**
Residential Economic Redevelopment and Growth Grant Program ("RES ERG")
P #39516

Request

The Members are asked to approve the application of Chambers Crescent 2014, LLC (the "Applicant") for a Project located in Lakewood, Ocean County (the "Project"), for the issuance of tax credits pursuant to the RES ERG program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 ("Act").

The total costs of the Project are estimated to be $16,282,723 and of this amount $13,458,114 are eligible costs under the RES ERG program. The recommendation is to give up to 30% of eligible costs, not to exceed $4,037,434.

Chambers Crescent, LLC, located in Lawrenceville, New Jersey is the applicant and developer for the Project's financing.

Chambers Crescent LLC, is a subsidiary of Community Investment Strategies Inc. "CIS". Since its founding in 1994, CIS has developed a broad spectrum of multi-family properties, ranging from garden apartments to mid- and high-rise complexes, valued in excess of $400 million. CIS is a fully integrated real estate organization specializing in multi-family housing, including 55+, senior housing and mixed-use redevelopments, as well as market-rate and affordable housing. The company's diverse portfolio includes more than 3,000 apartment-rental units located in the northeast, with a high concentration in New Jersey. CIS has successfully completed over 20 Low Income Housing Tax Credit projects with New Jersey Housing and Mortgage Finance Agency ("NJHMFA") throughout the State.

Project Description

Chambers Crescent is an existing family project located at 483 Cedarbridge Avenue; the site is approximately 6.92 acres. Currently on the property are 63 units of public housing in twelve residential buildings. The project consists of 34 two-bedroom units and 29 three-bedroom units. CIS will acquire the existing units and ground lease the land from the Lakewood Housing Authority, as The Rental Assistance Demonstration "RAD" requires some ongoing involvement/ownership by the Public Housing Authority.

The subject is located adjacent to Cedar Bridge Avenue in Lakewood NJ, a major thoroughfare served by County public transportation that makes easy connections to major NJ Transit Bus Lines, both local and regional. There are multiple shopping centers within walking distance, and major commercial centers are very easily accessible. The property will be managed by CIS Management, a related entity, and will include 124 parking spaces. All the units will be underwritten below 60% AMI for tax credit purposes.

This Project will comply with the NJHMFA Energy Star Equivalency Program.

An estimated completion date for the rehabilitation of the project complies with the RES ERG deadline of July 1, 2018.

Although applicants for the RES ERG program are not required to maintain certain employment levels, it is estimated that this Project, per the Applicant, will create approximately 43 temporary construction jobs during rehabilitation and 3 full time positions created at the project site as a result of the ERG subsidy.

Scope of Work

Chambers Crescent will involve the substantial renovation of 53 of the existing units in 10 of the buildings. New construction will involve the replacement of 9 units in two buildings. An on-site porter's unit will be added, for a total of 63 units. A new community building will also be constructed for the tenants use.

The substantial rehabilitation of 53 units in 10 of the residential buildings will include upgrading the electrical systems, installing new individual heating and cooling systems, individual hot water heaters, and duct work; and new Energy Star thermostats will be installed. The gas service to the stoves will be disconnected and converted to electric; plumbing and electrical work for stackable washer/dryers will be installed; and utility closets for washers/dryers will be created. Hardwired smoke and CO detectors will be installed; treads and handrails will be replaced, as necessary; new flooring will be installed throughout units, and drywall will be repaired or replaced, as needed. New kitchen cabinetry will be installed; doors, hardware, lighting, and plumbing fixtures will be replaced; all appliances will be replaced with Energy Star rated equipment; painting will be done. Four new accessible units will be created, and the Project will meet the building code requirements by retro-fitting additional units so they are also accessible.

The existing buildings will receive new vinyl siding, flashing, and trim; and brick veneer will be repaired, where necessary. Electricity will be provided to crawl spaces of the buildings to allow for heat trace tape and sump pumps; new doors, mailboxes, doorbell/ knockers, and unit numbers

will be installed. Attic ventilation and insulation will be installed. All asphalt shingled roofs will be removed and replaced, and new gutters will be installed.
Rehabilitation will also include significant site work and landscaping, and a reconfiguration of interior roadways to improve vehicular access and greatly increase parking capacity.

Relocation and/or disruption to existing tenants will be minimized as most of the improvements will be done with the tenants in place. If the construction of new units requires it, tenants in the units to be demolished will be temporarily re-located off site, following HUD rules.

Project Ownership
On January 22, 2013 the Lakewood Housing Authority ("LHA") selected CIS as the developer for the Chambers Crescent project through their RFP process. The applicant, Chambers Crescent, 2014, LLC has no commonality of ownership with the land owner. CIS will ground lease the property from the LHA at the cost of $72,000 annually, for a term of up to 99 years. Additionally, they will purchase the buildings from the LHA for $2,990,000.

Per the appraisal report dated May 4, 2014 reviewed and approved by NJHMFA, the "as is" value of the property is $3,860,000.

EDA will follow NJHMFA's underwriting guidelines by recognizing the lesser of the appraised value or the purchase price of the realty in the last arm's length transaction. For the proposed project, $2,990,000 is being recognized for the cost of acquisition.

Project Uses
The Applicant proposes the following uses for the Project:

Uses	*Total Project Costs*	*RES ERG Eligible Amount*
Acquisition of Buildings	$ 2,990,000	$ 2,990,000
Relocation Expense	500,000	
Construction & Site Improvements	7,900,000	7,900,000
Professional Services	703,000	703,000
Financing & Other Costs	1,599,360	1,043,887
Contingency	821,227	821,227
Development Fee	1,769,136	0
TOTAL USES	**$ 16,282,723**	**$ 13,458,114**

ERG eligible project costs exclude ineligible costs aggregating $2,824,609, which include the developer fee of $1,769,136, Relocation expense of $500,000 and Escrows totaling $555,473.

Sources of Financing	*Amount*
NJHMFA Perm Loan Debt	$ 3,578,805
ERG Tax Credit Equity	3,028,076
Equity	
LIHTC	6,080,556
Deferred Developer Fee	815,558
Seller Financing	2,990,000
Total	**$ 16,282,723**

The Applicant is anticipating a firm commitment at NJHMFA's November 21, board meeting. The project did receive a Declaration of Intent from NJHMFA in the amount of $10 million from the NJHMFA for construction and permanent financing on May 22, 2014. As part of its approval, NJHMFA reviews and approves all components of the financing in addition to the development fee.

As part of its permanent financing structure, the Applicant received a commitment from Boston Capital on August 14, 2014 to provide the Low Income Housing Tax Credit equity and RES ERG Tax Credit equity for a total of $9.11 million The LIHTC is based on a price of $0.98 for each dollar of Federal Tax Credits and $0.75 for each dollar of State Tax Credits allocated to the investment of the project. In addition, the Applicant anticipates receiving a permanent loan from NJHMFA in the amount of $3,578,805.

Development Fee

The amount of developer fee allowed for eligible rehabilitation or new construction costs will be limited to 15% of total development costs excluding land, pre-operational expenses, and escrows and reserves pertaining to permanent takeout financing. Total development fee includes all hard and soft costs, in addition to applicable financing fees. Developer fee at project construction completion or stabilization shall not exceed 8% (out of the 15% total) with the balance being deferred and taken through projected cash flow. This is consistent with NJHMFA's approach.

The Applicant has demonstrated to both NJHMFA and EDA that the project will not generate sufficient cash flow to return the entire developer fee within five years of project stabilization. The maximum developer fee of 15% for this project will not be achieved until year 15.

Residential ERG projects are required to have a minimum of 20% equity in the capital stack based on the total projects costs. The two equity sources of capital in Chambers Crescent are deferred developer fee of $815,558 and LIHTC equity syndicated by Boston Capital in the amount of $6,080,556 which is 37% of total project costs.

Other Statutory Criteria

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

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

Chambers Crescent was constructed over 40 years ago and currently has vacancy rates at just about 5%. The renovations will update an aging building and provide safe affordable housing to families in Ocean County. Post-completion, the project is anticipated to operate with sufficient cash flow for the foreseeable future. The Applicant represents that without the State credit, the project is not feasible due to the initial funding gap to rehabilitate the existing buildings in addition to the new construction of the two buildings being proposed.

The Authority is in receipt of a market study prepared by RES, Advisors Inc. dated May 1, 2013. The study suggests that good quality, new apartments with amenities will draw some residents from other parts of Ocean County and also from Monmouth County. Ocean County is projected to experience population and household growth over the next five years, the continuation of a trend that has existed for the past decade.

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

As Lakewood has grown in recent years, the part of town where this project is located has remained underutilized. The Project is in poor condition and in need of major rehabilitation. With an eye toward directing the growth of the community, the Township adopted a Smart Growth Plan in 2009. Chambers Crescent advances the Smart Growth Plan by rehabilitating housing stock along the highway corridor near the new center, focusing development where infrastructure currently exists, and preserving other underutilized areas for conservation. This development will help provide a significant economic investment in Ocean County. The project fills the need for affordable housing in Lakewood.

Recommendation

Authority staff has reviewed the application for Chambers Crescent 2014, LLC and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue a commitment letter to the Applicant.

Issuance of the RES ERG tax credits are contingent upon the Applicant meeting the following conditions:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant to the Authority for the RES ERG; and

2. Evidence of site control and site plan approval for the Project; and

3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project.

