



## **MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Michele Brown  
Chief Executive Officer

**DATE:** November 15, 2012

**SUBJECT:** Agenda for Board Meeting of the Authority November 15, 2012

### **Notice of Public Meeting**

### **Roll Call**

### **Approval of Previous Month's Minutes**

### **Chief Executive Officer's Monthly Report to the Board**

### **Bond Projects**

### **Loans/Grants/Guarantees**

### **Incentive Programs**

### **Board Memorandums**

### **Public Comment**

### **Adjournment**

# NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

October 9, 2012

## MINUTES OF THE MEETING

Members of the Authority present: Al Koepp, Chairman; Matt McDermott representing the Executive Branch; Jim Leonard representing the State Treasurer; Colleen Kokas representing the Commissioner of the Department of Environment Protection; Paul Yuen representing the Department of Labor and Workforce Development; Public Members: Joseph McNamara, Vice Chairman; Larry Downes, Marjorie Perry, Harold Imperatore, Brian Nelson, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Present via conference call: Nancy Graves representing the Commissioner of the Department of Banking and Insurance, Public Members: Richard Tolson, Charles Sarlo, and Ray Burke, First Alternate Public Member.

Also present: Michele Brown, Chief Executive Officer of the Authority; Timothy Lizura, President and Chief Operating Officer; Deputy Attorneys General Bette Renaud and Wayne Martorelli; Brett Tanzman, Governor's Authorities' Unit; and staff.

Absent: Public Member Elliot M. Kosoffsky, Second Alternate Public Member.

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 13, 2012 meeting minutes. A motion was made to approve the minutes by Mr. McNamara, seconded by Mr. McDermott, and was approved by the 12 voting members present.

Chairman Koepp welcomed Michele to the EDA and her first Board meeting as CEO, stating that her skills would serve the Authority well, and that staff would assist her anyway it could.

Ms. Brown stated that before coming to the EDA, she was aware of its excellent reputation and people everywhere said she would be joining a first rate organization. She remarked that staff has been very welcoming and extremely helpful. She added that today marked her first Board meeting as CEO, and she was especially pleased about the projects being presented, which reflect the Authority's continuing focus on supporting the growth of both large and small businesses, with a particular focus on the manufacturing industry.

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

Ms. Perry entered the meeting at this time.

**BOND PROJECTS**

**BOND RESOLUTIONS**

Mr. Sadler entered the meeting at this time

Mr. Nelson entered the meeting at this time.

**PROJECT:** BWP School Partners LLC **APPL.#37648**  
**LOCATION:** Newark City/Essex  
**PROCEEDS FOR:** Construction and renovation  
**FINANCING:** \$10,700,000 (est.) Series A Tax-Exempt Bond and \$300,000 (est.) Series B Taxable Bond, total not to exceed \$11,000,000  
**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. McNamara **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 1**  
**PUBLIC HEARING:** Yes  
**PUBLIC COMMENT:** None

**AMENDED BOND RESOLUTIONS**

**PROJECT:** Middlesex Water Company **APPL.#37667**  
**LOCATION:** Single County/Multi City  
**PROCEEDS FOR:** Refund  
**FINANCING:** \$12,000,000 (est.) Series A Tax-Exempt Bond, \$22,500,000 (est.) Series B Tax-Exempt Bond, and \$23,000,000 (est.) Series C Tax-Exempt Bond, total not to exceed \$57,500,000  
**MOTION TO APPROVE:** Mr. McNamara **SECOND:** Mr. Tolson **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 2**  
**PUBLIC HEARING:** Yes  
**PUBLIC COMMENT:** None

**COMBINATION PRELIMINARY AND BOND RESOLUTIONS**

**PROJECT:** Dwight-Englewood School **APPL.#37721**  
**LOCATION:** Englewood City/Bergen  
**PROCEEDS FOR:** Construction  
**FINANCING:** \$10,800,000 (est.) Tax-Exempt Bond (Part of a \$20 million Tax-Exempt Bond with P37722)  
**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. McDermott **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 3  
**PUBLIC HEARING:** Yes  
**PUBLIC COMMENT:** None

**PROJECT:** Dwight-Englewood School **APPL.#37722**  
**LOCATION:** Englewood City/Bergen  
**PROCEEDS FOR:** Refund  
**FINANCING:** \$9,200,000 (est.) Tax-Exempt Bond (Part of a \$20 million Tax-exempt Bond with P37721)  
**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. McDermott **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 3  
**PUBLIC HEARING:** Yes  
**PUBLIC COMMENT:** None

**PROJECT:** Yeshiva Toras Chaim, Inc. **APPL.#37690**  
**LOCATION:** Lakewood Township/Ocean  
**PROCEEDS FOR:** Refinancing  
**FINANCING:** \$3,000,000 (est.) Tax-Exempt Bond  
**MOTION TO APPROVE:** Mr. McDermott **SECOND:** Mr. Imperatore **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 4  
**PUBLIC HEARING:** Yes  
**PUBLIC COMMENT:** None

**LOANS/GRANTS/GUARANTEES**

**LOAN TO LENDERS PROGRAM**

**PROJECT:** Millville Urban Redevelopment Corporation **APPL.#37570**  
**LOCATION:** Millville City/Cumberland  
**PROCEEDS FOR:** Capital  
**FINANCING:** \$200,000 Loan to Lender Program Loan  
**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. McDermott **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 5

**PETROLEUM UNDERGROUND STORAGE TANK PROGRAM**

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

**MOTION TO APPROVE:** Mr. McDermott **SECOND:** Mr. Yuen **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 6

**PROJECT:** Acropolis Service Center **APPL.#37280**  
**LOCATION:** Leonia/Bergen  
**PROCEEDS FOR:** Remediation, Upgrade, Closure  
**FINANCING:** \$203,835, Petroleum UST remediation, Upgrade and Closure Fund Grant

**PROJECT:** Martin Berlin **APPL.#36941**  
**LOCATION:** Brick Township/Ocean  
**PROCEEDS FOR:** Remediation, Upgrade, Closure  
**FINANCING:** \$381,305, Petroleum UST remediation, Upgrade and Closure Fund Grant

**PROJECT:** My Way Pizza **APPL.#37375**  
**LOCATION:** Dumont/Bergen  
**PROCEEDS FOR:** Remediation, Upgrade, Closure  
**FINANCING:** \$780,000, Petroleum UST remediation, Upgrade and Closure Fund Grant

**HAZARDOUS DISCHARGE SITE REMEDIATION FUND**

**PROJECT:** Camden Redevelopment Agency (BDA Harrison Avenue) **APPL.#37431**  
**LOCATION:** Camden City/Camden  
**PROCEEDS FOR:** Remedial Action  
**FINANCING:** \$860,323 Hazardous Discharge Site Remediation Fund Grant  
**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. McDermott **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 7

**INCENTIVE PROGRAMS**

**URBAN TRANSIT HUB TAX CREDIT PROGRAM**

**ITEM:** \$100 Million Residential Competitive Solicitation  
**REQUEST:** To approve the modifications to the Urban Transit Hub Tax Credit program \$100 Million Residential Competitive Solicitation.  
**MOTION TO APPROVE:** Mr. Leonard **SECOND:** Mr. Nelson **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 8

Ms. Brown announced that the balance of the Incentive Programs would be summarized by President and COO Lizura.

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

**PROJECT:** Acupac Packaging, Inc. **APPL.#37679**  
**LOCATION:** Mahwah Township/Bergen **BUSINESS:** Manufacturing  
**GRANT AWARD:** \$112,500 (est.), **Business Retention and Relocation Assistance grant,**  
1 year  
**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. Yuen **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 9**

**PROJECT:** Cellco Partnership (d/b/a Verizon Wireless) **APPL.#37421**  
**LOCATION:** Piscataway/Middlesex **BUSINESS:** Electronic Device Technology  
**GRANT AWARD:** 80% **Business Employment Incentive grant,** 10 years  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Imperatore **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 10**

**PROJECT:** Home Dynamix, LLC **APPL.#37702**  
**LOCATION:** Moonachie/Bergen **BUSINESS:** Distribution  
**GRANT AWARD:** \$1,134,000 (est.), **Business Retention and Relocation Assistance**  
**grant,** 2 years  
**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. Yuen **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 9**

**PROJECT:** Precision Custom Coatings LLC **APPL.#37725**  
**LOCATION:** To be determined **BUSINESS:** Apparel/Textile Products  
**GRANT AWARD:** 35% **Business Employment Incentive grant,** 10 years  
**MOTION TO APPROVE:** Mr. McDermott **SECOND:** Mr. Imperatore **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 10**

**PROJECT:** Precision Custom Coatings LLC **APPL.#37726**  
**LOCATION:** To be determined **BUSINESS:** Apparel/Textile Products  
**GRANT AWARD:** \$506,250 (est.), **Business Retention and Relocation Assistance grant,**  
1 year  
**MOTION TO APPROVE:** Mr. McDermott **SECOND:** Mr. Imperatore **AYES:** 14  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 9**

**ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM**

**ITEM:** East Grand & Division, LLC or Nominee

**REQUEST:** To approve the ERG application of East Grand & Division, LLC (EGD) or the applicant, for 20% of the eligible costs, not to exceed \$2,648,920.

*This item was withheld from consideration.*

**GROW NEW JERSEY ASSISTANCE PROGRAM**

**PROJECT:** DSM Food Specialties USA, Inc.

**LOCATION:** Belvidere/Warren

**REQUEST:** To approve the \$11,550,000 Grow New Jersey award

**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. Leonard **AYES:** 14

**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 11

**UEZ/ENERGY SALES TAX EXEMPTION PROGRAM**

**ITEM:** Nu-World Corporation

\$28,000 UEZ/Energy Sales Tax Exemption

**REQUEST:** To approve the Urban Enterprise Zone Energy Sales Tax Exemption Renewal Application of Nu-World Corporation for \$28,000 (est.).

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

**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 12

**BOARD MEMORANDUMS**

**ITEM:** Morristown-Beard School, Inc.

Morristown Township, Morris County, NJ

\$3,875,000 Tax Exempt Bond (P19395)

**REQUEST:** To approve the modifications to the existing bond rates, terms and accompanying provisions.

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

**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 13

*Mr. Nelson recused himself because his new firm is bond counsel on the project.*

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

**New Jersey Business Growth Fund:** Guzzo 365, LLC

**Community Economic Development Program:** City of Burlington

**FOR INFORMATION ONLY:** The next item is a summary of the post-closing actions approved under Delegated Authority for 3<sup>rd</sup> Quarter 2012.

**FOR INFORMATION ONLY:** The next item is a summary of the Business Employment Incentive Program modifications approved under Delegated Authority for 3<sup>rd</sup> Quarter.

### **EDISON INNOVATION**

**ITEM:** Edison Innovation Venture Capital Growth Fund – Revised Rule Amendments

**REQUEST:** To approve the clarifying language to rule amendments implementing the Edison Innovation Venture Capital Growth Fund program approved last month that increased the funding limit from \$500,000 to \$1 million, pending review by Governor’s counsel’s office.

**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. McDermott **AYES:** 14

**RESOLUTION ATTACHED AND MARKED EXHIBIT: 14**

### **REAL ESTATE**

**ITEM:** Aviation Research & Technology Park

Add Richard Stockton College of New Jersey as Co-Grantee to the \$2.5 Million USEDA Public Works Grant

**REQUEST:** To approve The Richard Stockton College of New Jersey as a co-grantee with the Authority on the \$2.5 million grant dated March 3, 2008 under its Public Works Grant Program.

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

**RESOLUTION ATTACHED AND MARKED EXHIBIT: 15**

**ITEM:** Sale of Property

2099 Center Square Road, Logan Township

**REQUEST:** To approve the negotiation and execution of the Authority’s standard Agreement for Sale of Property with Miller Auto Leasing, Co., a New Jersey corporation, for the sale of 2099 Center Square Road, Logan Township, Gloucester County, New Jersey, for the sale price of \$165,000.

**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. Leonard **AYES:** 13

**RESOLUTION ATTACHED AND MARKED EXHIBIT: 16**

*Mr. Burke recused himself because he and Mr. Chip Miller, principal of Miller Auto Leasing, serve on the board of NJ Committee of Automotive Retailers (NJ CAR).*

**FOR INFORMATION ONLY:** The next item is a summary of the Real Estate Division Delegated Authority for Leases and Right of Entry for 3<sup>rd</sup> Quarter 2012.

**PUBLIC COMMENT**

There was no comment from the public.

**EXECUTIVE SESSION**

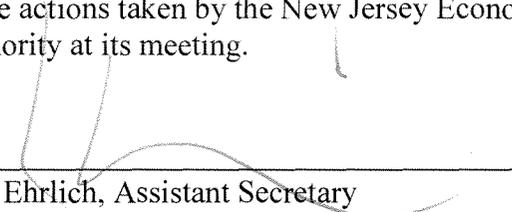
The next item was to adjourn the public session of the meeting and enter into Executive Session to discuss pending litigation. The minutes will be made public when the need for confidentiality no longer exists.

**MOTION TO APPROVE: Mr. McNamara      SECOND: Mr. Leonard AYES: 14  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17**

The Board returned to Public Session.

There being no further business, on a motion Mr. McNamara, and seconded by Ms. Perry, the meeting was adjourned at 11:20 a.m.

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



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Kim Ehrlich, Assistant Secretary





## MEMORANDUM

**TO:** Members of the Authority

**FROM:** Michele A. Brown  
Chief Executive Officer

**DATE:** November 15, 2012

**RE:** Chief Executive Officer's Report to the Board

### **EDA SUPPORTS CHRISTIE ADMINISTRATION'S HURRICANE SANDY BUSINESS RECOVERY SERVICES**

To support the recovery of New Jersey's businesses and protect the overall economic interests of our state in the aftermath of Hurricane Sandy, Governor Chris Christie and Lt. Governor Kim Guadagno have announced a series of business assistance services for those affected by the storm. Among these vital services are those related to financial support, information on temporary space, and technical assistance for impacted businesses.

EDA is supporting these recovery services by re-launching the Main Street Disaster Relief Program. Under the program, guarantees of up to \$500,000 for commercial lines of credit will be available to businesses that need access to cash to improve their damaged property while awaiting insurance proceeds, with all related EDA fees waived.

The EDA's Premier Lender banking partners will be able to extend either a new credit line, a carve out provision to an existing credit line, or an increase to an existing credit line of which the new proceeds will be used to fund damage repair costs.

The program is designed to offer an expedited approval, and a decision will be made within five business days from the time a complete underwriting package is received. A commitment letter is issued within two business days after approval.

Governor Christie also requested that EDA assist the State in identifying and coordinating non-functioning gas stations. Staff responded tremendously to this request by working through the weekend to receive calls and emails from non-functioning gas stations.

Tom Murphy, Fred Cole, Diane Wong, Steve Quattro and Ravi Ratnasingham created a temporary call center, organized a program and oversaw the efforts while Jo Ann Walls, Maria LeBon, Celeste Jordon, Patty Rush, Cindy Snyder, Gwen Catalina, Muneerah Sanders, Jackie Mullings, Michele Bailey, Sandy Lamparelli, Gina Bencivengo, and Leslie Vizzini answered

phone and emails and put together a list of over 350 stations, organized by county, that were not pumping and cataloged the various reasons.

This information was shared with the State's Command Center, who used it to route the National Guard's gas tanker trucks to supply the stations that were ready to pump or to prioritize the utility companies to work on stations that had gas but no power. This was a tremendous help to getting our gas stations back on-line and we thank the staff involved for their remarkable job in supporting this effort.

### **COMPETITIVE SOLICITATION: URBAN TRANSIT HUB TAX CREDIT PROGRAM – RESIDENTIAL COMPONENT**

Building on the Christie Administration's commitment to fueling economic growth in New Jersey, EDA last month launched a competitive solicitation to spur major residential projects in the State's urban centers. The EDA will utilize tax credits under the Urban Transit Hub Tax Credit (UTHTC) program to support qualifying projects.

The solicitation, which closes December 20, 2012 at 3:00 p.m. EST, will offer up to \$100 million (subject to availability) to support residential projects, and residential projects with mixed-used components, in eligible areas within the cities of Camden, East Orange, Elizabeth, Hoboken, Jersey City, Newark, New Brunswick, Paterson and Trenton. Tax credits are available for up to 35 percent of the total qualified capital investment per project with a maximum of \$33 million, whichever is less.

The solicitation can be found at <http://www.njeda.com/uthtc-res>.

### **MANUFACTURENJ WEEK DRAWS STATEWIDE ATTENTION TO MANUFACTURING IN NEW JERSEY**

Last month, New Jersey held its first ever Manufacturing Week and included a variety of scheduled activities throughout the state for manufacturers, students, educators, policy makers and the media. Co-sponsored by New Jersey Manufacturing Extension Program, a not-for-profit organization, and ManufactureNJ, the Advanced Manufacturing Talent Network of the N.J. Department of Labor and Workforce Development, this inaugural event focused state-wide attention on manufacturing in New Jersey as a core industry sector, a source of jobs and economic prosperity for the state.

At the kick-off event held at the New Jersey Institute of Technology on Monday, October 22, Lt. Governor Guadagno joined other leaders from government, industry and education to speak about laborforce skill gaps and opportunities in manufacturing.

The goal of the week was to build advanced manufacturing awareness, help companies and students learn about regional assets including education/training opportunities, career paths and jobs, and enable communities to connect more directly with their economic drivers in New Jersey's manufacturing sector. In 2012 to date, EDA has provided over \$150 million in

assistance to manufacturing companies that is expected to support the creation of over 3,600 new jobs.

## **FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY (FMERA) UPDATE**

FMERA staff has been actively engaged with the Army, Monmouth County Office of Emergency Management (OEM), and other state and federal agencies in the wake of Sandy in ways that Fort Monmouth facilities could help storm victims. This effort is ongoing.

The Army and FMERA staff have asked OEM to take the lead in fielding and managing all requests. Monmouth County has significant ground resources and experience that neither Army nor FMERA have.

With respect to housing, none of the former housing on the Fort is ready for occupancy. In varying degrees, this housing has issues related to accessibility, sanitary sewer, heat, mold, fire protection, safety, electricity, gas, and other. FMERA is looking to OEM to help resolve such issues so that any use of this housing would result in safe and beneficial accommodations for storm victims or service providers.

FMERA has also been involved in discussions regarding temporary locations for service providers, equipment, and other storm-related needs. With the continued good help from the Army, OEM, and others, we are confident FMERA will be able to help post-Sandy and continue with the redevelopment mission.

