



MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: December 13, 2011
SUBJECT: Agenda for Board Meeting of the Authority December 13, 2011

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Authority Matters

Bond Projects

Loans/Grants/Guarantees

Edison Innovation Fund

Incentive Programs

Board Memorandums

Real Estate

Executive Session – OPMA Exemption N.J.S.A. 10:4-12b(7)

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

November 9, 2011

MINUTES OF THE MEETING

Members of the Authority present: Al Koepp, Chairman; Matt McDermott representing the Executive Branch; Wayne Staub representing the Commissioner of the Department of Environment Protection; Public Members: Joseph McNamara, Vice Chairman; Marjorie Perry, Brian Nelson, Laurence Downes, Rich Tolson, Elliot M. Kosoffsky, Second Alternate Public Member; Harold Imperatore, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Members of the Authority present via conference call: Kate Whitman; Charles Sarlo, and Ray Burke, First Alternate Public Member.

Absent from the meeting: Steve Petrecca representing the State Treasurer; Dr. Aaron Fichtner representing the Department of Labor and Workforce Development; and Nancy Graves representing the Commissioner of the Department of Banking and Insurance.

Also present: Caren Franzini, Chief Executive Officer of the Authority; Bette Renaud, Deputy Attorney General; and Brandon Minde, Governor's Authorities' Unit and staff.

Chairman Koepp called the meeting to order at 10 a.m. He welcomed Harold Imperatore to the Board and acknowledged the work of departing Board Member Kevin Brown.

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the October 11, 2011 regular and executive session meeting minutes. A motion was made to approve the minutes by Mr. Staub, seconded by Ms. Perry, and was approved by the 11 voting members present.

Mr. Tolson abstained because he was absent from the October meeting.

The next item was the presentation of the Chief Executive Officer's Monthly Report to the Board. **(For Informational Purposes Only)**

Mr. McDermott entered the meeting at this time.

BOND RESOLUTIONS

PROJECT: RBH-TRB Newark Holdings, Limited Liability Company **APPL.#35260**
LOCATION: Newark City/Essex County
PROCEEDS FOR: Redevelopment
FINANCING: \$5,265,000 Redevelopment Area Bond and up to \$22,750,000 Qualified School Construction Bond
APPROVE: Mr. Downes **SECOND:** Mr. McNamara **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1
Mr. Sarlo abstained because his firm is engaged in discussions with the project developer.
Ms. Perry abstained because her firm is engaged in discussions with the project developer.

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

PROJECT: McAuley School, Inc. **APPL.#36947**
LOCATION: North Plainfield/Somerset County
PROCEEDS FOR: Refinancing
FINANCING: \$2,752,705 Tax-Exempt Bond
APPROVE: Ms. Perry **SECOND:** Mr. McDermott **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Springpoint at the Atrium, Inc. **APPL.#36991**
LOCATION: Red Bank/Monmouth County
PROCEEDS FOR: Refinancing
FINANCING: \$10,000,000 Tax-Exempt Series A Bond and up to \$10,000,000 Tax-Exempt Series B Bond
APPROVE: Mr. Tolson **SECOND:** Mr. Kosoffsky **AYES:13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Springpoint Senior Living, Inc. **APPL.#10254**
LOCATION: Various Counties
MODIFICATION REQUEST: Approval of a supplemental loan and trust agreement to allocate the sale proceeds of a project facility financed with the proceeds of a tax exempt bond.
APPROVE: Mr. Downes **SECOND:** Mr. Nelson **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

BOND RESOLUTIONS WITH AUTHORITY EXPOSURE

PROJECT: 7777 Realty LLC **APPL.#36073**
LOCATION: North Bergen Township/Hudson County
PROCEEDS FOR: Acquisition and renovation
FINANCING: \$6,200,000 Tax Exempt Bond
APPROVE: Mr. Downes SECOND: Mr. Kosoffsky AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: 7777 Realty LLC **APPL.#36968**
LOCATION: North Bergen Township/Hudson County
PROCEEDS FOR: Acquisition and renovation
FINANCING: \$1,600,000, Local Development Financing Fund Program
APPROVE: Mr. Tolson SECOND: Mr. McNamara AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

CAMDEN ECONOMIC RECOVERY BOARD

PROJECT: Cooper's Ferry Development Association dba Cooper's Ferry Partnership
LOCATION: Camden/Camden Cty **APPL.#36969**
PROCEEDS FOR: Infrastructure upgrades
FINANCING: \$500,000 Non-recoverable Infrastructure Grant
APPROVE: Ms. Perry SECOND: Mr. Staub AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: ERB Business Incentive Grant Programs
REQUEST: Approve the extension for the ERB Business Incentive Grant Programs an additional 12 months through September 30, 2012.
MOTION TO APPROVE: Mr. Downes SECOND: Mr. Staub AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

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

APPROVE: Ms. Perry SECOND: Mr. McNamara AYES: 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

PROJECT: C. Torsiello & Sons, Inc. **APPL.#30577**

LOCATION: Edison Township/Middlesex

PROCEEDS FOR: Upgrade, closure, remediation

FINANCING: \$329,926, Petroleum UST remediation, upgrade and closure fund grant

PROJECT: Crystal Jones **APPL.#36808**

LOCATION: East Orange City/Essex County

PROCEEDS FOR: Upgrade, closure, remediation

FINANCING: \$149,563, Petroleum UST remediation, upgrade and closure fund grant

FOR INFORMATION ONLY: The next item is a summary of the Petroleum Underground Storage Tank Program projects approved by the Delegated Authority.

INCENTIVE PROGRAMS

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

ITEM: Allergan, Inc. application for Business Employment Incentive Program (BEIP)

REQUEST: Discussion and action on staff's recommendation not to disqualify Allergan, Inc for the BEIP application after the review of legal matters.

MOTION TO APPROVE: Mr. McNamara SECOND: Mr. Nelson AYES: 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PROJECT: Allergan, Inc. **APPL.#36963**

LOCATION: TBD **BUSINESS:** Health Care

GRANT AWARD: 70% Business Employment Incentive grant, 10 years

APPROVE: Ms. Perry SECOND: Mr. McDermott AYES: 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PROJECT: Cibao Meat Products, Inc. **APPL.#36952**
LOCATION: Paterson City/Passaic County **BUSINESS:** Manufacturing
GRANT AWARD: 80% Business Employment Incentive grant, 10 years
APPROVE: Ms. Perry **SECOND:** Mr. Kosoffsky **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PROJECT: Durand Glass Manufacturing Company **APPL.#36962**
LOCATION: Millville City/Cumberland County **BUSINESS:** Manufacturing
GRANT AWARD: 80% Business Employment Incentive grant, 10 years
APPROVE: Mr. Staub **SECOND:** Ms. Perry **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PROJECT: Durand Glass Manufacturing Company **APPL.#36962**
LOCATION: Millville City/Cumberland County **BUSINESS:** Manufacturing
GRANT AWARD: Business Retention and Relocation Assistance grant, 5 years
APPROVE: Ms. Perry **SECOND:** Mr. Nelson **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

PROJECT: Raritan Americas, Inc. **APPL.#36946**
LOCATION: TBD **BUSINESS:** Technology
GRANT AWARD: 30% Business Employment Incentive grant, 10 years
APPROVE: Mr. Downes **SECOND:** Ms. Perry **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PROJECT: Thales & Affiliates **APPL.#36970**
LOCATION: TBD **BUSINESS:** Technology
GRANT AWARD: 45% Business Employment Incentive grant, 10 years
APPROVE: Mr. Downes **SECOND:** Mr. McDermott **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PROJECT: Thales & Affiliates **APPL.#36970**
LOCATION: TBD **BUSINESS:** Technology
GRANT AWARD: Business Retention and Relocation Assistance grant, 1 year
APPROVE: Mr. Staub **SECOND:** Ms. Perry **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

ITEM: Business Employment Incentive Program (BEIP) Scoring Policy

REQUEST: Approval of a change in the current scoring criteria utilized in determining the grant award under the Business Employment Incentive Program (BEIP) as relates to companies that are working cooperatively with public or non-profit universities on research and development.

MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. McDermott **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM

PROJECT: Eatontown Monmouth Mall, LLC

LOCATION: Eatontown/Monmouth County

REIMBURSEMENT GRANT: Up to \$4,109,172

APPROVE: Ms. Perry **SECOND:** Mr. McNamara **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

PROJECT: Harrison Hotel 1, L.L.C. or Affiliate

LOCATION: Harrison/Hudson County

REIMBURSEMENT GRANT: Up to \$7,250,987

APPROVE: Mr. McNamara **SECOND:** Mr. Tolson **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

The following project was held from consideration:

PROJECT: MSST Fidelco Properties LLC

LOCATION: Newark/Essex County

URBAN TRANSIT HUB TAX CREDIT PROGRAM

ITEM: Urban Transit Hub Tax Credit Program Policy

REQUEST: To consider the adoption of a policy regarding the methodology used in determining the amount of the UTHTC award when fewer than 200 new full time jobs are created at a qualified business and when such project's award is limited by the Net Benefits Test.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

ITEM: Transit Village Associates LLC (P34633)

REQUEST: Modify the existing approval of the HUB credit to increase the nominal award amount over ten years from \$55.1 million to \$76.6 million.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

ITEM: Prudential Financial, Inc.'s Urban Transit Hub Tax Credit Program application

REQUEST: Discussion and action on staff's recommendation not to disqualify Prudential Financial, Inc. after the review of legal matters.

MOTION TO APPROVE: Mr. Staub **SECOND:** Mr. Nelson **AYES:** 10

RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

Chairman Koeppe abstained because the Newark Alliance, an entity that he is Chief Executive Officer of, and Prudential are engaged with workforce development training in Newark through the Workforce Investment Board (WIB).

Ms. Perry abstained because she sits on the board of the Workforce Investment Board.

Mr. Tolson abstained because he is Chair of a health fund that may be part of litigation against Prudential.

ITEM: Prudential Financial, Inc. and/or Affiliates

REQUEST: Approval of the Urban Transit Hub Tax Credit Program application for Prudential Financial and/or Affiliate under P.L. 2007, c.346, P.L. 2008, as amended on July 26, 2011, as the owner in the proposed new office facility on an eligible site in Newark, New Jersey for a tax credit in the amount up to \$25,078,508 annually for 10 years, conditioned on achievement of specified investment and new job creation targets.

**MOTION TO APPROVE: Mr. McNamara SECOND: Mr. McDermott AYES: 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20**

Chairman Koeppe abstained because the Newark Alliance, an entity that he is Chief Executive Officer of, and Prudential are engaged with workforce development training in Newark through the Workforce Investment Board (WIB).

Ms. Perry abstained because she sits on the board of the Workforce Investment Board.

Mr. Tolson abstained because he is Chair of a health fund that may be part of litigation against Prudential.

TECHNOLOGY BUSINESS TAX CERTIFICATE TRANSFER PROGRAM

ITEM: Technology Business Tax Certificate Transfer Program Appeals

REQUEST: Affirm the Hearing Officer's recommendation to reverse the declinations for BioLeap, Inc. and ADMA Biologics, Inc., and to confirm the declinations of Software Synergy, Inc., INTRA, Inc., and Elusys, Inc.

**MOTION TO APPROVE: Ms. Perry SECOND: Mr. Downes AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21**

BOARD MEMORANDUMS

ITEM: PNC Business Growth Fund

REQUEST: Extend the New Jersey Business Growth Fund program for one year.

MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. McDermott **AYES:** 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

Mr. Staub abstained because he has a personal loan thru PNC Bank.

Ms. Perry abstained because her firm is seeking working capital from PNC Bank.

FOR INFORMATION ONLY: The next item is a summary of the projects approved under Delegated Authority in October 2011.

New Jersey Business Growth Fund: 100 Syracuse Court LLC; D & D Hay Associates, LLC; Philadelphia Investment Partners, LLC and MGZ Properties, LLC

Small Business Fund Program: 201 Luiz Marin Realty LLC and Doggy Care of Jersey City LLC

Preferred Lender Program: Amerinox Processing, Inc.; Bergen Shippers Corp.

New Jersey Business Growth Fund – Modification: Lafferty Property Holdings, LLC

REAL ESTATE

ITEM: Security Services for the NJEDA Headquarters and Barnes Street Parking Lot, Trenton, NJ and Waterfront Technology Center, Camden, NJ (2011-RED-RFQ/P-SEC-015).

REQUEST: Approval to execute contract for Bowles Security Group, Inc. for a term of three (3) years with an additional two (2) year renewal term option.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

Mr. Tolson left the meeting at this time.

ITEM: The Technology Centre of New Jersey Lease Agreement with Watson Pharmaceuticals

REQUEST: Approval to 1) execute a Lease Agreement with Watson Pharmaceuticals, Inc. on final terms and 2) make an additional investment in the LLC of up to \$903,000 to fund Watson's Tenant Improvement Allowance, 3) amend existing contracts with Torcon and HDR Architects if Watson elects to have its tenant fit-out performed by the LLC, and 4) to execute any and all other documents to complete this transaction on final terms to the Authority's Chief Executive Officer and the Attorney General's Office.

MOTION TO APPROVE: Ms. Perry SECOND: Mr. Nelson AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 24

ITEM: Waterfront Technology Center Lease Agreement with Montgomery Investment Technology, Inc.

REQUEST: Approval for 1) execution of the Authority's standard form of lease with MIT for approximately 1,735 square feet of office space at the Waterfront Technology Center on terms generally consistent with the attached sheet and; 2) a \$5,500 Business Lease Incentive Grant to MIT payable over two years per the approved schedule for office and high tech tenants, contingent on approval of the Camden Economic Recovery Board staff under Delegated Authority; and 3) any and all other documents required to effectuate this transaction, on final terms acceptable to the Attorney General's Office and the Chief Executive Officer.

MOTION TO APPROVE: Ms. Perry SECOND: Mr. McDermott AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 25

AUTHORITY MATTERS

ITEM: Technical Assistance for Small Business

REQUEST: Approval to enter a three year contract with Union County Economic Development Corporation (UCEDC) for delivery of technical assistance to support the growth and expansion of small businesses throughout New Jersey.

MOTION TO APPROVE: Ms. Perry SECOND: Mr. Kosoffsky AYES: 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 26

PUBLIC COMMENT

Mr. Adman Farrah, VP, Union County Economic Development Corporation (UCEDC) thanked the Authority for its support in keeping the Entrepreneurial Training program going. He commended EDA staff for its work effort, singling out Marion Zajac. He stated that the program has had a real impact, helping over a thousand businesses over the last three years and that success stories are on their website.

Ms. Rose Oxley, CEO of Software Synergy addressed the board regarding the Technology Business Tax Certificate Transfer Program appeals. She felt there was a misunderstanding and that her company's appeal should have been upheld. Chairman Koeppel advised that the board could not consider her appeal at this time, but that she could meet with the Hearing Officer's Director, Lisa Coane to further discuss.

There being no further business, on a motion by Ms. Perry, and seconded by Mr. Kosoffsky, the meeting was adjourned at 12:10pm.

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


Maureen Hassett, Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

December 5, 2011

MINUTES OF THE SPECIAL MEETING

Members of the Authority present: Nancy Graves representing the Commissioner of the Department of Banking and Insurance and Brian Nelson, Third Alternate Public Member

Members of the Authority present via conference call: Al Koepp, Chairman; Wayne Staub representing the Commissioner of the Department of Environment Protection; Steve Petrecca representing the State Treasurer; Public Members: Joseph McNamara, Vice Chairman; Marjorie Perry, Kate Whitman, Harold Imperatore, Charles Sarlo, Rich Tolson Ray Burke, First Alternate Public Member; and Elliot M. Kosoffsky, Second Alternate Public Member.

Absent from the meeting: Matt McDermott representing the Executive Branch; Dr. Aaron Fichtner representing the Department of Labor and Workforce Development; Public Members: Laurence Downes, and Rodney Sadler, Non-Voting Member.

Also present: Caren Franzini, Chief Executive Officer of the Authority; Gary Kotler and Bette Renaud, Deputy Attorney Generals; Nicole Crifo, Governor's Authorities' Unit and staff (via conference call).

Chairman Koepp called the meeting to order at 9am.

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

TECHNOLOGY BUSINESS TAX CERTIFICATE TRANSFER PROGRAM

Ms. Franzini summarized the memo previously provided to the members and noted that this morning the members were also presented with the November 30, 2011 EDA letter that had been sent to the company explaining the staff review of the appeal.

The next item is to act upon the Hearing Officer's recommendation for disapproval of Software Synergy, Inc. ("SSI") under the Program.

**MOTION TO APPROVE: Mr. Staub SECOND: Mrs. Graves AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1**

Mr. Koepp asked what the distinction was between a copyright and a registered copyright. DAG Kotler responded that registering as a copyright requires one to complete an application process that can ultimately provide additional protections that an unregistered copyright cannot.

Ms. Perry stated that she employs individuals who live out of State – how are they not full time? Ms. Coane stated that the statute requires that the employees are full time employees that work in the state. Ms. Franzini added that part of the intent of the legislation is to create technology jobs in New Jersey.

Mr. Nelson asked if the requirement for a registered copyright is in the Statute or in the Regulations. DAG Renaud stated that it is in the regulation. Mr. Nelson asked if this requirement can be reviewed going forward. DAG Renaud replied that the Authority reviews the requirements for the program annually and could reexamine this provision.

Ms. Franzini added that either of the two items reviewed by staff would have made the application ineligible for the program.

Mr. Koeppe asked if the applicant was accepting of the decision. Ms. Franzini responded that the applicant was not present, but the letter had been sent to her explaining the review process. Ms. Coane added that the letter was sent both by certified mail and email.

PUBLIC COMMENT

There was no comment from the public.

There being no further business, on a motion by, Mr. Nelson and seconded by Mrs. Graves, the meeting was adjourned at 9:15 am.

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



Caren Franzini, Secretary



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: December 13, 2011

RE: Chief Executive Officer's Report to the Board

REALOGY CORPORATION TO REMAIN IN NEW JERSEY, RELOCATE TO NEW FACILITY IN MADISON

Realogy Corporation, a leading provider of real estate and relocation services, recently announced its plans to move its corporate headquarters to a new facility currently under development in Madison. The new facility is less than seven miles away from Realogy's current headquarters in Parsippany. The move is expected to occur during late 2012 or early 2013.

Recently ranked No. 2 on the NJBIZ Top 100 List of Private Employers in New Jersey, Realogy had considered relocating out of state. Company representatives said that the efforts of the Christie Administration and the New Jersey Business Action Center (BAC), along with BRRAG and STX assistance the Board approved earlier in the year, were significant factors in Realogy's decision to remain in New Jersey. The EDA Board approved Realogy for a \$10.7 million BRRAG in April, and a \$1.4 million STX in May, all tied to the retention of 953 jobs in New Jersey.

The new facility will be LEED Silver Certified by the U.S. Green Building Council, which is an internationally recognized green building certification system providing third-party verification that a building was designed and built to minimize environmental impact. Realogy's new headquarters will incorporate cutting-edge, green roof technology and state-of-the-art mechanical systems.

ALLERGAN INC. TO OPEN NEW R&D FACILITY IN NEW JERSEY, EXPECTED TO CREATE HUNDREDS OF JOBS

Last month, Governor Chris Christie announced that Allergan, Inc. is expected to open a new research and development facility in New Jersey that will create 387 new, high-paying jobs and inject \$11.6 million of private investment into the state's economy. Allergan is a global, technology-driven multi-specialty healthcare company with approximately 10,000 employees worldwide and a presence in more than 100 countries.

Established more than 60 years ago as an eye care company, Allergan currently focuses on several medical specialties, including eye care, neurosciences, medical aesthetics, medical dermatology, obesity intervention and urologics. Allergan boasts an ever-evolving portfolio of pharmaceuticals, biologics, medical devices, over-the-counter consumer products, and state-of-the-art resources in research and development, manufacturing and safety surveillance. The company is considering locating its new, 120,000-square-foot research and development facility in Bedminster, where a subsidiary currently employs 20 people in 10,000 square feet of space.

Last month, the EDA Board approved a Business Employment Incentive Program (BEIP) grant worth an estimated \$14.9 million over ten years to encourage Allergan Inc. to open the new research and development facility in New Jersey over a competing location in Pennsylvania. Governor Christie also met with company representatives back in September to discuss the company's expansion plans and showcase New Jersey's strengths as a destination for their facility.

EDA TO HOST UPCOMING SMALL BUSINESS FORUMS IN COORDINATION WITH URBAN ENTERPRIZE ZONES (UEZs)

In an effort to educate more small businesses across New Jersey on EDA's available financial assistance, EDA will be hosting several small business forums in coordination with the UEZs. In addition to events held earlier in the year in Asbury Park and Trenton, the schedule of additional events for the remainder of 2011 and beginning of 2012 is as follows:

- City of Lakewood Small Business Forum –12/7/11
- Borough of Carteret Small Business Forum –12/7/11
- City of Wildwood Small Business Forum – late January 2012
- Essex & Union Counties – February 2012

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY (FMERA) UPDATE

FMERA continues to focus on their number one priority – job creation. FMERA is actively speaking with its stakeholders and interested parties to revitalize the former Fort Monmouth property.

FMERA anticipates bringing the Memorandum of Agreement (MOA) with the U.S. Army and Economic Development Conveyance (EDC) application to its board at their December 21, 2011 meeting for consideration of final approval. The MOA is the foundation document for the deal with the U.S. Army. It outlines all of the salient points of the eventual EDC agreement.

FMERA will also hold a public informational board meeting on Monday, December 5, 2011 at the Tinton Falls Municipal Building to outline the MOA and EDC application. With these key milestones nearly in place, FMERA is poised to build upon its early redevelopment efforts, and begin the transfer of the 1,100+ acres that make up the former Fort Monmouth from the U.S. Army.

FINANCING ACTIVITY

Through the month of November, EDA closed financing and incentives totaling over \$607 million for 177 projects that are expected to spur the creation of nearly 9,600 new, full-time jobs and leveraging over \$2.6 billion in total public/private investment.

- In lending activity, EDA closed financing totaling over \$268 million for 139 projects that are expected to spur the creation of just over 860 new, full-time jobs and leveraging over \$632 million in total public/private investment.
- Through our incentive programs, EDA closed on 38 projects totaling over \$338 million in estimated benefits that are expected to create just over 8,700 new, full-time jobs and leveraging over \$2 billion in total public/private investment.

The following are among the businesses/projects assisted in November:

ICUP, Inc., which closed on a \$1.12 million participation in a \$2.52 million Sovereign Bank loan through the Preferred Lender Program. ICUP, Inc. is a designer and distributor of licensed t-shirts, novelty gift items and other paraphernalia. This assistance will enable the company to relocate from Croydon, PA to Cherry Hill to facilitate business expansion. As a result of this assistance, ICUP has committed to creating 35 full-time jobs within two years.

Ilan High School, which closed on \$2.4 million in tax-exempt bond financing. Ilan High School, was formed in 1995 with the mission to provide a girls high school with a strong college preparatory program and Jewish based education. The school offers a rigorous academic curriculum that exceeds New Jersey state requirements, including advanced placement and elective courses and a college partnership option through Fairleigh Dickinson University to students who wish to accelerate and earn college credits. This assistance will enable the school to acquire and renovate a facility that will be converted into 3 multipurpose classrooms, resulting in the creation of 15 new jobs within two years.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees or exhibitors at 29 events in November. These included the NJ Association of Chamber of Commerce Executives Drumthwacket Meeting with Lt. Governor Guadagno, Entrepreneurship Day at Rutgers University in New Brunswick, Garden State Economic Forum in Trenton and the 96th Annual New Jersey League of Municipalities Conference in Atlantic City at which I participated on a panel with ChooseNJ and BAC.



AUTHORITY MATTERS



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: 2012 Strategic Business Plan

DATE: December 13, 2011

I am pleased to share with the Members our year to date strategic business plan results as well as the attached 2012 Strategic Business Plan that has been discussed with the Policy Committee and the Audit Committee and has been referred to the full Board for its review and approval.

2011 Accomplishments

Despite the lingering effects of the Great Recession, the Authority has made great strides in meeting the goals set forth in the 2011 Strategic Business Plan strategic imperatives:

1. Advance a Financially Sustainable Business Platform

Progress against measure to enhance liquidity: EDA has received \$33 million from the Board of Public Utilities in support of our Clean Energy programs; received legislative authorization to utilize \$12 million in support of investments in technology and life science companies, and was awarded \$33.7 million in federal SSBCI funding for small business of which the first tranche of \$11 million has been received.

Progress against measure to increase operating profit: Net operating earnings for YTD 10/31/10 were \$2.60 million vs \$2.52 million YTD 10/31/11. Program-generated revenue increased by \$1.65 million (net of FMERA personnel reimbursement) during this period as a result of additional finance fees and lease revenue, while interest income on idle cash declined \$1.43 million during the same period. For reference, the 2010 and 2011 budgeted earnings were \$1.32 million and \$1.86 million, respectively.