Tax Credits shall be issued upon:

1. Completion of construction and issuance of a Certificate of Occupancy (no later than July 1, 2018; and

2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and satisfactory to the NJEDA; and

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: $16,282,723.

Eligible Tax Credits and Recommended Award: Not to exceed $4,037,434, which equates to 30% of eligible project costs over 10 years.

Timothy Lizura

Prepared by: Jenell Johnson

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 the 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: DioGenix Inc. P39375

PROJECT LOCATION: 808 Market Street Camden City Camden County

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

APPLICANT BACKGROUND:
Founded in 2007 and headquartered in Bethesda, Maryland, DioGenix Inc. is developing novel molecular tests using application-specific, high-resolution state-of-the-art technologies that measure human biology, including the development of the first molecular test for Multiple Sclerosis (MS) in almost 50 years. In January 2014, this privately-held company's lead product candidate, MSPrecise, met the primary endpoint in a prospective, randomized and blinded, multi-site clinical trial for the identification of patients that have, or are at risk of developing MS. DioGenix Inc.'s program will, for the first time, provide neurologists with a comprehensive set of next-generation sequencing assays to diagnose early-stage MS, segment MS patients into clinical sub-types, and predict response to treatment. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
The proposed project is located in Camden, NJ, a city that ranked 566 out of 566 municipalities in the 2007 New Jersey Municipal Revitalization Index. In recognition of Camden's inability to attract investment, in the New Jersey Economic Opportunity Act, the Legislature declared that Camden and the other Garden State Growth Zones presented significant challenges to development and created incentives unique to Camden and other similarly situated Garden State Growth Zones to overcome these barriers.

The management of DioGenix has indicated that the grant of tax credits is a material factor in the company's decision whether or not to locate the project in Camden. The Authority is in receipt of an executed CEO certification by Larry Tiffany, the CEO of DioGenix Inc., which states that the Grow New Jersey award is a material factor in the company's decision to make the capital investment and locate the project in Camden. The CEO certification also states that the application has been reviewed and the information submitted and representations contained therein are accurate.

Staff reviewed the project and finds support for management's assertion that the award of tax credits is a material factor in the company's decision to locate in Camden. If DioGenix chooses the Camden option, DioGenix will move its small laboratory from Maryland to New Jersey in order to expand and transform it into a federally-compliant and accredited facility. To that end, DioGenix is considering leasing approximately 15,700 sf of space in Camden City. The main alternative option is to remain and expand in Maryland. This human genetic and biotechnology product development company's expansion/relocation plans will result in the creation of 71 new positions. The company has applied for an award of tax credits under the new Grow New Jersey program to provide an incentive to relocate to and expand in New Jersey. It is estimated that the project would have a net benefit to the State of $20 million over the 35 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 targeted industry 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	$418,667	$2,991,986
New Jobs	19	71
Retained Jobs	27	0

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	808 Market Street 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	808 Market Street 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 light 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,	The proposed median salary of $60,000 exceeds the Garden State Growth Zone median salary by 104.26% resulting in

	or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500	an increase of $500 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 center business	The applicant is a Life Sciences 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	Camden City has a 2007 Revitalization Index of 566

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	
Jobs with Salary in Excess of County/GSGZ Average:	$ 500	
Targeted Industry (Life Sciences):	$ 500	
2007 Revit. Index>465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem:	$1,000	
INCREASE PER EMPLOYEE:		$5,500

PER EMPLOYEE LIMIT:

Garden State Growth Zone	$15,000	

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $10,500

AWARD:

New Jobs:	71 Jobs X $10,500 X 100% =	$745,500
Retained Jobs:	0 Jobs X $10,500 X 100% =	$ 0
	Total:	**$745,500**

ANNUAL LIMITS:

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

TOTAL ANNUAL AWARD **$745,500**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 2,991,986
NEW FULL-TIME JOBS:	71
RETAINED FULL-TIME JOBS:	0

GROSS BENEFIT TO THE STATE (OVER 35 YEARS, PRIOR TO AWARD):	$ 27,539,890
NET BENEFIT TO THE STATE (OVER 35 YEARS, NET OF AWARD):	$ 20,084,890
TOTAL AMOUNT OF AWARD:	$ 7,455,000
TERM:	10 years
MEDIAN WAGES:	$ 60,000
SIZE OF PROJECT LOCATION:	15,700 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	0

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 DioGenix 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: C. Caruso **APPROVAL OFFICER**: J. Rosenfeld

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

APPLICANT: Lockheed Martin Corporation P39601

PROJECT LOCATION: 11 Federal Street and 200 Federal Street Camden City Camden

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

APPLICANT BACKGROUND:
Lockheed Martin Corporation, headquartered in Bethesda, Maryland, is a global security and aerospace company that employs roughly 113,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. As a global security, aerospace, and information technology company, the majority of Lockheed Martin's business is with the U.S. Department of Defense and the U.S. federal government agencies. In fact, Lockheed Martin is the largest provider of IT services, systems integration, and training to the U.S. Government. The remaining portion of Lockheed Martin's business is comprised of international government and some commercial sales of the company's products, services and platforms.

Lockheed Martin is seeking to create two fully integrated laboratory facilities (in the L-3 building and the Waterfront Technology Center) in Camden. The applicant has demonstrated the financial ability to undertake the project.

Lockheed Martin has closed on a Legacy Grow NJ tax credit for retaining 1,000 jobs at its Moorestown, NJ facility (P37303). Per this agreement, Lockheed is required to maintain at least 80% of its then statewide base employment. To remain in compliance with the prior agreement, the minimum number of employees that Lockheed Martin must maintain in New Jersey is 4,308.

The applicant has also begun a partnership with Rowan University in which it seeks to provide a "path to work" for New Jersey students seeking higher education in technology fields.

MATERIAL FACTOR/NET BENEFIT:
The proposed project is located in Camden, NJ, a city that ranked 566 out of 566 municipalities in the 2007 New Jersey Municipal Revitalization Index. In recognition of Camden's inability to attract investment, in the New Jersey Economic Opportunity Act, the Legislature declared that Camden and the other Garden State Growth Zones presented significant challenges to development and created incentives unique to Camden and other similarly situated Garden State Growth Zones to overcome these barriers.

The management of Lockheed Martin has indicated that the grant of tax credits is a material factor in the company's decision whether or not to locate the project in Camden. The Authority is in receipt of an executed CEO certification by Marillyn Hewson, the CEO of Lockheed Martin, which states that the Grow New Jersey award is a material factor in the company's decision to make the capital investment and locate the project in Camden. The CEO certification also states that the application has been reviewed and the information submitted and representations contained therein are accurate.

Staff reviewed the project and finds support for management's assertion that the award of tax credits is a material factor in the company's decision to locate in Camden. If Lockheed Martin chooses the Camden option, the company would establish two fully integrated laboratory facilities in Camden. The alternative is to reduce Lockheed Martin's New Jersey staff due to increased competition in the Defense industry.

This project represents a significant positive step forward for Camden's redevelopment efforts, bringing two state of the art fully integrated laboratory facilities to the city. It is estimated that the project would have a net benefit to the State of $248,797 over the 35 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 250 New Jersey jobs listed in the application are at risk of being eliminated. This certification 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 a Non-Industrial – Rehabilitation Project for an other targeted industry 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	$1,350,373	$146,379,719
New Jobs	19	0
Retained Jobs	27	250

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation. Projects located in Camden are eligible to receive per employee as a tax credit the total amount of capital investment for

the project divided by the number of employees, subject to the following limits, provided that the project represents a net positive benefit to the State:

New or Retained Jobs	Capital Investment	Maximum Annual Tax Credit	Limit on Total Tax Credit
≥35	$5,000,000	$2,000,000	$20,000,000
≥70	$10,000,000	$3,000,000	$30,000,000
≥100	$15,000,000	$4,000,000	$40,000,000
≥150	$20,000,000	$5,000,000	$50,000,000
≥250	**$30,000,000**	**Cap. Inv./10**	**Not Limited**

Provided the company complies with all other program requirements, a reduction in the number of new or retained full-time jobs indicated in the company's annual report below the number certified in the initial CPA certification shall proportionately reduce the amount of tax credits the company may apply against liability in the relevant tax period. Also, if the number of new and retained full-time jobs, as indicated by the company's annual report, is reduced below the required number in the table above, the tax credits that the business may take shall be subject to the annual limit corresponding to the new and retained full-time jobs.

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 146,379,719
NEW FULL-TIME JOBS:	0
RETAINED FULL-TIME JOBS:	250

GROSS BENEFIT TO THE STATE (OVER 35 YEARS, PRIOR TO AWARD):	$107,248,797
NET BENEFIT TO THE STATE (OVER 35 YEARS, NET OF AWARD):	$ 248,797
TOTAL AMOUNT OF AWARD:	$107,000,000
TERM:	10 years
MEDIAN WAGES:	$ 98,000
SIZE OF PROJECT LOCATION:	50,639 sq. ft.
STATEWIDE BASE EMPLOYMENT:	4,464

PROJECT IS: ( ) 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.