## **FINANCING ACTIVITY**

Through October 2012, EDA has closed financing and incentives totaling over \$448 million for over 130 projects that are expected to support the creation of over 3,600 new jobs, the retention of over 8,700 existing jobs at risk of leaving New Jersey, and involve total public/private investment of over \$930 million in New Jersey's economy. Among the businesses assisted by EDA in October include:

**Mycone Dental Supply Co., Inc.**, which executed a \$154,000 Business Employment Incentive Program (BEIP) grant. Mycone Dental Supply, also known as Keystone Industries, is responsible for the production of cosmetic, dental, hearing aid, and special polymer products. This assistance, along with assistance the company was approved for under the Business Retention and Relocation Assistance Grant (BRRAG) Program, would enable the company to relocate 75 existing jobs from Cherry Hill to Gibbstown, as well as create 50 new jobs. EDA's assistance to this company is expected to leverage \$5 million in capital investment.

**Ginsey Industries, Inc.**, which executed a \$162,000 BRRAG to support the retention of 72 jobs in Logan Township. Ginsey Industries is a manufacturer and distributor of pet, baby, juvenile, and adult home furnishings and bath accessories. This assistance will enable the company to consolidate its two locations in Bellmawr and West Deptford into a single location in Logan

Township, as opposed to a competing location in Pennsylvania. EDA's assistance to this company is expected to leverage \$355,000 in capital investment.

**CareKinesis, Inc.**, which received \$500,000 investment under the Edison Innovation VC Growth Fund. CareKinesis is a provider of personalized medication management and customized medication distribution for elderly and other at-risk individuals. As a result of this assistance, the company expects to create 40 new jobs in Moorestown.

#### **EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH**

EDA representatives participated as speakers, attendees or exhibitors at 28 events in October. These events included the 2012 Governor's Conference on Housing and Economic Development in Atlantic City, the New Jersey Institutional Investors Forum in Newark, and the 22nd Annual Statewide Hispanic Chamber of Commerce of NJ Convention & Expo in New Brunswick.

  
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**AMENDED BOND RESOLUTIONS**



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

**APPLICANT:** Hudson Community Enterprises Inc.

P37666

**PROJECT USER(S):** Same as applicant

\* - indicates relation to applicant

**PROJECT LOCATION** 68-70 Tuers & 780 Montgomery Jersey City (T/UA)

Hudson

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

**APPLICANT BACKGROUND:**

Hudson Community Enterprises Inc. (formerly The Occupational Center of Hudson County) is a 501(c)(3) not-for-profit organization based in Jersey City, New Jersey. The organization was founded in 1957 as a community rehabilitation program and has always focused its efforts in the area of job preparation, training, and job retention services for individuals with disabilities and other barriers to employment. With a staff of 500, the agency offers a range of education, training, and employment services for youth with disabilities exiting school, adults with disabilities in its vocational rehabilitation programs, as well as community residents facing other barriers to employment. This past year over 700 individuals participated in its programs leading to employment. Since its inception in 1957, the organization has placed 3,500 community residents into employment. Joseph F. Brown is the Executive Director.

In 1998, the applicant received Authority assistance via tax-exempt bond financing, in the amount of \$1,480,000 (Appl. P9482) to make leasehold improvements to a two-story, 27,000 sq. ft. vacant building in Jersey City, Hudson County, in order to house and expand its various employment and training programs. Municipal Capital Markets Group, Inc., acted as private placement agent for the 1998 Bond for 20 years at a fixed rate of 6.5%.

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

**APPROVAL REQUEST:**

Authority assistance will enable the applicant to refinance conventional debt, purchase certain machinery and equipment and pay a portion of the costs of issuance. The difference between the project costs and bond amount will be funded with Applicant's equity.

This application is being presented in conjunction with Appl. P37700 for the refunding of the outstanding balance of the 1998 Bond, for total tax-exempt bond financing not to exceed \$1,520,000.

The Project (together with Appl. P37700) is being presented at the November 15, 2012 Board meeting for an Amended Bond Resolution to add 780 Montgomery Avenue, Jersey City as an additional project location. A public hearing is also being conducted.

**FINANCING SUMMARY:**

**BOND PURCHASER:** The Provident Bank (Direct Purchase)

**AMOUNT OF BOND:** \$760,000 est. (Part of a \$1,520,000 Tax-exempt bond with P37700)

**TERMS OF BOND:** 7 years; Fixed interest rate for 7 years based on the tax exempt equivalent of 7 yr. U.S. Treasury Securities plus 300 basis points, estimated at 2.75% as of 8/1/12.

**ENHANCEMENT:** N/A

**PROJECT COSTS:**

|                                   |                  |
|-----------------------------------|------------------|
| Purchase of equipment & machinery | \$500,000        |
| Refinancing                       | \$251,000        |
| Legal fees                        | \$22,500         |
| Finance fees                      | \$5,000          |
| <b>TOTAL COSTS</b>                | <b>\$778,500</b> |

**JOBS:** At Application                      254 Within 2 years                      25 Maintained                      0 Construction                      0

**PUBLIC HEARING:** 11/15/12 (Published 11/02/12)      **BOND COUNSEL:** Wolff & Samson

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

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

**APPLICANT:** Hudson Community Enterprises Inc.

P37700

**PROJECT USER(S):** Same as applicant

\* - indicates relation to applicant

**PROJECT LOCATION** 68-70 Tuers Avenue

Jersey City (T/UA)

Hudson

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

**APPLICANT BACKGROUND:**

Hudson Community Enterprises Inc. (formerly The Occupational Center of Hudson County) is a 501(c)(3) not-for-profit organization based in Jersey City, New Jersey. The organization was founded in 1957 as a community rehabilitation program and has always focused its efforts in the area of job preparation, training, and job retention services for individuals with disabilities and other barriers to employment. With a staff of 500, the agency offers a range of education, training, and employment services for youth with disabilities exiting school, adults with disabilities in its vocational rehabilitation programs, as well as community residents facing other barriers to employment. This past year over 700 individuals participated in its programs leading to employment. Since its inception in 1957, the organization has placed 3,500 community residents into employment. Joseph F. Brown is the Executive Director.

In 1998, the applicant received Authority assistance via tax-exempt bond financing, in the amount of \$1,480,000 (Appl. P9482) to make leasehold improvements to a two-story, 27,000 sq. ft. vacant building in Jersey City, Hudson County, in order to house and expand its various employment and training programs. Municipal Capital Markets Group, Inc., acted as private placement agent for the 1998 Bond for 20 years at a fixed rate of 6.5%.

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

**REFUNDING REQUEST:**

Authority assistance will enable the applicant to refund the outstanding balance of the 1998 Bond and pay a portion of the costs of issuance. The difference between the project costs and the bond amount will be funded with Applicant's equity.

This application is being presented in conjunction with Appl. P37666 to refinance conventional debt, purchase certain machinery and equipment and pay costs of issuance, for total tax-exempt bond financing not to exceed \$1,520,000.

The Project (together with Appl. P37666) is being presented at the November 15, 2012 Board meeting for an Amended Bond Resolution to add 780 Montgomery Avenue, Jersey City as an additional project location. A public hearing is also being conducted.

**FINANCING SUMMARY:**

**BOND PURCHASER:** The Provident Bank (Direct Purchase)

**AMOUNT OF BOND:** \$760,000 est. (Part of a \$1,520,000 Tax-exempt bond with Appl. P37666)

**TERMS OF BOND:** 7 years; Fixed interest rate for 7 yrs. based on the tax exempt equivalent of 7 yr. U.S. Treasury Securities plus 300 basis points, estimated at 2.75% as of 8/1/12.

**ENHANCEMENT:** N/A

**PROJECT COSTS:**

|  |                  |
|--|------------------|
| Principal amount of bond(s) to be refund | \$760,000        |
| Legal fees                               | \$22,500         |
| Finance fees                             | \$5,000          |
| <b>TOTAL COSTS</b>                       | <b>\$787,500</b> |

**PUBLIC HEARING:** 11/15/12 (Published 11/02/12) **BOND COUNSEL:** Wolff & Samson

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

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

**APPLICANT:** Logan Generating Company, L.P.& Keystone Urban Renewal L.P. P37625

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

**PROJECT LOCATION** 76 Route 130 Swedesboro Borough (T) Gloucester

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

**APPLICANT BACKGROUND:**

Logan Generating Company, L.P. and Keystone Urban Renewal Limited Partnership, both Delaware limited partnerships, were formed in 1991 to develop, construct, own and operate a 225 megawatt pulverized coal-fired cogeneration station in Swedesboro, Gloucester County. Keystone Urban Renewal holds the title to the land and the cogeneration plant and Logan leases the facility from Keystone. The facility began commercial operations in 1994 and produces energy sold to Atlantic City Electric Company and steam for sale to industrial businesses.

The Applicant closed on a \$90,000,000 tax-exempt bond in 1992 to finance a portion of the costs of acquiring, constructing and equipping certain facilities associated with the operation of the cogeneration station. The 1992 Bonds were underwritten by Goldman Sachs & Co. as multimodal interest rate bonds with a final maturity of January 1, 2015. The 1992 Bonds are secured by a letter of credit provided by BNP Paribas. The 1992 Bonds are in compliance.

This project qualifies for tax-exempt bond financing as an Exempt Public Facility under Section 142(a)(5) - Sewage facilities, Section 142(A)(6) - Solid waste disposal facilities and Sections 142(a)(9) and 142(g) - Local district heating or cooling facilities, of the 1986 Internal Revenue Code, as amended, and is not subject to the \$20,000,000 capital expenditure limitation under Section 144 of the Code.

**REFUNDING REQUEST:**

Authority assistance will enable the applicant to current refund all or a portion of the \$60,300,000 outstanding balance of the 1992 Bonds, primarily to extend the maturity date of the 1992 Bonds from January 1, 2015 to December 31, 2024; and to update certain terms of the 1992 Trust Indenture, including but not limited to, the approval of the Second Supplement to Indenture of Trust to allow for the 2012 Bonds to be issued as "Additional Bonds" under the 1992 Trust Indenture. The proposed refunding at this time eliminates the economic risk of having to refinance the balance in 2015. The BNP Paribas letter of credit will continue to secure the 2012 Refunding Bonds. The difference in the bond amount and the project costs will be funded with Applicant's equity.

**FINANCING SUMMARY:**

**BOND PURCHASER:** Barclays Bank PLC (Underwriter)

**AMOUNT OF BOND:** \$60,300,000 max. (Tax-exempt Bond)

**TERMS OF BOND:** up to 13 years; Multi-modal interest rate not to exceed 10%; initially the bonds will bear interest in the flexible interest rate mode (not more than 270 days). Estimated rate as of 10/26/12 is 0.60%.

**ENHANCEMENT:** ( L/C - BNP Paribas - 3.0 Yr.)

**PROJECT COSTS:**

|  |              |
|--|--------------|
| Principal amount of bond(s) to be refund | \$60,300,000 |
| Legal fees                               | \$635,000    |
| Finance fees                             | \$430,158    |

TOTAL COSTS

\_\_\_\_\_  
\$61,365,158  
\_\_\_\_\_

**PUBLIC HEARING:** 11/15/12 (Published 10/31/12) **BOND COUNSEL:** McCarter & English, LLP

**DEVELOPMENT OFFICER:** H. Friedberg

**APPROVAL OFFICER:** T. Wells

**COMBINATION PRELIMINARY AND BOND RESOLUTIONS**



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

**APPLICANT:** Dakota Properties, Inc.

P37676

**PROJECT USER(S):** Twin Oaks Community Services, Inc. \*

\* - indicates relation to applicant

**PROJECT LOCATION:** Various

Statewide (N)

Multi Count

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

**APPLICANT BACKGROUND:**

Dakota Properties, Inc. (formerly Family Service Foundation, Inc.) is a 501(c)(3) not-for-profit organization formed as a supporting organization for the charitable purpose of aiding, contributing, promoting and supporting Twin Oaks Community Services, Inc. ("Twin Oaks"). Dakota Properties' main function is the acquisition, development, construction, operation, renovation, lease maintenance, management and sales of real estate as a supporting agency. Dakota Properties is also responsible for the fundraising and receiving of monetary gifts, securities and the maintenance of property donated for the benefit of or donated to Twin Oaks.

Twin Oaks was formed in January 2012 when Family Service of Burlington County, New Jersey merged with Steininger Behavioral Care Services. Originally formed in 1962, Twin Oaks provides a variety of behavioral and healthcare services to adults, children and families throughout southern and central New Jersey communities. Twin Oaks has over 65 programs that focus on community integration, integrated substance abuse treatment, strengthening families, preventing hospitalization and improving long term outcomes. Besides counseling and support services, Twin Oaks provides programs for adoption support, teenage parents programs, day programs for developmentally disabled adults with special needs, partial care mental health services and group homes services. Bob Pekar is the Executive Director.

Twin Oaks (as Family Service of Burlington County, NJ) received Authority assistance via tax-exempt bonds of \$3,283,000 in 2009 and \$4,391,732 in 2010 to finance, refinance and/or reimburse the cost of acquiring and improving certain properties used by Twin Oaks to provide its services. The 2010 Bond was directly purchased by TD Bank for 20 years with current interest rate of 1.56%. The 2009 Bond was paid in full. In addition, the former Steininger Behavioral Care Services also received Authority assistance via tax-exempt bonds in 2002 for \$1,320,000 and in 2006 for \$2,799,000 to refinance conventional debt. TD Bank (formerly Commerce Bank) also directly purchased these Bonds. The outstanding Bonds are in compliance.

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

**APPROVAL REQUEST:**

Authority assistance will enable the Applicant to refinance conventional debt used for the purchase of offices and group homes used to serve its clients. Any difference in the bond amount and the project costs will be paid with Applicant's equity.

This Project is related to Twin Oaks Community Services, Inc. (Appl. P37675) for tax-exempt bond financing of \$2,285,000 to refinance conventional debt, which is also being presented at the November 15, 2012 Board meeting.

**FINANCING SUMMARY:**

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

**AMOUNT OF BOND:** \$3,020,000 Tax-exempt bond

**TERMS OF BOND:** 20 years; Fixed interest rate for 10 years based on the tax-exempt equivalent of TD Bank's Cost of Funds plus 200 basis points, subject to call options and rate resets at the same index on 10th and 15th anniversaries. Estimated fixed interest rate as of 10/4/12 is 3.20%.

**ENHANCEMENT:** N/A

**PROJECT COSTS:**

|                    |                    |
|--------------------|--------------------|
| Refinancing        | \$3,020,000        |
| Legal fees         | \$25,000           |
| Finance fees       | \$22,600           |
| <b>TOTAL COSTS</b> | <b>\$3,067,600</b> |

**JOBS:** At Application                      35 Within 2 years                      4 Maintained                      0 Construction                      0

**PUBLIC HEARING:** 09/13/12 (Published 08/30/12)      **BOND COUNSEL:** Wolff & Samson

**DEVELOPMENT OFFICER:** H. Friedberg                      **APPROVAL OFFICER:** T. Wells

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

**APPLICANT:** Twin Oaks Community Services, Inc.

P37675

**PROJECT USER(S):** Same as applicant

\* - indicates relation to applicant

**PROJECT LOCATION:** Various

Statewide (N)

Multi Count

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

**APPLICANT BACKGROUND:**

Twin Oaks Community Services, Inc. ("Twin Oaks"), a 501(c)(3) not-for-profit organization, was formed in January 2012 when Family Service of Burlington County, New Jersey merged with Steininger Behavioral Care Services. Originally formed in 1962, Twin Oaks provides a variety of behavioral and healthcare services to adults, children and families throughout southern and central New Jersey communities. Twin Oaks has over 65 programs that focus on community integration, integrated substance abuse treatment, strengthening families, preventing hospitalization and improving long term outcomes. Besides counseling and support services, Twin Oaks provides programs for adoption support, teenage parents programs, day programs for developmentally disabled adults with special needs, partial care mental health services and group homes services. Bob Pekar is the Executive Director.

Twin Oaks (formerly Family Service of Burlington County, NJ) previously received Authority assistance via tax-exempt bonds of \$3,283,000 in 2009 and \$4,391,732 in 2010 to finance, refinance and/or reimburse the cost of acquiring and improving certain properties used by Twin Oaks to provide its services. The 2010 Bond was directly purchased by TD Bank for 20 years with current interest rate of 1.56%. The 2009 Bond was paid in full. In addition, the former Steininger Behavioral Care Services also received Authority assistance via tax-exempt bonds in 2002 for \$1,320,000 and in 2006 for \$2,799,000 to refinance conventional debt. TD Bank (formerly Commerce Bank) directly purchased these Bonds. The outstanding Bonds are in compliance.

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

**APPROVAL REQUEST:**

Authority assistance will enable the Applicant to refinance conventional debt used for the purchase of offices and group homes used to service its clients. Any difference in the bond amount and the project costs will be paid with the Applicant's equity.

This project is related to Dakota Properties (Appl. P37676) for a tax-exempt bond of \$3,020,000 to refinance conventional debt, which is also being presented at the November 15, 2012 Board meeting.

**FINANCING SUMMARY:**

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

**AMOUNT OF BOND:** \$2,285,000 Tax-exempt bond

**TERMS OF BOND:** 20 years; Fixed interest rate for 10 years based on tax-exempt equivalent of TD Bank's Cost of Funds plus 200 basis points; subject to call options and rate resets on 10th and 15th anniversaries. The estimated fixed interest rate as of 10/4/12 is 3.20%.

ENHANCEMENT: N/A

**PROJECT COSTS:**

|                    |                    |
|--------------------|--------------------|
| Refinancing        | \$2,285,000        |
| Legal fees         | \$25,000           |
| Finance fees       | \$18,600           |
| <b>TOTAL COSTS</b> | <u>\$2,328,600</u> |

**JOBS:** At Application      100 Within 2 years      20 Maintained      0 Construction      0

**PUBLIC HEARING:** 09/13/12 (Published 08/30/12)      **BOND COUNSEL:** Wolff & Samson

**DEVELOPMENT OFFICER:** H. Friedberg      **APPROVAL OFFICER:** T. Wells

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

**APPLICANT:** Girl Scouts of the Jersey Shore, Inc.

P37753

**PROJECT USER(S):** Same as applicant

\* - indicates relation to applicant

**PROJECT LOCATION:** 127 Yellow Brook Road/242 Farmingdale Borough (N) Monmouth

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

**APPLICANT BACKGROUND:**

Girl Scouts of the Jersey Shore, Inc. (GSJS) is a 501(c)(3) not-for-profit organization formed in 1963. The national organization, Girl Scouts of the USA, is celebrating its 100th Anniversary in 2012. Membership is open to girls ages 5 to 15 years old. GSJS' mission is to allow girls to explore their potential without competition from boys and to develop values to guide their actions for sound decision-making and leadership skills. GSJS' region includes Monmouth and Ocean Counties and has over 14,000 girls and 5,600 adult members. The applicant operates two service centers and two day camps within the region. Susan McClure is the CEO for the Jersey Shore region.