2. Optimize Workforce Effectiveness to Improve and Strengthen the Customer Experience

Progress against measure: 64% of staff engaged and involved in activities to increase production and retention including learning events and professional development activities (exceeded 30% target).

Progress against measure: Three new platforms for idea and information exchange, the design of a new loan and incentive system, SharePoint knowledge initiative, and other operations tracking systems on target to meet milestones

3. Grow NJ's Economy through Financial Assistance, Facilitation and Partnerships

Progress against measure: Closed financing and incentives totaling just over \$594 million for 169 projects – expected to spur creation of more than 9,500 jobs and 3,100 construction jobs and reflect total investment of over \$2.6 billion in NJ's economy

Progress against measure: Fort Monmouth Economic Development Conveyance Application submitted to the Department of Defense.

In addition, we completed our review of Authority operational functions and consolidated our financial underwriting, closing services and portfolio management staff in the new Division of Finance and Business Development. Bringing our business development team and post-approval staff together is designed to improve the customer experience and complements efforts to cross train employees in programs and products that require financial analysis, whether they are exposure to the Authority or tax credit transactions.

We also refined our business outreach efforts under the umbrella of the Partnership for Action, led by Lieutenant Governor Kim Guadagno, which partners the Authority as the State's bank for business with the Business Action Center (BAC) and Choose NJ. The legislatively authorized transfer of BAC employees from the Authority to the Office of the Secretary of State was completed in October. The existing strong relationship between BAC, Choose NJ and the Authority's Business Development team continues through shared business meetings, event participation, and information coordination.

Other select notable achievements resulting from the coordinated efforts for the year include:

- Closed \$48.3 million in financing in core business areas including small business, manufacturing and not-for-profits
- Closed \$473 million in financing in the nine targeted cities (including the Revel project) and \$46.5 million in other urban areas

- Through approved projects utilizing the Urban Transit Hub Tax Credit Program and the Economic Redevelopment and Growth (ERG) Program, anticipate maintaining and creating an estimated 11,000 permanent and 16,000 construction jobs in New Jersey and spur total capital investment of \$3.4 billion
- Issued an RFP for The Edison Innovation Tech Accelerator Initiative, which is conceived as a mentorship-driven, seed stage investment fund based on initiatives in other states that have successfully engaged the community to support promising entrepreneurs. Created Edison Innovation Angel Growth Fund, VC Growth Fund and Growth Stars Fund to further support technology companies growing in New Jersey
- The Fort Monmouth Economic Revitalization Authority promulgated rules for disposition of property, including sales, leasing and procedures for public entities involved in land transactions; secured \$250,000 for feasibility review of a technology park and issued RFQ/P for architect/engineer.

Looking Ahead - 2012 Strategic Business Plan

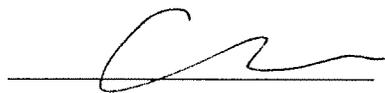
The 2012 Strategic Business Plan reaffirms our strategic imperatives and reflects the achievement of our capital raising and liquidity goals in 2011. At the Board's Strategic Planning retreat this past July, the Authority's Sustainability and Knowledge Management initiatives were highlighted. Our Sustainability principles are the foundation of the 2012 Strategic Plan, from maintaining a sustainable revolving loan fund to identifying cost savings, to maximizing our use of technology, and to refining products to better meet customer needs. Knowledge Management is highlighted in our second Strategic Imperative of optimizing workforce effectiveness to ultimately improve and strengthen the customer experience and through the use of SharePoint.

As staff has begun to develop operational plans in support of the goals and success metrics articulated in the 2012 Plan, several initiatives are emerging:

- Focus on SSBCI funding for small businesses in order to meet deployment requirements and to secure the second tranche of funds
- Strengthening our revolving loan funds with lessons learned from 2010/2011 portfolio analysis to be able to continue to provide financing for technology companies
- A new goal which focuses our communication efforts and product refinement in order to assure we reach the greatest number of businesses in the state through our Lending and Incentive products
- Advancing the opportunities and tactics described in the Community Development Plan for Camden, exploring redevelopment assistance to Trenton
- Advancing goals that call for a financially self-sufficient model for FMERA as well as plans for job creation on the base

- With the Partnership for Action, promote the State “brand” and market the Authority’s individual financial products to the industry sectors vital to the State’s economy through a comprehensive and coordinated marketing effort, including the use of new media tactics;
- With the Board of Public Utilities (BPU), Department of Environmental Protection and BAC, position New Jersey as “best in class” in clean energy programs. Continue to work with BPU to transition some of the energy efficiency programs from a rebate to a revolving loan model with the 2011 launch of the Energy Efficiency Revolving Loan Fund, explore new combined heat and power and manufacturing incentives under the Clean Energy Program;
- Develop a high performance leadership team and talent pool to enable the Authority to continue to fulfill its mission and to meet increasing future demands;
- Implement the Information Technology strategic plan in support of the Authority’s business objectives and improve client satisfaction, and
- Enhance the overall financial strength of the Authority through sound investment and risk management practices, as well as through internal controls ensuring compliance with policies, practices and procedures.

Our plan is a blueprint for service delivery based on customers’ needs, targeted application of resources to achieve the State’s economic growth strategies, and strong fiscal and performance-based management. The plan is additionally supported by operational plans generated by our operating divisions. Our team and individual goal setting is aligned with the strategic business plan, and our performance measurement process ensures the linkage of compensation to the achievement of our goals and objectives. Our success will be reflected in the financial performance and progress reporting that we will review with the Audit Committee and Board on a quarterly basis.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Prepared by: Maureen Hassett

Attachment



2012 NJEDA STRATEGIC PLAN

Strategic Imperative 1:

Advance a Financially Sustainable Business Platform

Goal 1: Maintain and enhance liquidity

- Generate loan production required to receive 2nd tranche of SSBCI funds
- Maintain sustainable revolving loan funds
- Identify and implement the sale of Authority owned real estate assets
 - **Measure:** Achieve 80% deployment of first tranche and receive second tranche of SSBCI funds
 - **Measure:** Manage a loan asset base to 4% growth
 - **Measure:** Sell a leasehold facility

Goal 2: Generate increased operating revenues while outpacing increases in expenses

- Explore new methods and areas of outreach in order to increase production and fee income
- Identify and make investments in cost savings through sustainability initiatives
 - **Measure:** Generate a minimum of \$500,000 in net operating earnings
 - **Measure:** Incorporate green practices into business operations, property management and development projects and decrease energy costs by 5% through sustainability initiatives

Goal 3: Establish a financially self-sufficient model for FMERA

- Partner with the Army on the sale/lease of land/buildings at best possible return
- Obtain enough sale proceeds to cover FMERA operating costs, leaving sufficient funds for re-investment for economic development
- Absorb Fort Monmouth lands into their host towns in a timely, cost-effective and safe manner in alignment with municipal budgets and zoning requirements
- Provide “bucket funds” managed by FMERA in accordance with EDC requirements for each Borough to mitigate operational expenses
 - **Measure:** Reduce reliance on Federal Office of Economic Adjustment from 90% of operating budget and State appropriation from 10% of operating budget

Strategic Imperative 2:

Optimize workforce effectiveness to ultimately improve and strengthen the customer experience

Goal 1: Increase use of knowledge management tools in order to ensure business continuity and to pursue process improvements

- Develop cross-functional expertise and knowledge among staff
- Benchmark and institutionalize best practices
 - **Measure:** Operationalize SharePoint with 80% utilization for the furtherance of knowledge transfer

Goal 2: Increase the vitality and engagement of the workforce to optimize internal and external interactions.

- Motivate staff to pursue breakthrough results in work for which they have a special interest or passion that advances the EDA business objectives through the creation of stretch goals
- Ensure that our skill sets meet or exceed current and future market conditions by creating learning experiences for all levels of staff and planning for future scenarios
 - Measure: 35% of staff identify a “stretch” goal for 2012.
 - Measure: 50% of staff are actively engaged in and are applying a learning activity

Goal 3: Fully utilize an IT platform for idea and information exchange about products, programs, and services

- Strengthen staff knowledge and proficiency in current software and reporting mechanisms
- Enhance utilization of existing tools, eg SharePoint, to increase workplace efficiency and sustainability
- Improve communication of successes and changes to EDA staff in order to increase staff support of IT platform
 - **Measure:** Engage 75% of staff in ITS sponsored training programs
 - **Measure:** Complete baseline survey of staff’s IT needs and concerns



- **Measure:** Create an implementation plan with deliverables and dates for an LMS replacement system by 4th Quarter 2012

Strategic Imperative 3:

Grow NJ's economy through financial assistance, facilitation and partnerships

Goal 1: Provide financial and technical assistance to businesses and municipalities to encourage economic growth

- Implement small business assistance strategy
- Advance opportunities described in Community Development Plans for Camden
- Assist businesses in New Jersey to maintain and create jobs through loans, incentives and tax-exempt bonds
 - **Measure:** Incentives: Assist 15 projects through \$270 million in approved assistance in the ERG and HUB programs and assist 10 projects through \$150 million in closed assistance in the ERG and HUB programs; and assist 80 companies through \$150 million in approved assistance in the BEIP and BRRAG programs and assist 30 companies through \$60 million in closed assistance in the BEIP and BRRAG programs for \$1.250 billion in total investment
 - **Measure:** Loans and Bonds: Assist 140 companies through \$60 million in approved assistance and 120 companies through \$55 million in closings resulting in \$450 million in total investment
 - **Measure:** Increase tenancy in tech space by 40,000 square feet of new leases

Goal 2: Innovate product/refine existing programs and enhance means of communication with our applicant base in order to reach and serve the greatest number of businesses throughout the State

- Institute process for regular review of existing program parameters to ensure they continue to meet marketplace needs and are consistent with the State's Strategic Plan
- Continue outreach efforts to Preferred Lending Program partners and begin outreach to participating banks to increase partnership activities
 - **Measure:** Achieve SSBCI marketing and outreach requirements
 - **Measure:** Align policy and scoring with new State Strategic Plan



Goal 3: Create an operational framework for FMERA to facilitate land transfers and private enterprise, which will create jobs and invest in the host communities

- Create an economic model which is accepted in the marketplace to attract development
- Brand the Fort as a superior location for employers to locate to, and for investors to invest in, thereby creating jobs and economic benefits for the residents and businesses of Monmouth County and the State
- Take steps to attract an internationally renowned world-class Applied Sciences University to Fort Monmouth
 - **Measure:** 2,000 new jobs on Fort property by year end



TO: Members of the Authority

FROM: Caren Franzini
Chief Executive Officer

DATE: December 13, 2011

SUBJECT: 2012 Fiscal Plan

Enclosed for your review and discussion is the proposed 2012 Fiscal Plan.

This Plan is the result of a collaborative effort by management and staff. Collectively, we believe our planning process has yielded a fiscally responsible plan that supports the proposed 2012 Strategic Plan.

You will note the accompanying Strategic Plan details imperatives in support of our two key business objectives: 1) to grow New Jersey's economy and 2) to maintain the financial strength of the EDA in a very challenging economic climate. The first objective is primarily reflected within the Fiscal Plan's revenue and program cost projections; the second, with fiscally responsible expense and cost constraints.

Our proposed Fiscal Plan reflects a balanced approach in the projection of operating revenues, expenses and costs. For those initiatives that have a degree of speculation, such as investment earnings, bond financing and lease revenue, we were conservative. With new Administration prioritized initiatives, such as clean energy and incentive financing, enhanced by the strength of the Partnership for Action, we are projecting increased activity in our various programs which should result in increased fee revenue. Relative to expenses, we are committed to accomplishing objectives while reducing staff; specifically, we have reduced our Trenton based personnel count from 148 to 144 (this count excludes 11 individuals assigned to the Fort Monmouth Economic Recovery Office in Eatontown.) Program and project costs correlate directly to specific initiatives and financings.

At \$642,000, 2012 Planned Net Operating Earnings are under both 2011 Planned and Projected Actual primarily attributable to the decline in interest income. The decline is a function of both decreased cash balances, primarily in the Managed Funds, as well as severely diminished rates in the laddered investment portfolio. Management is pleased to report, however, the 2012 Fiscal Plan continues to align with the Authority's fundamental asset allocation premise: current year revenues will fund current year operational expenses and program costs; that is, there is no reliance on prior period earnings to fund operations.

At present, aggregate Trenton and Eatontown personal count is expected to be 147 by year end; therefore, the 2011 approved personnel count of 161 has 14 vacant positions which primarily explains the (\$1,263,800) variance, (7.3%), under Plan of \$17,402,000 for salary and benefit expense. By projecting a reduction of 6 (4, Trenton based; 2, Eatontown assigned) the 2012 Plan is level with the 2011 Plan and demonstrates the Authority's commitment to remain fiscally prudent.

Also reflected are the following incremental changes:

- EDA Contribution to PERS remained relatively level
- Estimated post-employment benefit of \$855,000 will be established by actuary in 2012
- Health insurance premiums increased 8%; however, 6.4% of total health insurance premiums are paid by employees

It is expected that EDA will dedicate 11 employees to the Fort Monmouth redevelopment initiative. The consolidated Fiscal Plan projects salary and benefits expense totaling \$1,549,600 for the FMERA operations which is offset by an equivalent amount of Agency Fee income. In addition, \$250,000 is also recognized as Agency Fee income for indirect support services provided to these dedicated employees. Please note General and Administrative expense associated with these dedicated employees will be directly absorbed and reported by the FMERA and will not pass through the books and records of EDA.

At \$3,379,100, the 2012 general and administrative expense projection is level with 2011 Plan and 7.5% over 2011 Projected Actual. The increase is primarily in the area of Office Operations as the management believes it a prudent time to commence significant building maintenance and reasonable sustainability initiatives.

Program Costs represent expenditures that align with specific initiatives and projects. At \$6,875,500, the 2012 Plan is over the current year Plan of \$6,325,000 and Projected Actual primarily due to increased DAG legal efforts, enhanced Outreach efforts to the business community, regional technical assistance initiatives, and a feasibility study for a potential tech center at Fort Monmouth.

In summary, management believes the compilation of the 2012 Fiscal Plan to be a collective process that interrelates with and supports the 2012 Business Plan. At its meeting of November 28th, the Plan was reviewed by the Audit Committee which concurred it is fiscally responsible and aligns with the 2012 Business Plan; accordingly, the Board's approval is requested.

Prepared by:

Greg Ritz, C.P.A.
Chief Financial Officer



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

2012 FISCAL PLAN

	2011 Fiscal Plan	2011 Projected Actual	Actual Over/(Under) Plan	% Variance	2012 Fiscal Plan
Operating Revenue:					
Financing Fees	\$6,504,000	\$6,028,600	(\$475,400)		\$7,413,000
Lease Revenue	4,861,000	5,122,000	261,000		4,791,000
Interest from Notes	8,048,700	6,880,000	(1,168,700)		7,318,000
Agency Fees	2,769,500	2,533,100	(236,400)		3,065,600
Program Services	835,200	1,208,500	373,300		1,314,500
Real Estate Development Fees	1,569,000	330,000	(1,239,000)		1,360,500
Loss recoveries	50,000	305,000	255,000		50,000
Late Fees and Other	50,000	50,000			50,000
Total Operating Revenue	24,687,400	22,457,200	(2,230,200)	-9.0%	25,362,600
Non Operating Revenue:					
Interest from Cash Investments	4,660,000	4,522,400	(137,600)		3,400,000
Grant Revenue	300,000	225,400	(74,600)		3,400,000
Total Non Operating Revenue	4,960,000	4,747,800	(212,200)	-4.3%	3,400,000
Total Revenue	29,647,400	27,205,000	(2,442,400)	-8.2%	28,762,600
Administrative Expenses					
Personnel and Benefits	17,402,000	16,138,200	(1,263,800)		17,448,000
General and Administrative	3,386,600	3,142,600	(244,000)		3,379,100
Total Administrative Expenses	20,788,600	19,280,800	(1,507,800)	-7.3%	20,827,100
Costs & Losses					
Interest	675,400	670,000	(5,400)		418,000
Program	6,325,000	6,152,600	(172,400)		6,875,500
Total Costs	7,000,400	6,822,600	(177,800)	-2.5%	7,293,500
Total Expenses & Costs	27,789,000	26,103,400	(1,685,600)	-6.1%	28,120,600
Net Operating Earnings	\$1,858,400	\$1,101,600	(\$756,800)	-40.7%	\$ 642,000

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

2012 FISCAL PLAN

Revenue Detail

	2011 Fiscal Plan	2011 Projected Actual	Actual Over/(Under) Plan	% Variance	2012 Fiscal Plan
Financing Fees					
Application Fees	\$1,717,000	\$1,100,000	(\$617,000)		\$1,305,000
Bond Closing Fees-Private	900,000	825,000	(75,000)		850,000
Bond Closing Fees-State	300,000	150,000	(150,000)		150,000
Bond refunding Fees-Private	350,000	375,000	25,000		350,000
Bond refunding Fees-State		300,000	300,000		
Commitment Fees Credit	405,000	337,600	(67,400)		170,000
Commitment Fees ERGG	663,000	760,000	97,000		976,000
Commitment Fees BRRAG	114,000	180,000	66,000		624,000
Guarantee Closing Fees	320,000	135,000	(185,000)		255,000
Loan Closing Fees Credit	302,000	302,000			96,000
Closing Fees ERGG	93,000	438,000	345,000		714,000
Real Estate (P3) Closing Fees	85,000	80,000	(5,000)		60,000
Hub Tax Credit Approval Fees	1,310,000	1,071,000	(239,000)		1,267,000
Hub Tax Credit Issuance Fees					580,000
Other	5,000	35,000	30,000		10,000
Total Financing Fees	6,504,000	6,028,600	(475,400)	-7.3%	7,413,000
Lease Revenue					
NY Daily News	102,500	109,000	6,400		119,000
Commercialization Ctr & Expansion	795,000	716,600	(78,400)		799,800
Technology Centre of NJ	2,088,000	2,374,200	286,200		2,148,800
TOC-Renaissance Place	269,400	294,500	25,100		130,500
Waterfront Tech Ctr at Camden	1,660,000	1,621,700	(38,300)		1,592,900
Institute for Dev. of Educ. in Arts (IDEA)	6,000	6,000			
Total Lease Revenue	4,861,000	5,122,000	261,000	5.4%	4,791,000
Agency Fees					
Board of Public Utilities Clean Energy	660,000	660,000	300,000		660,000
Commercial Revitalization	5,000	4,900	(100)		5,000
FMERO Staff Reimbursement	1,553,500	1,018,000	(535,500)		1,549,600
FMERO Support Services	250,000	250,000			250,000
Historic Trust Fund	1,000	200	(800)		1,000
NJ Local Development Financing Fund	450,000	450,000			450,000
New Markets Tax Credit	150,000	150,000			150,000
Total Agency Services	2,769,500	2,533,100	(236,400)	-8.5%	3,065,600
Program Services					
BEP Service Fees	616,000	672,000	56,000		700,000
Municipal Economic Recovery Initiative		2,000	2,000		
Public/Private Partnership	73,790	50,000	(23,790)		29,000
Tech Ctr Allocation	130,000	40,000	(90,000)		20,000
SWM Business Service Fees	15,500	15,500			15,500
Venture Fund Distributions/Warrants		429,000	429,000		550,000
Total Program Services	835,290	1,208,500	373,210	44.7%	1,314,500
Real Estate Developmnt and Mgt Fees					
Development Fees					
Camden Parking Deck - N Block					135,000
Camden Prison		8,000	8,000		
Merial	150,000		(150,000)		
IMAX Site					300,000
Rowan University	450,000		(450,000)		
Acquisition Services	150,000		(150,000)		50,000
State Police Barracks	500,000	35,000	(465,000)		315,000
Total Development Fees	1,250,000	43,000	(1,207,000)	-96.6%	800,000
Management Fees					
Aquarium					300,000
NJ Performing Arts Center	25,000	25,000			25,000
State Office Buildings	63,000	63,000			63,000
Technology Center of NJ	201,000	169,000	(32,000)		150,000
Waterfront Parking Lot	30,000	30,000			22,500
Total Management Fees	319,000	287,000	(32,000)	-10.0%	560,500
Total RE Developmnt&Mngt Fees	1,569,000	330,000	(1,239,000)	-79.0%	1,360,500

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

11/4/2011

2012 Fiscal Plan
Administrative Expenses

(CONSOLIDATED)	2011 Approved Plan	2011 Projected Actual	Actual Over/(Under) Plan	% Variance	2012 Fiscal Plan
SALARY EXPENSE	<u>\$11,745,000</u>	<u>\$10,815,000</u>	<u>(\$930,000)</u>	<u>-7.9%</u>	<u>\$11,615,000</u>
FRINGE BENEFITS					
Social Security	891,000	795,000	(96,000)		861,000
Pension Costs	1,293,000	1,293,000			1,262,300
Non-health related Ins.	170,400	172,500	2,100		174,900
Health Insurance	1,952,300	1,769,000	(183,300)		2,127,000
Less: Employee Contribution	(150,000)	(140,000)	10,000		(171,800)
Post-employment benefits obligation	805,700	805,700			855,000
Prescription Ins.	525,400	479,000	(46,400)		558,000
Dental Care Ins.	149,800	132,200	(17,600)		148,000
Vision Care	19,400	16,800	(2,600)		18,600
TOTAL FRINGE BENEFITS	<u>5,657,000</u>	<u>5,323,200</u>	<u>(333,800)</u>	<u>-5.9%</u>	<u>5,833,000</u>
TOTAL PERSONNEL AND FRINGE	<u>\$17,402,000</u>	<u>\$16,138,200</u>	<u>(\$1,263,800)</u>	<u>-7.3%</u>	<u>\$17,448,000</u>
Total Salaried Employees	<u>161</u>	<u>147</u>	<u>(14)</u>		<u>155</u>
TRENTON SALARY EXPENSE	<u>\$10,674,000</u>	<u>\$10,071,000</u>	<u>(603,000)</u>	<u>-5.6%</u>	<u>\$10,581,000</u>
TRENTON FRINGE BENEFITS					
Social Security	815,000	742,500	(72,500)		786,600
Pension Costs	1,167,000	1,251,300	84,300		1,139,000
Non-health related Ins.	156,200	166,000	9,800		160,800
Health Insurance	1,801,300	1,678,400	(122,900)		1,946,600
Less: Employee Contribution	(133,900)	(131,000)	2,900		(150,800)
Post-employment benefits obligation	727,200	742,700	15,500		771,500
Prescription Ins.	484,800	455,200	(29,600)		510,500
Dental Care Ins.	139,000	128,000	(11,000)		136,000
Vision Care	17,900	16,100	(1,800)		17,200
TOTAL TRENTON FRINGE BENEFITS	<u>5,174,500</u>	<u>5,049,200</u>	<u>(125,300)</u>	<u>-2.4%</u>	<u>5,317,400</u>
TOTAL TRENTON PERSONNEL AND FRINGE	<u>\$15,848,500</u>	<u>\$15,120,200</u>	<u>(\$728,300)</u>	<u>-4.6%</u>	<u>\$15,898,400</u>
Total Salaried Employees	<u>148</u>	<u>140</u>	<u>(8)</u>		<u>144</u>
FMERO SALARY EXPENSE	<u>\$1,071,000</u>	<u>\$744,000</u>	<u>(327,000)</u>	<u>-30.5%</u>	<u>\$1,034,000</u>
FMERO FRINGE BENEFITS					
Social Security	76,000	52,500	(23,500)		74,400
Pension Costs	126,000	41,700	(84,300)		123,300
Non-health related Ins.	14,200	6,500	(7,700)		14,100
Health Insurance	151,000	90,600	(60,400)		180,400
Less: Employee Contribution	(16,100)	(9,000)	7,100		(21,000)
Post-employment benefits obligation	78,500	63,000	(15,500)		83,500
Prescription Ins.	40,600	23,800	(16,800)		47,500
Dental Care Ins.	10,800	4,200	(6,600)		12,000
Vision Care	1,500	700	(800)		1,400
TOTAL FMERO FRINGE BENEFITS	<u>482,500</u>	<u>274,000</u>	<u>(208,500)</u>	<u>-43.2%</u>	<u>515,600</u>
TOTAL FMERO PERSONNEL AND FRINGE	<u>\$1,553,500</u>	<u>\$1,018,000</u>	<u>(\$535,500)</u>	<u>-34.5%</u>	<u>\$1,549,600</u>
Total Salaried Employees	<u>13</u>	<u>7</u>	<u>(6)</u>		<u>11</u>

Note: Consolidated totals consist of FMERO and Trenton dollar amounts above.