6. Due to the Net Benefit to the State being less than 10% of the Grow NJ award amount, the Net Benefit to the State will be recalculated if the CPA certification shows a 10% or more reduction of the number of eligible jobs, capital investment, or payroll from the amounts approved by the board. If the Net Benefit analysis does not support awarding a tax credit for the entire amount of the capital investment, then the amount of the award will be reduced accordingly.
7. The applicant has pledged to keep a minimum number of full-time jobs of 4,464 (the 4,308 required as part of the prior agreement plus the 156 employees in this project currently in excess of that minimum) in the State of New Jersey. For every 15 (10% of the 156 jobs in this project) full-time jobs the applicant falls below this 4,464 full-time New Jersey job minimum, the Grow NJ award will be reduced by 10%.

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 Lockheed Martin Corporation 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: P. Ceppi **APPROVAL OFFICER**: J. Rosenfeld

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

APPLICANT: Principis Capital LLC P39991

PROJECT LOCATION: 525 Washington Blvd. Jersey City Hudson County

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

APPLICANT BACKGROUND:
Principis Capital LLC, founded in 2008, provides alternative financing options for small businesses in the U.S. and Canada that have immediate capital requirements, have limited fixed assets or have variable/seasonal revenue flow. Principis Capital is an established leader in providing business cash advance services to many small and mid-sized businesses in many industries, including retail, food/dining, franchises, education and daycare and automotive industries. The company is currently headquartered in New York City with 28 employees. The applicant has demonstrated the financial ability to undertake the project.

An affiliate, Northern Leasing Systems was approved for a Grow New Jersey award in October 2014, also in consideration of the relocation from Manhattan to New Jersey. While the companies are affiliated, these are separate location decisions and employees.

MATERIAL FACTOR/NET BENEFIT:
Principis Capital LLC is evaluating location options as its current lease in Manhattan is set to expire in March 2015. As Principis Capital positions itself for significant growth over the next 4 years, the company is seeking to increase its footprint and build in expansion rights for continued growth and has focused its search on space in Queens, NY or Jersey City, NJ. However, the Queens location qualifies for NYC's commercial expansion program (abatement for real estate tax) and the relocation assistance program (tax credit per relocated job), equal to $135,000 per year on average for 12 years, which will make New Jersey the more expensive option. Further, the majority of Principis Capital's current employees resides in Queens or Brooklyn and as such, would result in a significantly lower risk of employee loss/turnover and business disruption as compared to NJ. The project will create 50 new full-time jobs.

The location analysis submitted to the Authority shows New Jersey to be the slightly less expensive option and, as a result, the management of Principis Capital LLC 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 Jane Prokop, the CEO of Principis Capital LLC 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 $9.7 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 targeted industry business in Hudson 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	$209,240	$313,860
New Jobs	25	50
Retained Jobs	35	0

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	Jersey City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		
Transit Oriented Development	An increase of $2,000 per job for a project locating in a Transit Oriented Development	525 Washington Blvd. 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	The proposed median salary of $73,000 exceeds the Hudson County median salary by 46% resulting in an increase of $250 per year.

	increase of $1,500	
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 Finance business.

Grant Calculation

BASE GRANT PER EMPLOYEE:
Urban Transit HUB Municipality $5,000

INCREASES PER EMPLOYEE:
Transit Oriented Development: $2,000
Jobs with Salary in Excess of County/GSGZ Average: $250
Targeted Industry (Finance): $500

INCREASE PER EMPLOYEE: $2,750

PER EMPLOYEE LIMIT:
Urban Transit HUB Municipality $12,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $7,750

AWARD:

New Jobs:	50 Jobs X $7,750 X 100% =	$387,500
Retained Jobs:	0 Jobs X $7,750 X 50% =	$0,000
	Total:	**$387,500**

ANNUAL LIMITS:
Urban Transit HUB Municipality $10,000,000

TOTAL ANNUAL AWARD **$387,500**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 313,860
NEW FULL-TIME JOBS:	50
RETAINED FULL-TIME JOBS:	0

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	$ 13,584,082
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 9,709,082
TOTAL AMOUNT OF AWARD:	$ 3,875,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 73,000
SIZE OF PROJECT LOCATION:	5,231 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	0

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 Principis Capital LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

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

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

APPLICANT: Surfside Seafood Products, LLC P40030

PROJECT LOCATION: 724 Orange Street Millville City Cumberland County

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

APPLICANT BACKGROUND:
Surfside Seafood Products, LLC harvests, shucks, and packs clam meat and seafood having operations in Port Norris, NJ and Norfolk, VA. Once processed, the clam meat is then sold to soup manufacturers, such as Campbell's Soup, and other wholesalers. In 2012, Surfside purchased the assets of J.H. Miles and Company, Inc. The asset purchase included a fleet of clam fishing boats registered in Virginia, harvesting permits for clam beds off the shore of Virginia, and processing equipment located in Norfolk, VA. As the company expands its operations, it is looking to establish its own Individually Quick Frozen (IQF) facility. Adding the IQF operation will enable the company to reduce operational costs for its own operations while being able to offer this service to other companies in the industry. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Surfside is looking to purchase an 18,000 sf. building in Millville, NJ or enter into a long term lease at a 20,000 sf. facility in Norfolk, VA. If the company pursues the project in NJ, it will purchase the necessary IQF equipment and establish a processing facility near where it currently operates one fleet of vessels off the coast of NJ. The Virginia location would give the company processing capabilities near its newly acquired fleet while enabling it to draw in additional customers from the area for IQF services.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Surfside Seafood Products, LLC 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 Peter A. LaMonica, the CEO of Surfside Seafood Products, LLC, 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 $1.4M 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 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	$240,000	$1,836,800
New Jobs	8	16
Retained Jobs	19	0

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	Millville City is a designated Distressed 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	Millville City is located in a Deep Poverty Pocket.
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 $1,836,800 is 665% 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,	The applicant is a Manufacturing business.

	distribution or fulfillment 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	Millville City has a 2007 Revitalization Index of 526.

Grant Calculation

BASE GRANT PER EMPLOYEE:
Distressed Municipality $4,000

INCREASES PER EMPLOYEE:
Deep Poverty Pocket or Choice Neighborhood: $1,500
Capital Investment in Excess of Minimum (non-Mega): $3,000
Targeted Industry (Manufacturing): $ 500
2007 Revit. Index>465 in Atlantic, Burlington, Camden
Cape May, **Cumberland**, Gloucester, Ocean, Salem:$1,000

INCREASE PER EMPLOYEE: $6,000

PER EMPLOYEE LIMIT:
Distressed Municipality $11,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $10,000

AWARD:

New Jobs:	16 Jobs X $10,000 X 100% =	$160,000
Retained Jobs:	0 Jobs X $10,000 X 50% =	$ 0
	Total:	**$160,000**

ANNUAL LIMITS:
Distressed Municipality $ 8,000,000

TOTAL ANNUAL AWARD **$160,000**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $ 1,836,800
NEW FULL-TIME JOBS: 16
RETAINED FULL-TIME JOBS: 0

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD) $ 2,997,709
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $ 1,397,709

TOTAL AMOUNT OF AWARD	$ 1,600,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 24,960
SIZE OF PROJECT LOCATION:	18,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	70

PROJECT IS: ( ) 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 approve the proposed Grow New Jersey grant to encourage Surfside Seafood Products, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

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

GROW NEW JERSEY ASSISTANCE PROGRAM

MODIFICATIONS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: November 10, 2014

SUBJECT: Grow New Jersey modification request for Material Handling Supply, Inc.
P39716

MODIFICATION REQUEST

The Board approved Material Handling Supply, Inc. for a $1,852,500 Grow New Jersey Grant Award on October 14, 2014. Since then, the company lost the building it intended to purchase and has located another suitable building at 6965 Airport Highway Lane Pennsauken, NJ. The Board is requested to allow the applicant's new site under the previously approved award.

BACKGROUND:

Material Handling Supply, Inc. (MHS) was founded 1970. Its headquarters and main operations have been based in Brooklawn, NJ since 1976 with satellite locations in New Castle, DE and Seaford, DE. The company has expanded to more than 140 employees committed to providing forklift trucks and warehouse products. MHS also provides service and parts for those products rented, leased and sold. The company has been experiencing continued growth over the last several years.

The applicant's understanding of space utilization within warehouses and manufacturing plants allows customers to save resources by using space more effectively and efficiently. As a result, they have received many awards for servicing and supporting its customers, including the Crown *Ascent* and Nissan *Nine* awards.

MODIFICATION:

Material Handling Supply, Inc. was approved for a $1,852,500 Grow New Jersey Grant Award on October 14, 2014. Since the Board Approval date, the company lost the building it intended to purchase and has located another suitable building at 6965 Airport Highway Lane Pennsauken, NJ.

The site previously approved consisted of 115,315 sf. at an existing building at 7001 North Park Drive, Pennsauken, NJ. The company planned to house its headquarters and main operations at that building. To do so, the company proposed making a capital investment of $5,025,000 to renovate the facility for non-industrial use and retaining 57 full-time jobs. The alternative was to lease an 82,118 sf. facility in New Castle, Delaware. The location analysis at the time of approval showed New Jersey to be the more expensive option. Moreover, at the October 14 meeting, the Board made a factual finding that the 57 New Jersey jobs listed in the application were at risk of being located outside the State on or before June 30, 2015.