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

**APPROVAL REQUEST:**

Authority assistance will enable the applicant to refinance conventional debt used to acquire and construct the Program Activity Center and Equestrian Center in Farmingdale and make repairs at the camps. Projected savings from the refinancing is \$158,000.

**FINANCING SUMMARY:**

**BOND PURCHASER:** Ocean First Bank (Direct Purchase)

**AMOUNT OF BOND:** \$1,020,000 Tax-Exempt Bond

**TERMS OF BOND:** 20 years; fixed rate for the first 5 years at the tax-exempt equivalent of 350 basis points over the 5-year Treasury; rate resets every 5 years at the same index; the bonds will have a floor of 3.25%. The indicative rate is 3.27% as of July 11, 2012.

**ENHANCEMENT:** N/A

**PROJECT COSTS:**

|                                 |                                |
|---------------------------------|--------------------------------|
| Refinancing                     | \$858,000                      |
| Renovation of existing building | \$142,000                      |
| Legal fees                      | \$35,000                       |
| Finance fees                    | \$13,000                       |
| <b>TOTAL COSTS</b>              | <hr/> <b>\$1,048,000</b> <hr/> |

**JOBS:** At Application

45 Within 2 years

2 Maintained

0 Construction

1

**PUBLIC HEARING:** 11/15/12 (Published 10/29/12) **BOND COUNSEL:** McManimon, Scotland & Bauman

**DEVELOPMENT OFFICER:** H. Friedberg

**APPROVAL OFFICER:** M. Krug

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

**APPLICANT:** Moorestown Friends School Association

P37749

**PROJECT USER(S):** Same as applicant

\* - indicates relation to applicant

**PROJECT LOCATION** 32 East Main Street

Moorestown Township (N) Burlington

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

**APPLICANT BACKGROUND:**

Moorestown Friends School Association, originally founded in 1785, is a 501(c)(3) not-for-profit entity located on a 48-acre campus in Moorestown, Burlington County. Contiguous classroom buildings consisting of a lower, middle and upper school, house approximately 700 students from Pre-kindergarten to Grade 12, with two preschool classrooms right next to the Lower School Building. Athletic facilities include seven all-purpose playing fields, two baseball diamonds, five tennis courts, three gymnasiums and a Field House. The School was founded by the members of the Religious Society of Friends (also known as the Quakers) and has been reviewed and approved by the Attorney General's Office relating to the First Amendment's Establishment Clause. Larry Van Meter is the Head of the School.

In 2008, the School purchased the former Greenleaf Retirement facility on 32 Main Street, contiguous to the current campus, which contains 5 buildings and approx. 4.1 acres of land, which was converted into classrooms, a student common area, a physics/robotics lab, a choral music suite, a technology lab and administrative and conference space.

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

**APPROVAL REQUEST:**

Authority assistance will enable the Applicant to refinance conventional debt used for qualified investments at the School.

**FINANCING SUMMARY:**

**BOND PURCHASER:** Republic Bank (Direct Purchase)

**AMOUNT OF BOND:** \$8,500,000 (max.) Tax-exempt bond

**TERMS OF BOND:** 27 years; Two year interest only period at a fixed interest rate of 3.5% followed by fixed interest rate of 3.65% for next 8 years; subject to call options on the 10th anniversary and every 5 years thereafter together with rate resets based on the tax-exempt equivalent of 10-year U.S. Treasury Note plus 200 basis points.

**ENHANCEMENT:** N/A

**PROJECT COSTS:**

|                    |                                |
|--------------------|--------------------------------|
| Refinancing        | \$8,340,000                    |
| Legal fees         | \$90,000                       |
| Finance fees       | \$70,000                       |
| <b>TOTAL COSTS</b> | <hr/> <b>\$8,500,000</b> <hr/> |

**JOBS:** At Application

145 Within 2 years

3 Maintained

0 Construction

0

**PUBLIC HEARING:** 11/15/12 (Published 11/01/12) **BOND COUNSEL:** Saul, Ewing, LLP

**DEVELOPMENT OFFICER:** H. Friedberg

**APPROVAL OFFICER:** T. Wells

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

**APPLICANT:** Kingston Educational Holdings 1, Inc.

P37793

**PROJECT USER(S):** TEAM Academy Charter School

\* - indicates relation to applicant

**PROJECT LOCATION:** 229 S. 18th Avenue

Newark City (T/UA)

Essex County

**GOVERNOR'S INITIATIVES:**

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

**APPLICANT BACKGROUND:**

Kingston Educational Holdings 1, Inc., is a recently formed not-for-profit created to operate and own real estate property for the TEAM Academy Charter Schools, a network of charter schools in Newark, Essex County, that includes SPARK, TEAM, Rise and Newark Collegiate Academy. The TEAM Charter Schools are an independent organization and part of the KIPP Foundation charter school network based in California. The KIPP Foundation is a private foundation that supports charter schools with over 1,500 teachers serving more than 27,000 kids in schools across the country. The schools are free, open-enrollment, college-preparatory public schools preparing students in underserved communities for success in college and in life. The TEAM Charter Schools currently serve over 1,800 students in grades K-2 and 5-12 in Newark.

The Applicant and TEAM Academy Charter Schools have developed a plan of capital projects to be completed over the next two years for several of the TEAM Schools campuses. In December 2011, the Applicant closed on a \$25,535,000 Qualified Zone Academy Bond to fund a portion of the planned capital projects at several locations in Newark, Essex County.

The project will be occupied by one or more TEAM Charter Schools, all not-for-profit 501(c)(3) entities. The Bonds are being issued as Qualified Zone Academy Bonds and Qualified School Construction Bonds pursuant to Section 54E of the Internal Revenue Code of 1986.

**APPROVAL REQUEST:**

Authority assistance will enable the Applicant to acquire a former public school building located at 229 S. 18th Avenue, Newark, and make renovations, for a combined 120,000 sq. ft. elementary and middle school, to be leased to TEAM Charter Schools.

**FINANCING SUMMARY:**

**BOND PURCHASER:** The Friends of TEAM Academy Charter School ("FOTA") (or a limited liability company of which FOTA is the manager) (Direct Purchase)

**AMOUNT OF BOND:** \$17,465,000 Qualified Zone Academy Bond (Direct Pay Tax Credit Bond)

\$14,635,000 Qualified School Construction Bond (Direct Pay Tax Credit Bond)

**TERMS OF BOND:** The tax credit rate and the term will be determined prior to issuance of the QZAB based on the tax credit rate and term published by U.S. Treasury. On 11/8/12, the tax credit rate was 4.23% with max. term of 23 yrs.

The tax credit rate and the term will be determined prior to issuance of the QSCB based on rate and term published by U.S. Treasury; on 11/8/12 the tax credit rate was 4.23% with max. term of 23 years.

ENHANCEMENT: N/A

**PROJECT COSTS:**

|                                   |                     |
|-----------------------------------|---------------------|
| Renovation of existing building   | \$17,392,927        |
| Original Issue Discount           | \$11,234,573        |
| Acquisition of existing building  | \$2,000,000         |
| Purchase of equipment & machinery | \$1,000,000         |
| Finance fees                      | \$384,750           |
| Legal fees                        | \$87,750            |
| <b>TOTAL COSTS</b>                | <b>\$32,100,000</b> |

**JOBS:** At Application 170 Within 2 years 17 Maintained 0 Construction 146

**PUBLIC HEARING:** N/A

**BOND COUNSEL:** Wolff & Samson

**DEVELOPMENT OFFICER:** D. Johnson

**APPROVAL OFFICER:** T. Wells

**PUBLIC HEARING ONLY**



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

**APPLICANT:** Ironbound Community Corporation

P37751

**PROJECT USER(S):** Same as applicant

\* - indicates relation to applicant

**PROJECT LOCATION:** 1 New York Avenue

Newark City (T/UA)

Essex

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

**APPLICANT BACKGROUND:**

Founded in 1969, Ironbound Community Corporation, a private, 501(c)(3), not-for-profit community development and social services agency, creates opportunities to transform lives of families and children. Their work focuses on the people of the East Ward in Newark, New Jersey. Joseph Della Fave is the Executive Director.

The process of community transformation and organization started in 1969 when residents started a preschool, the Ironbound Children's Center. Their areas of focus have been on: educational initiatives (a preschool, Early Head Start and after-school programs, and adult education programs); affordable housing; and community development (senior and mental health services, neighborhood planning, and environmental advocacy). Their preschool is licensed by the New Jersey Department of Children and Families and is in good standing.

In 2007, with assistance and loans from New Jersey Community Capital (NJCC), Ironbound Community Corporation undertook a capital improvement project. The total amount of the outstanding principal is approximately \$4.63 million.

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

**APPROVAL REQUEST:**

Authority assistance will enable the Applicant to refinance its NJCC loans totaling \$4,630,000 with a tax-exempt bond.

This application is being presented at the November 15, 2012 Board meeting for a Public Hearing only.

**FINANCING SUMMARY:**

**BOND PURCHASER:**

**AMOUNT OF BOND:**

**TERMS OF BOND:**

**ENHANCEMENT:** N/A

**PROJECT COSTS:**

|                    |                                |
|--------------------|--------------------------------|
| Refinancing        | \$4,630,000                    |
| Cost of Issuance   | \$70,000                       |
| <b>TOTAL COSTS</b> | <hr/> <b>\$4,700,000</b> <hr/> |

**JOBS:** At Application

80 Within 2 years

1 Maintained

0 Construction

0

**PUBLIC HEARING:** 11/15/12 (Published 11/02/12) **BOND COUNSEL:** Wolff & Samson

**DEVELOPMENT OFFICER:** D. Johnson

**APPROVAL OFFICER:** D. Sucsuz

**CAMDEN ECONOMIC RECOVERY BOARD**





TO: Members of the Authority

FROM: Tim Lizura  
President and Chief Operating Officer

DATE: November 15, 2012

RE: Rowan University  
P37597

### **Request**

The Members are asked to approve the funding authorization for a \$5.1 million non-recoverable grant under the Higher Education and Regional Health Care Development Fund (HERHC) established through the Municipal Rehabilitation and Economic Recovery Act (“Act”) to Rowan University (“Rowan”) to fund a portion of the construction and renovation costs associated with the adaptive re-use of the former First Camden National Bank & Trust Building which will allow Rowan to expand its campus on Broadway and Cooper in Downtown Camden.

### **Background**

Article 5, Section 52(a) of the Act authorizes grants under the HERHC fund to nonprofit higher education institutions and regional health care organizations for capital expansion projects in Camden. Article 5, Section 52(a) of the Act requires each higher education institution to raise one dollar for every dollar provided by the State. Receipt of ERB grants is also conditioned on the nonprofit negotiating a service agreement with the City of Camden for payment in lieu of taxes.

Specifically, Article 5, Section 52(a) of the Act authorized \$5.1 million to Rowan contingent on Rowan offering at least two full four-year programs, thereby allowing students to complete an entire course of study on the campus housed in the central business district of Camden.

### **Applicant**

Rowan University has evolved from its humble beginning in 1923 as a two-year school for preparing teachers for South Jersey classrooms then named the Glassboro Normal School, to a comprehensive University with a strong regional reputation.

Rowan has been part of the Camden community for over 42 years. In the fall of 1969 Rowan, then known as Glassboro State College, opened the Camden Urban Center at 534 Cooper Street. In 1991, the Camden campus expanded into shared space with Camden County College in a newly constructed facility at Broadway and Cooper Street. Currently the university offerings include academic majors, general education courses, ESL programs and various other educational programs and services.

Over the past two years, Rowan's Camden campus has experienced significant growth. Today, the student enrollment has doubled from 425 students to over 800 students, of which currently 136 are residents of the City of Camden. The acquisition and renovation of the Bank building, combined with the university's space in the existing shared building with Camden County College, will provide adequate academic space needed to successfully operate Rowan's expanded program offerings at the Camden campus.

Rowan's Camden campus offers three four-year Undergraduate Programs: Bachelor of Sociology, Bachelor in Law & Justice and a Bachelor in Elementary Education. In addition, the Camden campus offers three Graduate Programs; a Certificate of Graduate studies in ESL, a Master of Science in Teaching and a Doctoral in Educational Leadership. It is expected that an additional 2 to 5 four-year bachelor degree programs will be added in Camden as a result of the renovation of the bank building, including degrees in the areas of urban research and education.

Rowan recruits students from the Camden City high schools throughout the entire year, providing visits to both the Camden and Glassboro campuses. In addition, Rowan has several pre-college programs for students from the City of Camden. There are several junior and senior high students enrolled in Rowan courses through a dual credit program.

Rowan also has the CHAMP/GEAR UP program which is a pre-college program for 6<sup>th</sup> through 12<sup>th</sup> grade students in the City of Camden. The CHAMP/GEAR UP students participate in academic tutoring, SAT prep courses, college tours, summer academic programs on the two campuses. Just over 400 students from the City of Camden are currently in this program.

Rowan also offers an Upward Bound program for English Language Learners. Through the Upward Bound ELL program, over 36 students from Woodrow Wilson High School in Camden are involved in university ESL courses, tutorial services as well as various other pre-college programs.

The Camden campus operates a separate Educational Opportunity Fund (EOF) program, which provides scholarship and state funds for students who enroll at the campus. In addition, the university provides scholarship funds through the Achieve the Dream program operated by the Strategic Enrollment division.

Recently, Rowan, with the benefit of a \$9 million non-recoverable grant from the ERB, completed the construction of the Cooper Medical School of Rowan University, a six-story, 200,000 sq. ft. academic medical research and education facility located in the Lanning Square neighborhood at the intersection of South Broadway and Benson Street in Camden. The medical school is the first

new medical school created in the state in more than 30 years and the first-ever four-year allopathic medical school in South Jersey. The charter class began with 50 students in August, 2012 and will increase to 100 over the first five years. Once fully developed, the program will support more than 200 students with approximately 500 faculty members including basic scientists and physicians. The school will provide more physicians for New Jersey and will offer more opportunities for state citizens to receive a medical education.

### **Development Team**

Rowan will be managing this project internally with the help of R2 Architectural Design & Consulting, LLC (R2) of Voorhees. R2 was founded in 2007 in New Mexico and provides commercial and residential design services.

### **Project Summary**

In 2002, Rowan was appropriated \$5.1 million from the ERB to expand its Camden campus and add new academic programs and services. Over the next seven years, Rowan explored several capital expansion options and in 2009, elected to acquire the historic First National Bank and Trust Company building and annex on the corner of Cooper and Broadway for \$4.5 million. The building is located just across from its current campus building which it shares with Camden County College.

A design study for the complete renovation of the seven-story, 53,538 square foot building and annex for instructional and administrative use was recently completed and indicated a cost over \$13.5 million. Due to the significant cost, the project renovation is planned in three phases.

Phase I included the acquisition of the building, hazardous materials abatement, fit out of the second floor of the annex for administrative offices, conference room and workstations and is completed.

Phase II includes demolition, electrical upgrades, fire protection, plumbing, heating and air conditioning, mechanical upgrades for the elevator and renovation of the third floor in the annex for classroom use. The \$5.1 million ERB grant will be used for this phase. Upon completion of Phase II which is expected in the spring of 2014, Rowan anticipates the issuance of a Permanent Certificate of Occupancy for the specific areas, permitting use of the facility and expansion of its Camden campus utilizing 24,135 sq. ft. of the total facility

Phase III includes the renovation of the main lobby of the building for which a scope of work has not yet been developed. Any future development will be assessed after review by the Board of Trustees and the identification of available funds.

The project budget for Phases I and II total \$10,234,472. To date Rowan has invested \$5,134,472 on Phase I through cash equity in the amount of \$4,582,710 and financing from Series G and H Bonds totaling \$551,762.

Rowan has provided a copy of the Executed Service Agreement with the City of Camden, indicating it will pay \$102,000 (2% of the ERB grant amount) each year for twenty years (\$2,040,000 total). Payments will be made quarterly, with the initial payment being pro rated from the date Rowan receives a certificate of occupancy to the end of that quarter.

**Project Budget**

|   |                |
|---|----------------|
| <b><u>Uses of Funds</u></b>               |                |
| Acquisition                               | \$4,500,000    |
| <b><u>Total Acquisition</u></b>           |                |
| <b><u>\$4,500,000</u></b>                 |                |
| Improvements                              |                |
| Renovations – Annex                       | \$313,397      |
| Renovations – Bank Building               | 4,030,000      |
| Demolition                                | 500,000        |
| Elevator Rehab                            | 67,375         |
| Hazardous Material Abatement              | 170,990        |
| Upgrade of Existing Equipment             | 120,000        |
| Permits and fees                          | <u>100,000</u> |
| <b><u>Total Improvements</u></b>          |                |
| <b><u>\$5,301,762</u></b>                 |                |
| Professional Services                     |                |
| Architect                                 | 350,000        |
| Legal, Real Estate, Other                 | <u>82,710</u>  |
| <b><u>Total Professional Services</u></b> |                |
| <b><u>\$432,710</u></b>                   |                |
| <b><u>Total Project Costs</u></b>         |                |
| <b><u>\$10,234,472</u></b>                |                |
| <b><u>Sources of Funds</u></b>            |                |
| Rowan University                          | \$4,582,710    |
| G & H Bond                                | 551,762        |
| ERB Grant                                 | 5,100,000      |
| <b><u>Total Sources of Funds</u></b>      |                |
| <b><u>\$10,234,472</u></b>                |                |

**Security and Repayment**

This ERB funding is a non recoverable grant and will be unsecured.

**Disbursement of Funds**

As allowed by Guideline #5, ERB funds will be used for construction financing for this mandated project. Funds will be disbursed for the construction costs based upon receipt and satisfactory review of AIA Application and Certification for Payment and supporting documentation.

**Project Eligibility and Benefits**

This project is consistent with the Strategic Revitalization Plan (SRP) and with the City’s Master Plan which recognizes higher educational institutions like Rowan as major stakeholders in the City’s economic revitalization. This project adds to the tremendous real estate development these institutions already have in Camden. The project is located within an “Employment Opportunity Area” per the SRP and is expected to create 21 permanent full-time and 3 part-time jobs within the next two years.

Rowan has met the three requirements stipulated in the legislation; Rowan has achieved the match funding requirement through its equity investment for the purchase of the bank building and the related costs, Rowan has executed a Service Agreement with the City of Camden and Rowan offers three four-year programs at the Camden campus.