2011 Projected Actual does not include \$511,000 of projected personnel expenses for the BRAD division.

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
2012 Fiscal Plan
Administrative Expenses**

	2011 Approved Plan	2011 Projected Actual	Actual Over/(Under) Plan	% Variance	2012 Fiscal Plan
PERSONNEL RELATED					
Part-time Employees		\$6,700	6,700		
Temporary Agencies	40,000	15,000	(25,000)		\$30,000
Publications & Subscriptions	5,000	6,400	1,400		5,000
Automobile	48,100	44,300	(3,800)		13,100
Local Travel & Meetings	35,000	28,000	(7,000)		32,000
Affirmative Action Monitoring	10,000	10,000			10,000
Conference	20,000	10,000	(10,000)		10,000
Professional Training	165,000	135,000	(30,000)		150,000
TOTAL PERSONNEL RELATED	323,100	255,400	(67,700)	-21.0%	250,100
CONTRACT SERVICES					
Financial Audit	167,500	146,000	(21,500)		167,500
OPEB Actuarial Assessment		13,500	13,500		
Governor's Authorities Unit Assessment	26,000	26,000			26,000
TOTAL CONTRACT SERVICES	193,500	185,500	(8,000)	-4.1%	193,500
INFORMATION SYSTEMS					
System Maintenance	195,000	155,000	(40,000)		152,300
System Software	60,000	50,000	(10,000)		70,000
System Hardware	118,000	115,000	(3,000)		72,400
Major Projects	330,000	295,000	(35,000)		350,000
CRMS	100,000	95,000	(5,000)		100,000
Online Subscriptions	104,000	100,000	(4,000)		114,500
Communications	313,000	314,500	1,500		192,000
External Services Providers	31,000	32,000	1,000		34,000
TOTAL INFORMATION SYSTEMS	1,251,000	1,156,500	(94,500)	-7.6%	1,085,200
OFFICE OPERATIONS					
Utilities	268,000	246,100	(21,900)		258,000
Postage & Delivery	52,500	41,900	(10,600)		49,800
Rent	202,500	212,200	9,700		203,000
Insurance-liability & property	285,000	262,000	(23,000)		280,000
Equipment Maintenance	30,000	16,300	(13,700)		18,500
Furniture/Equipment lease/purchase	150,000	72,900	(77,100)		244,000
Stationary & Supplies	76,000	70,000	(6,000)		75,000
TOTAL OFFICE OPERATIONS	1,064,000	921,400	(142,600)	-13.4%	1,128,300
BUILDING MANAGEMENT					
Facility Management	91,000	88,200	(2,800)		93,000
Building Security Guard	75,000	67,000	(8,000)		78,000
Janitorial	149,000	139,000	(10,000)		152,000
Taxes/PILOT	57,000	55,900	(1,100)		59,000
Grounds	50,000	61,400	11,400		69,500
Parking Lot	50,000	89,400	39,400		51,000
Mechanical Maintenance	43,000	90,100	47,100		182,500
TOTAL BUILDING MANAGEMENT	515,000	591,000	76,000	14.8%	685,000
GENERAL	40,000	32,800	(7,200)	-18.0%	37,000
TOTAL GEN'L & ADMIN. EXPENSE	\$3,386,600	\$3,142,600	(\$244,000)	-7.2%	\$3,379,100
TOTAL ADMINISTRATIVE	\$20,788,600	\$19,280,800	(\$1,507,800)	-7.3%	\$20,827,100

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

2012 FISCAL PLAN

Program Cost Detail

	2011 Fiscal Plan	2011 Projected Actual	Actual Over/(Under) Plan	% Variance	2012 Fiscal Plan
Asset Management					
Maintenance and Repair	\$962,000	\$892,800	(\$69,200)		\$972,200
Property Management	131,200	166,700	(14,800)		155,500
Rent	1,319,800	1,252,500	(58,300)		1,292,300
Taxes and PILOT	414,500	460,600	46,100		453,200
Tenant FitOut	50,000		(50,000)		
Utilities	1,029,200	1,265,600	236,400		1,211,800
Total Asset Management	3,948,000	4,038,200	90,200	2.3%	4,085,000
Legal					
Deputy AG Contracted Fees (Excl. FMERO)	1,010,000	790,000	(310,000)		820,000
FMERO Deputy AG Fees		150,000	150,000		150,000
Special Counsel:					
Other Litigation		1,200	1,200		
Total Legal	1,010,000	851,200	(158,800)	-15.7%	970,000
Outreach					
Contracts	400,000	400,000			400,000
Outreach Support	50,000	20,000	(30,000)		50,000
Events & Sponsorship	90,000	65,000	(25,000)		90,000
List Rental/Postage	20,000	20,000			20,000
Total Outreach	560,000	505,000	(55,000)	-9.8%	560,000
Consultation					
Site Energy Audits		5,000	5,000		
Camden Waterfront Survey					35,000
Feasibility - Asset Monetization					25,000
Fort Monmouth Tech Centre					250,000
Port Authority Portfields Initiative		19,600	19,600		25,000
Urban/Real Estate Advisory Services	150,000	80,000	(70,000)		200,000
Total Feasibility Consultation	150,000	104,600	(45,400)	-30.3%	535,000
Technical Assistance					
	300,000	300,000			350,000
Services					
CCIT - IT Services		9,000	9,000		
Credit Reporting Services	18,000	5,000	(13,000)		10,000
Treasury - SSBCI Services		15,000			15,000
Realtor Commissions		46,000			58,100
Total Services	18,000	75,000	(4,000)	-22.2%	83,100
Insurance					
Property & Liability Insurance	190,000	160,600	(29,400)		165,400
Total Insurance	190,000	160,600	(29,400)	-15.5%	165,400
Other					
Camden Waterfront Landscaping	25,000	22,000	(3,000)		22,000
Debt Servicing	45,000	34,000	(11,000)		32,000
Filing Fees	6,000	6,000			6,000
Program Related Travel & Meetings	60,000	52,000	(8,000)		55,000
Searches-Titles, Licns, Property	3,000	2,000	(1,000)		2,000
Other	10,000	2,000	(8,000)		10,000
Total Other	149,000	118,000	(31,000)	-20.8%	127,000
Total Program Costs	\$6,325,000	\$6,152,600	(\$233,400)	-3.7%	\$6,875,500

AMENDED BOND RESOLUTIONS

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

APPLICANT: Engel Burman at Woodcliff Lake, LLC

P35572

PROJECT USER(S): Ultimate Care New York, LLC *

* - indicates relation to applicant

PROJECT LOCATION: 364 Chestnut Ridge Road Woodcliff Lake Borough (N) Bergen

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

APPLICANT BACKGROUND:

Engel Burman at Woodcliff Lake, LLC is an affiliate of the Engel Burman Group that has been building, developing and managing active adult communities and assisted living facilities for 13 years. During that period, the Group constructed five new assisted living facilities, aggregating over 550,000 sq. ft. and containing over 600 beds. It also renovated an existing project of over 100 beds to upgrade the community. Further, the Engel Burman Group is in the process of developing several other assisted living residences throughout the metropolitan region, including the Woodcliff Lake facility.

The project qualifies for tax-exempt bond financing as an Exempt Public Facility - Qualified Residential Project under Sections 142(d)(1) and 142 (a)(7) of the Internal Revenue Code of 1986 as amended since the applicant will set aside 20% of the units in the project to individuals whose income does not exceed 50% of the area median gross income.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to (i) purchase approximately 4.2 acres of land and construct an approximately 125,000 sq. ft. building for 142 assisted living units with related community amenities including trails, gazebo, courtyards and approx. 75 parking spaces; (ii) purchase equipment and machinery including food service equipment, special age related equipment and leisure equipment; (iii) fund interest during construction; (iv) fund a debt service reserve; and (v) pay certain costs of issuance. Upon completion of the project, the applicant will be the owner and an affiliate of the applicant, Ultimate Care New York, LLC, will operate and manage the project. The difference between the project costs and the bond amount will be funded by borrower's equity.

This project is being presented at the December 13, 2011 Board meeting to reallocate the carryforward allocation to provide additional time for the parties to close the bond financing.

FINANCING SUMMARY:

BOND PURCHASER: Roosevelt & Cross Inc. (Private Placement Agent)

AMOUNT OF BOND: \$38,000,000 (max.) Tax-exempt bond
(2008 and 2010 Carryforward Bond Allocation)

TERMS OF BOND: 35 years (max.) Fixed interest rate not to exceed 10%, estimated fixed rate is 8% as of 9/7/2011.

ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	\$25,820,000
Land	\$4,000,000
Interest during construction	\$3,827,698
Site Preparation	\$2,500,000
Purchase of equipment & machinery	\$1,350,000
Finance fees	\$1,119,802

Engineering & architectural fees	\$750,000
Legal fees	\$332,500
Debt service reserve fund	\$300,000
TOTAL COSTS	\$40,000,000

JOBS: At Application 0 Within 2 years 60 Maintained 0 Construction 231

PUBLIC HEARING: 09/14/11 (Published 08/29/11) **BOND COUNSEL:** McCarter & English

DEVELOPMENT OFFICER: P. Ceppi **APPROVAL OFFICER:** T. Wells

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

APPLICANT: Kingston Educational Holdings 1, Inc.

P37036

PROJECT USER(S): TEAM Academy Charter School *

* - indicates relation to applicant

PROJECT LOCATION: Various

Newark City (T/UA)

Essex

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

APPLICANT BACKGROUND:

Kingston Educational Holdings 1, Inc., is a recently formed 501(c)(3) entity created to operate and own real property for the TEAM Charter Schools, a network of four charter schools in Newark, Essex County: 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 1,500 students in grades K-2 and 5-12 in Newark.

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

APPROVAL REQUEST:

Authority assistance will enable the applicant to fund a portion of the planned capital projects to several of the TEAM Schools campuses. The proposed projects are:

- (i) Improve masonry and make renovations to the combination cafeteria/gymnasium for TEAM Academy Charter School at 85 Custer Avenue.
- (ii) Miscellaneous renovation projects to facilities located at 21 Ashland Street and 333 Clinton Place.
- (iii) Renovations and improvements to 909 Broad Street to convert it to a full-size elementary school.
- (iv) The purchase of furniture, fixtures and equipment at 18 Norfolk Street.

FINANCING SUMMARY:

BOND PURCHASER: The Friends of TEAM Academy Charter School (Direct Purchase)

AMOUNT OF BOND: \$25,535,000 Qualified Zone Academy Bond (Taxable)

TERMS OF BOND: 19 years (max.); Fixed interest rate not to exceed 8.75% based on the applicable tax credit rate for QZAB as determined by IRS on the date of closing; the tax credit rate as of 12/8/2011 is 5.06%.

ENHANCEMENT: N/A

PROJECT COSTS:

Renovation of existing building	\$16,750,000
Original Issue Discount	\$8,235,000
Closing Fees	\$300,000
Purchase of equipment & machinery	\$250,000
TOTAL COSTS	\$25,535,000

JOBS: At Application 169 Within 2 years 27 Maintained 0 Construction 146

PUBLIC HEARING: N/A

BOND COUNSEL: Wolff & Samson

DEVELOPMENT OFFICER: K. Durand

APPROVAL OFFICER: T. Wells

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

APPLICANT: South Street Theater Company, Inc

P37018

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 100 South Street

Morristown Town (N)

Morris

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

APPLICANT BACKGROUND:

South Street Theater Company, Inc. is a 501(c)(3) not-for-profit organization formed in 1995 to own, rehabilitate and manage a theatre, now known as the Mayo Performing Arts Center located in Morristown, Morris County. The theatre, originally built in 1937, serves as a venue for the performing arts in presenting an array of performances such as opera, symphony, jazz, ballet and other concerts. Now in its 17th season, the Mayo Performing Arts Center hosts more than 200 performances to more than 200,000 patrons every year. Joseph M. Goryeb is the Chairman.

The applicant received Authority assistance in 2008 via tax-exempt bond financing in the amount of \$5,000,000 to refinance conventional debt. Provident Bank directly purchased the 2008 Bond for 20 years at fixed rate of 4.125% for first 10 years.

The applicant is a non-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 prior bond at the terms listed above plus pay a portion of the costs of issuance. Any difference between the project costs and the bond amount will be paid by the applicant.

FINANCING SUMMARY:

BOND PURCHASER: The Provident Bank (Direct Purchase)

AMOUNT OF BOND: \$4,500,000 Tax-exempt bond

TERMS OF BOND: 20 years; Fixed interest rate for 10 years based on the tax-exempt equivalent of 10 yr. U.S. Treasury Securities plus 265 basis points; with floor of 3.15% (estimated rate as of 11/29/2011 is 3.15%); subject to rate reset at the same formula and call option on 10th anniversary.

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond to be refunded	\$4,500,000
Legal fees	\$50,000
Finance fees	\$50,000
TOTAL COSTS	\$4,600,000

PUBLIC HEARING: 12/13/11 (Published 11/28/11) **BOND COUNSEL:** McCarter & English
DEVELOPMENT OFFICER: J. Colon **APPROVAL OFFICER:** T. Wells

PRELIMINARY RESOLUTIONS

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

APPLICANT: AMB Enterprises, LLC & ULCO Realty, LLC

P37034

PROJECT USER(S): AMB Enterprises, LLC *

* - indicates relation to applicant

PROJECT LOCATION: 25 Lake Street

Paterson City (T/UA)

Passaic

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

APPLICANT BACKGROUND:

Formed in 2006, AMB Enterprises, LLC is a manufacturer of adhesives and glues. It is conducting business under the name "Baker Titan Adhesives". AMB acquired 3 adhesive businesses between 2006 and 2009.

ULCO Realty, LLC is an existing related business entity that is expected to hold the title to the real estate. The equipment is expected to be purchased and owned by the operating company (manufacturer).

In their state of the art facility, they mainly manufacture water-based adhesives. They have been contracting out their hot-melt adhesive manufacturing even though it is formulated in-house in their own labs. Purchasing additional equipment will enable them to bring the hot-melt adhesive manufacturing back in-house. These adhesives are sold wholesale to distributors, and the manufactures or bulk users of packages, boxes, laminate films, labels, mounting, assembly, book/form binding, etc. Almost half of their products are exported.

Currently, they are operating out of a 40,000 sf leased facility in Paterson. They would like to purchase the facility that they are currently renting, and renovate and equip same with additional machinery.

APPROVAL REQUEST:

Authority assistance will enable the acquisition and renovation of the existing building that houses its current manufacturing facility and furnishing and equipping of the same plus paying the costs of issuance.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$1,500,000
Purchase of equipment & machinery	\$200,000
Renovation of existing building	\$150,000
Renovation of existing equipment & machi	\$50,000
Legal fees	\$30,000
Environmental Investigation and Remedit	\$20,000
Accounting fees	\$10,000
TOTAL COSTS	\$1,960,000

JOBS: At Application 20 Within 2 years 5 Maintained 0 Construction 1

PUBLIC HEARING:

DEVELOPMENT OFFICER: K. Durand

BOND COUNSEL: McManimon & Scotland

APPROVAL OFFICER: D. Sucsuz

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

APPLICANT: Congregation Bnos Devorah

P36771

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 243 Prospect St

Lakewood Township (T/UA)

Ocean

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

APPLICANT BACKGROUND:

Congregation Bnos Devorah operates Bnos Devorah Elementary School in Lakewood, New Jersey. The school serves female children in the community from kindergarten through second grade. Bnos Devorah Elementary's mission is to provide a broad and balanced education for students in all academic areas while developing character and self confidence and instilling a strong sense of values. The school, which opened in 2006, currently educates around 220 students and has plans to grow enrollment in the near future. Prior to final approval, the project will be reviewed by the Attorney General's office for issues related to the First Amendment's Establishment Clause.

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 existing building as well as purchase adjacent land to be converted into a play area for the school children.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing of Existing Building	\$1,300,000
Land	\$200,000
TOTAL COSTS	<u><u>\$1,500,000</u></u>

JOBS: At Application 40 Within 2 years 10 Maintained 0 Construction 0

PUBLIC HEARING:

BOND COUNSEL: Wolff & Samson

DEVELOPMENT OFFICER: R. Fischer

APPROVAL OFFICER: K. McCullough

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

APPLICANT: Schott Licensing Corp

P37025

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 735 Rahway Avenue

Union Township (T)

Union

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

APPLICANT BACKGROUND:

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

Schott relocated from Staten Island to Jersey City in 1939. The company leased that space for 50 years before moving to its current location that it leases in Elizabeth. For the past year, Schott has been searching for a facility to purchase and has identified a building in Union Township. The applicant is seeking preliminary approval of a tax-exempt bond in order to recapture some costs related to the purchase of the facility.

APPROVAL REQUEST:

Authority assistance will enable the applicant to purchase a 58,000 sq ft facility in Union Township. Bond proceeds will also fund renovations to the building, new equipment purchases, and cost of issuance.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$3,450,000
Renovation of existing building	\$400,000
Purchase of equipment & machinery	\$200,000
Legal fees	\$20,000
Finance fees	\$20,000
Accounting fees	\$20,000
TOTAL COSTS	<u><u>\$4,110,000</u></u>

JOBS: At Application 65 Within 2 years 20 Maintained 0 Construction 12

PUBLIC HEARING:

BOND COUNSEL: Wolff & Samson

DEVELOPMENT OFFICER: D. Johnson

APPROVAL OFFICER: K. McCullough

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

APPLICANT: VG Resources LLC

P37026

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 200 Lambertson Road

Hamilton Township (T)

Mercer

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

APPLICANT BACKGROUND:

VG Resources LLC (VGR) is a single-purpose entity formed in 2008 to develop, design, finance, own and operate a 4.7 acre Solid Waste Recycling and Transfer Facility on Duck Island, Hamilton Township, Mercer County. The facility will recycle and transfer only construction and demolition waste, with an approved capacity of up to 1,500 tons per day. The project has been reviewed and initially approved by the Department of Environmental Protection (DEP), with final approval anticipated in December 2011.

This project qualifies for tax-exempt bond financing as an Exempt Public Facility - Solid Waste Disposal - under Section 142(a)(6) of the 1986 Internal Revenue Code, as amended, and is not subject to the \$10,000,000 capital expenditure limitation under Section 144 of the Code, but is subject to State Volume Cap limitation, pursuant to Section 146 of the IRS Code.

APPROVAL REQUEST:

Authority assistance will enable the applicant to finance the acquisition of the land, construction of the recycling facility, acquire necessary equipment and pay for the costs of issuance. Any difference between the project costs and the bond amount will be paid by the applicant.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Purchase of equipment & machinery	\$4,000,000
Construction of new building or addition	\$3,200,000
Debt service reserve fund	\$1,900,000
Interest during construction	\$975,000
Engineering & architectural fees	\$950,000
Construction of roads, utilities, etc.	\$700,000
Developer Fee	\$600,000
Working capital	\$500,000
Finance fees	\$385,000
Other - Fees	\$310,000
Legal fees	\$150,000
Accounting fees	\$70,000
TOTAL COSTS	\$13,740,000

JOBS: At Application 0 Within 2 years 30 Maintained 0 Construction 26

PUBLIC HEARING:

DEVELOPMENT OFFICER: K. Durand

BOND COUNSEL: McManimon & Scotland

APPROVAL OFFICER: M. Krug



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: **Small Business Services - Small Business Development Centers (SBDCs)
For Information Only**

DATE: December 13, 2011

The Business Action Center (BAC) of the New Jersey Department of State requested the Authority manage the \$250,000 state-budgeted funding allocation for the state's FY2012 to the New Jersey Small Business Development Centers. This partnership between BAC and the Authority advances the state's small business efforts targeted at providing technical assistance to start-up and existing small businesses to help them grow and create jobs while strengthening their communities. A Memorandum of Understanding between BAC and the Authority will be executed.

Background:

Over 30 years ago, the United States Small Business Administration (SBA) named Rutgers, The State University of New Jersey, as the host institution for the New Jersey Small Business Development Centers (NJSBDCs). The State Legislature has annually funded the SBDCs by allocating an appropriation subject to a executed document in the form of a Grant Agreement. For the state's FY2012, the Grant Agreement will be between BAC and Rutgers.

In 2009, the Authority assumed management of this allocation through a Grant Agreement with Rutgers when the economic development programs of the Commerce Commission were consolidated into the Authority. In the fall of 2011, the New Jersey Business Action Center was officially created through legislation and the appropriation for the state's FY2012 will be allocated through BAC.

Given the Authority's demonstrated experience, knowledge and expertise in the area of small business services, BAC requested that the Authority manage the \$250,000 Grant Agreement between BAC and SBDC for the state's FY2012. In this role, the Authority establishes deliverables in concert with BAC and the SBDC and will monitor the performance outcomes. The Authority will recommend quarterly payments to BAC from the \$250,000 allocation based upon the agreed-upon metrics. In an effort to support BAC and understanding the constraints of the current state budget, there will be no fee to the Authority for providing this management service.

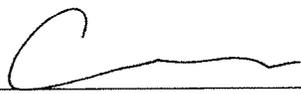
The NJSBDCs consist of a headquarters and 11 regional centers throughout the State. In FY2011, counselors advised approximately 5,000 clients (nearly 25% were existing businesses) and taught over 240 workshops. Primary funding sources for the SBDCs include the federal SBA, State of New Jersey, Urban Enterprise Zones, Department of Labor and Workforce Development and New Jersey colleges and county colleges. The Legislature's appropriation represents approximately five percent of the total funding.

In accordance with the Authority's economic development strategies, the EDA will continue to work with the NJSBDCs, state agency partners and other technical assistance providers to identify opportunities to leverage and optimize resources that support services to the business community with a focus on small, women and minority owned businesses.

Key Deliverables:

Staff from the Authority, BAC, the SBDCs and key state partners worked together to identify metrics for the state's FY2012 which reflect the current economy. Performance against these metrics will be monitored through quarterly reports from the NJSBDC headquarters office. The performance outcomes for the first quarter of the state's FY2012 (7/1/11-9/30/11) were received and reviewed against the projected metrics stated below. The results were satisfactory and payment was recommended to BAC.

Metrics – Client Services	FY2012 Annual Milestones
Attended at least one topical workshop	13,000
Received one-on-one counseling	5,100
Participated in procurement training and/or counseling	1,300
Federal procurement contract value	\$12million
State contract procurement value	\$8 million
Financing - total loan amount including owner's equity and other investments	\$30 million
Referrals for EDA financing	8
Counseled for small business (SBE) state certification	125
Success Stories	12
Jobs created/retained	6,900



 Caren S. Franzini
 Chief Executive Officer



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: **Technical Assistance Awards
For Information Only**

DATE: December 13, 2011

The Authority is advancing the State's small business efforts by expanding our support of technical assistance to include a focus on small, women and minority owned businesses in urban and distressed communities of the state. This expansion recognizes the continuum of services needed by small businesses and provides for services beyond those currently supported by the Authority by targeting earlier stage entrepreneurs and micro-businesses. These efforts enhance and compliment the State's small business initiative to strengthen and grow small businesses in New Jersey.

This small business support will be accomplished by dedicating \$50,000 in the form of two \$25,000 awards to organizations that deliver programs targeting entrepreneurs in distressed areas in a more focused and concerted manner than our current efforts support. Rising Tide Capital, Inc. ("Rising Tide") and the Latin American Economic Development Association ("LAEDA") are the organizations that have been selected. The awards will augment their respective programs aimed at assisting entrepreneurs to start and grow businesses and create jobs within their community. The awards are for a period of one year, beginning January 1, 2012 and results will be measured against established performance outcomes.

Background:

Outreach to this very early stage entrepreneur in targeted communities will provide the skills, tools and information they need to start and grow into successful microenterprises. These awards will increase the breadth of EDA's small business services by recognizing and supporting organizations with a proven track record of serving this designated population. While EDA understands that the target audience will be entrepreneurs who will start and grow part-time or home-based businesses initially, the support will enable them to build their small business and, thereby, strengthen their communities.

Additionally, these awards provide opportunity for collaboration among all technical assistance providers who offer a network of resources. It is also an opportunity to become a feeder for the microlenders, some of whom EDA supports through Loan to Lenders. The deliverables will align with and compliment the focus of EDA's strategic partnership with UCEDC as a statewide technical assistance provider and the state's support of the Small Business Development Centers. Milestones will measure the impact of this investment of public dollars through EDA to leverage private funding in order to produce small business growth in these two target markets. Outcomes are being finalized but are anticipated to include such measures as entrepreneurs assisted; businesses formed or achieving growth; job creation; funding secured.

As part of the Authority's recent federal funding award through the State Small Business Credit Initiative, EDA committed to targeted outreach to the low and moderate income community of women and minorities in urban areas to finance and grow small businesses. These awards will assist EDA in achieving this outreach and help build the capacity and strength of the entrepreneurs and businesses that are served, making them better candidates for financing.

In selecting the organizations, a number of factors were considered. These include demonstrated reach to very early stage businesses, urban service areas, capacity, experience, approach, impact and alignment with EDA/state policies and priorities. Additionally to support the geographic focus, federal census data (population) and the designation as an urban aid municipality, as defined by Department of Community Affairs, was considered. In the northern part of the State, Hudson and Essex counties account for a population of 1.4 million and 12 Urban Aid municipalities and in the south, Burlington, Camden and Gloucester counties represent a population of 1.25 million and include 14 Urban Aid municipalities. These counties present great opportunity for the type of services we are striving to support and therefore, were identified as target areas for this effort.