Because the 7001 North Park Drive, Pennsauken, NJ has been taken off of the market, MHS is now unable to acquire 7001 North Park Drive, Pennsauken, NJ. The new building that the company has identified is 0.4 miles from the prior location. The company still plans to house its headquarters and main operations at the new building and still proposes to retain 57 full-time jobs. The new building's size, 103,000 sf., is comparable to the size of the previously identified building. The applicant's proposed capital investment is now $3,975,000; the reduction in capital investment is solely due to the lower cost of acquiring the new building.

MATERIAL FACTOR/NET BENEFIT:

As described in the October Board memorandum, MHS has been experiencing continued growth creating the need for additional space to house its headquarters and main operations facility. The alternative remains leasing an 82,118 sf. facility in New Castle, DE. The New Jersey location would afford the company adequate room for continued expansion and the strategic advantage of being closer to its customer base. The Delaware location provides a more cost effective operating environment along with being closer to where it is experiencing the most growth. It presently has a branch location in New Castle that is primarily a sales office for the company.

As mentioned above, the cost of acquiring the newly identified building is less than the previously identified building. However, even with the lower cost of acquisition, the revised location analysis shows that New Jersey remains the more expensive option. As of the prior Board approval, the management of Material Handling Supply, Inc. had 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 Brett Levin, the CEO Material Handling Supply, 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 $13.4M over the 20 year period required by the Statute. The net benefit to the State along with the grant calculation remains unchanged from the original application. This is because the number and salary of the retained jobs, the expected corporate income tax, and the proposed construction costs remain the same.

FINDING OF JOBS AT RISK:
Staff has reviewed the changes described above and notes that none of the new facts staff's prior recommendation of or the Board's factual finding that the 57 New Jersey jobs listed in the application were at risk of being located outside the State on or before June 30, 2015.

ELIGIBILITY AND GRANT CALCULATION:
The only change to the eligibility requirements is the reduced capital investment. The number of retained jobs, at 57, remains the same.

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 Non-Industrial – Rehabilitation Project for an other business in Camden County, the project at the new site remains eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	$2,746,667	$3,975,000
New Jobs	27	0
Retained Jobs	38	57

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation. The project at the new site remains eligible for the Base Award and Increases previously approved, and for which the CEO certified that but for the $1,852,500 Grow New Jersey award, the creation and/or retention of jobs would not occur:

Base Grant	Requirement	Proposed by Applicant
Distressed Municipality	Base award of $4,000 per year for projects located in a designated Distressed Municipality	The new site is another location in Pennsauken Twp., which is a designated Distressed 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	The new site is located in a Deep Poverty.
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	The new site is another location in Pennsauken Twp., which has a 2007 Revitalization Index of 481.

Grant Calculation

BASE GRANT PER EMPLOYEE:
Distressed Municipality $4,000

INCREASES PER EMPLOYEE:
Deep Poverty Pocket or Choice Neighborhood: $1,500
2007 Revit. Index>465 in Atlantic, Burlington, **Camden,**
Cape May, Cumberland, Gloucester, Ocean, Salem: $1,000

INCREASE PER EMPLOYEE: $2,500

PER EMPLOYEE LIMIT:
Distressed Municipality $11,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $6,500

AWARD:

New Jobs:	0 Jobs X $6,500 X 100% =	$ 0
Retained Jobs:	57 Jobs X $6,500 X 50% =	$185,250
	Total:	**$185,250**

ANNUAL LIMITS:
Distressed Municipality $ 8,000,000

TOTAL ANNUAL AWARD **$185,250**

NEW FULL-TIME JOBS: 0

RETAINED FULL-TIME JOBS:	57
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	$ 15,282,541
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 13,430,041
TOTAL AMOUNT OF AWARD	$ 1,852,500
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 53,231
SIZE OF PROJECT LOCATION:	103,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	120

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 initial 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 initial 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.

RECOMMENDATION:

Based on the above, staff recommends a modification request allowing the Qualified Business Facility to be located at the new address.

Prepared by: J. Horezga

BOARD MEMORANDUMS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

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

DATE: November 10, 2014

SUBJECT: Dr. Reddy's Laboratories, Inc. ("DRL")
$1,364,220 Business Employment Incentive Program ("BEIP") Grant
Bridgewater, New Jersey
P31275

Modification Request:
Consent to the following changes to the BEIP:
1. Project location change from Bridgewater to Princeton; and
2. Reset New Employee Commitment ("NEC") from 52 jobs to 215 jobs for the remainder of the grant term, resulting in award percentage increase from 60% to 65%.

This consent will not extend the term of the grant, and a 20% cap will be applied to new NEC withholdings.

Background:
DRL is a subsidiary of Dr. Reddy's Laboratories Limited, a leading India-based pharmaceutical company headquartered in Hyderabad, India. DRL's principal areas of operation are in pharmaceutical services and active ingredients, global generics and proprietary products. With a presence in North America, Europe, India and Russia, Dr. Reddy's maintains over 16,000 employees worldwide.

In May, 2010, EDA approved a 60% /10 year $1.36 million BEIP grant to DRL to support the creation of 52 new jobs in NJ. As of 12/31/13, DRL had created 157 new eligible positions. Approximately $881,000 is currently outstanding and no disbursements have been made to date.

In December 2012, DRL contacted EDA to advise that it was considering relocating its North American Headquarters and establishing an R&D facility in New Jersey. At that time, the applicant planned to apply for a second BEIP, but because BEIP was soon to be ending as a program, staff redirected the applicant to modify the existing grant. Considered at that time were a location change and a reset of the NEC to reflect the increase in employment resulting from the additional significant capital expenditures the applicant advised it would be making ($10 million).

Throughout 2013 and into early 2014, staff worked with DRL to gather information, but the project did not advance. While the discussions were in progress, the applicant entered into two lease agreements for the additional space (75,000 sf office/31,000 sf office/lab), relocated to the new project location and made the capital investment at the site.

As with all of our incentive programs, applicants must demonstrate that the grant is material to the decision to advance the project. While the signing of the lease and the capital spend suggests that the project would advance without an additional award (or amendment of an existing award), the company was under the impression that EDA was making the changes to the grant and a lapse in the approval due to staff changes at EDA that delayed the modification approval.

Given that the applicant in good faith made the capital investments with the addition of new jobs, the members are asked to consent to the reset of the NEC from 52 to 215 (the number of current jobs reported by the applicant) for remaining years (4-10) of the BEIP. This change, if approved will increase the aggregate amount of the award over the remaining 7 years of the grant by approximately $152,000 (from $1.36 million at original approval to $1.52 million.) Noted is that the grant will then be capped at 20% above the new NEC withholdings and the term of the grant will not be extended.

Recommendation:

Consent to:

1. A location change from Bridgewater to Princeton; and
2. The reset of the NEC from 52 jobs to 215 jobs for the remainder of the grant term (years 4-10) resulting in an increase of the percentage of the award from 60% to 65%

The grant will be capped at 20% above the amended NEC withholdings and will not be extended beyond the original commitment duration.

Prepared by: Tyshon Lee

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: November 10, 2014

SUBJECT: East Coast Hospitality Group, LLC ("East Coast")
729 – 763 Meadow Street, Elizabeth, New Jersey
Former Mastic Asphalt Site
Brownfields Reimbursement Grant

Request:
Consent to the assignment of the Brownfields Site Reimbursement Agreement ("BRIA") from East Coast to Narayanswarupdasji, LLC ("Narayanswarupdasji").

As a condition of this approval, the agreement will be capped at 75% of $550,000 ($412,500) to align the project with current program guidelines.

Background:
In September 1998 East Coast acquired 729-763 Meadow Street in Elizabeth to remediate the property and upon completion of the cleanup, construct an eight-story hotel with 260 rooms. It was anticipated that the hotel would generate approximately $7.6 million in revenue with annual tax generation of approximately $450,000.

East Coast entered into a Memorandum of Agreement ("MOA") with the New Jersey Department of Environmental Protection ("NJDEP") in September 1998 to remediate the site. In April 2001, East Coast entered into a BRIA with the New Jersey Commerce Commission ("NJCC") for the reimbursement of up to 75% of eligible taxes. EDA has been the successor through merger administrator of the program since 2008. The project has not received reimbursement under the agreement to date.

Under the current agreement, East Coast is eligible to receive a 75% reimbursement of a $550,000 Good Faith Estimate provided for the cleanup.

Narayanswarupdasji was formed in 2006 to acquire 729-763 Meadow Street and construct a hotel. Narayanswarupdasji entered into a Memorandum of Agreement ("MOA") with the NJDEP in May 2009 and has continued to fulfill its obligations under that agreement. Current remediation costs are approximately $630,000 as of September 2014. Upon the completion of remediation Narayanswarupdasji still intends to construct a hotel.

Shortly before entering into the MOA with DEP, Narayanswarupdasji contacted EDA to request an assignment of the BRIA, but the request did not advance.

In May 2014, Narayanswarupdasji contacted EDA again to request a formal assignment of the agreement. In conjunction with the request, staff has reviewed the contract of sale between East Coast and Narayanswarupdasji and has confirmed that assignment of the BRIA was contemplated as a condition of the sale. While the BRIA is silent as to assignment of the agreement, formal consent is being sought to be consistent with similar actions EDA takes with assigning incentives agreements. As there are currently no staff delegations to approve these transactions, the members are asked to approve this request.