The project is eligible for funding under the ERB’s general criteria for project financing (#1 a, b, c and d) and priority objectives (#2 a, b, c, d and e).

**Recommendation**

Staff has reviewed the application for consistency with the Act, SRP and the City’s Master Plan adopted by the Board at its June 20, 2003 meeting. The project meets the eligibility and statutory requirements and will enhance the overall revitalization of the City of Camden.

The Members of the ERB approved this request at its meeting on October 23, 2012. Accordingly, the Members of the Authority are asked to approve the funding authorization for a \$5.1 million non-recoverable grant under the HERHC established through the Act to Rowan to fund a portion of the construction and renovation costs associated with the adaptive re-use of the former First Camden National Bank & Trust Building which will allow Rowan to expand its campus on Broadway and Cooper in Downtown Camden.



Prepared By: V. Pepe



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

**TO:** Members of the Authority

**FROM:** Tim Lizura  
President and Chief Operating Officer

**DATE:** November 15, 2012

**RE:** ERB Business Incentive Grant Programs  
Status Update

The Members of the Authority are asked to approve the funding authorization to extend the ERB Business Incentive Grant Programs an additional 12 months through September 30, 2013.

Background:

On August 23, 2005, the Members approved a \$16 million allocation from the Demolition and Redevelopment Financing Fund to support the pilot of the Business Improvement and Business Lease Incentive initiatives in an effort to stimulate commercial, industrial and retail business activities throughout the City of Camden. On October 23, 2007, the Members approved a modification to the program that reduced the level of funding from \$16 million to \$10.5 million, with maximum allocations of \$500,000 for the Business Improvement Incentive Program (“BII”) and \$10 million for the Business Lease Incentive (“BLI”) Program. On April 27, 2010, the Members approved another reduction in the level of funding for the BLI Program from \$10.5 million to \$7 million.

The incentives are designed to supplement other state and municipal resources that are available to attract businesses to Camden, to create a wide spectrum of job opportunities for the residents of the City, and to foster other economic development activities. As part of the initial approval, the Members asked for annual updates to evaluate the program criteria and funding and to determine its viability as a resource for Camden’s economic growth.

Under the **Business Improvement Incentive** program, \$500,000 is allocated to reimburse financially viable business applicants for 50% of the cost of improvements made to facilities located on any of the city’s major commercial corridors with a maximum incentive of \$20,000.

The program is structured to allow for the full amount of the incentive award to be disbursed to the applicant upon completion and inspection of the improvements. For investment properties owners, there is a limit of three BII grants.

As a supplement to this incentive program, the Camden Redevelopment Agency (“CRA”) utilizes its UEZ funding to provide grants, loans or guarantees of loans made by financial institutions to businesses located within the City’s commercial corridors. In addition, the New Jersey Economic Development Authority (“EDA”) promotes its low-cost financing resources to support

women, minority and small business enterprises. In February, 2008, the EDA and the Camden Empowerment Zone Corp. ("CEZ") executed a Memorandum of Agreement that sets forth a financing product to bridge the amount of the ERB BII Incentive. Together, these resources are used to encourage the business community to participate in the revitalization efforts and invest in their business facilities.

Through the **Business Lease Incentive** program, \$7 million is allocated to attract businesses seeking to relocate to the City of Camden and plan to lease more than 500 s.f. of market rate building space. The program can also support existing City businesses seeking to expand and lease a minimum of 500 s.f. of additional space. The program is structured to reimburse financially viable businesses a portion of their annual lease payment according to the type of space leased by the business. The annual incentive payment cannot exceed 50% of the annual lease payment or when combined with any other governmental grants, cannot exceed 80% of the annual lease payment. The incentive payments are paid annually to the applicant upon receipt of a landlord's confirmation of no monetary or other material lease agreement defaults, a tax clearance certificate, and the applicant's certification of any other governmental grants received during the lease period. This incentive is used to encourage business owners to explore an alternative location for their business operation and create an opportunity to increase office, industrial, and retail uses throughout the City of Camden.

Both incentive programs set forth criteria requiring applicants to pursue UEZ certification if applicable, and to facilitate job recruitment through the Camden One Stop.

#### Program Update:

Over the last year, staff has collaborated with state and local agencies and real estate brokers to promote these incentives to stimulate business growth in the City of Camden.

To date, ten applications have been approved under the BII program for a total of \$165,741 which has leveraged more than \$464,000 in private investment and resulted in the creation of 18 new jobs. The balance remaining under this program is approximately \$334,000.

Staff continues to work with PBCIP as part of their neighborhood revitalization program to assist owners of commercial properties along Haddon Avenue complete applications for funding to upgrade facades and make other interior and exterior renovations. In addition, Coopers Ferry Partnership is promoting this resource for businesses on the Broadway corridor in the central business district.

Under the BLI program, 24 applications have been received and approved for approximately \$2.9 million. Of the 24 approved projects, 2 are inactive. The remaining 22 projects have resulted in approximately 275,000 s.f of additional leased space and the creation of approximately 576 new jobs spurring approximately \$39 million in new rents over the next 10 years. The balance remaining under the program is approximately \$4.1 million.

The BLI incentive is an effective financial tool to attract businesses to Camden. The EDA has successfully utilized the incentive to attract businesses to the Waterfront Technology Center and throughout the Innovation Zone. Steiner and Associates completed construction on the Ferry Terminal Building next to the Adventure Aquarium and promoted the BLI to attract tenants to the facility which is now approximately 90% leased. Carl Dranoff is also promoting this incentive

program for the commercial tenants in the Victor Building and the soon to be redeveloped Radio Lofts building. In the near future, this incentive will be important to support the development of the North Camden waterfront, the gateway office park, and the Haddon Avenue transit village project.

Recommendation:

By offering these incentives, the ERB reaffirms its support of the Camden business community as an integral part of the City's revitalization efforts and economic health. The BII and BLI will continue to leverage private investment and stimulate other economic development activities throughout the City of Camden as intended by the Act.

Based on the activity thus far and the anticipated demand, the Members of the Authority are asked to approve the funding authorization to extend the ERB Business Incentive Grant Programs an additional 12 months through September 30, 2013.

A handwritten signature in black ink, appearing to be 'L. Wallick', is written over a horizontal line. The signature is stylized and somewhat cursive.

Prepared By: L. Wallick

# **INCENTIVES**



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

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

**BUSINESS EMPLOYMENT INCENTIVE PROGRAM (BEIP)**

Created by law in 1996, the intent of this program is to provide grants to businesses locating in, or relocating to, New Jersey that create new jobs in this State.

Per N.J.S.A. 34:1B-124 et seq. / N.J.A.C. 19:31-10 and the program's rules, the applicant must:

- be moving to New Jersey from out of state, or expanding in New Jersey and is seriously looking at out of state alternatives.
- demonstrate it is financial viable, and that the BEIP grant is a "material" factor in the decision to relocate to or expand in New Jersey
- create at least 25 new jobs within a 2-year period; emerging high technology and biotech companies' eligibility threshold is 10 new job.

Staff Review:

- To determine material factor, staff reviews the cost benefit analyses provided by the company regarding other out-of-state sites under consideration, which include factors such as cost of rent, property taxes, and utility costs. Staff also investigates the existence of any existing labor contracts or real estate ownership that would render a relocation out of New Jersey as impractical or cost prohibitive.

Amount of award based upon:

10 to 80% of income tax withholdings of new jobs created.

**BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT (BRRAG)**

Created by law in 1996, the intent of this program is to preserve jobs that currently exist in New Jersey but are in danger of being relocated to premises outside of the State.

Per N.J.S.A. 34:1B-112 et seq. / N.J.A.C. 19:31-14 and the program's rules, the applicant must:

- relocate or maintain a minimum of 50 retained full-time "at risk" jobs from one or more locations within this State to a new business location or locations in this State and maintain the retained full-time jobs pursuant to the project agreement for the commitment duration. Businesses may remain at a current location if it makes a capital investment equal to the total value of the business retention or relocation grant of tax credits to the business at that location or locations.
- have operated continuously in New Jersey in whole or in part, in its current form or as a predecessor entity, for at least 10 years.
- demonstrate that the BRRAG grant is a "material" factor in moving the relocation project forward in New Jersey (except for a business that relocates 1,500 or more retained full-time jobs from outside of a designated urban center to one or more locations within a designated urban center if the business applies for a grant within six months of signing its lease or purchase agreement).
- commit to remain in New Jersey for the tax credit term and an additional five years – the commitment duration.
- meet a net benefit test

Staff Review:

- To determine material factor, staff reviews the cost benefit analyses provided by the company regarding other out-of-state sites under consideration, which include factors such as cost of rent, property taxes, and utility costs. Staff also investigates the existence of any existing labor contracts or real estate ownership that would render a relocation out of New Jersey impractical or cost prohibitive.
- 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 our own econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation. In addition to this information we also estimate likely personal and corporate earnings yield from a given project. EDA estimates both direct and indirect impacts on a one-time and ongoing basis. Direct impacts are those that result from capital flows for people and material directly associated with the project. (i.e. on site workers salaries, construction materials, etc.) Indirect impacts are those from cash flows other than those generated directly from the project (i.e. sandwich makers, equipment repair companies, and local retail.) One-time benefits are those associated with the project's capital investment while the ongoing benefits are attributable to the project's annual economic activity.

Amount of award based upon:

- Up to \$1,500 tax credit per job retained for up to six years. Tax credit boosted to \$2,250 per job retained if capital investment is more than twice the amount of the tax credit benefit. Number of years of the term of the benefit based upon number of jobs retained.



**TO:** Members of the Authority

**FROM:** Timothy Lizura,  
President and Chief Operating Officer

**DATE:** November 15, 2012

**SUBJECT:** Policy clarifications and Proposed rule changes for the 80% Statewide  
Employment Test under the Business Employment Incentive Program (“BEIP”)

**Recommendation:**

Modify the definition of Base Employment in the regulations to clarify which employees are included for the purposes of the 80% statewide employment test. Approval of these changes are recommended to ensure consistency with the policy recommendations approved by the members in September, 2004

**Discussion:**

In the early years of the program, the BEIP program did not have an 80% statewide employment test. To ensure that award recipients that met program requirements at the specific BEIP project site did not move their employees or employees of their subsidiaries located at non-BEIP sites out of the state, EDA, informed by a Rutgers report commissioned by the Authority, adopted a policy and then regulations to add an 80% statewide employment requirement to BEIP.

Although the 2004 policy memo focused on subsidiaries, the EDA rules did not pick up this distinction and focused merely on the company applicant, as shown below:

**Policy Memo excerpts:**

“BEIP companies and any of their subsidiaries eligible under the grant agreement must maintain at least 80% of their statewide base employment number indicated at the time of approval throughout the Commitment Duration upon the following conditions:

- a. If a company falls below 80% of their statewide base employment number during the Commitment Duration, they will be allowed 2 calendar years to achieve at least 80% of base employment again. Failure to do so will result in termination of the grant at the end of the 2 year period and application of the applicable Performance Based Adjustment as hereinafter defined. The Authority will have the discretion, by Board approval only, to extend the 2 year period by one year if the company has experienced positive job growth in the 2 year period.”

Regulations excerpt:

“(c) Upon failure to maintain the minimum eligibility threshold or 80 percent of the base employment number, the Authority may suspend the grant agreement for a period of two years, provided the company can demonstrate during that period a continued effort and commitment to growth in New Jersey. An additional one year of suspension may be granted upon application to the Authority. Any suspension shall not extend the term of the grant.”

“ ‘Base employment number’ shall mean the number of employees the business has employed in the State of New Jersey at the time of application for the grant.”

In practice, however, through the language in BEIP agreements, the 80% test has been applied to all affiliates, whether or not they were subsidiaries.

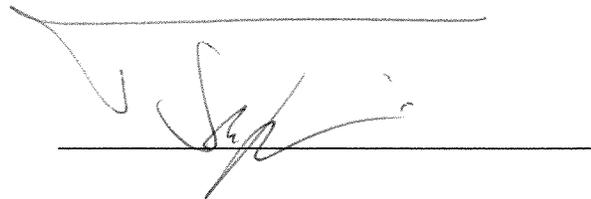
**Policy Recommendation:**

Clarify that the 80% statewide base employment test applies to the entity approved for the grant and all the entities under that company’s direct control, defined as 50% or greater ownership (“subsidiaries”). Limiting the test to these entities and excluding related affiliates and parent companies from the test will provide flexibility for our applicants while ensuring that companies receiving grants retain a strong employment base in NJ. This recommendation is consistent with the 2004 policy.

It is recommended that the BEIP regulations be amended to clarify that this is and has been the Authority’s position by amending the definition of “base employment number” substantially as follows:

“ ‘Base employment number’ shall mean the number of employees the business and its subsidiaries have employed in the State of New Jersey at the time of application for the grant.”

It is also recommended that this policy be put into effect immediately, because it will have the effect of imposing fewer restrictions on the BEIP applicant community.

A handwritten signature in black ink, appearing to be 'Lisa Coane', is written over a horizontal line. The signature is stylized and cursive.

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

**APPLICANT:** Northern Building Products, Inc.

P37776

**PROJECT LOCATION:** 111 Central Avenue

Teterboro Borough (N)

Bergen County

**GOVERNOR'S INITIATIVES:**

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

**APPLICANT BACKGROUND/ECONOMIC VIABILITY:**

Northern Building Products, Inc. manufactures and distributes window products and other building materials throughout the eastern seaboard. The company is headquartered in Teterboro, New Jersey where it occupies over 127,000 square feet under one roof. The plant is fully equipped with modern machinery and equipment for manufacturing windows and other fabricated aluminum products. The applicant is economically viable.

**MATERIAL FACTOR:**

In addition to the Teterboro facility, the company has a satellite operation in Johnstown, New York. Northern has the desire to merge both of these operations into one site and with its leases in Johnstown and Teterboro set to expire in 2013 and 2015, respectively, the company has the opportunity to do so. Northern is evaluating the options of consolidating in New Jersey versus New York. The company has applied for a BEIP & BRRAG to provide an incentive to retain 148 employees and create 40 new positions in the Garden State. Management has indicated that the grant will be a material factor in the company's decision to go forward with the project. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate.

**APPROVAL REQUEST:**

**PERCENTAGE:** 50%

**TERM:** 10 years

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

**TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT:** \$ 118,000

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

**NJ EMPLOYMENT AT APPLICATION:** 148

**ELIGIBLE BEIP JOBS:** Year 1 15 Year 2 25 Base Years Total = 40

**ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM:** \$2,950

**ANTICIPATED AVERAGE WAGES:** \$34,500

**ESTIMATED PROJECT COSTS:** \$666,000

**ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10** \$236,000

**ESTIMATED NET NEW STATE INCOME TAX - DURING 15** \$236,000

**PROJECT IS:** (X) Expansion ( ) Relocation \_\_\_\_\_

**CONSTRUCTION:** (X) Yes ( ) No

**PROJECT OWNERSHIP HEADQUARTERED IN:** New Jersey

**APPLICANT OWNERSHIP:**(X) Domestic ( ) Foreign

**DEVELOPMENT OFFICER:** J. Kenyon

**APPROVAL OFFICER:** K. McCullough

### FORMULA EVALUATION

| <u>Criteria</u>        |   | <u>Score</u> |
|------------------------|---|--------------|
| 1. Location:           | <b>Teterboro Borough</b>                                | N/A          |
| 2. Job Creation        | <b>40</b>   | <b>1</b>     |
|                        | Targeted : _____ Non-Targeted : <u>  <b>X</b>  </u>     |              |
| 3. Job at Risk:        | <b>148</b>  | <b>1</b>     |
| 4. Industry:           | <b>metals</b>   | <b>0</b>     |
|                        | Designated : _____ Non-Designated : <u>  <b>X</b>  </u> |              |
| 5. Leverage:           | <b>3 to 1 and up</b>                                    | <b>2</b>     |
| 6. Capital Investment: | <b>\$666,000</b>  | <b>1</b>     |
| 7. Average Wage:       | <b>\$ 34,500</b>  | <b>2</b>     |

TOTAL:   **7**  

**Bonus Increases (up to 80%):**

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

**Total Bonus Points:** **20 %**

**Total Score :**

|  |                 |
|--|-----------------|
| <b>Total Score per formula:</b>          | <b>7 = 25 %</b> |
| <b>Construction/Renovation :</b>         | <b>5 %</b>      |
| <b>Bonus Increases :</b>                 | <b>20 %</b>     |
| <b>Total Score (not to exceed 80 %):</b> | <b>50 %</b>     |

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

**APPLICANT:** Northern Building Products, Inc. P37777

**COMPANY ADDRESS:** 111 Central Avenue Teterboro Borough Bergen County

**PROJECT LOCATION:** 111 Central Avenue Teterboro Borough Bergen County

**GOVERNOR’S INITIATIVES:**

NJ Urban Fund       Edison Innovation Fund       Core       Clean Energy

**APPLICANT BACKGROUND:**

Northern Building Products, Inc. manufactures and distributes window products and other building materials throughout the eastern seaboard. The company is headquartered in Teterboro, New Jersey where it occupies over 127,000 square feet under one roof. The plant is fully equipped with modern machinery and equipment for manufacturing windows and other fabricated aluminum products. Northern was among the first few in the industry to introduce the computer-aided design and manufacturing CAD/CAM process to ensure consistent quality and timely delivery.

**MATERIAL FACTOR/NET BENEFIT:**

In addition to the Teterboro facility, the company has a satellite operation in Johnstown, New York. Northern has the desire to merge both of these operations into one site and with its leases in Johnstown and Teterboro set to expire in 2013 and 2015, respectively, the company has the opportunity to do so. Northern is evaluating the options of consolidating in New Jersey versus New York. The company has applied for a BEIP & BRRAG to provide an incentive to retain 148 employees and create 40 new positions in the Garden State. Management has indicated that the grant will be a material factor in the company's decision to go forward with the project. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate. The applicant has demonstrated that the grant of these tax credits will result in a net benefit to the State of \$10.04 million.

**APPROVAL REQUEST:**

**TAX CREDIT TERM:** 1 year  
**COMMITMENT DURATION:** 6 years

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

**CONDITIONS OF APPROVAL:**

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in NJ unless the applicant had a pre-application meeting with the Authority during the grandfathering period.
2. If the applicant enters into a lease for the project site, the term of the lease will be no less than 8 years exclusive of any renewal options.
3. Expenditures totaling at least twice as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before May 31, 2013 in order to remain eligible for the bonus award.
4. No employees subject to a BEIP grant or another BRRAG are eligible for calculating the benefit amount of this BRRAG.