Rising Tide and LAEDA met the criteria and have the capacity to service the respective areas in the North and South.

Awardees:

Rising Tide and LEADA were selected and awarded \$25,000 to deliver technical assistance services to enhance EDA's existing small business efforts.

Both organizations use an intense, hands-on approach as the entrepreneur starts and grows a micro-business into a sustainable one which could employ others. This model is proven as the appropriate approach to assist this category of very early stage entrepreneurs in distressed communities. As these entrepreneurs grow their micro-businesses, which are oftentimes home-based and part-time, they are then able to improve their personal financial situation, support their families and contribute to the communities in which they live and work.

Rising Tide Capital, Inc. is a 501(c)3 non-profit organization whose focus is on improving communities and lives by providing a variety of services to women, minority and immigrant entrepreneurs in lower-wealth income areas of Hudson and Essex counties. They have five years of experience in supporting micro-businesses, trained and mentored over 250 entrepreneurs and received recognition nationally for their service model. Rising Tide is funded through banks and corporations as well as federal and local government. They partner with the microlender network to provide financing to start-up businesses.

Latin American Economic Development Association (LAEDA), Inc. is a 501(c)3 nonprofit incorporated in 1987. They began their entrepreneurial training in 1990 to help Camden City residents start small business and expand existing ones. During that time, LAEDA has trained over 850 entrepreneurs and over 200 have existing businesses, creating 310 jobs. As a parameter of this award, LAEDA will be asked to offer services to distressed areas in Burlington, Camden and Gloucester counties. This EDA award will compliment a \$100,000 grant from the Center for Hispanic Policy, Research and Development (CHPRD) at the New Jersey Department of State. The purpose of this grant is to provide technical assistance and grow Hispanic enterprises in economically disparaged communities. Funding sources are similar to that of Rising Tide and include banks, corporations, and government grants. LAEDA partners with microlenders and banks when clients are ready for financing.



Caren S. Franzini
Chief Executive Officer

Prepared by Marion Zajac



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Board

FROM: Caren S. Franzini
Chief Executive Officer

RE: Program Recommendations – EDA Partner Lending Programs

DATE: December 13, 2011

The Members of the Board are requested to approve the following changes to EDA lending programs:

- 1) Rebranding EDA Preferred and Participating Lenders under the general umbrella of “Premier Lenders” and extend delegated authority to Participating Lenders.
- 2) Aligning guarantee fees with the percentage of the approved guarantee, inclusive of bond guarantees.
- 3) Reduce the interest rate for the NJ Main Street Business Assistance Program from 5% fixed to the Five Year US Treasury plus 300 basis points (3.91% as of 12/5) with a 3% floor, fixed at closing.
- 4) Permanently increase the maximum line of credit guarantee from 50% of the Premier Lender’s line of credit, not to exceed \$250,000 to 50% of the Premier Lender’s line of credit, not to exceed \$500,000.

In alignment with the Christie/Guadagno Administration’s focus to assist small business with more access to capital, these customer-supportive changes will enhance EDA’s capacity to provide services that support business development and encourage job creation and foster and promote the economy of the state by increasing the utilization and deployment of our partner lending program funding.

Background:

For nearing two decades, EDA has been successfully partnering with the banking community to provide creative and affordable financing solutions in support of New Jersey businesses. These financial assistance solutions have included direct loan, loan participation and/or guarantee

products and line of credit guarantee products through programs that include the Statewide Loan Pool (created in 1992), the Preferred Lender Program (created in 2001), the New Jersey Business Growth Fund (created in 2004), and the Main Street Business Assistance Program (created in 2009), as well as Bond financing activities with banking partners. Appendix 1 lists the current EDA Participating Banks and Preferred Lenders.

Consistent with EDA's practice of aligning our programs to market needs, a cross organizational team was assembled in the Fall of 2011 to review the aggregate features and performance to date of our various partner programs. The feedback gathered was that there is a continued and vital need for partner banking programs but also a need for some adjustment in the program features within and across programs.

As a result of these initiatives, a number of changes to our lending programs are being proposed. The proposed program changes are further identified below.

Proposed Program Changes:

- 1) Rebranding Preferred Lenders and Participating Banks as "Premier Lenders" – Given EDA's history in successfully administering both types of banking partner relationships (Preferred Lenders and Participating Banks) and the effectiveness associated with a simplified brand identifier from a customer awareness standpoint, it is recommended that the separate Preferred Lender and Participating Bank partners be collapsed under one umbrella of "Premier Lenders".

It should be noted that both Participating and Preferred Lender Bank Partners were reviewed using the same criteria and process. The due diligence by staff included a review of Credit Policy and approval process, sample underwriting documents, bank financial information and portfolio statistics.

Currently, the underwriting staff performs the same due diligence of a project regardless of whether it is submitted by a Participating or Preferred Lender Bank. Projects under the program are delegated to staff for approval. Any project that would be approved under delegated authority would be underwritten to ensure that the project meets all program credit criteria. The purpose of this change is to allow for expedited approvals for all projects that meet the program credit criteria under delegated authority, rather than limiting expedited approval based on the bank involved. This change will position us to be more responsive to the needs of businesses and our bank partners. It also shifts the focus of the approval to the credit worthiness of the project. It is anticipated that activity from our bank partners will increase as a result of this change.

The effect of the change will be as follows: Projects submitted by a Participating Bank currently are approved are approved by the Board. After this approval, the loans of Participating Banks will be approved by staff under delegated authority rather than go to the board.

- 2) Aligning Guarantee Fees with the Percentage of the Approved Guarantee Amount – In order to be more customer-supportive in this current economic climate, it is recommended that guarantee fees be aligned with the percentage of the approved guarantee requested times the number of years of guarantee. Furthermore, guarantees provided by the EDA will be up to 50% and not to exceed specific dollar program limits. By way of example, a 25% guarantee would incur a guarantee fee of 25 basis points (guarantee fees are charged by year, but due in entirety at closing). Likewise, a 37% guarantee would pay a 37 basis point fee. Currently our guarantee fee is 50 basis points. Additionally, for bond guarantees, 87.5 basis points is the current guarantee fee, which is higher than other EDA guarantee fees and unattractive to our customers. This will also be adjusted to the new fee structure. This new fee structure will result in lower fees per transaction, but EDA anticipates an increase in new approvals which will offset the reduced fee structure. The EDA acknowledges that neither the existing nor the proposed fees will support the losses in our guarantee programs, however we are proposing this change because additional to the customer benefit of lower fees, the advantage of this change to EDA is an expected reduction in exposure on a per transaction basis. At the current set fee structure, there is no advantage for a partner bank to request smaller guarantees; accordingly, banks tend to request the largest guarantee amount available.

Program	Current Guarantee Fee	Proposed Guarantee Fee
Statewide Loan Pool	50bp of guarantee amount for number of years of guarantee	Up to 50bp (tiered to amount required) for number of years of guarantee
Preferred Lender	As above	As above
New Jersey Business Growth Fund	As above	25bp or 50bp
Main Street	As above	As above
Bond Guarantees	87.5bp of guarantee amount	As above

- 3) Reduce the Interest Rate (Main Street Program only) – In order to be in better alignment with market needs and consistent with other competitive and EDA financing programs, it is recommended that the current 5% fixed interest rate for this program be reduced to the 5 Year US Treasury Rate plus 300 basis points (3.91% as of 12/5), with a floor of 3%, fixed at closing. This rate structure reflects that the Main Street program can be used to refinance debt, and is a job retention, rather than job creation program.
- 4) Line of Credit Guarantee Ceiling of \$500,000 (Main Street Program only) – Permanently increase the maximum line of credit guarantee from 50% of the Premier Lender’s line of

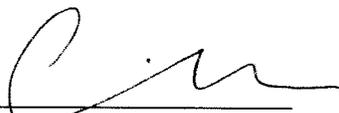
credit, not to exceed \$250,000 to 50% of the Premier Lender's line of credit, not to exceed \$500,000. This makes permanent the 24 month temporary increase around the Main Street Program/Hurricane Disaster Relief change implemented earlier this year (September 6, 2011 EDA Board action).

Staff will closely monitor the impact of these new program enhancements around market acceptance and portfolio performance utilizing the Risk and Exposure Task Force and continue to report to the Board on a monthly basis all approvals made under delegated authority.

Recommendation:

The Members of the Board are requested to approve the program change actions as follows: rebranding EDA Preferred and Participating Lenders under the general umbrella of "Premier Lenders" and extending delegated authority approval to Participating Lenders; aligning guarantee fees with the percentage of the approved guarantee, inclusive of bond guarantees; reduction of interest rate for the NJ Main Street Business Assistance Program from 5% fixed to the Five Year US Treasury plus 300 basis points with a 3% floor, fixed at closing; permanent increase of the maximum line of credit guarantee from 50% of the Premier Lender's line of credit, not to exceed \$250,000 to 50% of the Premier Lender's line of credit, not to exceed \$500,000.

It is also requested that the Members of the Board approve the proposed amendments to the rules and authorize staff to submit to the rules for promulgation and adoption in the New Jersey Register, subject to final review and approval by the Office of the Attorney General, and the Office of Administrative Law.



Caren S. Franzini

Appendix 1: Current Participating Banks and Preferred Lenders

Bank of America*	JPMorgan Chase	Sovereign Bank*
Cape Bank	Lakeland Bank	Spencer Savings Bank
Capital Bank	M&T Bank	Sturdy Savings Bank
Capital One*	New Millennium Bank	Sun National Bank*
Central Jersey Bank	Newfield National Bank	Susquehanna Bank*
Citibank, FSB	Northfield Bank	TD Bank*
Citizens Bank of Pennsylvania*	NJM Bank	The Bank*
Colonial Bank, FSB	OceanFirst Bank	The Provident Bank*
Columbia Bank*	Parke Bank	TriState Capital Bank
Continental Bank	Peapack-Gladstone Bank*	Two River Community Bank
Cornerstone Bank*	PNC*	Unity Bank
HSBC Bank	Republic Bank	UPS Capital Business Credit
Hilltop Community Bank	Roebing Bank	Valley National Bank*
IDB Bank	Roma Bank*	Wachovia Bank/Wells Fargo
Investors Savings Bank	Royal Bank of Pennsylvania	

*Denotes banks that have Preferred Lender status with the EDA.
Effective as of 8/2011

D R A F T

12/13/11

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Administrative Rules

Fees

Authority Assistance Programs

Direct Loan Program; Main Street Business Assistance Program

Proposed Amendments: N.J.A.C. 19:30-6.2 and 6.3; 19:31-3.1, and 6.2

Authorized By: New Jersey Economic Development Authority, Caren S. Franzini,
Chief Executive Officer.

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

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

Proposal Number: PRN 2012-

Submit written comments by _____, 2012:

Maureen Hassett, SVP Governance & Communications

New Jersey Economic Development Authority

PO Box 990

Trenton, NJ 08625-0990

The agency proposal follows:

Summary

The New Jersey Economic Development Authority (“EDA” or “Authority”) is proposing amendments to its rules to revise certain terms of financial assistance and guarantee and closing fees.

Specifically, the proposed amendments, at N.J.A.C 19:30-6.2(a), would clarify that for any direct loan, except for any other financing under the newly-named Premier Lenders Program, formerly the Preferred Lender Program, a non-refundable commitment fee of .875 percent is charged with the acceptance by an applicant; and, delete references to the Statewide Loan Pool, Preferred Lender Program and the New Jersey Business Growth Fund, which are now under the new Premier Lenders Program.

The proposed amendments, at N.J.A.C. 19:30-6.3(b), would revise the guarantee fee for Authority issued bonds, or guaranteed financing under the newly-named Premier Lenders Program, to not exceed 50 basis points as determined by the initial amount of the guaranteed portion of the financing in order that the fee percentage will correspond to the percentage guarantee required (e.g., a 25 percent guarantee would incur a fee of 25 basis points, a 50 percent guarantee would incur a fee of 50 basis points, etc.) multiplied by the number of years.

The proposed amendment, at N.J.A.C. 19:30-6.3(d), deletes references pertaining to fees to be paid at closing for direct loans, other than loans under the Statewide Loan Pool, Preferred Lender Program and New Jersey Business Growth Fund, which are addressed in proposed amendments to N.J.A.C. 19:30-6.3(b).

The proposed amendment, at N.J.A.C. 19:31-3.1(b)7, would increase the maximum loan amount under the Fund for Community Economic Development from \$500,000 to \$750,000.

Finally, the proposed amendment, at N.J.A.C. 19:31-6.2, would increase the maximum line of credit guarantee offered under the Main Street Business Assistance Program from \$250,000 to \$500,000 not to exceed 50 percent of the line of credit issued under the Premier Lenders Program.

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

Social Impact

The proposed revised guarantee fee structure would reduce the amount of the current fee to be more customer-friendly in the current economic climate; and, the proposed increase in the maximum loan amount available under the Fund for Community Economic Development will result increased capital available to small businesses in urban communities.

Economic Impact

The proposed revised guarantee fee structure will result in lower fees for EDA participation or guarantee in financing under the Premier Lenders Program. The Fund for Community Economic Development, since inception, has provided assistance to 68 projects for over \$20 million and the increase in the maximum loan amount available will further benefit small businesses in urban communities.

Federal Standards Statement

A Federal standards analysis is not required because the proposed amendments are not

subject to any Federal requirements or standards.

Jobs Impact

The proposed amendments, which revise certain terms of financial assistance and guarantee and closing fees, will not directly impact employment; however, the related programs will continue to support new and existing private sector jobs in industries throughout New Jersey. The increase in the maximum loan amount under the Fund for Community Economic Development will however, increase new jobs, as assistance under the program, to date, has resulted in the creation of over 1,200 new jobs.

Agriculture Industry Impact

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

Regulatory Flexibility Analysis

The revised guarantee fees, which are structured based on the percentage of the amount of the approved guarantee requested multiplied by the number of years of the guarantee capped at 50 basis points, is designed to provide a lower fee for reduced transactions benefiting small businesses requesting less financing.

Housing Affordability Impact

The proposed amendments will not impact the amount or cost of housing units, including multi-family rental housing and for-sale housing, in the State. The proposed amendments revise certain terms of financial assistance and certain guarantee and closing fees.

Smart Growth Development Impact

The proposed amendments will not impact the number of housing units or result in any increase or decrease in the average cost of housing in Planning Areas 1 or 2 of the State Development and Redevelopment Plan. The proposed amendments revise certain terms of financial assistance and certain guarantee and closing fees.

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

CHAPTER 30
ADMINISTRATIVE RULES
SUBCHAPTER 6. FEES

19:30-6.2 Commitment fees

(a) A non-refundable commitment fee of .875 percent of [the guarantee or] a direct loan amount is charged with the acceptance by an applicant of a [guarantee or] direct loan commitment from the Authority, except for [the Statewide Loan Pool, Preferred Lender Program and the New Jersey Business Growth Fund] **any other financing under the Premier Lenders Program**, wherein a non-refundable commitment fee of \$ 750.00 shall be charged with the acceptance by an applicant [of a guarantee or direct loan commitment from the Authority].

(b) – (g) (No change.)

19:30-6.3 Closing fees

(a) – (No change.)

i. – iii. (No change.)

(b) For guaranteed Authority-issued bonds or guaranteed [conventional] financing [other than Authority issued bonds] **under the Premier Lenders Program**, the guarantee fee, to be paid at closing, [is .875 percent of] **shall not exceed 50 basis points as determined by** the initial amount of the guaranteed portion of the financing **in order that the fee percentage will correspond to the percentage guarantee required (e.g., a 25 percent guarantee would incur a guarantee fee of 25 basis points fee, a 50 percent guarantee would incur a guarantee fee of 50 basis points)** multiplied by the number of years the guarantee is to be in effect. This fee is in addition to the fee described in (a) above if the Authority's guarantee relates to repayment of a bond issued by the Authority.

(c) (No change.)

(d) For direct loans from the Authority, [other than loans under the Statewide Loan Pool, Preferred Lender Program and the New Jersey Business Growth Fund,] the fee, to be paid at closing, is .875 percent of the loan amount. For direct loans under the Edison Innovation Angel Growth Fund, the Edison Innovation VC Growth Fund, and the Edison Innovation Growth Stars Fund, the fee to be paid at closing is .75 percent of the loan amount. For direct loans under the Small Business Fund, the fee to be paid at closing is .5 percent of the loan amount. For direct loans under N.J.S.A. 34:1B-47 et seq., the fee to be paid at closing is one-half of one percent of the total amount of the direct loan.

(e) – (i) (No change.)

CHAPTER 31

AUTHORITY ASSISTANCE PROGRAMS

SUBCHAPTER 3. DIRECT LOAN PROGRAM

19:31-3.1 Program description

(a) (No change.)

(b) Except as otherwise provided in this subsection, direct loans are available in a maximum

amount of \$ 1,250,000 for fixed asset financing and \$ 750,000 for working capital.

1. – 6. (No change.)

7. For the Loans to Lenders component of the Fund for Community Economic Development, the maximum loan amount will not exceed [~~\$500,000~~] **\$750,000**, except that Loans to Lenders may be used to develop grocery stores and supermarkets with a maximum loan amount of \$ 3 million, provided that no more than \$4 million will be used for this purpose. For the pre-development assistance component of the Fund for Community Economic Development, the maximum loan amount will not exceed \$50,000 per project.

(c) – (m) (No change.)

SUBCHAPTER 6. MAIN STREET BUSINESS ASSISTANCE PROGRAM

19:31-6.2 Terms of financial assistance

(a) Under the Main Street Business Assistance Program, the Authority may provide direct loan, loan participation and/or guarantee products and line of credit guarantee products.

1. – 2. (No change.)

3. For the line of credit product, the maximum amount will be [~~\$250,000~~] **\$500,000**, not to exceed 50 percent of the total transaction.

(b) – (d) (No change.)



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: December 13, 2011

SUBJECT: The Reinvestment Fund, Inc. ("TRF")
\$1,000,000 and \$3,000,000 FCED loans (P24728 & P24902)

Request:

Consent to a three year extension of the disbursement periods of both loans to November 1, 2014 to allow TRF additional time to deploy funding for urban supermarket projects in their pipeline.

Background:

In November 2009, the Members approved and EDA and TRF closed on \$1 million and \$3 million loan commitments from the Fund for Economic Community Development ("FCED") for supermarket development in Newark, with the remainder to be made available statewide in New Jersey. Both loans have ten year terms, including five years interest only with the balance fully amortizing over the remaining 5 years. The FCED loans were to be supplemented by grants and other private funding, and the disbursement period was limited to 2 years based on forecasted project timelines. Due to economic conditions, TRF was unable to secure private funding before the draw period lapsed on November 1, 2011.

TRF has now secured \$10 million in loan and \$2 million in grant funding from the Robert Wood Johnson Foundation ("RWJ") to support the New Jersey Food Retail Initiative. The ten-year \$10 million loan has a three-year draw period and seven-year amortization at an interest rate of 2.0%. The \$2 million grant consists of \$1 million for re-granting, \$750,000 in interest rate subsidy, and \$250,000 for operating grants. TRF expects to use this new funding in conjunction with the FCED loans to complete several large projects in Newark, Camden, Jersey City, and Atlantic City.

TRF has requested a 3 year extension of the disbursement period from November 1, 2011 to November 1, 2014 to match the RWJ disbursement period. Both FCED loans will retain their original maturity date of November 1, 2019.

Recommendation:

Consent to a three year extension of the disbursement period of the FCED loans to November 1, 2014 to provide financing for much needed urban supermarket development in Newark and throughout New Jersey and to support TRF's mission of capitalizing distressed communities and stimulating economic growth for low and moderate income families.

Prepared by: Heather M. O'Connell

**PETROLEUM UNDERGROUND STORAGE TANK
PROGRAM**



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: December 13, 2011

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

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

Private Grants:

Lucy Bajcic.....	\$101,657
Dino's Deli & Subs Inc.....	\$504,235
Greg Jarem.....	\$102,399
Scott's Auto.....	\$338,867

Total UST funding for December 2011.....\$1,047,158

Prepared by: Lisa Petrizzi

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

APPLICANT: Lucy Bajcic

P36000

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 14 Park Street

Dover Township (T)

Ocean

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

APPLICANT BACKGROUND:

Lucy Bajcic is a homeowner seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

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

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of \$101,657 to perform the approved scope of work at the project site.

The NJDEP oversight fee of \$10,166 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT\$101,657

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade,Closure,Remediation	\$101,657
NJDEP oversight cost	\$10,166
EDA administrative cost	\$250
TOTAL COSTS	\$112,073

APPROVAL OFFICER: J. Niles

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

APPLICANT: Dino's Deli & Subs Inc.

P34779

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 402 Zion Road

Egg Harbor City (T)

Atlantic

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

APPLICANT BACKGROUND:

Dino's Deli & Subs, owned by Dino Delprete, received a grant in October 2006 in the amount of \$23,133 under P17150 to remove two underground storage tanks (UST'S). In March 2008, the applicant then received a supplemental grant in the amount of \$17,645 under P20168 to perform the approved scope of work at the project site. The investigation revealed significant and extensive soil and groundwater contamination throughout the site, extending under the building as well as out into the street. The NJDEP has determined that the supplemental project costs are technically eligible, soil delineation, to expand groundwater investigation and monitoring of well installations.

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

APPROVAL REQUEST:

The applicant is requesting supplemental grant funding in the amount of \$504,235 to perform the approved scope of work at the project site, for a total funding to date of \$545,013. This project is in a Suburban Planning Area and is eligible to receive up to \$1,000,000 in grant funding.

The NJDEP oversight fee of \$50,424 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT\$504,235

TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

PROJECT COSTS:

Upgrade, Closure, Remediation	\$504,235
NJDEP oversight cost	\$50,424
EDA administrative cost	\$500
TOTAL COSTS	\$555,159

APPROVAL OFFICER: J. Niles

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

APPLICANT: Greg Jarem

P35861

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 92 Moonachie Ave

Moonachie Borough (N)

Bergen

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

APPLICANT BACKGROUND:

Greg Jarem is the owner and operator of the project site, which is a photography studio. The applicant is seeking to perform groundwater investigation and soil remediation for the closure of two 2,500 gallon underground storage tanks (UST's) at the project site. The tanks will be decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

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

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of \$102,399 to perform the approved scope of work at the project site.

The NJDEP oversight fee of \$10,240 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT\$102,399

TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

PROJECT COSTS:

Upgrade, Closure, Remediation	\$102,399
NJDEP oversight cost	\$10,240
EDA administrative cost	\$500
TOTAL COSTS	\$113,139

APPROVAL OFFICER: L. Petrizzi

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

APPLICANT: Scott's Auto, LLC

P36883

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 357 North Broad Street

Carneys Point Township (T)

Salem

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

APPLICANT BACKGROUND:

Scott's Auto, LLC, majority owned by Wayne Scott, received a grant in August 2006 in the amount of \$64,083 under P16637 and another grant in June 2010 in the amount of \$32,622 under P30045 to close three underground storage tanks (UST's) and perform the required remediation at the project site. The tanks were decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible, to perform additional remediation activities, soil delineation and groundwater investigation.

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

APPROVAL REQUEST:

The applicant is requesting a supplemental grant in the amount of \$338,867 to perform the approved scope of work at the project site, for a total funding to date of \$435,572.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT\$338,867

TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

PROJECT COSTS:

Upgrade, Closure, Remediation	\$338,867
NJDEP oversight cost	\$33,887
EDA administrative cost	\$500
TOTAL COSTS	\$373,254

APPROVAL OFFICER: L. Petrizzi



TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: December 13, 2011

SUBJECT: Petroleum Underground Storage Tank Program – Delegated Authority Approvals
(For Informational Purposes Only)

Pursuant to the delegations approved by the Board in May 2006, the Chief Executive Officer (CEO) with a Director may approve new grants under the Hazardous Discharge Site Remediation Fund (HDSRF) and Petroleum Underground Storage Tank Programs (PUST) up to \$100,000 and may approve supplemental awards for existing grants (of any size) up to an aggregate of \$100,000, provided that the aggregate amount of the supplemental awards do not exceed \$100,000.

The Petroleum Underground Storage Tank Program legislation was amended to allow funding for the removal/closure and replacement of non-leaking residential underground storage tanks (UST's) and non-leaking non-residential UST's up to 2,000 gallons for eligible not for profit applicants. The limits allowed under the amended legislation is equivalent to the New Jersey Department of Environmental Protection cost guide.