Any prior remediation costs incurred by East Coast for the site will not be eligible for reimbursement by the State of New Jersey under the BRIA. Only remediation costs incurred by Narayanswarupdasji and approved by the LSRP assigned on this project for the cleanup will be eligible for reimbursement under the BRIA. All development conducted on the site must be done in accordance with prevailing wage laws and regulations.

Narayanswarupdasji has confirmed there are no pending or outstanding legal matters. This modification is contingent on Narayanswarupdasji receiving a valid New Jersey Tax Clearance Certificate.

Recommendation:
Consent to the assignment of the BRIA from East Coast to Narayanswarupdasji, LLC ("Narayanswarupdasji"). As a condition of this approval, the reimbursement will be capped to 75% of $550,000 ($412,500).

Prepared by: John Shanley

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

RE: Information Technology and Business Process Analysis Consulting Services

DATE: November 10, 2014

Summary
The Members are asked to approve the award of the Information Technology and Business Process Analysis Consulting Services contract to Crowe Horwath, LLP of Livingston, NJ.

Background
On April 1, 2014, the Authority issued a publicly advertised *Request for Qualifications and Proposals* (*RFQ/P*) to procure Information Technology and Business Process Analysis Consulting Services, as well as the purchase and implementation of Microsoft Dynamics Customer Relationship Management 2013 System (CRM), augmented by a third-party Commercial Loan Module solution, Business Intelligence and Human Resources solutions, and a configured instance of Microsoft SharePoint 2010, presently in use by the Authority. These solutions collectively will comprise the resulting System to be used by the various departments within the Authority (i.e. Underwriting & Closing, Post-Closing Financial Services, Business Development, etc.), to support its daily business operations. Following final User Acceptance Testing (UAT), the resulting System would replace the Authority's legacy Loan Management System (LMS), which was developed in the now past-support FoxPro platform.

Due to the technical nature of the product to be procured (i.e. compatibility and integration with other databases, ability to operate within the Authority's IT hardware infrastructure, etc.), the Authority's Information Technology Systems (ITS) Department took the lead on this solicitation and served as the Requesting Department, on whose behalf the *RFQ/P* was issued.

The language in the *RFQ/P* provided for the award a two (2) year contract, with three (3) one (1) year extension options, to be exercised at the sole discretion of the Authority, at the same prices, terms and conditions. The *RFQ/P* indicated it was the Authority's expectation that during the first year of the initial two (2) year term, all business process analysis, installation, configuration, implementation and

User Acceptance Testing would be completed and the CRM System and third-party Commercial Loan Module should be fully operational during or prior to the end of the initial first year of the contract term. Proposers were advised the collective "System" (i.e. the Microsoft Dynamics CRM 2013 System, Commercial Loan Module and all other third-party modules) shall be fully deployed, fully operational and support the Authority's business processes within no more than two (2) years from the date of the contract execution for these services.

Of particular importance within the *RFQ/P* specifications is the mandatory requirement of the successful Proposer to submit a performance bond in the amount equal to that of the contract award. Due to the potential business implications of this procurement and the resulting impact on the Authority's business operations; it was deemed to be in the Authority's best interest to require a performance bond of the successful Proposer

An Informational Pre-Bid Conference was held on May 1,' 2014 and the Questions and Answers Period closed on June 3rd.. Proposals were due on August 1,' 2014. Two proposals were received from Crowe Horwath LLP of Livingston, NJ and McGladrey, LLP of Moorestown, N.J. The proposal from McGladrey, LLP was deemed to be non-responsive due to a material defect relative to the mandatorily required weblinks for each of the proposed third-party solutions.

Proposals were then scored preliminarily by the Evaluation Committee prior to conducting Interviews / Product Demonstrations of the third-party systems. Crowe Horwath LLP received a preliminary score of "3.35" or "good" and as such was invited to meet with the Members of the Committee to demonstrate the proposed third-party solutions. Although a sole responsive proposal was received and released to the Members of the Evaluation Committee, under the guidance of the Attorney General's Office, the Members independently completed their preliminary scoring of the sole proposal received, in accordance with the language outlined in the *RFQ/P*. This preliminary scoring process was intended to identify those proposal offerings and proposed product solutions, about which the Committee was interested in obtaining additional information.

Interview / Product Demonstrations were conducted on October 17th, with published scripted questions sent in advance to Crowe Horwath. Reference Checks were conducted October 29th & 30th and final scoring due Monday, November 3rd.

Since a sole responsive proposal was received, there were no other proposals against which to compare pricing, as indicated in the RFQ/P language.In consideration of "Section 4 – Budgetary Estimate" of the RFQ/P language, which states that the Authority reserves the right to increase or decrease this Budgetary Estimate amount throughout the term of the contact and any extensions thereto; Crowe Horwath, LLP received a score of "3" as it relates to "Price".

A summary of the "Price" submitted by Crowe Horwath is as follows:

Component	Description	Stated Price
Phase I	*Business Process Analysis / Mapping / Initial Prototype Build"*	*$531,480.00*
Phase II	*User Acceptance Testing*	*$905,176.00*
Phase III	*Implementing Human Resources Module / Business Intelligence / Data Warehouse Reporting Tools and Reports*	*$910,848.00*
Phase IV	*Configuration of Existing Microsoft SharePoint 2010*	*$103,376.00*
Software & Licensing		***$670,960.97***
Operating Budget for Phases 1–4		***$2,450,880.00***
Total Operating Budget		***$3,101,840.97***
Estimated 5 Yr. Potential Cost *(this amount may vary based on number of actual Authority staff requiring Users Licenses, which affects Annual Maintenance and Support Costs)*		***$5,552,720.97***

Following the verification of references and in consideration of the clarifications obtained during the Interview / Product Demo meeting held, the Committee Members independently completed their final scoring of the proposal. A compilation of the Committee scores indicates that the proposal submitted by Crowe Horwath, LLP received an overall score of "3.62" representing a score of "good"; approaching "very good". A copy of the *Evaluation Committee Summary Matrix*, detailing the Committee's overall final score is attached herein.

Recommendation

The Members are asked to approve the recommendation that a contract be awarded to Crowe Horwath, LLP of Livingston, NJ, in accordance with the specifications, terms and conditions of the *Request for Qualifications / Proposals.*

The Maximum Not-To-Exceed Operating Budget for the Initial Business Process Analysis Consulting Services and Systems Implementation (to include ninety (90) day Post-Live Support) is $3,101,840.97. This amount includes all consulting services, as well as the purchase of systems software as detailed above.

The estimated total award for the potential five (5) term, should the Authority elect to exercise each of the three (3) one (1) year extension options, in its sole discretion, is $5,552,720.97. It should be noted that the annual amount for subsequent extension option years will be determined based on actual staff access to and usage of the new Systems to be installed and implemented.

Timothy J. Lizura

Attachment

Prepared by: Geraldine Stout and Kim Ehrlich

	NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY INDIVIDUAL MEMBER
RFP / BID #	2014-RFQ/P-057
Title:	Information Technology & Business Process Analysis Consulting Services - Microsoft Dynamics CRM 2013 and Commercial Loan and Third Party Systems
Requestor:	Thomas Murphy / ITS

FINAL SCORING FOLLOWING INTERVIEWS / DEMOs			PROPOSER #1 Crowe Horwath (Livingston, NJ)		PROPOSER # 2	
Item #	EVALUATION CRITERIA	Weight (percentage of total score)	TOTAL Score (sum of all Evaluation Committee members)	TOTAL SCORE (weighted with percentages indicated)	TOTAL Score (sum of all Evaluation Committee members)	TOTAL SCORE (weighted with percentages indicated)
1	1. the Proposer's demonstrated "Experience" in successfully performing on contracts of similar size, scope and complexity (i.e. interfacing with existing and third-party systems, data migration, multi-site, etc.), with other client entities, as evidenced by the narratives and references submitted and responses received; and the "Qualifications and Experience" of the Proposer's management, supervisory and / or other key personnel to be assigned to perform work against the resulting contract, including joint venture partner(s) and named sub-consultant firm(s), if any, as evidenced by the narratives and resumes presented.	35.0%	31.25	10.9375		
2	2. the Proposer's detailed "Approach and Plans" (to include its Project Implementation Plan) to perform the requisite services outlined in the "Scope of Services / Deliverables" section of this RFQ/P (reference Attachments A and A-1), the appropriateness and suitability of the Proposer's proposed configuration of the Microsoft Dynamics CRM 2013 System, as presented "out of the box" to meet the Authority's functionality requirements, thereby controlling the amount of customization required, Proposer's Project Implementation Plan, Proposed Operating Budget for each Phase, the appropriateness of its staffing chart, as evidenced by the resumes presented, as well as its depth of staff (i.e. support / "Assistant" staff to be assigned, as appropriate) to ensure uninterrupted services during the term of the contract and any extensions thereto, as evidenced by its organizational chart.	20.0%	29.75	5.95		
3	3. the features, functionality and performance of the third-party Modules (specifically, Commercial Loan, Human Resources and Business Intelligence and newly Configured Microsoft SharePoint 2010 system modules) and their respective abilities to replicate and / or exceed the performance, functionality and features of the existing systems, as presented "out of the box" with the necessary configuration and minimal customization needed to support the Authority's business operations. With respect to the Commercial Loan Module, specific evaluation will focus on its ability to replicate and / or exceed the performance, functionality and features of the existing legacy LMS System, as presented "out of the box" with the necessary configuration and minimal customization needed to support the Authority's business operations.	25.0%	29.00	7.25		
	PRICE					
4	4. the Proposer's "Price", as determined by the total "out-of-pocket" cost for the potential five (5) year term of the contract, should the Authority exercise all three (3) one (1) year extension options.	20.0%	24.00	4.8		
	Percentage Total	100%	114		0	
	TOTAL PROPOSER SCORE			3.62		0.00

On a scale of 1 - 5, evaluate and score the above proposal as follows:	**1 - Poor**	**2 - Fair**	**3 - Good**	**4 - Very Good**	**5 - Excellent**

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: November 10, 2014

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

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

Direct Loan Program:

1) 506 Route 17 Realty LLC (P39766), located in Ramsey Borough, Bergen County, is a related real estate holding company that is 100% occupied by the operating company, Ebingers LLC. Ebingers was formed in 2007 and operates a car wash, oil change and limited automotive service center and detailing station. The facility consists of two buildings totaling approximately 15,000 square feet. The Company was approved for a $1,000,000 direct loan to refinance existing debt to fund company expansion. Added to the services menu will be an expanded car wash, light automotive repairs such as brake repairs, tire sales, wheel balancing and windshield repairs. Currently, the Company has 23 employees and plans to create ten new positions over the next two years.