5. If the applicant remains in a location at which it currently operates, expenditures totaling at least as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before May 31, 2013.

|  |  |               |
|--|--|---------------|
| <b>END OF APPLICANT'S FISCAL YEAR:</b>                 |  | December 31   |
| <b>CAPITAL INVESTMENT MUST BE MADE BY:</b>             |  | May 31, 2013  |
| <b>SUBMISSION DATE OF CPA CERTIFICATION:</b>           |  | June 28, 2013 |
| <b>TOTAL ESTIMATED GRANT AWARD OVER TERM:</b>          | \$                                     | 333,000       |
| <b>APPLICANT TAX PERIOD 1 APPROVAL (2013):</b>         | \$                                     | 333,000       |
| <b>ELIGIBLE BRRAG JOBS:</b>                            |  | 148           |
| <b>YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:</b>          | \$                                     | 1,500         |
| <b>BONUS AWARD PER EMPLOYEE:</b>                       | \$                                     | 750           |
| <b>TOTAL YEARLY TAX CREDITS INCLUDING BONUS:</b>       | \$                                     | 2,250         |
| <b>ANTICIPATED AVERAGE WAGES:</b>                      | \$                                     | 34,500        |
| <b>ESTIMATED TOTAL GROSS ANNUAL PAYROLL:</b>           | \$                                     | 5,106,000     |
| <b>ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 6 YRS:</b> | \$                                     | 523,920       |
| <b>ESTIMATED ELIGIBLE CAPITAL INVESTMENT:</b>          | \$                                     | 666,000       |
| <b>OPERATED IN NEW JERSEY SINCE:</b>                   |  | 1978          |
| <b>PROJECT IS:</b> (X) Expansion                       | ( ) Relocation                         |               |
| <b>CONSTRUCTION/RENOVATION:</b> (X) Yes                | ( ) No                                 |               |
| <b>DEVELOPMENT OFFICER:</b> J. Kenyon                  | <b>APPROVAL OFFICER:</b> K. McCullough |               |

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

**APPLICANT:** PHH Corporation and Subsidiaries

P37775

**PROJECT LOCATION:**TBD

Locations Unknown (N) Unknown County

**GOVERNOR'S INITIATIVES:**

Urban  Edison  Core  Clean Energy

**APPLICANT BACKGROUND/ECONOMIC VIABILITY:**

Headquartered in Mount Laurel, New Jersey, PHH Corporation is a leading outsource provider of business process management services for the mortgage and fleet management industries. Its stock is traded on the NYSE Exchange. The Applicant is economically viable.

PHH Mortgage Corporation, a subsidiary of PHH Corporation, is one of the largest originators and servicers of residential mortgages in the United States. PHH Mortgage Corporation originates, purchases, sells and services mortgage loans. PHH Mortgage is licensed by the New Jersey Department of Banking and Insurance and is in good standing. PHH Mortgage Corporation has a BEIP grant (P09541), which is in compliance.

PHH Mortgage currently operates in two primary locations: Mount Laurel, New Jersey and Jacksonville, Florida. PHH Mortgage is considering options for expanding its mortgage origination and servicing operations. With this expansion plan, they expect to employ 300 people in the first two years. The company has identified potential new locations in the Lumberton/Mount Laurel area. In addition to the Lumberton/Mount Laurel area, PHH Mortgage is evaluating two additional options: the primary alternative is expanding in Western New York while the back-up alternative is expanding its Florida operations.

In the event that this Applicant chooses a location that is eligible for bonus scoring, the BEIP score may increase up to 80%, at which percentage an estimated amount of the grant would be \$2,766,000 over the term of the grant.

**MATERIAL FACTOR:**

The Applicant is seeking a BEIP grant to support creating 300 permanent, full-time positions in New Jersey within the first two years. The group has submitted a cost benefit analysis comparing the cost of similar facilities in New Jersey and New York. The company has represented that a favorable decision by the Authority to award the BEIP grant is a material factor in the Applicant's decision to go forward with the project. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate.

**APPROVAL REQUEST:**

**PERCENTAGE:** 40%

**TERM:** 10 years

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

**TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT:** \$ 1,383,000  
(not to exceed an average of \$50,000 per new employee over the term of the grant)

**NJ EMPLOYMENT AT APPLICATION:** 2,755

**ELIGIBLE BEIP JOBS:** Year 1 200 Year 2 100 Base Years Total = 300

**ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM:** \$4,610

**ANTICIPATED AVERAGE WAGES:** \$50,000

**ESTIMATED PROJECT COSTS:** \$10,000,000

**ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10** \$3,457,500

**ESTIMATED NET NEW STATE INCOME TAX - DURING 15** \$3,803,250

**PROJECT IS:**  Expansion  Relocation \_\_\_\_\_

**CONSTRUCTION:**  Yes  No

**PROJECT OWNERSHIP HEADQUARTERED IN:** New Jersey

**APPLICANT OWNERSHIP:**  Domestic  Foreign

**DEVELOPMENT OFFICER:** P. Ceppi

**APPROVAL OFFICER:** D. Sucsuz

### FORMULA EVALUATION

| <u>Criteria</u>        |  | <u>Score</u> |
|------------------------|--|--------------|
| 1. Location:           | <b>Locations Unknown</b>                         | N/A          |
| 2. Job Creation        | <b>300</b>                                       | <b>4</b>     |
|                        | Targeted : _____ Non-Targeted : <u>  X  </u>     |              |
| 3. Job at Risk:        | <b>0</b>   | <b>0</b>     |
| 4. Industry:           | <b>Financial services</b>                        | <b>2</b>     |
|                        | Designated : <u>  X  </u> Non-Designated : _____ |              |
| 5. Leverage:           | <b>3 to 1 and up</b>                             | <b>2</b>     |
| 6. Capital Investment: | <b>\$10,000,000</b>                              | <b>2</b>     |
| 7. Average Wage:       | <b>\$ 50,000</b>                                 | <b>2</b>     |

TOTAL: **12**

**Bonus Increases (up to 80%):**

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

**Total Bonus Points:** **0 %**

**Total Score :**

|  |                  |
|--|------------------|
| <b>Total Score per formula:</b>          | <b>12 = 40 %</b> |
| <b>Construction/Renovation :</b>         | <b>0 %</b>       |
| <b>Bonus Increases :</b>                 | <b>0 %</b>       |
| <b>Total Score (not to exceed 80 %):</b> | <b>40 %</b>      |

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

**APPLICANT:** The Royal Group LLC

P37781

**PROJECT LOCATION:** 969 Newark Turnpike

Kearny Town (T/UA)

Hudson County

**GOVERNOR'S INITIATIVES:**

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

**APPLICANT BACKGROUND/ECONOMIC VIABILITY:**

The Royal Group LLC ("Royal") DBA RICG, formed in 1989, creates and develops strategic marketing campaigns across digital, email, web, mobile, and social channels through to fulfillment for customers throughout the US. As an extension of its variable data digital print platforms, Royal develops and hosts web-based marketing on-demand portals, allowing companies to print customized marketing collateral and direct mail campaigns on-demand. The three largest clients are Disney, Prudential Insurance and Genworth. The applicant is economically viable.

**MATERIAL FACTOR:**

Royal is seeking a BEIP grant to support relocating 25 jobs from its NYC corporate headquarters and creating 5 new jobs for a total of 30 new jobs in NJ. Under consideration is Kearny, Hudson County or Long Island City, NY. The Kearny facility will include the digital production work, related bindery, fulfillment and shipping equipment. Remaining in the NYC office will be 17 jobs including executive staff, finance, accounting, marketing, sales and IT. In 2006, Royal started planning for a major expansion and hired additional marketing and sales staff. To accommodate the new staff the applicant moved from a 17,000 s. f. facility to a 33,000 s. f. facility, with a lease to expire in 2022. With the 2008 economic decline clients were pulling back on spending and Royal lost several clients. Since then the applicant has made significant staff layoffs and sublet almost 25,000 s. f. Project costs are estimated to be \$305,000. Management has indicated that a favorable decision by the Authority to award the BEIP grant is a material factor in the company's decision to move to New Jersey. The Authority is in receipt of an executed CEO certification that states the application has been reviewed and the information submitted and representations contained therein are accurate.

**APPROVAL REQUEST:**

**PERCENTAGE:** 75%

**TERM:** 10 years

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

**TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT:** \$ 213,750  
(not to exceed an average of \$50,000 per new employee over the term of the grant)

**NJ EMPLOYMENT AT APPLICATION:** 0

**ELIGIBLE BEIP JOBS:** Year 1 25 Year 2 5 Base Years Total = 30

**ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM:** \$7,125

**ANTICIPATED AVERAGE WAGES:** \$45,000

**ESTIMATED PROJECT COSTS:** \$305,000

**ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10** \$285,000

**ESTIMATED NET NEW STATE INCOME TAX - DURING 15** \$213,750

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

**CONSTRUCTION:** (X) Yes ( ) No

**PROJECT OWNERSHIP HEADQUARTERED IN:** New York

**APPLICANT OWNERSHIP:**(X) Domestic ( ) Foreign

**DEVELOPMENT OFFICER:** P. Ceppi

**APPROVAL OFFICER:** M. Krug

## FORMULA EVALUATION

| <u>Criteria</u>        |  | <u>Score</u> |
|------------------------|--|--------------|
| 1. Location:           | <b>Kearny Town</b>                               | N/A          |
| 2. Job Creation        | <b>30</b>  | <b>1</b>     |
|                        | Targeted : _____ Non-Targeted : <u>  X  </u>     |              |
| 3. Job at Risk:        | <b>0</b>   | <b>0</b>     |
| 4. Industry:           | <b>professional services</b>                     | <b>0</b>     |
|                        | Designated : _____ Non-Designated : <u>  X  </u> |              |
| 5. Leverage:           | <b>3 to 1 and up</b>                             | <b>2</b>     |
| 6. Capital Investment: | <b>\$305,000</b>                                 | <b>0</b>     |
| 7. Average Wage:       | <b>\$ 45,000</b>                                 | <b>2</b>     |

TOTAL:     5    

**Bonus Increases (up to 80%):**

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

**Total Bonus Points:** **50 %**

**Total Score :**

|  |                 |
|--|-----------------|
| <b>Total Score per formula:</b>          | <b>5 = 20 %</b> |
| <b>Construction/Renovation :</b>         | <b>5 %</b>      |
| <b>Bonus Increases :</b>                 | <b>50 %</b>     |
| <b>Total Score (not to exceed 80 %):</b> | <b>75 %</b>     |

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

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

### **ECONOMIC REDEVELOPMENT AND GROWTH (ERG) GRANT**

Created by law in 2009, the intent of this program is to provide State incentive grants to developers to capture new State incremental taxes derived from a project's development to address financing gap.

Per N.J.S.A. 34:1B-207 et seq. / N.J.A.C. 19:31-9 and the program's rules, applicant must:

- have a redevelopment project that is located in a qualifying area.
- not have begun any construction at the site of the proposed project prior to submitting an application, except:
  - If the EDA determines that the project would not be completed otherwise; or,
  - If the project is to be undertaken in phases, a developer may apply for phases which construction has not yet commenced.
- demonstrate an existing financing gap,
- meet a 20% equity requirement
- meet a net benefit test

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 our own econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation. In addition to this information we also estimate likely personal and corporate earnings yield from a given project. EDA estimates both direct and indirect impacts on a one-time and ongoing basis. Direct impacts are those that result from capital flows for people and material directly associated with the project. (I.e. on site workers salaries, construction materials, etc.) Indirect impacts are those from cash flows other than those generated directly from the project (i.e. sandwich makers, equipment repair companies, and local retail.) One-time benefits are those associated with the project's capital investment while the ongoing benefits are attributable to the project's annual economic activity.
- In addition, staff undertakes a rigorous underwriting analysis of the project to confirm equity and gap financing requirements.

Amount of the award based upon:

- Up to 75% of the annual incremental State Tax revenues generated by the project over a term of up to 20 years, although the combined amount of reimbursements cannot exceed 20% of the total cost of the project.



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

## MEMORANDUM

**TO:** Members of the Authority  
**FROM:** Tim Lizura, President and Chief Operating Officer  
**DATE:** November 15, 2012  
**SUBJECT:** Project Rate of Return Methodology

### **Request**

The purpose of this memo is to explain and request approval of a new financial model by which the maximum Internal Rate of Return will be determined for projects seeking assistance under the Economic Redevelopment and Growth Grant (“ERG”) program.

### **Background and Description**

Currently, staff is guided in its financial review of a project financing gap (as required by statute) by utilizing a market range for IRR defined as between 15% to 20%. This range is provided by EDA’s consultant Jones Lang LaSalle (“JLL”) as representing the average IRR of all real estate projects across all asset classes in New Jersey. Staff proposes amending the use of this static range for the entire State and to utilize specific hurdle rates that reflect three factors; (1) zip code, (2) industry class, and (3) areas within the State exhibiting an economic disadvantage.

#### Zip Code: Average Method

The new IRR model developed by JLL, with the assistance of staff, has built into its functionality the rate of return of all projects within each NJ zip code. JLL obtained the information from Real Capital Analytics, Inc. Real Capital Analytics, Inc., is a global research and consulting firm with offices in New York City, San Jose and London. Started in 2000, the firm’s research is focused exclusively on the investment market for commercial real estate. The data table will be updated quarterly to ensure the hurdle rates calculated reflect the prevailing commercial real estate market conditions. In cities where there are an adequate number of comparable projects across all zip codes, the base of the hurdle rate is calculated as the average.

The model in its calculation of the average rate also normalizes the historical rates of returns to the prevailing economy. For instance, the current hurdle rate for a retail project in Trenton is 13.49%. This city (includes all zip codes) has adequate comparables so the rate is a simple average calculation. The comparables used in the calculation date back to the year 2005. Note that between 2005 and 2007, the economy was strong but deteriorated upon the onset of the great recession beginning September, 2008. The returns during those periods vary considerably due to the instability of the US economy and as a

result impair the validity of the hurdle rate in respect to what an investor would require in the current economic environment. In this example, we will assume the hurdle rate uses several returns from 2008. To address the hurdle rate validity issue, the model first calculates the average statewide return of all projects in 2011 and compares it to the average statewide return of all projects in 2008. We will further assume in our example that such averages equal 14% and 15% in 2011 and 2008 respectively and the deviation is 100 basis points. The 100 basis point deviation is then subtracted from each 2008 Trenton comparable. Note that if the average return in 2011 was greater than the average return of 2008, then the 100 basis point deviation would be added to each 2008 Trenton comparable.

The model completes the same adjustment process for each year in which comparables exist (i.e., for comparables in 2009, the averages of 2011 and 2009 are taken and the deviation is added or subtracted from the 2009 comparables).

### Zip Code: Interpolation Method

In cities where there is an inadequate number of comparables across all zip codes, an interpolation method is employed. To explain further, in a perfect world the new IRR model would have access to an adequate number of comparables across all zip codes in each city to calculate an average return. This level of information, however, is not available for all cities. This is particularly true in areas that historically have been subject to nominal development. In other cases, the information is simply unavailable. To mitigate this deficiency, JLL (with city input suggested by EDA) created a group of 13 anchor cities in NJ which have an adequate number of comparables to calculate an average return and exhibit in various degrees up to three predefined measures of economic disadvantage. The anchor cities in this group are Newark, Paterson, Camden, Asbury Park, Trenton, Millville, Paramus, Morristown, Summit, Princeton, Wall, Cherry Hill, and Galloway. These cities were also selected as they geographically represent the northern, central, and southern part of the State and include urban to suburban attributes. The average IRR for a project in a certain zip code is calculated by interpolating the IRRs of the three closest anchor cities weighted by distance. This weighted rate serves as the base of the hurdle rate.

The model does not normalize the historical rates of returns to the prevailing economy in the interpolation method because a sufficient number of comparables from recent years are obtained by extending the calculation to look beyond a single city.

The base rate calculated under either the average or interpolation method will vary depending on the industry class of the project. The base rate will then be adjusted upward by the degree to which the project area has an economic disadvantage.

### Industry Class

The purpose of the ERG program in general is to induce capital investment in areas which exhibit economic disadvantage and as a result have been underserved in respect to economic development. The industries targeted under the program are office, retail, industrial, hospitality/entertainment, and residential. In addition to zip code, the comparables used by the model are organized by the industry classes targeted by the Authority. This is important as the base rate for a certain project must reflect the return for the industry class the project represents. For instance, a retail project in Trenton requires a higher rate of return than an office project in Trenton. This deviation primarily reflects the fact that

Trenton in general is a challenging market in which to attract and sustain retail business. The base rate produced by the model will reflect that difference.

### Economic Disadvantage

Economic disadvantage for the purposes of calculating a target IRR will be measured as those areas exhibiting the following characteristics: (1) below NJ median household income, (2) below NJ median personal income, and (3) below NJ median housing price. An illustration of how these three factors plot out within the State of NJ is provided as Attachment A.

Locations marked with a triangle denote that the area exhibits all three characteristics of being economically disadvantaged and as such is likely an area underserved by economic development. Locations marked with a square, circle, or star denote areas that exhibit at least two, one, and zero characteristics respectively. Star locations will receive a zero adjustment to the base rate as these areas do not have characteristics of being economically disadvantaged. As shown, the vast majority of triangles are centered in the southern and northeastern part of the State.

For each economic disadvantage factor a project location exhibits, an upward adjustment is added to the base rate. This implies that a developer's IRR will require a risk premium reflecting the economic disadvantage of the area.

The total risk premium used in the model is the spread between investment and non-investment grade debt. The spread, which currently totals 250 basis points, is divided evenly between the underserved indicators.

In other words, for each economic disadvantage factor that is demonstrated an upward adjustment of 83.33 basis points is added to the base rate. This risk premium can be obtained from any mutual fund bond portfolio data, commonly available to the public. JLL will update this spread for the Authority quarterly to ensure the model captures the prevailing market conditions. Since there is no quantitative source of information to specifically calculate what an additional risk premium would be for a project in an economically disadvantaged area, JLL has determined that the spread between investment and non-investment grade debt is the best alternative.

### **Case Scenario One: Office Project in Camden using Interpolation Method**

A developer has a project involving the construction of a professional office building in Camden, NJ. The zip code of the project location is 08101. To determine the hurdle rate, the EDA underwriter inputs the zip code (08101) and property type (office) into the model and a total hurdle rate of 15.29% is calculated.

This rate is comprised of two components. The first component is the base rate of 12.79%. This rate is an interpolation of average IRRs from the three closest anchor cities weighted by their distance from the project zip code. In this case, the anchor cities are Camden (85% of the base), Millville (2% of the base), and Cherry Hill (12% of the base).