Below is a summary of the Delegated Authority approvals processed by Finance & Development for the period

Summary: November 01, 2011 to November 30, 2011

of Grants \$ Amount

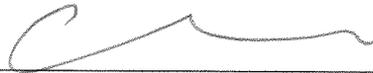
Leaking tank grants awarded	17	\$363,570
Non-leaking tank grants awarded	5	\$13,469

Applicant	Description	Grant Amount	Awarded to Date
Alvarez, Rose (P36864)	Supplemental grant for upgrade, closure and remediation	\$32,250	\$108,416*
Beck, Arthur Sr. (P35169)	Supplemental grant for upgrade, closure and remediation	\$66,112	\$125,993*
Burroughs, Rebecca (P36917)	Supplemental grant for upgrade, closure and remediation	\$56,985	\$78,366
Butler, Grace A. (P36378)	Initial grant upgrade, closure and remediation	\$39,822	\$39,822
Colvin, Harry (P36812)	Supplemental grant for upgrade, closure and remediation	\$53,249	\$130,644*
D'Aiuto, Gail (P36825)	Supplemental grant for upgrade, closure and remediation	\$4,850	\$20,176
Estate of Katherine Kaslaitis (P33511)	Initial grant upgrade, closure and remediation	\$6,874	\$6,874
Fedorka, Jennifer (P36806)	Supplemental grant for upgrade, closure and remediation	\$30,609	\$52,058

Applicant	Description	Grant Amount	Awarded to Date
Howard, Cristal (P36944)	Supplemental grant for upgrade, closure and remediation	\$14,442	\$44,069
Kahnle, Martine and Catherine (P34905)	Initial grant upgrade, closure and remediation	\$11,006	\$11,006
Lombardi, Helen (P36989)	Supplemental grant for upgrade, closure and remediation	\$12,636	\$19,872'
Puig, Angelo and Janice (P36493)	Initial grant upgrade, closure and remediation	\$12,486	\$12,486
Purdom, John and Kathleen (P36493)	Initial grant upgrade, closure and remediation	\$4,872	\$4,872
Rastelli, Anthony and Michelle (P35011)	Initial grant upgrade, closure and remediation	\$4,782	\$4,782
Saia, Joseph (P31827)	Partial Initial grant for upgrade, closure and remediation	\$4,995	\$4,995
Schwartz, Katherine (P36526)	Partial Initial grant for upgrade, closure and remediation	\$4,998	\$4,998
Watson, William and Jeannie (P36985)	Supplemental grant for upgrade, closure and remediation	\$2,656	\$95,079
17 Grants	Total Delegated Authority funding for Leaking applications	\$363,570	

Colins, Gloria (P34986)	Grant to remove an underground storage tank	\$1,500	\$1,500
Corbett, Michael S. and Lisa (P35071)	Grant to install an above ground storage tank	\$3,500	\$3,500
Geardino, Ruthe (P32631)	Grant to remove an underground storage tank	\$1,500	\$1,500
Kalogiros, Demetrios (P35806)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,469	\$3,469
Lukacs, Frank and Carmen (P36993)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,500	\$3,500
5 Grants	Total Delegated Authority funding for Non-Leaking applications.	\$13,469	

*This amount includes grants approved previously by the Board and this award does not exceed the supplemental aggregate limit.


Caren S. Franzini

Prepared by: Lisa Petrizzi, Sr. Finance Officer

EDISON INNOVATION FUND

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

APPLICANT: CareKinesis, Inc.

P36955

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 110 Marter Avenue, Suite 309 Moorestown Township (N) Burlington

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

APPLICANT BACKGROUND:

CareKinesis, Inc. ("CK" or "the Company") was formed in late 2009 (operations began in 2010) by Dr. Calvin "Cal" Knowlton and Dr. Orsula Knowlton as a provider of personalized medication management and customized medication distribution for elderly and other at-risk individuals. The Company is currently based in Moorestown with 50 employees. CK has requested a \$500,000 Edison Innovation Fund investment for growth capital.

APPROVAL REQUEST:

Approval is requested for a \$500,000 investment as proposed.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$500,000

TERMS OF LOAN: Rate fixed at 4.3%. 12-month interest-only period followed by a 48 month term and amortization.

PROJECT COSTS:

Working capital	\$500,000
Finance fees	\$10,000
TOTAL COSTS	<u><u>\$510,000</u></u>

JOBS: At Application 50 Within 2 years 40 Maintained 0 Construction 0

DEVELOPMENT OFFICER: M. Wiley

APPROVAL OFFICER: S. Brady

INCENTIVE PROGRAMS

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

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

APPLICANT: AccelRx Labs LLC

P37003

PROJECT LOCATION: To Be Determined

East Windsor Township Mercer County

GOVERNOR'S INITIATIVES:

Urban Edison Core Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

AccelRx Labs LLC (AccelRx) is a newly formed company to provide pill encapsulation outsourcing capability for the pharmaceutical industry. The initial customer base will be in the Nutraceutical market. It is anticipated FDA approval to package regulated drugs will take 3 months. A key focus, in addition to companies that are having production backlog challenges, will be oncologics and other life saving therapeutic drugs that are difficult for manufacturers to supply in a timely fashion. Future growth will focus on creating equipment with formulation capabilities for creams, liquids or powders.

Darrel Gauthier is the founder and majority stock holder of the applicant, as well as sole stockholder of International Inventory Management, LLC (IIM), a loosely affiliated company, formed in 1993. IIM located in Burlington, North Carolina, designs replacement parts, mechanisms and the high speed encapsulation machine the applicant will utilize. AccelRx's operating model is based on acquiring two encapsulators from IIM on very flexible extended terms. AccelRx will be marketing to a similar customer base already doing business with IIM. The four senior members of the management team have 100 years experience in the pharmaceutical industry. The applicant is economically viable.

MATERIAL FACTOR:

AccelRx Labs LLC is seeking a BEIP grant to create 25 jobs to start up a manufacturing facility in East Windsor that is available for sale. The East Windsor property was used for pharmaceutical manufacturing, is in foreclosure, and includes 2 bottling lines in place. Also under consideration is Burlington, NC, where the principals own and operate, IIM. Project costs are estimated to be \$4 million. Management has indicated that a favorable decision by the Authority to award the BEIP grant is a material factor in the company's decision to make New Jersey its corporate headquarters.

APPROVAL REQUEST:

PERCENTAGE: 55%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage AccelRx Labs 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: \$ 130,625
(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 10 Year 2 15 Base Years Total = 25

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$5,225

ANTICIPATED AVERAGE WAGES: \$45,000

ESTIMATED PROJECT COSTS: \$3,965,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$237,500

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$225,625

PROJECT IS: (X) Expansion () Relocation _____

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: North Carolina

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: K. Durand

APPROVAL OFFICER: M. Krug

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	East Windsor Township	N/A
2. Job Creation	25	1
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	0	0
4. Industry:	Pharmaceuticals	2
	Designated : <u> X </u> Non-Designated : _____	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$3,965,000	2
7. Average Wage:	\$ 45,000	2
TOTAL:		9

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	<u>20%</u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	_____
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	_____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
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 within 5 miles of and working cooperatively with a public or non-profit university on research and development	10%	_____

Total Bonus Points:

20 %

Total Score :

Total Score per formula:

9 = 30 %

Construction/Renovation :

5 %

Bonus Increases :

20 %

Total Score (not to exceed 80 %):

55 %

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

APPLICANT: All Things Media, LLC

P37012

PROJECT LOCATION: 10 Industrial Avenue

Mahwah Township (N)

Bergen County

GOVERNOR'S INITIATIVES:

Urban Edison Core Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Currently located in Ramsey, New Jersey, and founded in 2001, All Things Media, LLC, ("ATM") is a multimedia development firm that specializes in mobile development, graphic design, print, 3D modeling, animation, video production/editing, games, web site development, and programming. The Applicant is economically viable.

This fast-growing company is seeking a larger space to accommodate growth. According to the company, New Jersey is competing with New York not only to house the planned expansion (50 new jobs) but also to retain the existing New Jersey operation (33 existing jobs).

MATERIAL FACTOR:

The Applicant is seeking a BEIP grant to support creating 50 anticipated permanent, full-time positions in New Jersey within the first two years. 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. According to the Applicant, New Jersey is competing with New York to house the company's operations. The Authority staff recommends the award of the proposed BEIP grant.

APPROVAL REQUEST:

PERCENTAGE: 55%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage All Things Media, 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: \$ 747,656
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 33

ELIGIBLE BEIP JOBS: Year 1 15 Year 2 35 Base Years Total = 50

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$14,953

ANTICIPATED AVERAGE WAGES: \$82,500

ESTIMATED PROJECT COSTS: \$130,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$1,359,375

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$1,291,406

PROJECT IS: Expansion Relocation Ramsey, NJ

CONSTRUCTION: Yes No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: Domestic Foreign

DEVELOPMENT OFFICER: J. Colon

APPROVAL OFFICER: D. Sucsuz

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Mahwah Township	N/A
2. Job Creation	50	1
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	33	1
4. Industry:	business management & support services	0
	Designated : _____ Non-Designated : <u> X </u>	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$130,000	0
7. Average Wage:	\$ 82,500	4
TOTAL:		8

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	<u>20%</u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	30%	<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 within 5 miles of and working cooperatively with a public or non-profit university on research and development	10%	<u> </u>

Total Bonus Points: **20 %**

Total Score :

Total Score per formula:	8 = 30 %
Construction/Renovation :	5 %
Bonus Increases :	20 %
Total Score (not to exceed 80 %):	55 %

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

APPLICANT: Amneal Pharmaceuticals LLC

P37006

PROJECT LOCATION: 1 Murray Road

East Hanover Township Morris County

GOVERNOR'S INITIATIVES:

Urban Edison Core Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Amneal Pharmaceuticals LLC is a generic pharmaceutical manufacturer with its corporate headquarters in Hauppauge, New York. The company was founded in 2002 and has offices and manufacturing facilities in New York, New Jersey, and Kentucky. The company distributes its products through wholesalers as well as directly to individual and chain pharmacies throughout the United States. Generic drugs are marketed under the drug's chemical name and meet the same U.S. Food and Drug Administration (FDA) quality and effectiveness standards as the original brand name drug. Generic drugs, including those manufactured and sold by Amneal, offer consumers significant health care savings over branded drugs. The applicant is economically viable.

MATERIAL FACTOR:

In September 2010, Amneal Pharmaceuticals was awarded a BEIP grant by the Authority to provide an incentive to open a facility for R&D and manufacturing in Piscataway, New Jersey. That facility began operating in March 2011. Now, Amneal Pharmaceuticals is contemplating opening a new facility for packaging and distribution. These functions are currently handled by a third party, but the new project would bring this process in-house. The two locations for the facility that are being considered are East Hanover, New Jersey and Glasgow, Kentucky. The company is requesting a BEIP to provide an incentive to locate the project here. Management has indicated that the grant is a material factor in the company's decision to locate the project in New Jersey.

APPROVAL REQUEST:

PERCENTAGE: 60%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Amneal Pharmaceuticals 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: \$ 600,000
 (not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 221

ELIGIBLE BEIP JOBS: Year 1 150 Year 2 50 Base Years Total = 200

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$3,000

ANTICIPATED AVERAGE WAGES: \$30,000

ESTIMATED PROJECT COSTS: \$4,000,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$1,000,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$900,000

PROJECT IS: Expansion () Relocation _____

CONSTRUCTION: Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New York

APPLICANT OWNERSHIP: Domestic () Foreign

DEVELOPMENT OFFICER: J. Colon

APPROVAL OFFICER: K. McCullough

FORMULA EVALUATION

<u>Criteria</u>	<u>Score</u>
1. Location: East Hanover Township	N/A
2. Job Creation 200	3
Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk: 0	0
4. Industry: Pharmaceuticals	2
Designated : <u> X </u> Non-Designated : _____	
5. Leverage: 3 to 1 and up	2
6. Capital Investment: \$4,000,000	2
7. Average Wage: \$ 30,000	1
TOTAL:	10

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	<u>20%</u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	_____
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	_____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
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 within 5 miles of and working cooperatively with a public or non-profit university on research and development	10%	_____

Total Bonus Points:

20 %

Total Score :

Total Score per formula: **10 = 35 %**

Construction/Renovation : **5 %**

Bonus Increases : **20 %**

Total Score (not to exceed 80 %): **60 %**

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

APPLICANT: Glenmore Plastic Industries, Inc.

P37001

PROJECT LOCATION: 115 Newfield Avenue Edison Township (N) Middlesex County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Glenmore Plastic Industries, Inc. (Glenmore), formed in 1946, is a global textile converter of vinyl sheeting, sold to private label OEM's. The applicant's products range from vinyl tablecloths, shower curtains and placemats to vinyl packaging for industrial purposes and preschool floor mats. In addition, Glenmore is the largest global producer of recreational vehicle awning fabric. Harold Lebwohl, President, joined the company in 1977 and has been the sole stockholder since 1988. The applicant is economically viable.

MATERIAL FACTOR:

Glenmore is seeking a BEIP grant to support moving its Brooklyn headquarters and operations to the Raritan Center in Edison. The applicant will bring with it 25 jobs and is planning on creating 10 new jobs, for a total of 35 new jobs in NJ. Also under consideration is moving to the Brooklyn Army Terminal in Brooklyn, NY. Project costs are estimated to be up to \$500,000. 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 Edison.

APPROVAL REQUEST:

PERCENTAGE: 55%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Glenmore Plastic Industries, 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: \$ 693,577

(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 10 Base Years Total = 35

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$19,816

ANTICIPATED AVERAGE WAGES: \$96,000

ESTIMATED PROJECT COSTS: \$500,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$1,261,050

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$1,197,997

PROJECT IS: () Expansion (X) Relocation Brooklyn, NY

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New York

APPLICANT OWNERSHIP: (X) Domestic () Foreign

DEVELOPMENT OFFICER: K. Durand

APPROVAL OFFICER: M. Krug

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Edison Township	N/A
2. Job Creation	35	1
	Targeted : _____ Non-Targeted : <u>X</u>	
3. Job at Risk:	0	0
4. Industry:	wholesale	0
	Designated : _____ Non-Designated : <u>X</u>	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$500,000	1
7. Average Wage:	\$ 96,000	4
TOTAL:		8

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	<u>20%</u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	_____
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	_____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
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 within 5 miles of and working cooperatively with a public or non-profit university on research and development	10%	_____

Total Bonus Points:

20 %

Total Score :

Total Score per formula:	8 = 30 %
Construction/Renovation :	5 %
Bonus Increases :	20 %
Total Score (not to exceed 80 %):	55 %

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

APPLICANT: Tower Insurance Company of New York

P37013

PROJECT LOCATION: To be determined

Locations Unknown (N)

Unknown County

GOVERNOR'S INITIATIVES:

Urban Edison Core Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Tower Insurance Company of New York, a subsidiary of Tower Group, Inc., provides personal and commercial insurance to small to medium-sized businesses through its network of retail and wholesale agents. Commercial line products, include but are not limited to, commercial property, general liability and workers' compensation. The personal line products consist primarily of homeowners, personal automobile and umbrella policies. Tower Group, Inc. was founded in 1990 in New York and through its subsidiaries employs over 1,400 employees throughout the United States. Tower Insurance Company of New York is currently located in New York City with 174 employees and also has an office in Paramus, NJ with 90 employees. The applicant is economically viable.

MATERIAL FACTOR:

Tower Insurance Company of New York is currently reviewing its options to consolidate the Paramus and New York City offices by leasing a new location either in New York or New Jersey. Tower Insurance has applied for both a BEIP and a BRRAG to provide an incentive for the company to retain 90 full-time employees in New Jersey as well as create 174 new jobs to NJ, by relocating initially 104 jobs from NY and creating an additional 70 jobs through growth and continual relocation of existing NY employees. Management has indicated that the grants are a material factor in the company's decision to locate the project in New Jersey. Based on smart growth criteria, the award could increase to as much as 80% with an estimated value of \$3,783,912 once the company finalizes its location decision.

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 Tower Insurance Company of New York 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: \$ 2,336,820
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 90

ELIGIBLE BEIP JOBS: Year 1 104 Year 2 70 Base Years Total = 174

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$13,430

ANTICIPATED AVERAGE WAGES: \$82,000

ESTIMATED PROJECT COSTS: \$7,500,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$4,673,640

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$4,673,640

PROJECT IS: Expansion Relocation New York

CONSTRUCTION: Yes No

PROJECT OWNERSHIP HEADQUARTERED IN: New York

APPLICANT OWNERSHIP: Domestic Foreign

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: T. Wells

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Locations Unknown	N/A
2. Job Creation	174	3
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	90	1
4. Industry:	Financial services	2
	Designated : <u> X </u> Non-Designated : _____	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$7,500,000	2
7. Average Wage:	\$ 82,000	4
TOTAL:		14

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 within 5 miles of and working cooperatively with a public or non-profit university on research and development	10%	_____

Total Bonus Points: **0 %**

Total Score :

Total Score per formula:	14 = 45 %
Construction/Renovation :	5 %
Bonus Increases :	0 %
Total Score (not to exceed 80 %):	50 %

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

APPLICANT: Tower Insurance Company of New York

COMPANY ADDRESS: 95 Route 17 South, Paramus, Bergen County

PROJECT LOCATION: To be determined

GOVERNOR'S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core

APPLICANT BACKGROUND:

Tower Insurance Company of New York, a subsidiary of Tower Group, Inc., provides personal and commercial insurance to small to medium-sized businesses through its network of retail and wholesale agents. Commercial line products include but are not limited to, commercial property, general liability and workers' compensation. The personal line products consist primarily of homeowners, personal automobile and umbrella policies. Tower Group, Inc. was founded in 1990 in New York and through its subsidiaries employs over 1,400 employees throughout the United States. Tower Insurance Company of New York is currently located in New York City with 174 employees and also has an office in Paramus, NJ with 90 employees.

MATERIAL FACTOR/NET BENEFIT:

Tower Insurance Company of New York is currently reviewing its options to consolidate the Paramus and New York City offices by leasing a new location either in New York or New Jersey. Tower Insurance has applied for both a BEIP and a BRRAG to provide an incentive for the company to retain 90 full-time employees in New Jersey as well as create 174 new jobs to NJ, by relocating initially 104 jobs from NY and creating an additional 70 jobs through growth and continual relocation of existing NY employees. Management has indicated that the grants are a material factor in the company's decision to locate the project in New Jersey. The applicant has demonstrated that the grant of these tax credits will result in a net benefit to the State of \$10.3 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 Tower Insurance Company of New York 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 09/01/2012 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 09/01/2012.

END OF APPLICANT'S FISCAL YEAR:		December 31
CAPITAL INVESTMENT MUST BE MADE BY:		09/01/2012
SUBMISSION DATE OF CPA CERTIFICATION:		12/31/2012
TOTAL ESTIMATED GRANT AWARD OVER TERM:	\$	202,500
STATE FISCAL YEAR 1 APPROVAL (SFY2014):	\$	202,500
ELIGIBLE BRRAG JOBS:		90
YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:	\$	1,500
BONUS AWARD PER EMPLOYEE:	\$	750
TOTAL YEARLY TAX CREDITS INCLUDING BONUS:	\$	2,250
ANTICIPATED AVERAGE WAGES:	\$	82,000
ESTIMATED TOTAL GROSS ANNUAL PAYROLL:	\$	7,380,000
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 6 YRS:	\$	1,450,440
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$	7,500,000
OPERATED IN NEW JERSEY SINCE:		1995
PROJECT IS: (X) Expansion	(X) Relocation	
CONSTRUCTION/RENOVATION: (X) Yes	() No	
DEVELOPMENT OFFICER: P. Ceppi	APPROVAL OFFICER: T. Wells	



MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: December 13, 2011

Subject: Transfer of Business Retention and Relocation Assistance Grant (“BRRAG”) tax credits from Diversified Foam Products, Inc. to First Transit, Inc.

Request:

Consent to the transfer of the unused BRRAG tax credits from Diversified Foam Products, Inc. to First Transit, Inc.

Background:

In July 2009, the members of the Authority approved a BRRAG tax credit incentive to Diversified Foam Products, Inc. to support the retention and relocation of 60 jobs in New Jersey. Although Diversified Foam Products, Inc. received tax credits valued at \$78,000 from the New Jersey Division of Taxation, the company has certified that it is unable to use these credits. As a result, Diversified Foam Products, Inc. is seeking approval to sell these credits as permitted under the Transfer Program.

Diversified Foam Products, Inc. and First Transit, Inc have successfully completed all of the required sections and forms within the Transfer Program application package, a copy of which has been shared with the New Jersey Division of Taxation. The application package indicates that Diversified Foam Products, Inc. has agreed to sell the unused tax credits to First Transit, Inc. for a total of \$70,200. The transaction represents a sale price of ninety cents on the dollar.

Recommendation:

Consent to the transfer and sale of unused BRRAG tax credits from Diversified Foam Products, Inc. to First Transit, Inc. for ninety cents on the dollar.

Prepared by: Charlene M. Craddock

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
BRRAG Tax Credit Certificate Transfer Program
Applicant/Project Summary, 12/13/2011

Applicant:

- Diversified Foam Products, Inc., 121 High Hill Road, Swedesboro, NJ 08085
- Diversified Foam Products, Inc. is a privately owned company that primarily fabricates and converts flexible foam parts for original equipment manufacturers and distributors in the flooring, major appliance, automotive, medical, sports and construction industries.

Applying for:

- BRRAG Tax Credit Certificate Transfer Program: This program allows businesses with unused BRRAG tax credits to sell those credits to offset the costs of relocation. Unused tax credits must be sold for at least 75 percent of their value.

Background:

- In July 2009, the Authority approved an application from Diversified Foam Products, Inc. for a grant of tax credits under the Business Retention and Relocation Assistance Grant (BRRAG) program.
- With the help of the BRRAG award, the company relocated 60 eligible employees from 5070B Central Highway in Pennsauken to 121 High Hill Road in Swedesboro.
- As a result of the move, the New Jersey Division of Taxation issued BRRAG tax credits to Diversified Foam Products, Inc. in the amount of \$78,000.

Qualification – This application satisfies the following eligibility criteria:

- Diversified Foam Products, Inc. certifies that it is not in default of its BRRAG project agreement.
- The company has unused BRRAG tax credits and certifies that it cannot use the BRRAG tax credits issued by the New Jersey Division of Taxation.
- Diversified Foam Products, Inc. has invested over \$300,000 in capital investments to complete renovations (\$216,748) and to purchase furniture, fixtures, and equipment (\$104,186) as a result of its retention/relocation project in New Jersey.

Benefit:

- The BRRAG tax credits that the company is transferring have a value of \$78,000. The company has agreed to sell these credits to First Transit, Inc. for \$70,200. This transaction represents a sale price of ninety cents on the dollar.



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: December 13, 2011

SUBJECT: Transfer of Business Retention and Relocation Assistance Grant (“BRRAG”) tax credits from Saveology.com LLC to The Hartford Insurance Company of the Midwest

Request:

Consent to the transfer of unused BRRAG tax credits from Saveology.com LLC to The Hartford Insurance Company of the Midwest.

Background:

In January 2009, the members of the Authority approved a BRRAG incentive to Saveology.com LLC to support the retention and relocation of 150 jobs in New Jersey. Although Saveology.com LLC received tax credits valued at \$158,000 from the New Jersey Division of Taxation, the company has certified that it is unable to use these credits. As a result, Saveology.com LLC is seeking approval to sell these credits as permitted under the Transfer Program.

Saveology.com LLC and The Hartford Insurance Company of the Midwest have successfully completed all of the required sections and forms within the Transfer Program application package, a copy of which has been shared with the New Jersey Division of Taxation. The application package indicates that Saveology.com LLC has agreed to sell the unused tax credits to The Hartford Insurance Company of the Midwest for a total of \$143,780. The transaction represents a sale price of ninety-one cents on the dollar.

Recommendation:

Consent to the transfer and sale of unused BRRAG tax credits from Saveology.com LLC to The Hartford Insurance Company of the Midwest for ninety-one cents on the dollar.

Prepared by: Karen Gallagher

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
BRRAG Tax Credit Certificate Transfer Program
Applicant/Project Summary, 12/13/2011

Applicant:

- Saveology.com LLC, 1 Cragwood Road, Suite 302, Southfield Center, South Plainfield, New Jersey 07080
- Saveology.com LLC is a leading internet consumer destination focused on providing consumers with the ability to comparison shop satellite television, digital cable, related high tech services, and consumer products.

Applying for:

- BRRAG Tax Credit Certificate Transfer Program: This program allows businesses with unused BRRAG tax credits to sell those credits to offset the costs of relocation. Unused tax credits must be sold for at least 75 percent of their value.

Background:

- In January 2009, the Authority approved an application from Saveology.com LLC for a grant of tax credits under the Business Retention and Relocation Assistance Grant (BRRAG) program.
- With the help of the BRRAG award, the company relocated 150 eligible employees from 901 Hadley Road, South Plainfield to 425 Raritan Center Parkway, Edison.
- As a result of the move, the New Jersey Division of Taxation issued BRRAG tax credits to Saveology.com LLC in the amount of \$158,000.