2) Ancyma, Inc. (P39972), located in Maplewood Township, Essex County, is the real estate holding company, formed to purchase the project property. The property will be used by the related operating company, Fantas Eyes, Inc. Fantas is an importer/wholesaler of sunglasses, reading glasses, belts and accessories. The Company currently uses three locations: a warehouse in Newark owned by Ancyma, a warehouse in Kearny owned by a related entity, Cyanma, Inc. and a public warehouse. The Company was approved for a $1,550,000 direct loan to supplement $1,950,000 in commercial mortgages from HSBC to purchase a $4,000,000, 66,000 sq. ft. warehouse in Maplewood to replace the Newark facility and eliminate the need for public warehouses. The Company currently has 30 employees and plans to create 20 new jobs over the next two years.

NJ Main Street Assistance Program:

1) Dataline, Inc. (P39908), located in West Windsor Township, Mercer County, was incorporated in 2000 as a consumer marketing information company that provides highly targeted data sets to its clients through custom modeling and analytic services. Bank of America approved a $1,000,000 line of credit contingent upon a one year, 50% Authority guarantee of principal outstanding, not to exceed $500,000. The Company currently has sixteen employees and plans to create five new positions over the next two years.

Small Business Fund Program:

1) ANZ Properties, LLC (P39910), located in Fairfield Borough, Essex County, is the real estate holding company formed to purchase a commercial property to be used by the related operating company, Customer Labels, Inc. Customer Labels is a flexography printing company specializing in custom labels. Two River Community Bank approved a $1,225,000 loan contingent upon a 30% ($367,500) Authority participation under the Small Business Fund Program. Proceeds will be used to purchase commercial property. The Company currently has ten employees and plans to create eight new positions over the next two years.

2) DG and Sons LLC (P39912), located in Rochelle Park Township, Bergen County, was formed in 2008 as an auto and diesel truck service and repair company. DG and Sons works with trucking and carting companies and fleets as well as several local municipalities maintaining and repairing fire engines, garbage trucks, plows, and emergency equipment. M & T Bank approved a $630,000 loan contingent upon a $280,000 (44.4%) Authority Small Business Fund participation. The Company currently has four employees and plans to create two new jobs within the next two years.

Stronger NJ Loan Program:

1) AllTech International Inc. (P39585), located in Parsippany-Troy Hills Township, Morris County, is a car wash and detailing center. The Company was approved for a $346,594 working capital loan under the Stronger NJ Business Loan Program. Proceeds will be used for working capital reimbursement.

2) Atlas Refinery, Inc. (P38606), located in Newark City, Essex County, is a fifth generation family owned business in Newark. The Company, incorporated in 1887, develops and markets high quality, environmentally friendly specialty chemicals for the leather industry. The Company was approved for a $1,501,551 working capital loan to be used for working capital reimbursement.

3) Barnacle Bills, Inc. (P39573 & P39642), located in Seaside Heights Borough, Ocean County, is a family-owned and operated miniature golf, arcade and restaurant in Ortley Beach. It originally opened in 1963 as a mini-golf course and in the late 60s, the arcade and restaurant were added. Barnacle Bills was destroyed by Superstorm Sandy and has since been rebuilt and reopened on July 31, 2013. The Company was approved for $54,933 in working capital funding, of which $50,000 will be in the form of a forgivable loan.

4) Cable Solutions Inc. (P39365 & P39679), located in Moonachie Borough, Bergen County, established in 1987, provides installation of all data, voice, video, security and fiber optic cabling. The business experienced damage during Superstorm Sandy and was approved for a $194,137 working capital loan and a $50,000 forgivable loan. Proceeds will be used to reimburse the Company for working capital expenses incurred in 2013.

5) D&S Marine Service LLC (P39544 & P39671), located in Eagleswood Township, Ocean County, opened in 1991, is the only operating Marina on the water in the town of West Creek. The business does marine repairs and winter storage. The Company was approved for a $302,932 working capital loan and a $50,000 forgivable loan under the Stronger NJ to reimburse for working capital under the Stronger NJ Business Loan Program.

6) Lyceum Enterprises Inc. (P39412 & P39732), located in Ship Bottom Borough, Ocean County, was founded in 1992 as a Health Club/Gym facility with two locations: Lyceum I on Long Beach Island and Lyceum II in Manahawkin, NJ. Lyceum I was closed due to physical damage and loss of business as a result of Superstorm Sandy. The Company was approved for a $151,483 working capital loan and a $50,000 forgivable loan under the Stronger NJ Business Loan Program. Proceeds will be used to reimburse working capital expenses incurred after Superstorm Sandy in an effort to reopen the business.

7) Mac's Dock Inc. dba South Harbor Marine (P39579 & P39553), located in Ocean Township, Ocean County, was founded in 1973 as a full service marina. The Company leases boat slips, provides storage, runs a bait & tackle shop and services boats. Mac's Dock was approved for a $281,237 working capital loan and a $50,000 forgivable loan.

Camden ERB:

1) ATS Group LLC (P39901), located in Camden City, Camden County, was founded in 2003 as an SBA 8a-certified, Hub-Zone Business that provides a range of products and services such as IS/IT construction, office solutions, packaging and procurement to the US government, and the public and private sectors. The Company was approved for a $26,046 Business Lease Incentive Grant to subsidize leasing expanded office space and staff to accommodate an increase in their business. The Company currently has seven employees.

Community Economic Development Program:

1) Greater Wildwoods Tourism Improvement and Development Authority (P39676), located in Wildwood City, Cape May County, was established in 1993 as a public authority that promotes economic development and the tourism industry throughout the state of New Jersey. Particular focus is on four municipalities in Cape May County: the Boroughs of Wildwood Crest and West Wildwood and the Cities of Wildwood and North Wildwood. The Authority was approved for a $50,000 Community Economic Development Program recoverable loan to conduct a feasibility study for the engineering, architectural and marketing related tasks of a proposed host hotel adjacent to the Wildwoods Convention Center in an attempt to attract more business to the Center.

Prepared by: D. Lawyer
DL/gvr

REAL ESTATE

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
Chief Operating Officer & President

RE: Higher Education Public Private Partnership Program
Kean University – Student Dormitory and Dining Facility

DATE: November 10, 2014

Summary

The Members are asked to approve Kean University's ("Applicant") application to develop a 384 bed dorm to serve freshman which will include a 2,000 SF dining facility ("bistro") and other amenities (the "Project" or "Development") on approximately 4.55± acres of land on the Applicant's campus under the Higher Education Private Public Partnership Program (the "Program") established by P.L. 2009, c. 90, and as amended (the "Act"). In June 2013, the State House Commission approved the transfer from the State, for nominal consideration, of approximately 10.665± acres to the Applicant for this Development; of the 10.665 acres, the Applicant will lease 4.55± acres to the Project Owner for this Project. The Project's total development cost will be approximately $38.26 million. Under the Act, the "Authority shall review all completed applications" and "[n]o project shall be undertaken until final approval has been granted by the [A]uthority." Staff performed a substantive review of the Applicant's application and supporting documentation in accordance with the Act and pursuant to the Authority's Higher Education Institution Public-Private Partnership Program Guidelines (the "Guidelines") and recommends approval of the Applicant's Project subject to the Applicant submitting additional items that are outlined below.

Background

The Authority's Scope of Review

Under the Program, the Authority must review and approve an application, which, in order to be complete, must contain the following items:

1. a full narrative description of the project;
2. a public-private partnership agreement between the State or county college and the private developer;
3. a land lease or land agreement;
4. financial information including the estimated costs and financial documentation for the project;
5. a detailed project schedule (i.e. timetable) for completion of the project extending no more than five years after consideration and approval;
6. DPMC classification information for the required contractors and/or subcontractors;
7. evidence of arrangements for entering into project labor agreements and paying prevailing wages for development and long range maintenance plan contracts of the project; and
8. evidence of arrangements for issuance of the required bonds.

The financial documentation shall include a long-range maintenance plan that will "specify the expenditures that qualify as an appropriate investment in maintenance." In addition, the Authority may impose "other requirements that the [A]uthority deems appropriate or necessary."