The second part of the total hurdle rate is an adjustment of 250 basis points which represents an adjustment based on the zip code's economic disadvantage. This Camden zip code exhibits all three economic disadvantage factors and as such receives an upward adjustment of 250 basis points. This final

rate will be the hurdle rate to which office development projects in Camden seeking an ERG from the Authority will be measured.

Any project in which the return exceeds 15.29% will have the award adjusted downward to bring the return in line with the hurdle rate. The information used to compute the hurdle rate is embedded into the model as a raw data table. Note that if the industry class of the above Camden project were changed to retail, the total hurdle rate increases to 15.7%. This rate is comprised of a base rate totaling 13.20% (uses the same anchor cities as discussed earlier) and a 250 basis points upward adjustment reflecting the economic disadvantage factors.

### **Case Scenario Two: Retail Project in Cherry Hill using Average Method**

A developer has a project involving the construction of a shopping mall in Cherry Hill, NJ. The zip code of the project location is 08003. To determine the hurdle rate, the EDA underwriter inputs the zip code (08003) and property type (retail) into the model and a total hurdle rate of 12.45% is calculated. The Cherry Hill zip code of 08003 does not demonstrate any economic disadvantage factors. As such, no adjustments are required and the base rate of 12.45% is also the final hurdle rate.

In Cherry Hill, there is an adequate number of retail comparables. As a result, the base of the hurdle rate is calculated as the average. This final rate will be the hurdle rate to which retail development projects in the Cherry Hill zip code of 08003 seeking an ERG from the Authority will be measured.

### **Model Feasibility**

A feasibility test was conducted to observe how the IRR of ten projects previously benchmarked to the statewide range (15%-20%) compares to the single hurdle rate. The IRR of the ten projects (with the ERG award) ranged from approximately 2% to 15% and as such complied the 15% to 20% range currently in use. The test resulted in two projects that if considered for approval using the hurdle rate methodology would require the ERG award to be reduced to a point where the adjusted IRR is equal to the hurdle rate. This reflects the fact that these two projects have IRRs (with the ERG award) that exceed the new hurdle rate. This observation validates the use of a return model tailored to the type of project and its location as opposed to a state/industry wide range.

There may be instances where the rate of return model does not address a large, unique, and/or complex destination project. For these projects, it is requested that the EDA obtain the services of an outside consultant who will determine a project specific rate of return.

### **Recommendation**

The new rate of return model as developed by JLL takes a tailored versus broad brush approach in determining a reasonable IRR benchmark. This benchmark in turn will protect the Authority from over enriching projects under the ERG program.

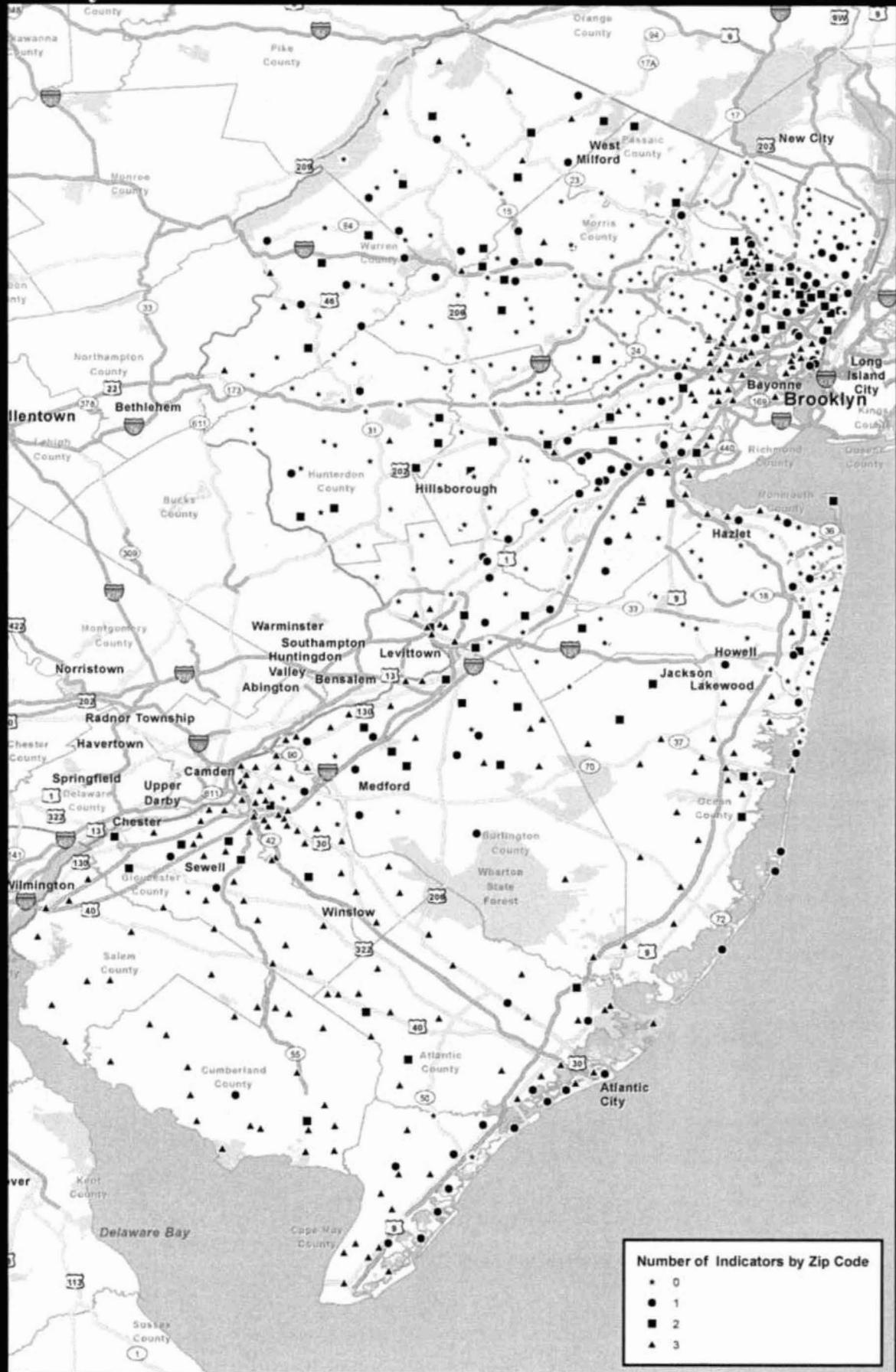
Based on our research and findings, we recommend the use of the JLL rate of return model in the analysis of projects seeking financial assistance under the ERG program.

Furthermore, it is recommended that in the event the EDA in its sole discretion determines that the rate of return model does not accommodate a large complex destination type project, an outside consultant firm is hired to determine a project specific return.

A handwritten signature in black ink, appearing to be 'D. A. Lawyer', is written over a horizontal line. The signature is stylized and cursive.

Prepared by: David A. Lawyer

# Density Model







## MEMORANDUM

To: Members of the Authority

From: Timothy Lizura  
President and Chief Operating Officer

Date: November 15, 2012

RE: **VNO Wayne Town Center, LLC**  
Economic Redevelopment and Growth Grant Program

### Request

The Members are asked to approve the application of VNO Wayne Town Center, LLC (the "Applicant", "Project" or "VNO") for reimbursement of certain taxes for a Wayne Township, Passaic County project under a "state incentive grant" by the EDA pursuant to the Economic Redevelopment and Growth Grant ("ERG") program set forth in N.J.S.A. 52:27D-489c ("Act").

The total project costs are estimated to be \$105,396,983. The total qualified costs under the ERG Act are **\$101,020,083**. The recommended reimbursement is 13.38% of eligible project costs, not to exceed \$13,513,000.

### Project Description

In December of 2010, the Applicant purchased the ground lease interest in a 49 acre site on Willowbrook Boulevard in Wayne. The site initially opened in the mid 1970's as an indoor mall located off Route 23 (and within one half mile of Interstate Route 80 and Route 46). The site is adjacent to the Willowbrook Mall a 1.5 million square foot facility which has been performing successfully for several decades.

The prior ground lease owner suffered a significant setback when home furnishings retailer Fortunoff filed for bankruptcy in 2009 (they occupied 181,701 square feet of space of the approximately 507,000 square foot facility). Currently the site has a vacancy rate of 43%. In mid 2011, Vornado initially proposed a budget of \$70 million for the Project but has recently revised this figure upward to \$105 million to account for the reconfiguration of the former Fortunoff space into several smaller units and perform a complete rehabilitation to this space. The Project will be converted from an enclosed mall to an open air center that will support commercial, retail and restaurant uses. The mall currently has seven tenants occupying 287,597 square feet of space (JC Penney is the anchor with 227,346 square feet under lease) who will all remain in place. The

VNO Wayne Town Center, LLC  
November 15, 2012

proposed scope of work will include demolition, renovation and expansion activities on-site. The remaining mall areas will be expanded to accommodate approximately fourteen retail tenants and the Project will also develop six mixed-use outparcels (aggregating some 100,000 square feet of space). Upon completion there will be 738,883 square feet of leasable space of which 451,286 square feet will be new or retrofitted space.

The Applicant has obtained site plan approval from the Township of Wayne (and may seek an amendment for reconfiguration with final approval anticipated by mid-year 2013) and they have obtained a letter of support for the Project from the municipality. The Applicant intends to utilize and support green building standards set forth by the NJ Department of Community Affairs. Demolition work commenced in the summer of 2012 with asbestos abatement anticipated to start in first quarter of 2013 followed by renovation/construction which is expected to be completed by year end 2014.

Vornado Realty Trust (100% owner of the Applicant) has a 50% ownership interest (other 50% owned by Kushner Companies) in Eatontown Monmouth Mall, LLC. ("Monmouth"). Monmouth was approved by Members of the Authority on November 9, 2011 for an ERG of \$4,109,172 relating to approximately \$25 million in project costs (land, construction of 50,000 square foot building and soft costs). The EDA received the executed commitment letter and the recipient has until January 30, 2013 to meet the required milestones to receive an ERG agreement for this project.

**Project Ownership**

The Applicant is a 100% subsidiary of Vornado Realty Trust ("Vornado"). Vornado is a fully integrated real estate investment trust whose shares are publicly traded on the New York Stock Exchange. Vornado is headquartered in New York with 4,780 employees and owns office (30 properties aggregating 20.8 million square feet in New York City, 77 properties aggregating 20.5 million square feet in Washington/ Northern Virginia and a 70% interest in a 1.8 million square foot complex in San Francisco), retail (134 strip shopping centers, enclosed malls and single tenant retail properties aggregating 24.2 million square feet in northeast states, California and Puerto Rico), 6 Merchandise Mart properties (aggregating 5.7 million square feet of showroom and office space in Chicago), a 32.7% interest in Toys R Us, Inc. (owner operator of 1,589 stores worldwide), 32.4% of Alexander's Inc. (NYSE listed firm with seven properties aggregating 3.2 million square feet), the Hotel Pennsylvania (1.4 million square feet in New York City), an 11% interest in J.C. Penney Company, Inc. (NYSE listed with 1,108 department stores) and a 25% interest in Vornado Capital Partners (a \$800 million real estate fund). Total assets at 12/31/2011 were \$20.4 billion with equity of \$7.5 billion. Revenues for the full year 2011 were \$2.9 billion and net income was \$602 million.

**Project Uses**

| <i>Uses</i>               | <i>Total Project Costs</i> | <i>ERG Eligible Project Costs</i> |
|---------------------------|----------------------------|-----------------------------------|
| Acquisition & Land        | \$ 11,243,015              | \$ 11,243,015                     |
| Hard Costs                | 73,223,917                 | 73,023,917                        |
| Development Fee           | 0                          | 0                                 |
| Financing and Other Costs | 16,645,637                 | 12,468,737                        |
| Professional Services     | 4,284,414                  | 4,284,414                         |
| <b>TOTAL USES</b>         | <b>\$ 105,396,983</b>      | <b>\$ 101,020,083</b>             |

The ERG eligible project costs above exclude ineligible costs (marketing, signage, management fee paid to the Applicant and other costs). The acquisition and land costs include the prorated cost to acquire the ground lease for the portion of the property subject to the ERG incentive (December 28, 2010 which is within the twelve months of the date of the EDA application) as well as ground rent during construction. Hard costs include \$2.5 million of environmental remediation costs pertaining to asbestos removal in the existing structure which is being renovated.

**Project Sources**

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

| <i>Sources</i>       | <i>Amount</i>         |
|----------------------|-----------------------|
| Developer Equity     | \$ 31,619,095         |
| Debt                 | 73,777,888            |
| <b>TOTAL SOURCES</b> | <b>\$ 105,396,983</b> |

The Applicant has satisfied the 20% equity participation requirement based on the anticipated equity contribution. Upon stabilization of the Project it is anticipated that permanent debt for 70% of project costs amortized over 25 years at a 6% interest rate will be attained.

**Gap Analysis**

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

| <b>Without ERG</b> | <b>With ERG (of \$20.2 million or 20%)</b> | <b>With ERG (of \$13.5 million or 13.38%)</b> |
|--------------------|--|---|
| Equity IRR 8.54%   | Equity IRR 14.44%                          | Equity IRR 12.93%                             |

As indicated in the chart above, the project would not otherwise be completed without the benefit of the ERG. **With the benefit of the ERG (of 20% of eligible project costs equating to \$20.2 million), the Equity IRR is 14.44%, however the new Hurdle Rate Model provided by the EDA’s contracted consultant Jones Lang LaSalle and simultaneously approved by the Members of the Authority at the Board Meeting on November 15, 2012 indicates a maximum IRR of 12.93% for a retail project in Wayne. As such, staff reduced the ERG amount from \$20.2 million to \$13.5 million (reducing the reimbursement percentage from 20% to 13.38%) such that the IRR matches the maximum IRR per the Hurdle Rate Model.**

**Net Positive Benefit Analysis**

The Authority has conducted the required Net Benefit Analysis and has found that the present value of the Net Positive Benefits to the State at a 6% discount rate over a 20 year period is \$33.6 million. Additionally there is \$10.8 million in one time tax benefits generated by the Project. The total cumulative discounted net benefits after taking into account the 10% cushion is \$40.4 million. The following taxes were included in the Net Positive Benefit calculation:

- 1] 66% of the incremental annual corporate business tax;
- 2] 66% of the incremental gross income tax;

- 3] 100% of the incremental one-time tax generated from the Project's construction;
- 4] 100% of the incremental indirect tax revenues from spending and earnings;
- 5] 0% of the sales tax generated by the retail portion of the Project

Sales taxes are excluded from the calculation, as the project is not deemed a destination; therefore it is assumed that there will be no additional new sales tax benefits to the State. The analysis includes 482 new full time retail jobs projected by the Applicant and 357 construction jobs.

#### **Other Statutory Criteria**

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

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

The Project appears to be economically feasible based on the financial strength and prior experience and track record of the Applicant despite there being no signed leases or current letters of intent for the new spaces. The Project is owned by Vornado Realty Trust which does own and manage over 130 existing retail properties (many of which are of similar in scope to the Project) and they are a publicly traded real estate investment trust possessing significant financial strength and resources capable of undertaking and completing the proposed Project.

The Applicant commissioned a Market Study on the site by a third party consultant who issued their determination of current and future market conditions as they relate to the redevelopment plan of the Project on April 17, 2012. This market study reflected that the proposed uses for the site are feasible, demand is sufficient in the area and the Applicant's rent assumptions seem to be reasonable.

The Project has an anticipated IRR of 8.54% without the ERG and 12.93% with the ERG (at 13.38% of eligible project costs amounting to \$13,513,000). As further explained previously, the ERG incentive grant is needed for the viability of the project. Based on the expected annual generation of approximately \$2.3 million of incremental sales and other eligible taxes, there appears to be adequate funds to support the reimbursement of taxes paid to the Project as outlined in the analysis.

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

The Township of Wayne's most recent median household income figures are 30% above New Jersey median household income reflecting the affluence of the community that the Project is located within. It should be noted, however, that the area to be affected by this redevelopment

project, namely the urban municipality of Paterson, which is only six miles from the Project and directly accessible via public transportation, would clearly benefit from the new employment opportunities at the VNO Wayne Town Center. Paterson is a municipality designated as Urban Aid by the State's Department of Community Affairs which had an unemployment rate of 16.9% in August 2012 which is well above the State of New Jersey's unemployment rate of 9.9% reported in August 2012. Paterson's median household income in 2009 of \$29,637 is less than half of the median household income for the State of New Jersey. In addition, nearly 80% of Paterson's residents commute outside the municipality for employment and according to Federal Census data 7.5% of Wayne's workforce lives in Paterson. For point of reference, the unemployment rate in Wayne Township and Passaic County was 9.5% and 11.7%, respectively in August of 2012 (which compare to New Jersey's average unemployment rate of 9.9% in August of 2012). However it is also noted that the Passaic County's (includes both Wayne and Paterson) median household income levels were approximately 20% below the New Jersey median household income indicating areas of distress are located within close proximity of the municipality that is home to the Project site.

The new Hurdle Rate Model adopted by the board takes into account the extent of economic and social distress in the municipality by providing additional scoring for economically disadvantaged areas. The proposed project received no upward adjustment to the base rate because the zip code in which it is located exhibited no economic disadvantage factors. The new Hurdle Rate Model, however, took into account the project's proximity to economic and social distress because it used the intrapolation method and by utilized comparables from Paterson (52%), Paramus (25%) and Newark (23%) to arrive at the maximum hurdle rate of 12.93%. Thus, the recommended award reflects the extent of economic and social distress in the municipality and the the area to be affected by the redevelopment project.

The Project fulfills the goals of the Passaic County Highlands Regional Master Plan of 2007 by providing for the redevelopment and revitalization of an existing site. Wayne Town Center promotes Smart Growth (site is located within PA1) and sustainable development by transforming and expanding an underutilized and previously developed property into productive use. According to the Regional Master Plan, Smart Growth within the Highlands is characterized by a comprehensive planning process utilized in guiding, designing and developing communities that are multi-faceted and balanced, located near appropriate community services and transportation and fit within the natural landscape without undue detrimental impacts. The redevelopment of Wayne Town Center is consistent with the provisions of Wayne Township's 1994 Master Plan and recently completed 2010 Master Plan Reexamination. This Project will strengthen and increase the existing commercial tax base within the Township and provide the appropriate balance of land use that ensures employment opportunities for the area. The Reexamination points out that of particular concern is the present lack of reinvestment to develop and refurbish otherwise aging and obsolete strip shopping centers. The location of the site within close proximity to the existing Willowbrook Mall, a major shopping center, will support and complement economic growth throughout the Township's commercial corridor along Willowbrook Boulevard. This Project is appropriately zoned for retail business and the redevelopment activity associated with the Project are consistent with all state, regional and local comprehensive land use plans and strategies.