Qualification – This application satisfies the following eligibility criteria:

- Saveology.com LLC certifies that it is not in default of its BRRAG project agreement.
- The company has unused BRRAG tax credits and certifies that it cannot use the BRRAG tax credits issued by the New Jersey Division of Taxation.
- Saveology.com LLC has made \$455,000 in capital investment to make leasehold improvements (\$200,000), purchase furniture/fixtures and installing telephone (\$100,000), IT (\$75,000) and HVAC systems (\$80,000) as a result of its retention/relocation project in New Jersey.

Benefit:

The BRRAG tax credits that the company is transferring have a value of \$158,000. The company has agreed to sell these credits to The Hartford Insurance Company of the Midwest for \$143,780. This transaction represents a sale price of ninety-one cents on the dollar.



MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: December 13, 2011

Subject: Transfer of Business Retention and Relocation Assistance Grant (“BRRAG”) tax credits from United Parcel Service General Services Co (“UPS”) to Hartford Underwriters Insurance Company, Hartford Fire Insurance Company, Hartford Casualty Insurance Company, and Sentinel Insurance Company.

Request:

Consent to the transfer of unused BRRAG tax credits from United Parcel Service General Services Co (“UPS”) to Hartford Underwriters Insurance Company, Hartford Fire Insurance Company, Hartford Casualty Insurance Company, and Sentinel Insurance Company.

Background:

In April 2010, the members of the Authority approved a BRRAG tax credit incentive to UPS to support the retention and relocation of 741 jobs in New Jersey. Although UPS received tax credits valued at \$1,111,500 from the New Jersey Division of Taxation, the company has certified that it is unable to use these credits. As a result, UPS is seeking approval to sell these credits as permitted under the Transfer Program.

UPS and the buying entities have successfully completed all of the required sections and forms within the Transfer Program application package, a copy of which has been shared with the New Jersey Division of Taxation. UPS has arranged to sell its unused tax credits to: Hartford Underwriters Insurance Co. for \$455,000; Hartford Fire Insurance Co. for \$101,465; Hartford Casualty Insurance Co. for \$227,500; and Sentinel Insurance Co. for \$227,500. The aggregate amount of the sale is \$1,011,465 and each transaction represents a sale price of ninety-one cents on the dollar.

Recommendation:

Consent to the transfer and sale of unused BRRAG tax credits from UPS to Hartford Underwriters Insurance Company, Hartford Fire Insurance Company, Hartford Casualty Insurance Company, and Sentinel Insurance Company for ninety-one cents on the dollar.

Prepared by: Tyshon Lee

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
BRRAG Tax Credit Certificate Transfer Program
Applicant/Project Summary, 12/13/2011

Applicant:

- United Parcel Service General Services Co., 340 MacArthur Boulevard, Mahwah, NJ 07430
- United Parcel Service, Inc., founded in 1907, has grown to become the world's largest package delivery and global transportation company, operating in more than 200 countries and territories, employing 425,000 people worldwide. Now its operations include logistics and other transportation-related areas, such as supply chain management, freight forwarding, and related IT operations. As a subsidiary, UPS General Services Co. focuses on supporting the entire UPS operation, primarily in information technology and data center services.

Applying for:

- BRRAG Tax Credit Certificate Transfer Program: This program allows businesses with unused BRRAG tax credits to sell those credits to offset the costs of relocation. Unused tax credits must be sold for at least 75 percent of their value.

Background:

- In April 2010, the Authority approved an application from UPS for a grant of tax credits under the Business Retention and Relocation Assistance Grant (BRRAG) program.
- With the help of the BRRAG award, the company relocated 741 eligible employees from 435 South Street in Morristown to four other company locations in Wayne, Mahwah, Ramsey, and Paramus.
- As a result of the move, the New Jersey Division of Taxation issued BRRAG tax credits to UPS in the amount of \$1,111,500.

Qualification – This application satisfies the following eligibility criteria:

- UPS certifies that it is not in default of its BRRAG project agreement.
- The company has unused BRRAG tax credits and certifies that it cannot use the BRRAG tax credits issued by the New Jersey Division of Taxation.
- UPS has incurred expenses in excess of \$28,000,000 to acquire a building (\$25,626,105), complete renovations to existing building (\$1,500,000), and to purchase and upgrade equipment and machinery (\$1,721,327) as a result of its retention/relocation project in New Jersey.

Benefit:

- The BRRAG tax credits that the company is transferring have a value of \$1,111,500. The company has agreed to sell these credits to Hartford Underwriters for \$455,000; Hartford Fire Insurance Co. for \$101,465; Hartford Casualty Insurance Co. for \$227,500; and Sentinel Insurance Co. for \$227,500. Each transaction represents a sale price of ninety-one cents on the dollar.



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Board

FROM: Caren S. Franzini
Chief Executive Officer

RE: Economic Redevelopment and Growth (ERG) Program
New Rules Adoption

DATE: December 13, 2011

Request:

The Members of the Board are requested to approve the adoption of the proposed concurrent new rules implementing the provisions of the Economic Redevelopment and Growth (ERG) Program.

The draft adoption, without change (see attached) addresses identical comments submitted regarding the EDA/Treasury policy decision to not consent to the pledge and assignment of a State redevelopment incentive grant agreement and incentive grants which, as determined, would be in violation of certain provisions of the New Jersey State Constitution.

Background:

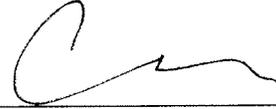
On June 6, 2011 new rules for applicants seeking State incentive grants under the ERG Program were adopted as special adoption rules effective for a period of one year, upon acceptance for filing by the Office of Administrative Law (OAL). The new rules were also proposed for concurrent permanent readoption in accordance with the normal rulemaking requirements, which provided for a 60-day public comment period.

In response to the proposal for concurrent readoption, comments were submitted by two organizations, NAIOP-NJ and the New Jersey Builders Association, urging that EDA and Treasury reconsider the policy decision to not consent to, as authorized under N.J.A.C. 19:31-4.9, the pledge and assignment as security for any loan or bond, any or all of its right, title and interest in and to such agreements and in the incentive grants payable thereunder, and the right to receive same, along with the rights and remedies provided to the development under such agreement.

While the commenters may have identified a policy issue that potentially affects the implementation of the law, the comments do not address the language in the proposed regulations and, therefore, are beyond the scope of this adoption to address the concern raised.

Recommendation:

The Members of the Board approve the adoption, without change of the concurrent new rules implementing the ERG Program and, authorize staff to submit the adoption for publication in the New Jersey Register, subject to final review and approval by the Office of the Attorney General, and the Office of Administrative Law (OAL).



Caren S. Franzini

Attachment

Prepared By: Jacob Genovay

D R A F T

RULE ADOPTION

OTHER AGENCIES NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY TREASURY - GENERAL OFFICE OF THE TREASURER

Adopted Concurrent New Rules: N.J.A.C. 19:31-4

Authority Assistance Programs

Economic Redevelopment and Growth Program

Proposed: May 3, 2011 at 43 N.J.R. 1372(a).

Adopted: January 12, 2011 by New Jersey Economic Development Authority, Caren S. Franzini, Chief Executive Officer, and Andrew P. Sidamon-Eristoff, State Treasurer.

Filed: January 12, 2012 as R.2012 d. ____, **without change**.

Authority: P.L. 2009, c. 90.

Effective Date: _____, 2011.

Expiration Date: July 22, 2015.

Summary of Public Comments and Agency Response:

Michael G. McGuinness, Chief Executive Officer, NAIOP-NJ; and, Carlos Rodrigues, Director of Land Use and Regulatory Affairs, New Jersey Builders Association.

COMMENTS: In identical comments, it is urged that the New Jersey Economic Development Authority and Department of Treasury reconsider the policy decision to not consent to, as authorized under N.J.A.C. 19:31-4.9, the pledge and assignment as security for any loan or bond, any or all of its right, title and interest in and to such agreements and in the incentive grants payable thereunder, and the right to receive same, along with the rights and remedies provided to the development under such agreement. The comments reference an understanding that the determination by the EDA and Treasury is based on legal interpretation that consent to the pledge and assignment of as State redevelopment incentive grant agreement and incentive grants would be in violation of certain provisions of the State Constitution.

RESPONSE: Rejected. The New Jersey Economic Development Authority and Department of the Treasury assert that the comments do not address the language in the proposed

regulations and, therefore, are beyond the scope of this adoption to address the concern raised.

Federal Standards Statement

A Federal standards analysis is not required because the adopted new rules are not subject to any Federal requirements or standards.

Full text of the adoption follows:

SUBCHAPTER 4. ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM

Text



MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: December 13, 2011

RE: **Fountains Applied LWAG, LLC**
Economic Redevelopment and Growth Grant Program

Request

The Members are asked to approve the application of Fountains Applied LWAG, LLC (“Fountains” or the “Applicant”) for reimbursement of certain taxes for a Long Branch, Monmouth 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 \$46,938,845. The total qualified costs under the ERG Act are **\$42,007,296**. The recommended reimbursement is **20%** of the eligible costs, not to exceed **\$8,401,459**.

Project Description

The proposed Fountains Applied LWAG, LLC project (also known as Pier Village Hotel and Retail or “Pier Village Phase 3”) involves the construction of a new, five story, 68-room, 52,126 square foot limited-service hotel with 34,950 gross square feet of ground floor mixed use-retail space. The project is located in the Town of Long Branch, Monmouth, New Jersey and is expected to operate without a brand affiliation. The site was historically used for surface parking. Long Branch is an urban aid community which has undergone significant redevelopment over the past several years. This progress has sought to transform the dilapidated and rundown waterfront into a lively retail and recreation destination that generates employment and taxes to the community. The project is located at Melrose Street and Ocean Avenue with beachfront views/access of the Atlantic Ocean. Pier Village (the project name which encompasses the proposed project plus Phases 1 and 2 which have already been completed) is located in an area designated for mixed-use development and will target retail, hospitality and recreational users from New York City, Philadelphia and other New Jersey locations by complimenting existing and ongoing commercial, residential and retail development in the nearby surrounding areas of Long Branch.

Fountains main equity owner, Ironstate Holdings, LLC completed the construction of Phase 1 (in

2005) and phase 2 (in 2009) of Pier Village redevelopment which aggregated \$170 million project costs consisting of 536 residential rental units, 100,000 square feet of retail and a 620 space parking facility located on 16 acres adjacent to the proposed project. The site is within a fifteen minute drive to the Garden State Parkway (exit 105) and minutes away from New Jersey Transit's Long Branch Rail Station (part of the North Jersey Coast commuter line with direct access to Northern NJ and New York City). Additionally, planning was initiated in Long Branch last year for the construction of a pier and operation of a ferry service with direct access to New York City.

The Applicant has received a letter of interest for up to \$29 million in financing from PNC Financial Services for this project and anticipates a firm commitment within the next 90 days.

The project is expected to create 196 new, full time jobs and will infuse an estimated \$7 million annually into the local economy through employee wage compensation. Average salaries are estimated at slightly below \$30,000. Additionally an estimated 195 one time construction jobs will be created by this project (construction time line is 24 months).

Project Ownership

The Applicant will be 100% owned by PVF Holdings, LLC which in turn is owned 50% by Pier Village West, LLC, 22.25% by LWAG, LLC and 27.25% by Long Branch Pier Investments, LLC. Pier Village West, LLC is owned 90% by Ironstate Holdings, L.L.C. with the remaining 10% distributed to their employees. LWAG, LLC and Long Branch Pier Investments, LLC are owned by a group of seven individual passive investors (with no single member having more than a 12.3% ownership interest).

Formed in 2002 Ironstate Holdings, L.L.C. ("Ironstate" or the Company") is owned by David Barry and Michael Barry, who each own 42.5% and Lisa Barry who owns the remaining 15%. Ironstate is a fully diverse real estate firm having an extensive portfolio of luxury rental apartments, condominiums, hotels, retail, recreational and commercial ventures. Ironstate owns and manages the majority of its portfolio. In addition, Ironstate is currently engaged in the active development of over \$1 billion of residential and hospitality real estate projects. Ironstate customarily utilizes development partners to diversify risk and obtain the necessary capital in projects.

Some of Ironstate's notable recent projects include: The Shipyard, a mixed-use development of 1,160 residences, 65,000 square feet of retail shops, a one-acre park, ferry stop and marina on the Hudson Riverfront in Hoboken; Port Liberte, a 1,650-unit waterfront condominium community facing the Statue of Liberty in Jersey City; 333 River Street, 526 premium rental residences and retail shops along Hudson River facing Manhattan in Hoboken; Pier Village, a Victorian-inspired village featuring luxury rental residences, a boutique hotel and entertainment and lifestyle retail shops, including a beach club, gourmet restaurants and boutique shops on the oceanfront in Long Branch, NJ; The Bungalow Hotel, a boutique hotel featuring 24 stylish guest rooms at the oceanfront in Long Branch; The W Hoboken Hotel & Residences, an iconic 25-story hotel featuring 225 guest rooms and 40 condominium residences on the Hoboken waterfront; and 50 Columbus, a 400-unit super luxury rental building in the Grove Street section of Jersey City.

In November of 2011, the Members of the Authority approved an ERG for Harrison Hotel 1, LLC which involves the construction of a new 136-room hotel with 9,675 square feet of retail in Harrison, NJ with project costs of approximately \$38 million (Ironstate's ownership is 50% in this

project). Ironstate is also a 50% owner in Grand LHN, LLC which is being presented for approval to the Members of the Authority at the December board meeting for a residential HUB.

Project Uses

<i>Uses</i>	<i>Total Project Costs</i>	<i>ERG Eligible Project Costs</i>
Acquisition & Land	\$ 6,037,333	\$ 6,037,333
Hard Costs	\$ 30,129,900	\$ 30,129,900
Soft Costs	\$ 1,711,777	\$ 1,461,777
Development Fee	\$ 4,181,549	\$ 0
Financing Costs	\$ 1,971,550	\$ 1,971,550
Professional Services	\$ 1,722,713	\$ 1,722,713
Contingency	\$ 684,023	\$ 684,023
Working Capital	\$ 500,000	\$ 0
TOTAL USES	\$ 46,938,835	\$ 42,007,296

ERG eligible amount above excludes working capital, developer fees and marketing costs.

Project Sources

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

<i>Sources</i>	<i>Amount</i>
Construction Loan	\$ 28,163,307
Developer Equity	\$ 18,775,538
TOTAL SOURCES	\$ 46,938,835

The Applicant continues to negotiate the terms and conditions of the loan listed above (including the pledge of the ERG to the lender as additional security) as these are subject to market conditions at the time of closing. The Applicant provided a letter from their bank, PNC Financial Services Group, who has extended Ironstate credit facilities in excess of \$145 million and will consider providing an additional loan of approximately \$29 million secured by the proposed hotel and retail project.

The project sources and uses above reflect the project with the ERG subsidy not included. The project gap is calculated based on the Equity Internal Rate of Return and Cash-on-Cash Yield identified in the gap analysis which will be discussed below. These returns are calculated with and without the ERG cash flow.

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. The returns assume that permanent financing is undertaken at the end of year three consisting of 56% of the project's anticipated stabilized value (equating to \$38 million based on a 7.5% cap rate) at 6.5% for 20 years based on parameters supplied by PNC Bank (with construction debt at inception with interest only payments

funded via the capitalized interest in the budget). Staff analyzed the pro forma and projections of the project and compared the returns with and without the ERG over 10 years.

With ERG	Without ERG
Equity IRR 5.74% (Market Range = 15-20%)	Equity IRR 3.23% (Market Range = 15-20%)
Cash on Cash Yield 6.12% (Market Range = 8-10%)	Cash on Cash Yield 4.44% (Market Range = 8-10%)

As indicated in the chart above, the project would not otherwise be completed without the benefit of the ERG. **With the benefit of the ERG, the Equity IRR is 5.74% and the Cash on Cash Yield is 6.12%, both of which are significantly below the market range provided by the EDA’s contracted consultant Jones Lang Lasalle.** The developer has stated that this project is feasible at these returns due to their overall commitment to entire Pier Village redevelopment in Long Branch. The additional revenue from the prospective ERG enables the project to move forward and is an enhancement to the cash flow utilized by the lender in underwriting their financing.

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 \$19.7 million. The Net Positive Benefit calculation included:

- 1] 100% of the incremental annual corporate business tax;
- 2] 100% of the incremental gross income tax;
- 3] 100% of the incremental one-time tax generated from the Project’s construction (with the exception of taxes on materials due to the location within a UEZ);
- 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

100% of all the above tax revenue with the exception of sales tax was considered in calculating the Net Benefits for the Fountains Project. Following the policies of the EDA, sales taxes were 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.

Other Statutory Criteria

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

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

A review of the demand and feasibility analysis performed by Wave Hospitality Advisors L.L.C. (as of October 21, 2011) coincides with the various financial and operating projections provided by

the Applicant and deems the figures as reasonable. The study cites the tremendous diversification in the market (from the 254 key Ocean Place Conference Center and the 24 key Bungalow hotel both in Long Branch). Key characteristics of the lodging market include:

- Extreme seasonality (with occupancies reaching 80% during June to September dipping to 40% in some off-peak months),
- ADR premiums from 50% to 100% during July and August,
- Transient/leisure demand of up to 80% (compared to 20% from corporate and group travel),
- New York market is providing the majority of guests to this market.

Six hotels were included in the competitive set (including two within blocks of the project) and their historical data was utilized to develop the occupancy and rate strategy. The proforma was developed assuming that the hotel will be run as an independent boutique property without a franchise affiliation and run by an experienced third party operating company. The strong transient demand coupled with the additional room nights and revenues generated by a brand will not off-set the 8% to 10% franchise fees. The financial analysis without the ERG indicates a rate of return that is considered below the acceptable market range. However, once the ERG is considered in the analysis, the Applicant's returns are sufficient enough to undertake the project. Based on the expected generation of \$11.1 million of incremental direct annual gross income, sales, occupancy and other eligible taxes over 20 years, and a 75% rebate of eligible taxes, there are adequate funds to support the reimbursement of taxes to the Applicant as outlined in the analysis. The Project's financial returns mentioned previously (before and after the ERG) demonstrate the need for the incentive grant agreement and represent an enhancement to obtain the funding necessary to complete the Project.

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

The Project is located in the Town of Long Branch, Monmouth County, New Jersey. Long Branch, once a vibrant seaside resort community, finds itself burdened with decades of economic stagnation and underinvestment. The nearby communities of Eatontown and Asbury Park stand to enjoy direct economic and employment benefits from this project's \$47 million investment. Long Branch has seen a modest decline in population (to 30,719 in 2010) in the past decade with a decreasing tax base due to negative economic conditions (such as foreclosures as well as cutbacks in local government services). The city ranked 571 out of 702 incorporated or census-designated places in per capita income, 16.7% of the residents are below the poverty line and the unemployment rate is 9% (which approximates the State's rate). Long Branch is designated by the State as an Urban Aid Municipality and annual median household income is \$52,000 (New Jersey average is \$68,000).

Long Branch is within Monmouth County's Coastal Planning Region and in 2010, their Planning Board adopted the Growth Management Profile. This Profile identifies a three-tiered approach to revitalization: collective and collaborative sustainable growth, protection of environmental resources and preservation of a unique coastal character. The proposed project advances these regional planning objectives by developing an underdeveloped oceanfront site in Long Branch's

key beachfront redevelopment area. Pier Village is consistent with the City of Long Branch 2009 Master Plan as well as the 1996 Design Guidelines Handbook for the Pier Village which was a part of the Long Branch Redevelopment Plan. The location of the project is on parcels of land zoned for the mixed use redevelopment consistent with the town's planning and municipal ordinances.

Monmouth County is included in the Shore Tourism Region as identified by the New Jersey State Division of Travel and Tourism. The project will strengthen and support economic growth in Long Branch and the Shore Tourism Region by creating employment opportunities and boosting the recreational, commercial and tourism draw of the region. Regional planning objectives outlined in the City of Long Branch 2009 Master Plan are met by this project due to its offering of aesthetically pleasing development that recognizes and restores the character of the New Jersey shore municipalities. The project conforms to provisions of the State Planning Goals as required by the State Planning Act:

- The project construction is located near existing public services and facilities in an area where nature resources or environmental qualities will not be impaired.
- The project does not encourage sprawl as the project location is in an existing, developed and urbanized area.
- The proposed project is consistent with sound planning strategies located in an area where infrastructure is readily available and does not require public funds for infrastructure improvement.

The proposed new hotel and mixed-use retail space is projected to create 194 full time, 163 part time and 193 construction jobs. Fountains is located in close proximity to access routes for public transit and is accessible to an economically disadvantaged workforce.

Recommendation

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

Closing of the Incentive Grant Agreement and the reimbursement of any taxes is contingent upon Fountains Applied LWAG, 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 all properties within the Project;

Reimbursement shall commence upon:

1. Completion of construction and issuance of a permanent certificate of occupancy;
2. Submission of a detailed list of all eligible costs, which costs shall be satisfactory to the

- NJEDA; and
3. New tax revenues have been paid to the NJ Treasury and appropriated.

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: \$42,007,296

Eligible Taxes for Reimbursement: Sales and other eligible taxes not to exceed \$8,401,459 over 20 years.

Recommended Grant: 20% of actual costs, not to exceed **\$8,401,459 to be paid over a maximum period of 20 years.**



Prepared by: Michael A. Conte

NJEDA Economic Impact Model

NJEDA Economic Impact Model

County Number	13	
Address	Street and Ocean Avenue	
County	Monmouth	
Ongoing Jobs(Direct)	196	plus 163 part time per company
One Time Jobs(Direct)	195	company figure is 247
State & Local Direct Ongoing		
	Services	Select Industry Sector
Sales Tax	\$0	@7%
Corporate Income Tax (CBT)	\$60,000	@9% at factor of 66%
Gross Income Tax	\$147,896	@4% at factor of 66%
Misc. State Tax Revenue	\$137,000	hotel occupancy tax
Property Tax (Default to Total Const Value*3%)	\$223,000	per applicant
Direct Ongoing Annual Taxes	\$567,896	a
State Indirect Ongoing		
Annual Corp Spending	\$20,465,039	Direct Output Composite
Final Demand Output Multiplier	1.70x	Direct Output Composite Multiplier
Indirect Annual Spending	\$14,419,714	Direct Output Composite*(Direct.Mult.-1)
At 3.5 % Tax Rate	\$504,690	b
Annual Payroll	\$5,546,110	Direct Earnings Composite
Indirect Effect Earnings Multiplier	1.52x	Direct Earnings Composite Multiplier
Indirect Earnings	\$2,880,562	Direct Earnings Composite*(Indirect.Mult.-1)
At 4% Tax Rate	\$115,222	c
Indirect Ongoing Annual Taxes	\$504,690	b
Total State Ongoing Net Benefits		
Annual Net Benefit	\$1,187,809	a+b+c
Cumulative Net Benefit (20yrs w/ 3% yearly inflation)	\$31,916,865	
Present Value @6%	\$17,296,315	d
One Time		
Construction Value	\$26,122,800	@300x
Direct One Time Taxes on Spending	\$0	Count to total only if project is NOT in a UEZ zone.
Direct Construction Multiplier	1.76x	
Indirect One Time Spending	\$19,929,084	
Spending Tax Rate	7.0%	
Ind One Time Taxes on Spending	\$1,395,036	
Assumed Portion of Const. on Labor	50%	input
Dir One Time Earnings	\$13,061,400	
Earnings Tax Rate	5%	input
Dir One Time Taxes on Earning	\$653,070	
Direct Effect Earnings Multiplier	1.61x	
Indirect One Time Earnings (50% of Construction)	\$7,973,985	
Earnings Tax Rate	5%	input
Ind One Time Taxes on Earnings	\$398,699	
Total One Time Tax Benefits	\$2,446,805	
Total State Benefits		
Total One Time Tax Benefits	\$2,446,805	e
Total State Ongoing Benefits (PV @ 6%)	\$17,296,315	d
Total Benefits	\$19,743,120	d+e
Implied Maximum Loan at 110% Coverage Ratio Before Adjustments	\$17,948,291	
Maximum ERG Award		
Total Qualifying Costs (NJEDA Cost Analysis sheet)	\$42,007,296	
Max ERG at 20%	\$8,401,459	

URBAN TRANSIT HUB TAX CREDIT PROGRAM



MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: December 13, 2011

RE: **Grand LHN I Urban Renewal LLC**
Urban Transit Hub Tax Credit Program (“UTHTC”)

Request

The Members are asked to approve the Urban Transit Hub Tax Credit (“UTHTC”) program application for Grand LHN I Urban Renewal LLC (“Applicant”) under P.L. 2007, c.346, P.L. 2008, as amended on July 26, 2011. Grand LHN I Urban Renewal LLC is the owner and developer of Liberty Harbor North (“Project”), a proposed mixed use development, which will include residential, retail, parking and office components, in Jersey City, New Jersey.