Within the Act's deadline of February 1, 2015, the Applicant submitted a complete application for the Project with adequate exhibits and supporting documentation which included an adequate form of the Ground Lease, Bond Indenture, Management and Development Agreements which serve as the partnership agreement for this Project. In accordance with the Act and the Guidelines, Real Estate Division Staff deemed the application "complete" on October 6th.

The Act requires that any project undertaken through the Program must be financed in whole by the private entity. Staff has reviewed the project documents to confirm that the private partner assumes full financial responsibility for the construction of the Project and that the Applicant has no financial responsibility for the construction of the Project. The Act also requires that the State or institution of higher education must retain full ownership of the land upon which any project undertaken through the Program. Staff has reviewed the Project documents to confirm that the Applicant will retain full ownership of the land where the Project will be developed.

Project Description

In January 2012, The Applicant issued a request for qualifications and proposals to select a private partner to design, develop, construct, manage, and operate dormitory on its campus. Three parties responded to the RFP, and a result of the process, the Applicant selected University Student Living, LLC ("USL"), part of the Michaels Organization, to finance, plan, design, construct, operate and maintain new student housing of approximately 1,200 beds. USL will

enter into development and management agreements with Provident Group – Kean University Properties L.L.C. ("PGKU Properties" or "Project Owner"), a single purpose entity created by non-profit Provident Resource Group, Inc., for the development, ownership and operation of the dormitory. PGKU Properties will: lease the land from the Applicant, have tax exempt bonds issued for the Development, own the constructed improvements, and operate the Project for the benefit of the Applicant. In December 2012, the Applicant's Board of Trustees approved the selection of USL as the private partner to develop student housing under the Act and authorized the appropriate officials of the Applicant to negotiate and execute documents to consummate the transaction.

The 4.55± acres proposed for the Development are on the Applicant's main campus and are bounded by Cougar Walk to the North and Campus South to the South and West. A riparian wetland serves as the Project's eastern boundary. The existing Campus Schools South and East and the Child Study Institute buildings at the site will be demolished and the programs relocated to other facilities on campus.

The proposed Development will include 384 beds allocated as follows:

Apartments	Units	Avg Unit SF	Beds	Ann. Unit Rent
Residence Assistants	10	400	10	$0.00
Resident Director (2 BR)	1	827	2	$0.00
2 Bedroom (4 beds)	93	600	372	$46,896
	104		**384**	

The Project will include one six story 384 bed facility that will also contain a 2,000 SF bistro, conference and game rooms, laundry facilities, and a business center. The bistro will be subleased to a national food service provider under a triple net lease or profit and loss management contract; USL represents that this lease/contract will not impact the Applicant's existing food service contract(s). The building will be designed to meet and will apply for US Green Building Council's LEED Silver certification. In accordance with the Guidelines, staff reviewed the Applicant's description of the Project and its design. Staff concludes that the Applicant has proposed a feasible project plan and design.

Summary of the Partnership Documents
The parties' role and responsibilities in the transaction are summarized below:

- **Applicant**.

    1. *Lease and Rent.* The Applicant will lease, on a triple net basis, approximately 4.55± acres to the Project Owner for the Development.

        a. *Lease Term.* The Lease will terminate on the earlier of: the 40th anniversary of the Commencement Date; the date the bonds are fully repaid; or earlier

expiration under the terms of the Ground Lease or operation of law. At the end of the term, the improvements will become property of the Applicant.

b. *Rent*. Applicant will receive Ground Rent as follows:

   i. Upon Bond Closing: Applicant will receive $175,000;

   ii. Upon the First Surplus Cash Flow Period: $175,000, plus any outstanding amount due (with interest) increasing 2% per year thereafter, up to 50% of the surplus cash flow; and

   iii. Rent from the Third Surplus Cash Flow Date Forward: The rent will be determined by the Project Operations Committee (which will consist of 3 representatives of the Applicant; 1 representative from the property manage and 1 representative of the Project Owner) to yield and amount so that the project can maintain a 1.20 debt service coverage ratio. This annual rent amount will be included in the following year's operating budget and will be adjusted annually by the Project Operations Committee.

Rent also includes Temporary Housing Expenses as defined in the Indenture, as well as any unpaid items and applicable interest.

c. *Additional Rent*. Applicant shall receive as "Additional Rent" any amount due as defined in the Lease (e.g., payment of real estate taxes, utilities, sewer charges, and/or insurance on the Project Owner's Behalf).

2. *Applicant's Responsibilities*. The Applicant will be responsible for the following items during the Lease term:

   a. *Quiet Enjoyment.* Applicant agrees that the Project Owners will be able to "peaceably and quietly enjoy and hold the Project and operate" the dorm on the leased premises, subject to "Permitted Encumbrances."

   b. *Tax Exemption.* The Applicant agrees not to take any action that would adversely affect the Project's tax exempt financing and generally the Project's exemption from taxes.

   c. *Approval of the Development Agreement.* Applicant must approve the Development Agreement between the Project Owners and USL.

d. *Construction Approvals.* Applicant agrees to approve the Plans and Specification for the construction of the Project and change orders as required.

e. *Approving Draw Requests during Development and Construction.* The Applicant will review and approve draws requests for the Project.

f. *Project Treated Similar as Applicant's Student Housing.* Upon Project completion, Applicant will treat the dormitory facilities "as part of [the Applicant's] student housing program on a basis that is materially the same as the [Applicant's] treatment" of its other housing facilities, which includes:

   i. marketing the facility as other housing facilities on the Applicant's campus;

   ii. treating the completed Project as part of the Applicant's student housing program and providing the same service as the Applicant provides other dormitory facilities campus;

   iii. making the Project available as a student housing choice on the Applicant's campus;

   iv. collecting student housing fees from student residents of the Project;

   v. enforcing compliance with the student residence license agreement;

   vi. assisting in the collection of arrears from student occupants of the Project (e.g., withhold grades, transcripts and diplomas).

g. *Agreement not to Compete.* Applicant agrees "not to undertake to build or operate and so market a new Competing Facility unless [Applicant] delivers to the [Project Owner] and to the [bond] Trustee a housing study (based on reasonable assumptions) demonstrating sufficient demand for the [Project] and the new Competing Facility."

h. *Parking.* The Applicant will provide parking to the Project's residence on a "non-preferential basis with other residents of the [Applicant's] students living on campus."

i. *Pre-existing Unknown Environmental Conditions.* The Applicant remains responsible for existing site conditions "involving Hazardous Materials, Environmental Laws, and/or Remediation of any Hazardous Materials, other than Known Existing Conditions."

The Applicant will not be responsible for repaying the tax exempt bonds, the operating costs or other taxes or impositions that may become due because of the construction or operation of the Project.

- **Project Owner**. Under the Lease, Development and Management Agreements, the Project's Owner's responsibilities include:

1. *Rent and Additional Rents.* The Project Owner will pay Base and Additional Rent, and any other payments required by the Lease.

2. *Bond Financing.* The Project Owner will be responsible for the bond financing for the project, which is currently estimated at $38.23 million.

3. *Construction of Improvements.* The Project Owner will be responsible for the design, construction, and completion of the Project as required by the Lease and the development agreement between the Project Owner and USL and the plans and specifications approved by the Applicant.

4. *Operate the Project as Student Housing.* The Project Owner must operate the completed Project "only for residential student housing, storage, and related facilities and ancillary supporting uses" and operate the property as required under the management agreement entered into with USL and consistent with the requirements of the Management Agreement.

- **University Student Living (Turnkey Developer and Property Manager)**. USL will be responsible for the following:

1. *Development of the Project.* USL will enter into a Development Agreement with the Project Owner in which USL will be responsible for:

a. Obtaining the required land and environmental approvals;

b. Entering into an agreement for project design and manage the design professionals;

c. Preparing and updating the development schedule

d. Obtaining the Project Owner's approval for the construction documents
e. Entering into an agreement with the general contractor, supervising the general contractor, and requiring the general contractor to competitively bid the work;

f. Implementing financial controls for the project design, development and construction;

g. Attending meetings are required for the Project's development;

h. Preparing the required notices for construction start and completion;

i. Supervising construction and the completion of the punchlist;

j. Constructing the Project within budget and within the allotted time of the Project Schedule;

k. Providing a 2 year warranty, after Final Completion, for "heating, mechanical, cooling, plumbing and electrical fixtures, fixtures, finished, equipment and components, and a 5 year warranty, after Final Completion, for "Major Structural Defects";

l. Entering into the required contracts for utility services for the Project;

m. Requiring that the professionals and the contractor have the required insurance and bonds.

n. Maintaining insurance as required by the agreement.

2. *Management of the Project*. Upon completion of the Project, the Project Owner will enter into a 15 year management agreement with the USL, in which USL will be responsible for the following:

a. Upon substantial completion, providing start up services for the initial move in;

b. Operating the Project as a first class residence hall;

c. Managing, operating and maintaining the Development in conjunction with the Project Operations Committee as outlined in the Lease;

d. Ensuring the Project has all the required utility services;

e. Maintaining staffing as required by the "Responsibility Matrix";

f. Marketing the Project in conjunction with the Applicant;

g. Entering into residence license agreements with the occupants and enforcing the agreements;

h. Collecting revenue and managing the Project's cash flow surpluses and shortfalls;

i. Maintaining and repairing the Project;

j. Preparing annual budgets and monthly reports;

k. Preparing an annual capital plan;

l. Implementing a residence life plan;

m. Maintaining books and records

The Private Partner's Experience and Qualifications
The Guidelines call for an assessment of the experience and qualifications of the development partner. The private partner's team consists of The Michaels Organization, Netta Architects, and the Claremont Companies.