The Project is projected to create approximately 482 new, full-time, permanent (average salaries of \$23,623) and 233 part-time jobs, providing more than \$13 million each year in employee wage compensation. Immediate job creation is also an important benefit of this project. During the renovation and construction of this site 357 temporary construction jobs will be created. The significant job creation associated with this Project will provide important employment opportunities for the State of New Jersey, and the Project will generate an estimated \$526,000 in incremental new real estate tax revenue for the Township of Wayne on an annual basis.

### **Recommendation**

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

Closing of the Incentive Grant Agreement and the reimbursement of any taxes is contingent upon VNO Wayne Town Center, LLC meeting the following conditions regarding the Project:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant in its application to the Authority for the ERG; 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 redevelopment Project and copies of all local planning and zoning board approvals that are required for the redevelopment Project.

Reimbursement shall commence upon:

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

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

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

**Total Eligible Project Costs: \$101,020,083**

**Eligible Taxes for Reimbursement:** Sales and other eligible taxes not to exceed 13.38% of eligible project costs in an amount not to exceed \$13,513,000 over 20 years.

**Recommended Grant: Not to exceed 13.38% of eligible costs in an amount not to exceed \$13,513,000 to be paid over a maximum period of 20 years.**



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Timothy Lizura

**Prepared by:** Michael A. Conte

**GROW NEW JERSEY ASSISTANCE PROGRAM**

*The following summaries are 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, the intent of this program is to provide tax credits to eligible businesses which make, acquire or lease a capital investment of at least \$20 million at a qualified business facility at which it will employ at least 100 full-time employees in retained full-time jobs or create at least 100 new full-time jobs in an industry identified by the EDA as desirable for the State to maintain or attract.

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 totaling not less than \$20,000,000.
- employ not fewer than 100 full-time employees in retained full-time jobs at the qualified business facility, or create at least 100 new full-time jobs at the qualified business facility in an industry identified by the Authority as desirable for the State to maintain or attract.
- demonstrate to the Authority that: the proposed capital investment and the resultant retention and creation of eligible positions will yield a net positive benefit, equaling at least 110 percent of the requested tax credit allocation amount, to the State; 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 for eligibility under the program.

#### 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 our own econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation. In addition to this information we also estimate likely personal and corporate earnings yield from a given project. EDA estimates both direct and indirect impacts on a one-time and ongoing basis. Direct impacts are those that result from capital flows for people and material directly associated with the project. (i.e., on site workers salaries, construction materials, etc.) Indirect impacts are those from cash flows other than those generated directly from the project (i.e. sandwich makers, equipment repair companies, and local retail). One-time benefits are those associated with the project's capital investment while the ongoing benefits are attributable to the project's annual economic activity.
- To determine material factor, staff reviews the cost benefit analyses provided by the company regarding other out-of-state sites under consideration, which include factors such as cost of rent, property taxes, and utility costs. Staff also investigates the existence of any existing labor contracts or real estate ownership that would render a relocation out of New Jersey impractical or cost prohibitive.
- For an application involving 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 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. Proposed new jobs under Grow NJ count towards full-time employment in the State.

#### Amount of award based upon:

- Tax credits equal to \$5,000 per job, per year for a period of 10 years for each new or retained full-time job determined by the Authority to be located at the qualified business facility; bonus award of up to an additional \$3,000 per job, per year of the amount of the original tax credits, as determined by the Authority, considering whether the business: (1) is an industry identified by the Authority as desirable for the State to maintain or attract\*; (2) locates or relocates to a location within a qualified incentive area adjacent to, or within one-half mile walking distance or active short-distance-shuttle service of, a public transit facility, defined as a rail station, light rail station or bus hub; a threshold of 10% of employees must utilize the Commuter Tax Benefit program with a minimum withholding of \$30 per month; (3) creates jobs using full-time employees in eligible positions whose annual salaries, according to the Department of Labor and Workforce Development, are greater than the average full-time salary in this State (currently \$56,385) ; or (4) is locating to a project site that is or has been negatively impacted by the approval of a "qualified business facility," as defined pursuant to section 2 of P.L. 2007, c. 346 (N.J.S.A. 34:1B-208). Per program rules, the amount of the tax credit award shall not exceed the lesser of one tenth of the capital investment certified by the Authority or \$4,000,000; and, the number of new full-time jobs for which a business receives a tax credit shall not exceed the number of retained full-time jobs for which a business receives a tax credit, unless the business qualifies by creating at least 100 new full-time jobs in an industry identified by the Authority as desirable for the State to maintain or attract\*.

\* These industries have been identified in the Draft State Strategic Plan and approved by the Board as: Advanced Manufacturing, Transportation, Logistics and Distribution, Life Sciences, Technology, Health, Finance, Food Production and Processing, and Corporate Headquarters.

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

**APPLICANT:** WWRD US LLC

**PROJECT LOCATION:** Matrix Business Park Robbinsville Township Mercer County

**GOVERNOR'S INITIATIVES:**

NJ Urban Fund       Edison Innovation Fund       Core       Clean Energy

**APPLICANT BACKGROUND:**

WWRD US LLC is the U.S. operating division of WWRD, a leading provider of luxury home and lifestyle products worldwide. The company manufactures, distributes, and sells well-recognized brands including Waterford, Wedgwood, and Royal Doulton. WWRD products are distributed through premium department stores and wholesalers in the United States, United Kingdom, Japan, Canada, Australia, and Ireland. The company employs more than 3,700 people worldwide. WWRD has demonstrated the financial ability to undertake the project.

**MATERIAL FACTOR/NET BENEFIT:**

WWRD currently leases 275,000 sq ft in Wall, New Jersey that serves as its US headquarters as well as its logistics and distribution center. This facility is in need of major investment and the building is now in receivership. With the company's lease expiring in May 2014, WWRD has decided to relocate to another facility. The company is considering moving its distribution and warehousing to a facility under common ownership in Rochester, New York while relocating its sales, executive, and administrative functions to available space it has in New York City. The alternative is to stay in New Jersey by moving to a build-to-suit facility at the Matrix Business Park in Robbinsville.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and as a result the management of WWRD US 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 that states that the application has been reviewed and the information submitted and representations contained therein are accurate. It is estimated that the project would have a net benefit to the State of \$57.9 million over the 15 years that the company would be committed to keep the jobs here.

**FINDING OF JOBS AT RISK:**

The applicant has certified that the 280 New Jersey jobs listed in the application are at risk of being located outside the State. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

**APPROVAL REQUEST:**

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

After the approval of this project and other projects for consideration by the Authority today, the total amount of tax credits approved under the Grow New Jersey Assistance Program will increase to \$376,220,000 and the total combined approvals under HUB and Grow New Jersey to \$1,403,650,238.

**CONDITIONS OF APPROVAL:**

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

| <u>Grant Calculation</u>                       |                |
|--|----------------|
| <b>BASE GRANT PER EMPLOYEE:</b>                | \$5,000        |
| <b>BONUS INCREASES:</b>                        |                |
| (\$1,000 per item with a max of \$3,000)       |                |
| <b>INDUSTRY:</b>                               | \$1,000        |
| <b>PUBLIC TRANSIT:</b>                         | 0              |
| <b>HIGH SALARIES:</b>                          | 0              |
| <b>AFFECTED SITE:</b>                          | <u>0</u>       |
| <b>BONUS PER EMPLOYEE:</b>                     | <u>\$1,000</u> |
| <b>TOTAL GRANT PER EMPLOYEE:</b>               | \$6,000        |
| <b>ELIGIBLE JOBS:</b>                          |                |
| <b>New Jobs:</b>                               | 0              |
| <b>Retained Jobs:</b>                          | <u>280</u>     |
| <b>Total:</b>                                  | 280            |
| <b>ANNUAL CREDIT AMOUNT (\$4,000,000 max):</b> | \$1,680,000    |

|   |  |
|---|--|
| <b>TOTAL AMOUNT OF AWARD:</b>                   | \$ 16,800,000                          |
| <b>TERM:</b>                                    | 10 years                               |
| <b>ESTIMATED ELIGIBLE CAPITAL INVESTMENT:</b>   | \$ 31,830,000                          |
| <b>QUALIFIED INCENTIVE AREA:</b>                | PA-2                                   |
| <b>MEDIAN WAGES:</b>                            | \$ 41,261                              |
| <b>STATEWIDE BASE EMPLOYMENT:</b>               | 288                                    |
| <b>PROJECT IS:</b> ( ) Expansion (X) Relocation |  |
| <b>CONSTRUCTION:</b> (X) Yes ( ) No             |  |
| <b>DEVELOPMENT OFFICER:</b> P. Ceppi            | <b>APPROVAL OFFICER:</b> K. McCullough |

**TECHNOLOGY BUSINESS TAX CERTIFICATE  
TRANSFER PROGRAM**





## **MEMORANDUM**

To: Members of the Authority

From: Michele Brown  
Chief Executive Officer

Date: November 15, 2012

Subject: Technology Business Tax Certificate Transfer Program  
Appeals

### **Summary:**

This memo supersedes the memorandum previously submitted to the Board with recommendations from Executive staff.

I have reviewed the attached Hearing Officer's report regarding the appeals by Celator Pharmaceuticals, Inc, Globalprivateequity.com, Inc., Midawi Holdings, Inc., PTC Therapeutics, Inc, and Svelte Medical Systems, Inc., in regard to the Technology Business Tax Certificate Transfer Program (the "Program"). I concur with the recommendation that the disapprovals of Celator Pharmaceuticals, Inc, Globalprivateequity.com, Inc., Midawi Holdings, Inc., PTC Therapeutics, Inc under the Program be upheld.

I disagree with the recommendation regarding Svelte Medical Systems, Inc. ("Svelte") and recommend that based on its appeal and follow-up correspondence, Svelte should be approved under the Program.

### **Background:**

Pursuant to the Program's enabling legislation, NJEDA annually reviews applications to ensure the applicants meet the statutory requirements of the Program. Staff's recommendation for approval or declination is then presented to the Members for approval. Applicants that are declined have 20 days to submit appeals which are reviewed by an independent Hearing Officer.

At EDA's September 13, 2012 Board Meeting, the Members considered 70 requests from companies to participate in the Technology Business Tax Certificate Transfer Program. A total of 7 of those requests were disapproved.

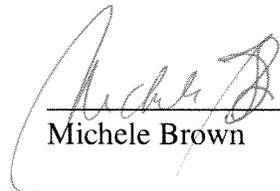
Five appeals were filed and each appeal was reviewed by the Hearing Officer and, in some instances, clarifying information was requested. Based on the review of the appeals, the Hearing Officer recommended that all declinations be upheld.

However, after reviewing the appeal, the Hearing Officer's report, and follow-up correspondence from Svelte, I believe that the declination of Svelte should be overturned. The request was declined on the basis that the company failed to demonstrate that it employed the minimum number of 10 full-time employees on June 30, 2012. Admittedly, this is a close call, because the employee was retained pursuant to an agreement that allowed her to be terminated after two months. The facts in this case, however, distinguish it from the other appeals that the Board is reviewing today. In this instance, the employee's salary indicates she was not an intern. Also Svelte clearly states that it has the need for a full-time, permanent researcher, and that it is common in this industry to hire an employee with an employment contract. Finally, although this information was adduced after the application date, we note that the employee in question is still employed in the position. For these reasons, I recommend that the board find that this employee meets the definition of full-time employee because, in accordance with the act, she is rendering a standard of service that is generally accepted by custom as full-time employment. With this finding, Svelte will meet all the requirements to receive a grant.

**Recommendation:**

After review of the Hearing Officer's report regarding the appeals by Celator Pharmaceuticals, Inc., Globalprivateequity.com, Inc., Midawi Holdings, Inc., PTC Therapeutics, Inc., and Svelte Medical Systems, Inc., in regard to the Technology Business Tax Certificate Transfer Program, I concur with the recommendation that the disapproval of Celator Pharmaceuticals, Inc., Globalprivateequity.com, Inc., Midawi Holdings, Inc., PTC Therapeutics, Inc., under the Program be upheld.

I do not concur with the recommendation that disapproval Svelte Medical Systems, Inc. be upheld under the Program and recommend this applicant be approved.

  
Michele Brown





## MEMORANDUM

**TO:** Timothy Lizura, President and Chief Operating Officer  
Members of the Authority

**FROM:** Heather M. O'Connell  
Hearing Officer

**DATE:** November 15, 2012

**SUBJECT:** Technology Business Tax Certificate Transfer Program - Appeals

**Request:**

Consent to my recommendations as Hearing Officer to uphold the declination of NOL applications for Celator Pharmaceuticals, Inc., Globalprivateequity.com, Inc., Midawi Holdings, Inc., PTC Therapeutics, Inc., and Svelte Medical Systems, Inc.

**Background:**

Pursuant to the enabling legislation, NJEDA administers the Technology Business Tax Certificate Transfer Program ("Program"), including the review of each application to insure the applicants met the requirements of the Program. Staff recommendations are then presented to the Members for consideration. As requested by the CEO, I am fulfilling the role of Hearing Officer to review the appeals, and have completed that review of the appeals with legal guidance from the Attorney General's Office.

At the September 13, 2012 Board Meeting, the Members considered 70 requests from companies to participate in the Technology Business Tax Certificate Transfer Program. A total of 63 (90%) requests were recommended for approval and 7 (10%) requests were disapproved. Average estimated benefits were calculated to be \$952,000 per approved company based on this year's budget allocation of \$60 million. If the Board disagrees with any of the decisions of the Hearing Officer to uphold all of the declinations, the benefit amount will be recalculated based on the total new number of approvals. If a recalculation is required, the reduction to the benefit amount for the remaining companies is expected to be minimus.

Following the September Board meeting, the 7 companies that were disapproved were sent written notice of the Board's action along with the reasons for the disapproval. In that letter, applicants were notified of the decision and were provided 20 days to appeal. Of the 7 disapproved, 5 filed appeals by the appeal deadline of October 3, 2012.

Over the past four weeks, each appeal has been reviewed and in some instances, additional clarifying information has been requested. Based on the review of the appeals submitted by the applicants and the analyses prepared by the initial review team from EDA, I recommend that all declinations be upheld as the applicants have not demonstrated they meet all of the eligibility criteria of the Program.

**Celator Pharmaceuticals, Inc.**

Celator Pharmaceuticals, Inc. ("Celator") failed to demonstrate it employed the minimum number of 10 full-time employees on June 30, 2012 as required by N.J.S.A. 34:1B-7.42(b) which is determined by the number of years of incorporation. Although Celator submitted an application exhibit showing 10 full-time employees as of June 30, 2012, it was determined that one of the employees who resigned on July 12, 2012,

effective July 31, 2012 was a temporary employee, and was therefore disqualified. As a result, Celator did not meet the minimum full-time employee statutory requirement for this Program at June 30, 2012, and it is recommended that the original declination be upheld.

**Globalprivateequity.com, Inc.**

Gloablprivateequity.com, Inc. (“GPE”) failed to demonstrate it employed the minimum number of 10 full-time employees on June 30, 2012 which is determined by the number of years of incorporation. GPE also did not have healthcare coverage in place for its employees on June 30, 2012. Both of these are required by N.J.S.A. 34:1B-7.42(b).

GPE submitted an application exhibit showing 10 employees as of June 30, 2012. However, 3 of the stated employees were designated as interns, and 2 of these individuals were college students who had announced that they were returning to school in the fall and could no longer work full-time.

GPE contended that appropriate enrollment materials for healthcare coverage were submitted with its application, but the documentation revealed the coverage, at best, would not be effective until July 1, 2012 which is after the Program deadline of June 30, 2012.

Based on clarifications requested by the Hearing Officer, GPE adequately demonstrated it is operating as a technology business as defined by both the Program and in N.J.S.A. 34:1B-7.42(b) by having patents used by the financial industry for software to obtain and utilize financial analysis for over the counter and financial risk management industries.

Nevertheless, since GPE did not satisfy the full-time employment and health coverage requirements, it is recommended that these declinations be upheld.

**Midawi Holdings, Inc.**

Midawi Holdings, Inc. (“Midawi”) failed to demonstrate that it is operating as a technology business as required by N.J.S.A. 34:1B-7.42(b) and has not demonstrated that it has protected, proprietary, intellectual property (“PIIP”) as required by N.J.A.C. 19:31-12.2. Although Midawi does own copyrights on an instructional video and a graphic illustration, these copyrights would not be considered PPIP under the regulations, as they do not constitute the technology of the company directly relates to its business of providing a scientific process, product or service. Midawi also holds a copyright on its software, but this copyright is not registered as specifically required to be considered PPIP under the regulations.

Midawi’s original declination also stated that it failed to demonstrate it employed the minimum number of 5 full-time employees on June 30, 2012 which is determined by the number of years of incorporation. Midawi submitted an application exhibit showing 5 employees as of June 30, 2012. The initial EDA review contended that one employee’s salary is considerably less than the others, and is in line with that of an intern. As such, the full-time status of the employee was questioned. I am not satisfied that there is enough evidence provided by EDA staff to reasonably conclude that the position in question is other than a full-time employee. Although the annual salary is much lower than other employees at the company, this amount is above an annual minimum wage full-time salary, based on the New Jersey minimum wage of \$7.25 per hour. As such, I must conclude that Midawi has met the minimum employee requirement under the statute.

However, since there are two other requirements that have not been met, it is recommended that these declinations be upheld.

**PTC Therapeutics, Inc.**

PTC Therapeutics, Inc. (“PTC”) failed to demonstrate that it had a net operating loss in 2011 as required by N.J. S.A. 54:10A-5(k)(6)(c) and N.J.S.A. 34:1B-7.42(a)(b)(5). The company asserted that the net operating income shown on the audited statements was due to the auditors using generally accepted accounting standards (“GAAP”) guidelines that required PTC to recognize as income in 2011 the unamortized portion of a large sum received in 2008 as a result of a collaboration agreement with another entity. As a result, PTC subsequently had the name of the line item previously called Net Operating Income in its 2010 Program

audited financial statements changed to "Excess of non-cash revenue and other revenues over expenses" in the audited 2011 financial statements. I requested clarification from PTC as to which line item on the statements represented net operating income as it does not appear on the statements at all. Although PTC did respond to my inquiry, it did not indicate the location of the net operating income line item.

Since the statements do not contain a net operating income line, and no explanation was given as to which line item on the statements represents net operating income, I am not able to determine if there was an operating loss in 2011 as required by the statute. As such, I do not believe that company has produced sufficient evidence to overturn the declination previously issued for failing to demonstrate a net operating loss on its 2011 financial statements.