The total costs of the Project are estimated to be \$140,926,699. The total eligible costs under the UTHTC program are \$120,043,449. The recommended award of tax credits is 35% of the eligible costs, not to exceed \$42,015,207 or \$4,201,521 annually for 10 years.

Project Description

The Project is a proposed mixed use development located in Jersey City, New Jersey. The site is located in an urban transit hub adjacent to the Marin Boulevard Light Rail Station, approximately 0.3 miles from the Grove Street PATH station and two blocks from the New York Waterway. Planning for the Project, which is a significant part of the Liberty Harbor North Redevelopment Plan, began in 2000. Pursuant to a Redevelopment Agreement between the two parties, the Applicant purchased the 1.83 acre parcel of land from the Jersey City Redevelopment Agency in 2008. In May 2011, the Applicant received preliminary and final site plan approval for the Project which is anticipated to consist of a total of 502,266 square feet of development including the following components:

- The residential component will consist of a 422 unit, 10-story apartment building with a total of 376,793 square feet of developed space. Leasable units will include studios and one and two bedroom units. The property will offer controlled access to the dedicated parking garage, a 24 hour attended lobby and other amenities. Individual unit rents are anticipated to be \$1,550 to \$2,825 per month based on the size and features of the unit.

- The retail component will consist of 14,396 square feet of leasable space.
- The 77,957 square foot parking garage will include 230 spaces to be utilized by the apartment residents.
- The Applicant will also be constructing a new 33,120 square foot facility for the Boys and Girls Club of Jersey City on the site. This portion of the Project, however, is not included in the eligible costs of the Project because the Applicant is constructing the facility for the Boys and Girls Club in exchange for property on another nearby site that the Applicant will develop at a later date.

The Applicant intends to utilize AJD Construction as the general contractor for the project. AJD has significant experience building high rise residential structures similar to the proposed Project in Jersey City.

The mixed use Project is predominantly residential use and as such, the application is a qualified residential project as defined by the UTHTC program. Although applicants for the residential project portion of the UTHTC program are not required to maintain certain employment levels, it is estimated that this Project will create over 600 construction jobs with average salaries of approximately \$75,000 and almost 50 permanent jobs with average salaries of approximately \$48,000.

Project Ownership

The Project is a joint venture between Kushner Real Estate Group (“KRE Group”) and Ironstate Development (“Ironstate”). KRE Group and Ironstate are both experienced in real estate development in NJ and are both actively involved in all aspects of the project including approvals, construction and lease up. The two firms have collaborated on other successful projects including 225 Grand in Jersey City, which is a 15 story apartment building with 348 units, enclosed parking garage and 1,700 square feet of retail space.

KRE Group is a full service real estate investment and management company with its headquarters in Bridgewater, New Jersey. KRE Group is the successor firm of SK Properties which was co-founded in 1979 by Murray Kushner and Eugene Schenkman. Its portfolio consists of over 100 office, warehouse, residential and retail properties throughout central and northern New Jersey. The KRE Group has extensive experience in residential projects in New Jersey, with several in Jersey City including 225 Grand, Grove Point and Liberty Harbor II. KRE Group’s investment in the Project will be funded through S/K Liberty Harbor North Associates, LLC, which consists of investments from members of the Kushner family, Kushner family trusts and other affiliated individual investors and investment entities. Combined, these investors have significant liquidity to provide KRE Group’s 50% portion of the \$52 million equity investment in the Project.

Ironstate was formed by David Barry and Michael Barry in 2001 and is the successor firm to Applied Housing Company which was formed in 1970. Ironstate is a fully diverse real estate firm developing an extensive range of luxury rental apartments, condominiums, hotels, retail, recreational and commercial

ventures. The Company has developed millions of square feet of residential and commercial real estate, and continues to own and manage the overwhelming majority of its portfolio. In addition, Ironstate is currently engaged in the active development of over \$1 billion of residential and hospitality real estate. Some of Ironstate's notable recent projects include: The Shipyard, a mixed-use development of 1,160 residences, 65,000 square feet of retail shops, a one-acre park, ferry stop and marina on the Hudson Riverfront in Hoboken; Port Liberte, a 1,650-unit waterfront condominium community facing the Statue of Liberty in Jersey City; 333 River Street, 526 premium rental residences and retail shops along Hudson River facing Manhattan in Hoboken; Pier Village, a Victorian-inspired village featuring 543 luxury rental residences, a boutique hotel and 100,000-plus square feet of entertainment and lifestyle retail shops, including a beach club, gourmet restaurants and boutique shops on the oceanfront in Long Branch, NJ; The Bungalow Hotel, a boutique hotel featuring 40 stylish guest rooms at the oceanfront in Long Branch; The W Hoboken Hotel & Residences, an iconic new 25-story hotel featuring 225 guest rooms and 40 condominium residences on the Hoboken waterfront; and 50 Columbus, a 400-unit super luxury rental building in the Grove Street section of Jersey City. In November of 2011, the Members of the Authority approved an ERG for Harrison Hotel 1, LLC which involves the construction of a new 136-room hotel with 9,675 square feet of retail in Harrison, NJ with project costs of approximately \$38 million (Ironstate's ownership is 50% in this project). Ironstate is also a 50% owner in Fountains Applied LWAG, LLC which is concurrently being presented for approval to the Members of the Authority at the December board meeting for an ERG relating to a \$47 million hotel and retail project in Long Branch. Ironstate's investment in the Project will be funded by Applied Liberty Harbor North, LLC, whose sole member is Ironstate Holdings LLC, which consists of investments from members of the Barry family. Combined, these investors have significant liquidity to provide Ironstate's 50% portion of the \$52 million equity investment in the Project.

Project Uses and Sources

The Applicant proposes the following uses for the Project:

<i>Uses</i>	<i>Total Project Costs</i>	<i>HUB Eligible Amount*</i>
Acquisition of Land and Building	\$ 7,440,000	\$ 0
Construction of Building & Site Improvements	\$ 104,345,585	\$ 97,564,265
Professional Services	\$ 6,020,457	\$ 5,857,705
Financing & Other Costs	\$ 15,583,150	\$ 12,095,130
Contingency	\$ 4,526,349	\$ 4,526,349
Development Fee	\$ 3,011,158	\$ 0
TOTAL USES	\$ 140,926,699	\$ 120,043,449

* HUB eligible costs exclude \$20,883,250 associated with land cost, construction of the Boys and Girls Club facility and related costs, developer fees and project expenses which do not fit within the guidelines definition of eligible hard or soft costs.

<i>Sources</i>	<i>Total Project Costs</i>
Debt (63%)	\$ 88,970,336
Equity (37%)	\$ 51,956,363
Total	\$ 140,926,699

The sources and uses above reflect the Project with the HUB tax credits received on an annual basis over a 10 year period. The project gap is calculated based on the Equity Internal Rate of Return and Cash-on-Cash Yield identified in the gap analysis, which will be discussed below. These returns are calculated with and without the HUB cash flow to compare the returns.

Gap Analysis

EDA staff has reviewed the application to determine if there is a project financing gap. Staff analyzed the pro forma and projections of the project and compared the returns with and without the HUB. Projected rents and expenses provided by the applicant appear consistent with current market information. Both KRE Group and Ironstate have developed similar projects in Jersey City and actual operational performance is consistent with projections in this application. The returns assume that permanent financing is undertaken consisting of 63% debt at 6% for 30 years.

With HUB	Without HUB
Equity IRR 12.95% (Market Range = 15-20%)	Equity IRR 6.93% (Market Range = 15-20%)
Cash on Cash Yield 8.88% (Market Range = 8-10%)	Cash on Cash Yield 5.45% (Market Range = 8-10%)

As indicated in the chart above, the Project would not otherwise be completed without the benefit of the HUB. With the benefit of the HUB, the Equity IRR is projected to be 12.95% and the Cash-on-Cash Yield is projected to be 8.88%, making the returns much closer to the market ranges provided by the EDA’s contract consultant, Jones Lang LaSalle. The additional revenue from the prospective HUB enables this project to move forward.

To date \$127,248,677 in tax credits have been approved under the UTHTC program for qualified residential projects and \$445,699,565 for commercial projects for a total of \$572,948,242. After approval of this project, the total tax credits approved under the UTHTC program will be \$169,263,884 for qualified residential projects and \$614,963,449 for all projects.

Recommendation

Staff has reviewed the application for the Project and the related documentation for consistency with the Act and Rules, as amended, implementing the UTHTC Program and recommends approval of the award of tax credits of 35% of the eligible costs, not to exceed \$42,015,207 or \$4,201,521 annually for 10 years. Prior to disbursement of any tax credits, EDA staff will ensure that the applicant provides all documentation as required under the UTHTC Act and Rules.



 Caren S. Franzini

Prepared by: Christine Caruso

BOARD MEMORANDUMS



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: December 13, 2011

SUBJECT: Evident Software, Inc.
Newark, New Jersey
\$1,000,000 Edison Innovation Loan (P022414)
Current Exposure: \$787,391, fully reserved.

Request:

- 1) Accept \$100,000 plus 10-year warrants for 5% of EVDTH, Inc. which will acquire the intellectual property of our Borrower, as settlement in full on the subject loan.
- 2) Write-off the remaining loan balance without recourse.

Background:

Founded by Roger Boyce in 2002, Evident Software, Inc., a re-start technology company, was formed to acquire and market management software that improved network efficiency and reduced IT costs for small to medium sized companies. Prior to closing, Evident Software, Inc. received substantial private venture equity in excess of \$35 million from Hewlett-Packard, Emerald Stage 2, Next Stage, Ogden CAP and others to develop its software and support operations.

In December 2008, the NJEDA approved a \$1 million Edison Innovation Loan to Evident Software, Inc. to fund the development and commercialization of a new software product. Following a principal payment moratorium, the Borrower requested and staff approved a restructure of the loan in December 2010 pursuant to the delegated authority approved by the Board. The loan is secured by a subordinate lien on corporate assets deemed to have no liquidation value and a shared first lien with Vencore Capital's \$350,000 loan on intellectual property with an undetermined value. As an Edison loan, there are no personal guarantors.

The company experienced significant cash flow problems due to lack of sales, and in March 2010 brought in a new management team to improve its software and increase sales. Despite the new management team's efforts, sales did not meet expectations. Consequently, the company was unable to raise additional investment capital and the company ceased operations in April 2011. Prior to the business closing, the existing owners aggressively attempted to sell the company to recover a significant portion of the equity invested, but were unsuccessful.

Recently, EDA was approached by investors, including former Chairman, Roger Boyce, who personally invested \$250,000, interested in forming EVDTH, Inc., a new company to purchase the IP assets of Evident Software, Inc. to provide maintenance service to Evident's customers, with a longer term objective of remarketing the company's lead products. The investors believe there is value in the company's intellectual property (software) and will attempt to secure service contracts to generate cash flow while pursuing the new business model.

They have offered EDA \$100,000 as full settlement of our loan in exchange for a release of EDA's secured interests in IP. In addition, EDA has negotiated 5% equity warrants in the newly formed company, EVDTH, Inc. which could result in additional payment to EDA if the new company is successful. EDA will look to negotiate the warrants in the most favorable stock class. Upon closing the transaction, EDA would receive \$10,000 and would be paid the remaining \$90,000 within 90 days. EDA will not release its liens until the full \$100,000 is paid.

While acceptance of this offer settles this matter in full and releases our future claims against the borrower, staff believes that this is the best recovery we can expect to receive now or in the future. EDA's alternative is to decline the offer, initiate litigation and obtain a judgment which is unlikely to result in any recovery. This puts EDA at risk of losing the full balance of loan and forfeiting potential warrants payments from the new company formed. Upon closing of the settlement, EDA will have no further recourse. Therefore, staff is also recommending that the remaining loan balance be written-off without recourse subject to concurrence by the Attorney General's office.

Recommendation:

Accept \$100,000 and 10-year warrants for 5% equity in the acquiring company as settlement in full of the loan and write-off the remaining loan balance without recourse. While we are writing off this loan due to the company being closed and there being no other realistic prospects for repayment of the loan at this time, staff will continue to monitor EVDTH's performance and our ability to exercise our warrant options to recover this loss in the future if the newly formed entity is successful.

A handwritten signature in black ink, appearing to read "J. Stesney", is written over a horizontal line.

Prepared by: Jerome T. Stesney



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: December 13, 2011

SUBJECT: The Morris Center YMCA
Hanover Township, Morris County, NJ
\$6,000,000 Tax Exempt Stand-alone Bond (P14876 and P14919) (the "Bond")

Request:

Consent to the following modifications to the Bond to reduce costs to the Borrower: (i) change the existing fixed interest rate of 4.15% to the floating tax exempt equivalent of LIBOR + 200 basis points; (ii) modify the reset date and call dates and; (iii) modify the amortization schedule. The Borrower and Capital One Bank will enter into a fixed interest rate swap up to the Bond maturity (13 years).

Background:

Morris Center YMCA (now known as The Greater Morristown YMCA, Inc.) is a not-for-profit 501(c) (3) organization founded in 1874 to provide a variety of social, educational and recreational services in Morris County.

In July, 2003 the Members approved a \$6,000,000 tax exempt bond to expand and enhance the YMCA's services by refinancing a \$3,225,000 conventional mortgages and refunding the outstanding balance on a \$2,775,000 bond issued by the Authority in 2000. The Bonds were purchased by The Trust Company of New Jersey (now Capital One Bank) with a fixed rate to reset each 5 years at US Treasuries plus 2%. The current balance of the Bond is \$4,420,157. This is a conduit financing, the Authority has no credit exposure.

The Bank and Borrower have agreed to modify the Bond to take advantage of lower interest rates. The interest rate will be changed to a floating tax-exempt equivalent of one-month Libor plus 200 basis points, and the Borrower and Bank will enter an interest rate swap to fix the interest rate on all or a portion of the outstanding balance of the Bond. The call and reset dates (September 1, 2014 and 2019) will change to coincide with term of the interest rate swap. The Bond amortization will also be adjusted to repay the loan by the maturity date of September 1, 2024, which will remain the same.

Wolff & Samson, bond counsel, has reviewed this request and has opined that the tax-exempt status of the Bond will not be adversely affected as a result of this modification.

Recommendation:

Consent to the modification of interest rate and accompanying provisions for the Greater Morristown YMCA as described above is recommended. Authority support will reduce debt service and interest expense for the not-for-profit Borrower.



A handwritten signature in cursive script is written over a horizontal line. The signature appears to be "C. J. [unclear]".

Prepared By: Nancy C. Meyers



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: December 13, 2011

SUBJECT: Port Newark Container Terminal, L.L.C.
Newark City, Essex County, NJ
\$125,000,000 Tax Exempt Bond (P12593)

Request:

Consent to separating the bond into two series at the request of the borrower. The separation of the bonds will allow the borrower, which is a joint venture of two corporate entities, to secure separate Letters of Credit (“LCs”) to support each subseries of the bond.

Background:

Port Newark Container Terminal L.L.C. (“PNCT”) was established in 2000 as a joint venture of P&O Ports North America, Inc. and P&O Nedlloyd Line N.V.

In October, 2002, the Members approved a \$125,000,000 variable rate bond for PNCT to redevelop an abandoned terminal and operate a common user facility providing stevedoring and terminal services to container shipping lines. The bond is secured by a Letter of Credit issued by Citibank which will expire in February 2012.

At the time of approval, both companies were controlled by The Peninsular and Oriental Steam Navigation Company and maintained a common banking relationship with Citibank. The ownership of each of the joint venture companies has since changed wherein there are now two equal owners. Each owner is involved in separate negotiations with various prospective LC banks.

The respective owners are requesting the bonds be bifurcated into two series to enable the respective owners to secure their own LC Banks.

McCarter & English, LLP, bond counsel, has reviewed this request and has opined that the tax-exempt status of the bonds will not be adversely affected as a result of this modification.

Recommendation:

Consent to the separation of the bonds into two subseries to enable each owner to procure its own LC through its respective bank.

Prepared by: Nancy C. Meyers



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: December 13, 2011

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

The following projects were approved under Delegated Authority in November 2011:

New Jersey Business Growth Fund:

- 1) Anything, LLC (P36999), located in Westville Borough, Gloucester County, is a real estate holding company that was founded in 2004. The operating company, Nellie's Provisions, Inc., was founded in 1998 as a wholesale distributor of deli meats. The Company fully leases the project property and has exceeded the capacity of the current location. PNC Bank approved a \$720,000 bank loan with a 25% guarantee of principal outstanding, not to exceed \$180,000. Proceeds will be used to purchase commercial real estate. The current property will be put up for sale once the operations of Nellie's Provisions, Inc. have been moved. Currently, the Company has twelve employees and plans to create six new jobs over the next two years.
- 2) Atlantic Sleep Clinic LLC or Nominee (P37002) is located in Hazlet Township, Monmouth County. Dr. Mona Awad has been practicing critical care medicine, pulmonology and internal medicine for 23 years. PNC Bank approved a \$250,000 bank loan with a 25% guarantee of principal outstanding, not to exceed \$64,000. Proceeds will be used to purchase commercial real estate. The Company currently has one employee and plans to create two additional jobs within the next two years.
- 3) Jay Brad Inc. T/A Select Machine & Tool Inc. or Nominee (P37016), located in Mount Ephraim Borough, Camden County, is a well-established machine shop that has been in operation since 2005. PNC Bank approved a \$200,000 bank loan with a five-year, 25% guarantee of principal outstanding, not to exceed \$50,000. Proceeds will be used to purchase machinery and equipment. Currently, the Company has and will maintain 13 employees.
- 4) Raymond & Ken LLC (P34651), located in Ventnor City, Atlantic County, is a newly formed real estate company that will purchase the project property. The operating company, Yama Japanese Cuisine LLC is a Japanese restaurant. PNC Bank approved a \$350,000 term loan with a five-year, 25% guarantee of principal outstanding not to exceed \$87,500. Proceeds will be used to purchase commercial real estate. The Company currently has five employees and plans to create four new positions over the next two years.

NJ Main Street Program:

- 1) Allied Recycling, Inc. (P34159), located in Mount Holly Township, Burlington County, is a scrap metal, electronics, wire and auto salvage yard that was purchased from Adamaad, Inc. in December 2008. The Bank approved a \$300,000 working capital line of credit, contingent upon a 50% EDA guarantee, not to exceed \$150,000. See jobs reported on related project Ben Ski, Inc. (P33902).
- 2) Interlock Device of New Jersey LLC (P36950), located in Berlin Township, Camden County, was established in 2009 to provide installation and monitoring of interlock devices. These devices are installed in a motor vehicle to test breath alcohol levels. The Interlock prevents and alcohol-impaired person from starting the vehicle. The Bank approved a \$200,000 working capital line of credit, contingent upon a 50% EDA guarantee of principal outstanding, not to exceed \$100,000. The Company currently has seven employees and plans to create four new positions within the next two years.

Preferred Lender Program:

- 1) Ben Ski, Inc., (P33902), located in Mount Holly Township, Burlington County, is a scrap metal, electronics, wire and auto salvage yard that was purchased from Adamaad, Inc. in December 2008. The Bank approved a \$1,499,882 loan with a \$500,000 (33%) Authority participation and a three year, 45% guarantee of principal outstanding, not to exceed \$450,000. Proceeds will be used to refinance an existing mortgage and construction of new building or addition costs. Currently, the Company has nine employees and plans to create ten additional jobs within the next two years.

New Jersey Business Growth Fund - Modification:

- 1) Ahern Painting, Inc. (P36879), located in Pennsauken Township, Camden County, was formed in 1998 as a painting contractor that provides services to commercial and residential clients. In August, 2011, the Company was approved for a \$45,000 (25%) guarantee of a \$180,000 loan. PNC Bank has approved a loan revision to decrease the loan amount from \$180,000 to \$140,000, with an EDA guarantee amount decrease from \$45,000 to \$35,000. All other terms and conditions of the original approval remain unchanged.
- 2) SISBRO, LLC (P37007), located in Camden City, Camden County, was formed in 1999 as a real estate holding company that owns the project property. The operating companies, Incineration Recycling Services, Inc. and Container Recyclers of Camden, Inc. are related by common ownership. PNC Bank has approved an extension of a \$1,257,234 loan with a five-year, 25% of guarantee, not to exceed \$314,308.50. Original loan proceeds were used to purchase commercial real estate. All other terms and conditions of the original approval remain unchanged.



REAL ESTATE



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Higher Education Public Private Partnership Program
Montclair State University
Combined Heating, Cooling and Power Plant

DATE: December 13, 2011

Summary

The Members are asked to authorize the Authority's staff to approve Montclair State University's ("Applicant") application to develop a combined heating, cooling, and power plant (the "Central Energy Center") and related energy distribution system (the "Energy Distribution System," together with the Central Energy Center, the "Plant") on the Applicant's campus under the Higher Education Private Public Partnership Program (the "Program") established by P.L. 2009, c. 90 (the "Act"). In a separate application to the Authority, UMM Energy Partners, LLC, the project owner, will apply for taxable and tax exempt bond financing. The Central Energy Center will be developed on approximately 2 acres that the Education Facilities Authority will deed to the Applicant for nominal consideration, and Energy Distribution System will be developed on easements running throughout the Applicant's campus. The project's total development cost will not exceed \$92.285 million. Under the Act, the "Authority shall review all completed applications" and "[n]o project shall be undertaken until final approval has been granted by the [A]uthority." Staff performed a substantive review of the Applicant's application and supporting documentation in accordance with the Act and pursuant to the Authority's Higher Education Institution Public-Private Partnership Program Guidelines (the "Guidelines"), a copy of which is attached as Exhibit A, and recommends approval of Applicant's project. The Authority's approval will be subject to the Applicant submitting additional items that are outlined below.

Background

The Authority's Scope of Review

Under the Program, the Authority must review and approve an application, which, in order to be complete, must contain the following items: (1) a full narrative description of the project; (2) a public-private partnership agreement between the State or county college and the private developer; (3) a land lease or land agreement; (4) financial information including the estimated costs and financial documentation for the project; (5) a detailed project schedule (i.e. timetable) for completion of the project extending no more than five years after consideration and approval; (6) DPMC classification information for the private developer; (7) evidence of arrangements for entering into project labor agreements and paying prevailing wages for development and maintenance of the project; and (8) evidence of arrangements for issuance of required bonds. The financial documentation shall include a long range maintenance plan that will “specify the expenditures that qualify as an appropriate investment in maintenance.” In addition, the Authority may impose “other requirements that the [A]uthority deems appropriate or necessary.”¹ Applicant has submitted a complete application for the project with adequate exhibits and supporting documentation.

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

Project Description

In December 2010, the Applicant issued a request for qualifications and proposals to select a team to design, develop, construct, manage, operate and maintain the Plant to service the Applicant's campus. Five parties responded to the RFP, and a result of the process, the Applicant selected Energenic – US, LLC (“Energenic”), who through its wholly-owned affiliate, UMM Energy Partners, LLC (“Project Owner”), will design, develop, construct, manage, operate and maintain the Plant. On September 8, 2011, the Applicant's Board of Trustees (“Trustees”) approved a resolution ratifying the Higher Education Public Private Partnership application. In November 2011, the Trustees approved the partnership documents between the Applicant and the Project Owner.

A party that responded to the RFP but was not selected as the Project Owner (the “Contract Award Challenger”) filed a challenge formally protesting the selection of the winning bidder. Pursuant to a Consent Order entered into by Applicant and the Contract Award Challenger, Applicant appointed a hearing officer who conducted an informal yet thorough hearing and issued her report concluding that the challenge was without merit. Applicant then formally adopted the conclusions of the hearing officer and confirmed its intention to complete the project

¹ Attached as Exhibit B to this memo is a detailed project description and financial analysis addressing the requirements of the program.

with the Project Owner. Applicant's outside legal counsel has rendered a written opinion to the Authority confirming that Applicant complied with applicable law in its selection of the Project Owner and that the hearing and hearing officer's report satisfied Applicant's obligations under the Consent Order. Although the Contract Award Challenger was not initially successful, it may have other legal recourse to pursue. Please note that it is not the role of the Authority to determine whether the Contract Award Challenger has further recourse against the Applicant.

The Project Owner is a single purpose entity created by Energenic, a limited liability company that has DCO Energy, LLC (DCO Energy) and Marina Energy, LLC (ME LLC) as its sole members. DCO Energy and ME LLC each own 50% of Project Owner and they have extensive experience in the energy sector designing, financing, developing, managing and operating central power plants and district energy systems in New Jersey. The members of the Project Owner have developed 15 energy projects totaling \$531 million. In addition, the members own, manage or operate 13 projects with management/operation contracts with terms of at least 5 years remaining. Staff has reviewed the experience and qualifications of the development team to confirm that it is sufficiently experienced and qualified to undertake the project.

The Plant will provide the campus with the majority of its electricity, steam, and some chilled water needs and will contain a combustion turbine generator, a heat recovery steam generator, an auxiliary steam boiler, chillers, cooling towers, and electrical generation equipment. In addition, as part of the Plant, a new steam, condensate return and chilled water underground distribution system will be installed on the University's campus. Staff has reviewed the design of the project to confirm that Applicant has proposed a feasible project.