The Michaels Organization (TMO)
Consisting of several companies (Michaels Development Company, Interstate Realty Management, Continental Mortgage, Prestige Building Company, and University Student Living), TMO has developed 50,000 housing units in 34 states and since 2004 has overseen approximately $2.9 billion of new construction and rehabilitation projects. Interstate Realty Management, the property management company within TMO's fold, manages approximately 43,000 multi-family units consisting of military and multi-family housing. In 2011, TMO formed University Student Living to develop student housing projects in partnership with higher education institutions. Since then, it has developed a dormitory in partnership with Rutgers University – Camden Campus and the Camden County Improvement Authority (350 bed turnkey development; no management).

Netta Architects
This firm has designed approximately 245 student housing units with an approximate total development cost of $48 million. In addition, it has been involved in the development of other academic buildings with a total development cost of $8.5 million.

The Claremont Companies
In business since 1954, this general contractor/developer is based in Far Hills, and has general construction experience throughout the mid-Atlantic States. In the early 1980's the firm diversified into development for others and for its own account and has developed more than 3 million SF of retail, office, retail, hotel and residential projects in New Jersey. Its construction portfolio includes the development of 850 multi-family units with an approximate development cost of $150 million.

In accordance with the Guidelines, staff concludes that the Project's development and management team consisting of TMO, Netta Architects and the Claremont Companies has sufficient experience to own, develop, construct, operate and maintain the Development.

Project Financing and Feasibility
- *Development Uses and Sources*

The project's development budget, construction costs and developer's compensation are within the existing market conditions (taking into account prevailing wage) to develop a project of this type. The following chart summarizes the project's uses and sources:

Uses	% Project	Amount
Acquisition	0%	$1
Improvements	67%	$25,673,604
Professional Services	5%	$1,946,500
Financing Fees	1%	$428,005
Financing and Other Costs	20%	$7,577,344
Contingency	2%	$862,000
Development Fee	5%	$1,776,000
Total Uses	**100.00%**	**$38,263,454**

Sources	% Project	Amount
Tax Exempt Bonds	100%	$38,263,454
Total Sources	**100.00%**	**$38,263,454**

RBC Capital market currently estimates an average fixed interest rate of 5.23% over the 32 year term of the bond financing, and assumes that that the bonds will be Baaa3 (Moody's) and BBB- (Standard and Poor's). The financing will include the following conditions:

Required Annual Debt Service Coverage Ratio:	1.20 (i.e., net operating income must exceed the annual debt service payment by 120%)
Security:	The bonds will be secured through a leasehold mortgage, assignment and security agreement which will encumber the Project's Owner's interest in the improvements, equipment, inventory and cash flow from the Project.
Repair and Replacement Reserve:	$175 per bed annually, increasing 3% annually
Construction:	A fixed price contract with appropriate payment and performance bond and liquidated damages acceptable to the rating agencies/investors.

Operating Proforma
The submitted proforma included a 5% vacancy rate for the student housing units which could be considered rather aggressive from an underwriting standpoint. However, if the student housing vacancy is increased to 10%, the Project generates sufficient cash flow (which also includes rent from the bistro space at $20 NNN SF and summer activities undertaken at the dormitory) to meet the required debt service coverage ratio of 1.20.

Distribution of Cash Flow
The parties have agreed to the following cash flow distribution:

1. Payment of operating expenses and replacement reserve account, except one-half of the management fee (4% of gross effective income) is deferred as noted below,
2. Payment of debt service
3. Payment of the Applicant's annual rent due under the Lease
4. Payment of the deferred management fee
5. Balance of net cash, if any, to the Applicant.

- *Market Analysis*

USL engaged Anderson Strickler, LLC to prepare a student housing market study, which was completed in June 2013. Anderson and Strickler made the following findings:

1. As of Fall 2012, there was sufficient demand to develop between 269 and 384 beds for Freshmen.
2. As of Fall 2017, there would be a demand between 354 and 506 beds for Freshman.

3. The plan to initially develop 600 of the 1,200 beds is feasible considering the Applicant's enrollment projections, which includes an exchange program with China which will receive students from Applicant's planned campus in China.
4. Based on the type of unit to be developed (2 Bedroom double occupancy with snack area), there was a 68% preference for this type of unit, with a demand of approximately 293 beds.
5. The preferred student housing (2 bedroom double occupancy with snack area) has a per semester student housing cost of between $5,440 and $5,690.

The study included the conclusion that "the plan to develop 600 new beds as Phase I of the 1,200 housing development is possible with [the Applicant's] enrollment projections." The report also stated that after developing initial 600 beds, another study should be commissioned.

This Project falls within the parameters of the market study findings by providing 372 Freshman beds; however the proposed per semester room rate, $5,862, is slightly higher than the per semester housing rate considered in the study ($5,440 to $5,690), but only exceeded the highest considered room rate by 3%, which is insignificant. As part of the tax exempt bond closing an updated study will be obtained; the Authority will request a copy to verify that the market conditions have not significantly change for the Project.

After reviewing the project's budget, operating proforma, and supporting information, the Real Estate Division's staff has assessed the soundness of the financial plan and concludes that the Project is financially feasible. Staff concludes that the Project's development cost and projected operating expenses are reasonable and within current market conditions.

Long-Range Maintenance Plan

The Act requires that the estimated costs and financial documents submitted with an application must include a long-range maintenance plan that specifies expenditures that qualify as an appropriate investment in maintenance. As part of its financial documentation, the Applicant submitted a long-range maintenance plan which included standards for the calculation of funds for replacement over the useful of the project, detail for the initial calculation of need for replacement funds (e.g., estimated items, useful life, replacement costs, quantity and total costs), estimated the total amount required, and provided a schedule for use of the replacement reserve over the life of the Project. The Project Owner will pay for long-range maintenance items from the reserve required by the Indenture; staff concludes that the Project Owner has sufficient capital reserves to meet the Project's long term maintenance needs during the Lease term. The plan submitted complies with industry standards for replacement reserve accounts and capital maintenance plans and the long-range maintenance guidelines prepared by the Authority's consultant and adopted by the Authority. Accordingly, staff concludes that Applicant has submitted an adequate long-range maintenance plan for the Project.

Project Schedule
The Applicant has provided a schedule to complete the Development by July 15, 2015. In addition, the Lease requires substantial completion of the Project by no later than the fifth anniversary of approval of the Project by the Authority. These periods comply with the requirement of the Act that projects be completed within 5 years of the Authority's approval date.

NJ Green Building Manual and LEED Standards
The Act encourages projects to adhere to the Leadership in Energy and Environmental Design ("LEED") Green Building Rating System and the NJ Green Building Manual. These standards are not mandatory, but encouraged under the Act. For this Development, the Project Owner has agreed to design and construct the project so that it would meet the LEED Silver certification Staff concludes that this Lease requirement complies with the requirement of the Act.

Other Requirements of the Act
In accordance with the requirements of the Act, the applicant has produced evidence and has certified to comply with the following requirements of the Act:

- The private partner will obtain the required DPMC classification for the required professionals and contractors (in its submission, the Applicant noted that selected general contractor will meet this requirement)
- The private partner will pay prevailing wage during the construction and for contracts under the long term maintenance plan during operation of the project
- The private partner will enter into the required project labor agreements during the construction and operation of the project (the Applicant included a sample agreement in its submission)
- The private partner will post the required bond or have the bond posted on its behalf (the Applicant noted that the Act's bonding requirements will be met)

The Division of Property Management and Construction within Treasury has classified Claremont Construction Group under general construction and historical restoration for an aggregate amount of $78 million, and with a bonding capacity of $200 million.

Recommendation
Staff recommends that the Board approve the application subject to the following conditions being met to the satisfaction of appropriate staff (e.g., Chief Executive Officer, Chief Operating Officer and President, or the Director for the Real Estate Division):

- Providing a copy of the recorded deed from the State to the Applicant;
- Providing a copy of the executed Lease, Management and Development Agreements with attachments (excluding the plans and specifications);
- Submitting, in final form, the development and operating budget (substantially the same as the documents reviewed by the Authority);

- Submitting, in final form, project labor agreements for the construction and contracts to implement the long range maintenance plan, which require not paying less than prevailing wage and to the greatest extent possible, enhances employment opportunities for individuals residing in the county of the project's location;
- Submitting, in final and satisfactory form, posted bonds guaranteeing prompt payment of moneys due to the contractor (and/or subcontractors);
- Submitting a final copy of the Indenture, Loan Agreement and any related financial document financial with terms substantially similar to those provided in the Application
- Providing a copy of the updated market study that is obtained as part of the tax exempt bond closing; and
- Submitting other items (i.e., any other document which may contain a material business term to the partnership agreement between the parties) that the Applicant must provide in order to obtain the Authority's final approval.

Recommendation

In summary, I ask for the Members to authorize the Authority's staff to approve the project upon meeting the conditions outlined in this memo.

Timothy J. Lizura
Chief Operating Officer & President

Prepared by: Juan Burgos