**Svelte Medical Systems, Inc.**

Svelte Medical Systems, Inc. ("Svelte") failed to demonstrate it employed the minimum number of 10 full-time employees on June 30, 2012 which is determined by the number of years of incorporation as required by N.J.S.A. 34:1B-7.42(b). Although Svelte submitted an application exhibit showing 10 full-time employees as of June 30, 2012, it was noted that one employee opted out of healthcare due to her position being temporary with an anticipated end date of August 15, 2012 at that time.

Svelte stated that it is not unusual for biotechnology to hire full-time research and development scientists for a defined period of time and, in any event, the contract of the employee in question was thereafter extended to December 31, 2012. However, this extension cannot be taken into account or evaluated as N.J.A.C. 9:31-12.6(d) states that the Hearing Officer is unable to consider any new evidence or information in determining that the applicant met the Program requirements by the June 30, 2012 deadline.

Based on the information provided with the application which noted that one employee was a temporary employee, the company did not meet the full-time employee statutory requirement for the Program, and it is recommended that the original declination be upheld.

**Recommendation:**

As a result of careful consideration of the above appeals in consultation with the Attorney General's Office, it is recommended that the Hearing Officer's declinations of the 5 appeals be upheld.

A handwritten signature in cursive script, reading "Heather M. O'Connell", written over a horizontal line.

Prepared by: Heather M. O'Connell, Hearing Officer

Resolution of the New Jersey Economic Development Authority Regarding Approval of the Technology Business Tax Certificate Transfer Program (“NOL”) - Appeals Consent to Upholding the Declination of NOL Applications for Celator Pharmaceuticals, Inc., Globalprivateequity.com, Inc., Midawi Holdings, Inc., PTC Therapeutics, Inc., and Svelte Medical Systems, Inc.

WHEREAS, the Members of the New Jersey Economic Development Authority have been presented with and considered a Memorandum in the form attached hereto; and

WHEREAS, the Memorandum requested the Members to adopt a resolution authorizing certain actions by the New Jersey Economic Development Authority, as outlined and explained in said Memorandum.

NOW, THEREFORE, BE IT RESOLVED by the Members of the New Jersey Economic Development Authority as follows:

1. The actions set forth in the Memorandum, attached hereto, are hereby approved, subject to any conditions set forth as such in said Memorandum.

2. The Memorandum, attached hereto, is hereby incorporated and made a part of this resolution as though set forth at length herein.

3. This resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor of the State of New Jersey for his approval, unless during such 10-day period the Governor of the State of New Jersey shall approve the same, in which case such action shall become effective upon such approval.

Dated: November 15, 2012



## **BOARD MEMORANDUMS**





NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

**MEMORANDUM**

**TO:** Members of the Authority  
**FROM:** Timothy J. Lizura, President and COO  
**DATE:** November 15, 2012  
**SUBJECT:** Projects Approved Under Delegated Authority - **For Informational Purposes Only**

The following project was approved under Delegated Authority in October 2012:

**New Jersey Business Growth Fund:**

- 1) Jackman Kerby Properties, LLC (P37774), located in Shamong Township, Burlington County, is a real estate holding company that was formed to own the project property. The real estate holding company is jointly owned by William Jackman and John Kerby. The operating company, Harry Shaw Model Maker Inc. manufactures and produces state of the art computer driven mills and stereo lithography to the fine art of hand carving and sculpting, with special emphasis on finishing and detail work. PNC Bank approved a \$465,740 loan contingent upon a five-year, 25% guarantee of principal outstanding, not to exceed \$116,435. Currently, the company has five employees.

A handwritten signature in black ink, appearing to read 'T. Lizura', is written over a horizontal line.

**Prepared by:** D. Lawyer  
DL/gvr

**REAL ESTATE**



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

## MEMORANDUM

**TO:** Members of the Authority

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

**RE:** Transfer of Commercial Development Parcel B  
to New Jersey Department of Treasury  
New Jersey Performing Arts Center Project (Newark)

**DATE:** November 15, 2012

### Summary:

I requesting the Members to approve the documents necessary to convey Development Parcel B of the NJPAC project to the State of New Jersey, Department of Treasury for the consideration of One and no/100ths Dollars (\$1.00). This documentation will include a Deed of Conveyance as well as a Lease Amendment.

### Background:

The Authority played a key role in the development of NJPAC. Our role entailed bond financing, site acquisition, tenant relocation, environmental remediation and building demolition.

At the time of the initial development of the project site, several parcels were identified as Commercial Development sites.

The Authority owns and ground leases the property to the New Jersey Department of the Treasury which, in turn, subleases the site on a long-term (99-year) basis to NJPAC. The State's ground lease payments service the debt on the Authority's outstanding bonds for this project. The Lease Agreement provides that the property will be conveyed to the State at the end of the lease term for a consideration of One Dollar (\$1.00). Additionally, the Lease Agreement allows the State an option to purchase the property prior to the expiration of the lease term provided that the State is not in default of any of the lease provisions.

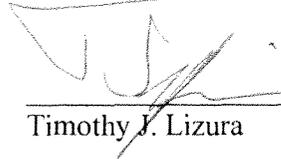
The State has requested that the Authority convey Commercial Development Parcel B (also known as Block 125, Lot 26, City of Newark, County of Essex, State of New Jersey) to the Department of Treasury at this time for a consideration of One Dollar and no/100ths (\$1.00). A Lease Amendment for the project lease, reflecting the new project boundaries, will also be necessary.

Bond Counsel for the project has been consulted and has advised the transfer of property to the State of New Jersey for One Dollar (\$1.00) is acceptable.

Consequently, the parties will execute a Deed of Conveyance, Lease Amendment and any other documents necessary to complete the transfer of the subject property. The final drafts of the documents will be subject to the approval of the Chief Executive Officer or the President/Chief Operating Officer, as well as the Attorney General's Office.

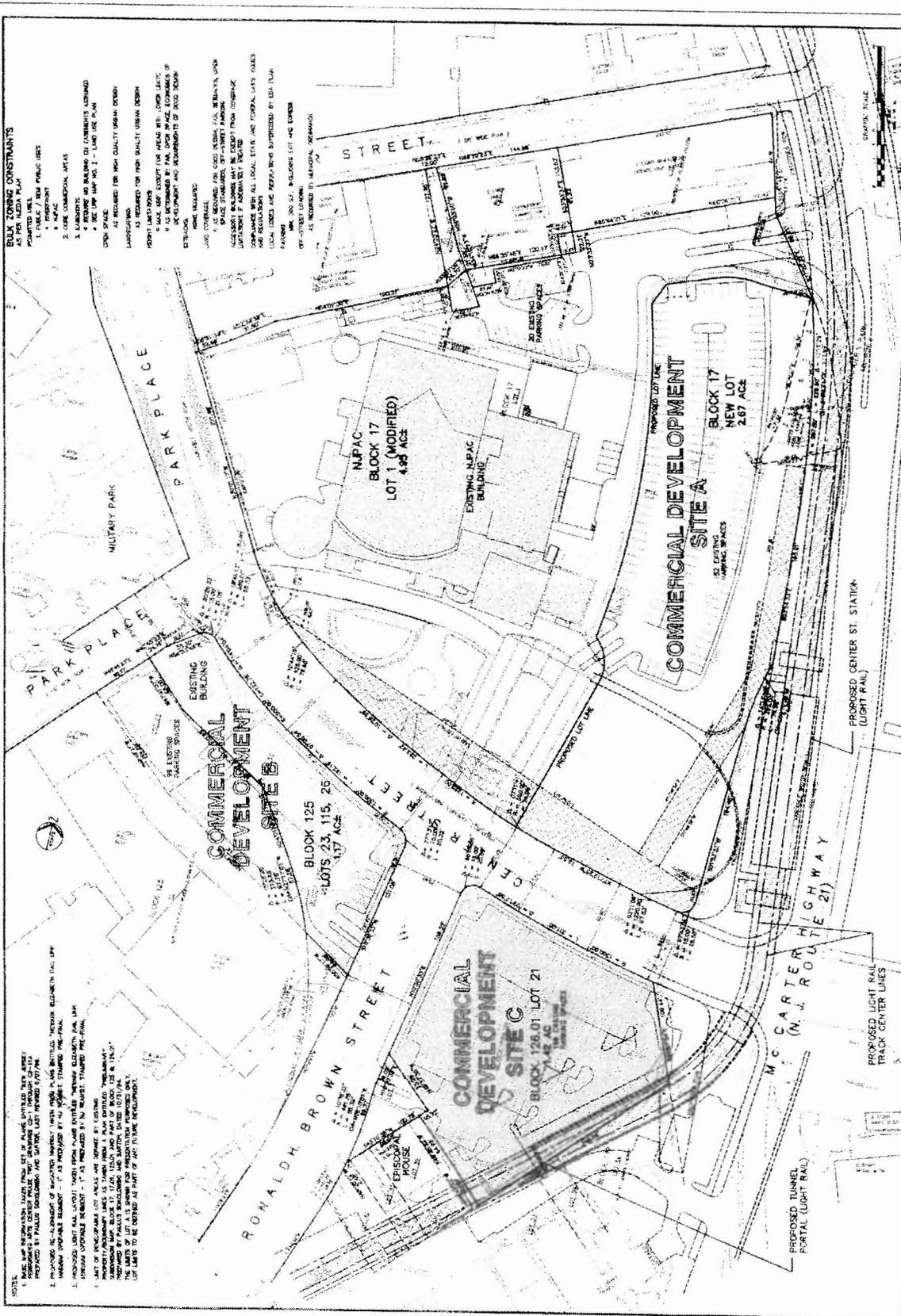
**Recommendation:**

In conclusion, I ask that the Members authorize the Chief Executive Officer and/or the President/Chief Operating Officer to execute a Deed of Conveyance, Lease Amendment and any other documents necessary to transfer the subject property to the Department of Treasury, all subject to the final approval of bond counsel and the Attorney General's Office.

A handwritten signature in black ink, appearing to read "T. Lizura", is written over a horizontal line. The signature is stylized and somewhat cursive.

Timothy J. Lizura

Prepared by: Cathleen A. Schweppenheiser  
Project Officer



**NOTE:**

1. ALL DIMENSIONS SHOWN ARE IN FEET AND DECIMALS THEREOF. DIMENSIONS ARE GIVEN TO THE CENTER OF THE LINE UNLESS OTHERWISE NOTED. DIMENSIONS TO THE CENTER OF THE LINE SHALL BE USED FOR ALL DIMENSIONS UNLESS OTHERWISE NOTED.
2. PROPOSED DIMENSIONS OF PROPOSED AREAS SHOWN ARE BASED ON THE INFORMATION PROVIDED BY THE APPLICANT AND THE APPLICANT'S REPRESENTATIVE. THE APPLICANT'S REPRESENTATIVE SHALL BE RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.
3. DIMENSIONS OF EXISTING AREAS AND STRUCTURES ARE BASED ON THE INFORMATION PROVIDED BY THE APPLICANT AND THE APPLICANT'S REPRESENTATIVE. THE APPLICANT'S REPRESENTATIVE SHALL BE RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.
4. ALL DIMENSIONS OF PROPOSED AREAS AND STRUCTURES ARE BASED ON THE INFORMATION PROVIDED BY THE APPLICANT AND THE APPLICANT'S REPRESENTATIVE. THE APPLICANT'S REPRESENTATIVE SHALL BE RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.
5. THE APPLICANT'S REPRESENTATIVE SHALL BE RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

**BULKY TRADING CONSTRAINTS**  
AS PER LOCAL PLAN

1. DIMENSIONS OF PROPOSED AREAS SHALL BE AS SHOWN ON THE PLAN.
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|  |              |                                     |           |
| <b>COMMERCIAL DEVELOPMENT EXHIBITS</b> |              | <b>COMMERCIAL DEVELOPMENT SITES</b> |           |
| SHEET NO.                              | TOTAL SHEETS | DATE                                | SCALE     |
| 1                                      | 1            | 1/1/2024                            | 1" = 100' |
| <b>C-3</b>                             |              |                                     |           |

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION

AUTHORIZING THE SALE TO THE STATE OF NEW JERSEY OF CERTAIN REAL PROPERTY CURRENTLY LEASED BY THE AUTHORITY TO THE STATE IN CONNECTION WITH THE AUTHORITY'S REVENUE REFUNDING BONDS (NEW JERSEY PERFORMING ARTS CENTER PROJECT) SERIES 2009 (FEDERALLY TAXABLE); AUTHORIZING THE EXECUTION AND DELIVERY OF A DEED AND A FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT AND LEASE; AND AUTHORIZING OTHER NECESSARY AND INCIDENTAL ACTION

WHEREAS, the New Jersey Economic Development Authority (the "Authority") has been established under the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Laws of 1974 of the State of New Jersey (the "State"), as amended and supplemented (the "Act"); and

WHEREAS, the Authority issued its Revenue Bonds (New Jersey Performing Arts Center Project) 1996 Series A, 1996 Series B (Taxable) and 1996 Series C (collectively, the "1996 Bonds") for the purposes of (i) advance refunding the Authority's Revenue Bonds (New Jersey Performing Arts Center Acquisition Project) 1991 Series (the "1991 Bonds"), (ii) paying a portion of the Costs of the completion of the construction of the Performing Arts Center Project and (iii) paying costs of issuance of the 1996 Bonds; and

WHEREAS, the Authority issued its Revenue Refunding Bonds (New Jersey Performing Arts Center Project) Series 2009 (Federally Taxable) (the "2009 Bonds") for the purposes of (i) refunding the 1996 Bonds and (ii) paying costs of issuance of the 2009 Bonds; and

WHEREAS, the 2009 Bonds were issued pursuant to the Trust Indenture, dated as of June 1, 1996, as amended and supplemented (the "Indenture"), by and between the Authority and

The Bank of New York Mellon, as successor to United States Trust Company of New York, as trustee (the “Trustee”); and

WHEREAS, the Authority entered into an Amended and Restated Agreement and Lease, dated as of July 1, 1996 by and between the Authority and the State (the “Agreement”), which Agreement provides, in part, for payments by the State sufficient to meet the principal of, redemption premium, if any, and interest on the 2009 Bonds; and

WHEREAS, Section 6.10 of the Agreement provides that the Authority shall, at the written direction of the State, sell, release or otherwise dispose of any portion of the Project (as defined in the Agreement) to the extent such portion will not be used for purposes of the Project; and provided that such sale, release or disposition will not impair the rights of the Authority intended to be created thereunder and provided further that the State remains liable for any amounts due thereunder; and

WHEREAS, pursuant to N.J.S.A. 34:1B-250, the Authority is authorized to sell and convey all or any portion of its right, title, and interest in certain real property, including, without limitation, Block 125, Lot 26 appearing on the tax map of the City of Newark, in the County of Essex, New Jersey (the “Parcel”), to the New Jersey Performing Arts Center, in one or more series of transactions on such terms and conditions, and for such consideration, as shall be determined by the Authority in its sole discretion, and to enter into any agreements and amend any existing agreements required to effectuate such sale and conveyance; and

WHEREAS, the State has directed the Authority to sell the Parcel to the State for the sum of one dollar (\$1.00), and has informed the Authority that it is the intention of the State to sell the Parcel to the New Jersey Performing Arts Center as provided in N.J.S.A. 34:1B-250; and

WHEREAS, in connection with the sale of the Parcel to the State, it is necessary for the Authority to execute and deliver to the State a deed with respect to the parcel (the “Deed”); and

WHEREAS, in connection with the sale of the Parcel to the State, it is necessary for the Authority to enter into a First Amendment to Amended and Restated Agreement and Lease (the “Amendment”), by and between the Authority and the State, for the purpose of removing the Parcel from the description of the Project Site attached to the Agreement; and

WHEREAS, Section 11.02 of the Indenture permits amendments to the Agreement with the consent of the Authority and the Trustee, provided that such amendment is not to the prejudice of the Trustee or the holders of any of the 2009 Bonds; and

WHEREAS, the Authority desires to authorize (i) the sale of the Parcel to the State, (ii) the execution and delivery of the Deed, the Amendment and such other documents and certificates that may be required to accomplish the foregoing and (iii) other necessary action.

NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (not less than seven members thereof affirmatively concurring) AS FOLLOWS:

Section 1. Authorization of the Sale of the Parcel. In accordance with the direction of the State pursuant to Section 6.10 of the Agreement, and pursuant to the authority granted by N.J.S.A. 34:1B-250, the Authority is hereby authorized to sell and convey the Parcel to the State, at a price equal to one dollar (\$1.00), it being the understanding of the Authority that the State expects to sell the Parcel to the New Jersey Performing Arts Center.

Section 2. Authorization of the Deed and the Amendment. In order to implement the sale of the Parcel to the State, the form of each of the Deed and the Amendment, each substantially in the form presented to this meeting with such revisions, insertions and omissions

as shall be approved by the Chairman, Vice Chairman, Chief Executive Officer, Chief Operating Officer, Director of Bonds and Incentives or any other authorized officer of the Authority (each an “Authorized Authority Representative”), is hereby authorized and any Authorized Authority Representative is directed to execute and deliver, and (where appropriate) the Secretary, Assistant Secretary or any Authorized Authority Representative is hereby authorized and directed to affix the corporate seal of the Authority to, and attest, such Deed and/or Amendment.

The Deed shall provide for the conveyance of the Parcel to the State, and the Amendment shall, among other things, remove the Parcel from the description of the Project Site included in the Agreement.

Section 3. Execution and Delivery of Other Documents. Any Authorized Authority Representative is hereby authorized to execute, attest, affix the seal of the Authority to and deliver such other documents as such Authorized Authority Representative determines to be reasonable and appropriate to complete the sale of the Parcel as authorized by this Resolution. Copies of any such documents, together with the other documents referred to in this Resolution and relating to the transactions authorized hereby, in final form as executed and delivered by the parties thereto, shall be filed in the official records of the Authority.

Section 4. Further Action. Any member of the Authority or any Authorized Authority Representative is hereby authorized and directed to execute such further documents and do such further things as may be necessary or proper to carry out the intent and purpose of this Resolution or any document herein authorized.

Section 5. Repeal of Inconsistent Resolutions. All prior resolutions of the Authority or portions thereof which are inconsistent with this Resolution are hereby repealed.

Section 6. Effective Date. This Resolution shall take effect immediately, but no action authorized herein shall have force and effect until ten (10) days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority at which this Resolution was adopted has been delivered to the Governor for his approval, unless during such ten (10) day period the Governor shall approve the same in which case such action shall become effective upon such approval, as provided by the Act.

Adopted: November 15, 2012