Summary of the Partnership Documents

Each party's role, responsibility and benefits in the transaction are summarized below:

- **Applicant.** The Applicant will lease approximately 2 acres (the "Project Site"), and will grant easements for the Energy Distribution System, to Project Owner for the term of the Energy Sales Agreement ("ESA"). The term of the ESA expires on the 30th anniversary of the commercial operation date of the Plant. On June 28, 2011, the Educational Facilities Authority ("EFA") authorized the transfer of a portion of Block 250, Lot 1, to the Applicant which includes the Project Site. The Energy Distribution System is expected to cross property on the Applicant's campus owned by State and the Applicant. The Applicant has requested that State grant easements to the Applicant for the Energy Distribution System under an "Easement Agreement" between the State and the Applicant. After the Applicant is granted the easements from the State, the Applicant will grant the required easements and access rights to the Project Owner. During the operation of the project, the Applicant has agreed to subordinate the annual ground lease payment, currently estimated at \$200,000, to the operating expenses and debt service of the Plant. In addition, the Applicant will be reimbursed its cost (\$2 million) incurred in connection with its development of the project; the reimbursement is included in the project's development budget. The Applicant will also enter into the ESA with the Project Owner. The ESA details the Project Owner's design, development, construction, maintenance, and operation obligations, and its energy supply obligations. The ESA also establishes the rates and charges the Applicant will pay for energy services. Under these agreements, the Applicant has the following responsibilities:

1. *Environmental Remediation.* The Applicant is responsible for hazardous materials found in the existing distribution system, the easement area and the Project Site. The Applicant has represented that it has sufficient funds available to address any hazardous materials on the Project Site, the easement area and existing distribution system.
2. *Owner's Representative.* During the design and construction of the Plant, the Applicant must engage a representative as the Project Owner's point of contact.
3. *Documentation.* The Applicant will provide the Project Owner with "copies of all documents related" to the Plant to facilitate construction and permanent financing.
4. *Energy Purchase.* The Applicant agrees to purchase from the Project Owner all of its Energy Services to the extent of the Plant's available output. The chart below summarizes the energy charges:

Plant Charges to the Applicant	How the Charge is Determined Annually
Capacity Payment	Equal Monthly Payments as per the Energy Sales Agreement
Electric - kWh CHP	Based on kWh's produced by Project Owner up to Applicant's consumption
Chilled Water Unit Charges - Ton Hours	Based on ton-hours produced by Project owner up to Applicant's consumption
Steam Unit Charges – Mlbs	Based on Mlbs produced by Project owner up to Applicant's consumption

The capacity payment is fixed for 30 years. The energy unit charges consist of the following components: (1) fixed charges for equity return and debt coverage; (2) operating and maintenance ("O&M") charges; and (3) variable fuel charges. The O&M charges are escalated by an inflation index and the variable fuel charges are escalated by a natural gas price index to reflect the cost of gas to power the turbine as well as the fuel the auxiliary boiler and duct burner. The Applicant can offset any energy inflation by applying the annual ground lease payment and the interest earned on the debt service reserve fund to reduce its energy and capacity payments. This annual amount is approximately \$284,000 (\$200,000 for the lease and \$84,000 in annual interest).

5. *Access.* Applicant will ensure access to the site to permit the development, construction of the Plant and provide parking for the Project Owner's employees.
6. *Required Property Rights.* Applicant will be responsible for securing any required property rights and appurtenances for the construction of the Plant and distribution system.

7. *Water and Sewer Lines.* Applicant will be responsible: (i) to have water and sewer lines at the required interconnection points; and (ii) ensure that the water supply is adequate.
8. *Design Review.* The Applicant will have the right to approve the Plant's design and will participate in the determination of the final design.
9. *Change Orders.* The Applicant may propose changes orders to the project which may change the project costs, performance guaranties and energy rates. It is anticipated that change orders will be paid through adjustments to the project cost and financing payments for energy services. Change orders proposed by the Project Owner will be treated in the same manner.
10. *Disposition.* At the end of the ESA term, the following Plant disposition alternatives exist:
 - a. The Applicant can purchase the Plant at "Fair Market Value" through an appraisal process
 - b. The Project Owner can salvage the Plant and remove it from the leased premises, or
 - c. The Project Owner can abandon the Plant in place.

In addition, the Applicant will receive three separate guaranties from the Project Owner's affiliate(s) or other parties: a construction completion guaranty, a lease guaranty and an operations guaranty.

- **Project Owner.** Under the agreements, the Project's Owner's responsibilities include:
 1. Pay the required ground rent
 2. Pay all additional impositions on the property or improvements
 3. Design, develop and construct, the Plant for a guaranteed maximum price, with one half of the any savings from the estimated engineering, procurement and construction portion of the guaranteed maximum price contract shared equally between the Applicant and the Project Owner
 4. Operate and maintain the Plant for the term
 5. Provide the required electricity, thermal energy and chilled water
 6. Obtain all the required permits and approvals to construct and operate the Plant²
 7. Obtain all the required financing to construct the Plant
 8. Amend the ESA to include additional buildings (either owned by the Applicant, or owned by another party) "on substantially the same terms" of the ESA
 9. Endeavor to minimize the cost of fuel through a fuel procurement process
 10. Guarantee a performance standard to assure system availability and conversion efficiency.

In the event the Applicant does not purchase the Plant at the end of the lease or financing term, the Project Owner retains salvage rights to the Plant or can abandon the Plant in place.

² The initial air permit will be issued to the Applicant.

The Project Owner will obtain estimated financing as follows: (i) tax exempt bonds in the amount of \$51.3 million, 6.75% interest, payable over 30 years (16 years interest only; the remainder of the term full principal and interest); (ii) \$22.86 million in taxable bonds, 7.75% interest, payable over 17 years, fully amortized; and (iii) \$18.53 million in equity. The Authority currently is addressing a separate application for the bond financing.

The Project Owner will enter into an Engineering, Procurement and Construction Contract with DCO Energy to design, develop, and construct the Plant, bringing it to commercial operation. In addition, the Project Owner will enter into an Asset Management Agreement with DCO Energy to operate and maintain the Plant during the term.

- **DCO Energy.** Established in 2000, DCO Energy is privately held company that develops and manages and operates combined heat and power central plants and energy distribution systems. DCO Energy will lead the team to design, develop, maintain and operate the Plant. It will be responsible to develop the Plant for the budgeted amount and meet the required deadlines for Plant in 2013. For project development and management services, DCO Energy will be compensated \$670,000. This fee is separate from any fee paid for construction management services. DCO Energy, along with its partner, ME LLC, will receive the net cash of the project after the required operating and long term maintenance costs, debt service and Applicant's ground rent are satisfied.
- **ME LLC.** In 2000, South Jersey Industries, a publicly traded company, created ME LLC to specialize in the development, fuel management, marketing, and financing of various types of central power plants. ME LLC is a wholly owned subsidiary of South Jersey Industries, with its headquarters in Folsom, New Jersey. ME LLC will provide accounting, finance and administrative services to the project.
- **Joseph Jingoli & Sons (JJ&S).** Engaged as a contractor, JJ&S will construct the distribution system infrastructure for the Plant on the Applicant's Campus. JJ&S prior experience with central power plants include projects for Borgata Casino and the Inlet District Energy Center in Atlantic City, New Jersey.³

Project Financing and Feasibility

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

³ The Authority provided financing for the Borgata Casino and the Inlet District Energy Center projects.

The following chart summarizes the project's sources and uses:

Uses			% Project	Amount
Lease and Related Transaction Costs			2.16%	\$2,000,000
Improvements			73.95%	\$68,522,851
Professional Services			3.09%	\$2,860,000
Financing			2.11%	\$1,955,767
Permits, Escrows and Other Costs			15.45%	\$14,316,932
Contingency			2.52%	\$2,336,950
Project Development and Management Fee			0.72%	\$670,000
			Total	100%
				\$92,662,500
Sources	Rate	Term	% Project	Amount
Tax Exempt Bonds	6.75%	30	55.32%	\$51,265,000
Taxable Bonds	7.75%	17	24.68%	\$22,865,000
Equity			20.00%	\$18,532,500
			Total	100%
				\$92,662,500

Currently, the underwriter assumes that the bonds will receive a BBB rating.

The proforma included in the application used low growth rate assumptions (2.5% annually) for energy costs and operating expense. However, even if the growth assumption is increased to 4.6% for energy (4.6% is the energy inflation rate for the last 20 years) and for operating expenses, the projected income is still sufficient to pay the projected operating expenses, debt service and the Applicant's lease payment. An increased growth rate: (1) increases the net cash available to distribute by the Project Owner; and (2) increases the Applicant's required energy payments. However, under the ESA, the Project Owner will endeavor to minimize the cost of fuel to operate the Plant. In addition, the ground rent and the interest earned on the debt service reserve fund can be used to offset rising energy cost. The proforma shows that the project can meet the required debt service coverage ratio (1.4 to 1.5) used by the underwriter.

The Applicant states that the existing power plant on its campus is beyond its useful life and can no longer comply with the Department of Environmental Protection's air permit requirements; these circumstances demonstrate the need for the project. In addition, the Applicant provided, at the Authority's request, a comparative analysis between the possible alternatives (develop a new central combined heat and power plant versus decentralizing chilled water and steam production on campus and purchasing all electricity requirements from the utility grid). The following charts summarize the net present value cost savings, using a 7.5% discount rate, for two possible alternatives (Alternative 1: Applicant purchases the Plant for fair market value in Year 30, and

Alternative 2: the Project Owner salvages the Plant in Year 30):

Alternative One (Applicant pays FMV for Plant)	New Plant	Decentralize
Development Cost	\$92,662,500	\$29,560,130
Financed Amount	\$74,130,000	\$29,560,130
Net Present Value Cost of Annual Exp. & DS	(\$246,506,099)	(\$268,738,199)
Total Net Present Value Savings	\$22,232,100	
NPV ÷ 30 (Ann. Savings in Today's Dollars)	\$741,070	
Annual Average Savings (Undiscounted)	\$3,009,462	

Alternative Two (Project Owner Salv. Plant)	New Plant	Decentralize
Development Cost	\$92,662,500	\$29,560,130
Financed Amount	\$74,130,000	\$29,560,130
Net Present Value Cost of Annual Exp. & DS	(\$245,135,446)	(\$268,738,199)
Total Net Present Value Savings	\$23,602,752	
NPV ÷ 30 (Ann. Savings in Today's Dollars)	\$786,758	
Annual Average Savings (Undiscounted)	\$3,409,462	

As the charts demonstrate, under either alternative, the Applicant has a net present value costs savings and an annual cost savings if the Plant is developed versus pursuing the decentralized alternative. However, the total and annual cost savings are greater when the Project Owner salvages the Plant at the end of the lease term.

Additional reasons provided by the Applicant to its Board of Trustees to pursue the partnership with the Project Owner included the following:

- The deal structure was less complicated than the other respondents
- The Project Owner included an equity investment which permitted the project to proceed earlier without the need to wait for permanent financing
- The proposed deal structure qualified the project for the BPU grant, which will reduce the project's financing cost and provide a benefit to the Applicant.
- The proposed Plant provides lower overall energy costs at a higher capital cost, while the decentralized alternative provides a lower capital cost and higher annual energy cost.
- The new Plant will not impact the Applicant's ability to issue new debt for other capital projects

After reviewing the project's budget, operating proforma, and comparative analysis, the Real Estate Division's staff concludes that the Project is financially feasible.

Please note that the Authority's financial review of the project does not consider a recovery the Contract Award Challenger might obtain against the Applicant. Any such recovery would be a general obligation of the Applicant and not a charge against the project. The Act appoints the Authority to review whether the project is financially feasible; not whether the Applicant is financially sound. As such, the possibility of a recovery by the Challenger is not relevant to the Authority's review of the project.

Long Range Maintenance Plan

The Act requires that the estimated costs and financial documents submitted with an application must include a long-range maintenance plan that specifies expenditures that qualify as an appropriate investment in maintenance. As part of its financial documentation, the Applicant submitted a long-range maintenance plan which included standards for the calculation of funds for replacement over the useful of the project, detailed for the initial calculation of need for replacement funds (e.g., estimated an items: useful life, replacement costs, quantity and total costs), estimated the total reserve amount and provided a schedule for use of the replacement reserve over the life of the project. The maintenance reserve funds will be funded from the bond proceeds and will be held in a separate account and only used for the designated purpose. The plan submitted complies with industry standards for replacement reserve accounts and capital maintenance plans and the long term maintenance guidelines prepared by the Authority's consultant and adopted by the Authority. Accordingly, staff concludes that Applicant has submitted an adequate long-range maintenance plan for the project.

Project Schedule

The Applicant has provided a schedule to complete the Plant by March 2013. This period complies with the requirement of the Act that projects be completed within 5 years (from the Authority's approval date).

NJ Green Building Manual and LEED Standards

The Act encourages projects to adhere to the Leadership in Energy and Environmental Design ("LEED") Green Building Rating System. Because of the nature of the project, the New Jersey Green Building and LEED standards are not directly applicable to the proposed Plant. Review of the LEED and NJ Green Building Manual standards revealed a focus on development of multi-family, office and warehouse facilities; there are no easy analogies to the development of a power plant. Because the LEED and NJ Green Building Manual standards are not mandatory requirements of the Act,⁴ Staff believes that these standards do not apply to this project. I note that the use of the Plant as compared to the decentralized option does result in overall energy efficiency and a reduced carbon footprint for the Applicant's campus.

Other Requirements of the Act

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

- The private partner will pay prevailing wage during the construction and operation of the project
- The private partner will enter into the required project labor agreements during the construction and operation of the project
- The private partner will post the required bond (or have the bond posted on its behalf)

⁴ See N.J.S.A. 18:64-85d(1), projects "when practicable, are encouraged to adhere to the Leadership in Energy Environmental Design Green Building Rating System as adopted by the United States Green Building Council," and f(1) "[t]he projects are encouraged, when practicable, to adhere to the green building manual."

JJ&S is classified for projects up to \$1 billion, which is in excess of this Project's construction costs. In addition, DCO Energy is classified for projects up to \$100 million.

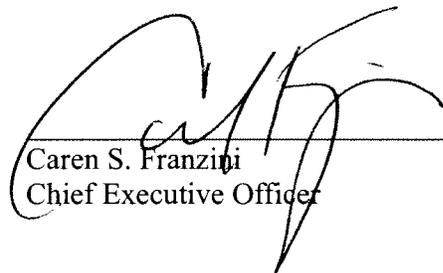
Staff recommends that the Board delegate final approval of the application to appropriate staff (e.g., Chief Executive Officer, Senior Vice President of Finance and Development, or the Managing Director of Finance and Development for the Real Estate Division), upon the Applicant meeting the following conditions:

- Completing the site acquisition from the Educational Facilities Authority (EFA)
- Providing a copy of the recorded deed from EFA to the Applicant
- Providing a copy of the Easement Agreement
- Submitting, in final form, of the development and operating budget (substantially the same as the documents reviewed by the Authority)
- Submitting, in final form, transaction documents that reflect the agreement between the parties (substantially the same as the documents reviewed by the Authority).
- Submitting, in final form, project labor agreements for the construction and contracts to implement the long range maintenance plan, which to the greatest extent possible enhances employment opportunities for individuals residing in the county of the project's location
- Submitting, in final form, posted bonds guaranteeing prompt payment of moneys due to the contractor.
- Paying the additional application fee of \$10,373
- Submitting other items (such as final forms of financial documents) that the Applicant must provide in order to obtain the Authority's final approval.

The Authority's approval of the project may be revoked in the event that a challenge or appeal against the Applicant's selection of the Project Owner prevents UMM Energy Partners, LLC from being the project owner.

Recommendation

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



Caren S. Franzini
Chief Executive Officer

Attachment
Prepared by: Juan Burgos

EXHIBIT A: PROGRAM GUIDELINES

**NEW JERSEY ECONOMIC STIMULUS ACT OF 2009
HIGHER EDUCATION INSTITUTION
PUBLIC-PRIVATE PARTNERSHIPS**

PROGRAM GUIDELINES

BACKGROUND

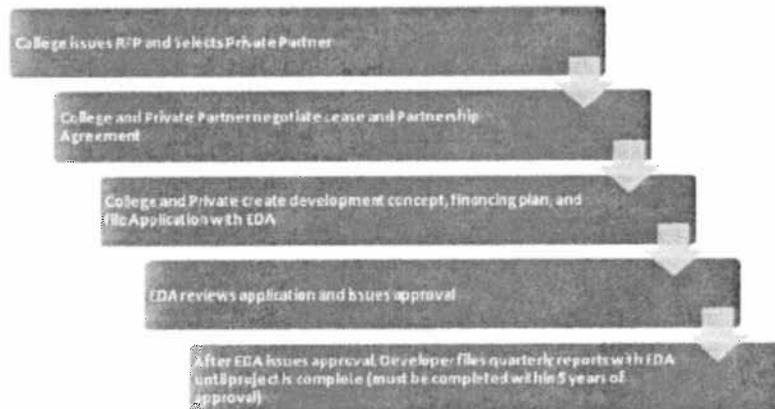
Enacted on July 28, 2009, New Jersey Economic Stimulus Act of 2009 permits a state or county college (hereinafter “college”) to enter into a private-public partnership “that permits [a] private entity to assume full financial and administrative responsibility for the on-campus construction, reconstruction, repair, alteration, improvement or extension of a building, structure, or facility of the institution” so long as the college retains ownership of the land, and the project is 100% privately financed. N.J. Stat. 18A:64-85.a.

The Act requires that the Authority “review all completed applications, and request additional information as is needed to make a complete assessment of the project.” N.J. Stat. 18A:64-85.f(3). A complete application must be submitted for approval by February 1, 2012. N.J. Stat. 18A:64-85.f(1) and (2)(a)(iv).

THE PROCESS

Under the Act, the college will be responsible for procuring a private development partner, entering into a lease, partnership agreement, and related documents which should include negotiating all the relevant use, occupancy, financial, liability, and legal terms of the transaction. Included as Appendix 1 to this guide is a chart which summarizes the Act’s requirements that should be considered when the college issues an RFP for a partner. **Colleges are strongly encouraged to consult the Authority early during project’s initial feasibility stages (i.e., while the college is developing the project concept and request for proposals) to ensure that the project will meet the Act’s requirements.**

After the college and private partner negotiate the lease and partnership agreements, develop the project concept, and the development partner secures financing commitments, an application may be filed with the Authority. The Authority will review the application, request for additional information if necessary, and issue an approval. The following chart summarizes the process:



THE APPLICATION

To obtain approval, the Authority will require the college and the private partner to submit the following items:

- a copy of the draft public-private partnership agreement between the college and the private developer (a fully negotiated agreement between the parties subject to comments)
- the copy of the draft land lease or land agreement between the college and the private developer (a fully negotiated agreement between the parties subject to comments)
- a project narrative that includes, but is not limited to the following:
 - a description and experience of the private developer and its team members
 - a full description of the project
 - a description of how the project will implement LEED and the Department of Community Affairs green building manual practices
 - a description of how the long term maintenance plan was developed and the assumptions used to create the plan
 - project schematics (site plan, floor plan and elevations)
 - description of any areas of environmental concerns that may impact the project budget or schedule
 - list of the permits and approvals required for the project and the status of the approvals (also include these on the project schedule)
- financial information, which shall include, but not be limited to the following:
 - a sources and uses statement
 - operating proforma coterminous with the financing of the project (i.e., debt and/or equity fully repaid)
 - evidence of legally binding financing commitments
 - evidence of the private developer's bonding capacity for the development and operation of the project as required by the Act, and
 - a long range maintenance plan
- a detailed project schedule, including all predevelopment, development, and place-in-service tasks and milestones (schedule cannot extend 5 years beyond the Authority's approval date)
- DPMC classifications as required
- evidence of how the partnership will fulfill the following obligations under the Act:
 - obtaining project labor agreements for the development and implementation of the long term maintenance plan
 - payment of the prevailing wage during the development and while implementing the long term maintenance plan

- issuance of the required bonds

The Authority will make a sources and uses statement and operating proforma templates available that shall be included in the application.

APPLICATION REVIEW, APPROVAL, AND PROJECT MONITORING

Upon receipt of the application, the Authority will initially review the application for completeness; if any items are missing, the Authority will follow up with the applicant to obtain the omitted information.

After receipt of all the required documents, the Authority will perform a substantive review of the application, which will include assessing:

- the feasibility and design of the project
- the experience and qualification of the development partner
- soundness of the financial plan
- adequacy of the required exhibits (e.g., land lease, partnership agreement)
- adequacy of the long range maintenance plan

This review may require follow up with the applicant. After the Authority completes its substantive review, it will either provide a deficiency letter to the applicant to supplement the application, or approve the project.

After approval of the application, the higher education institution and the private developer shall submit quarterly reports until the project receives a final certificate of occupancy. The project must be completed within 5 years of receiving the Authority's approval. Appendix 2 includes the application checklist and the proforma template.

APPLICATION AND MONITORING FEE

The application fee, due upon filing with the Authority, will be .125% of the total development cost, with a minimum fee of \$15,000.

This fee includes the initial application review, approval and subsequent monitoring until a final certificate of occupancy is obtained at construction completion.

EXHIBIT B:

**MONTCLAIR STATE UNIVERSITY POWER
PLANT PROJECT SUMMARY AND FINANCIAL
ANALYSIS**

**Higher Education Private Public Partnership Application
Project Summary
Montclair State University
Combined Heating, Cooling and Power Plant**

Applicant	Montclair State University 1 Normal Avenue Montclair, NJ 07043
Applicant's Contact	Donald D. Cipullo, Vice President for Finance and Treasurer
Project Description	<p>The Applicant proposes the private development of a combined heating, cooling and power plant ("Plant"), and improvements to the related distribution system, to serve the entire campus. The project will provide the majority of the Applicant's electricity, steam, and partial chilled water needs.</p> <p>The project will consist of the construction of a new combined heating, cooling and power plant (18,000 SF). The plant will contain electric generation equipment, heat recovery steam generator, auxiliary boilers, steam driven chiller, chiller water and steam distribution system tie-ins.</p> <p>The project will also include improvements to the steam and cooling distribution system throughout the Applicant's campus. The distribution improvements will be addressed through easements on the Applicant's campus.</p> <p>The Applicant represents that its existing power plant is beyond its useful life and can no longer comply with New Jersey Department of Environmental Protection's air permitting standards.</p> <p>At the Authority's request, the Applicant provided a cost comparison between developing the Plant and the cost to decentralize the Applicant's thermal energy needs and purchasing all power requirements from the utility grid. Over the 30 year life of the proposed project, the cost comparison (new plant v. decentralization) yielded a net present value savings of between \$22.2 million \$23.6 million, depending upon the disposition of the Plant at the end of the lease. The net present value analysis is attached as Exhibit A.</p>
Site Control	On June 28, 2011, the Educational Facilities Authority authorized the transfer of a portion of Block 250, Lot 1, to the Applicant as the parcel that will be leased to the Project Owner for the development of the Plant. The Applicant represents that the lease will be for approximately 2 acres.

**Higher Education Private Public Partnership Application
Project Summary
Montclair State University
Combined Heating, Cooling and Power Plant**

	<p>On September 8, 2011, the Applicant's Board of Trustees (Trustees) ratified the Application filed with Authority for approval of the Plant under the program. In October, the Applicant expects that the Trustees will approve the partnership documents.</p>																																															
<p>Method Used to Select the Private Partner</p>	<p>In December 2010, the Applicant issued an open Request for Qualifications / Request for Proposals to select the developer, owner, operator and manager of the Plant and related improvements. Five parties responded to the solicitation. The private partner was selected through this process.</p> <p>The RFQ/RFP included design criteria and plant performance specifications. These specifications were prepared by Concord Engineering Group, Inc. for the Applicant.</p>																																															
<p>Summary of Sources and Uses</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Uses</th> </tr> <tr> <th style="width: 60%;">Item</th> <th style="width: 20%;">Amount</th> <th style="width: 20%;">% TDC</th> </tr> </thead> <tbody> <tr> <td>Lease and Related Trans. Costs</td> <td style="text-align: right;">2,000,000</td> <td style="text-align: center;">2.16</td> </tr> <tr> <td>Improvements</td> <td style="text-align: right;">68,522,851</td> <td style="text-align: center;">73.95</td> </tr> <tr> <td>Professional Services</td> <td style="text-align: right;">2,860,000</td> <td style="text-align: center;">3.09</td> </tr> <tr> <td>Financing Costs</td> <td style="text-align: right;">1,955,767</td> <td style="text-align: center;">2.11</td> </tr> <tr> <td>Permits, Escrows and Other Costs</td> <td style="text-align: right;">14,316,932</td> <td style="text-align: center;">15.45</td> </tr> <tr> <td>Construction Contingency</td> <td style="text-align: right;">2,336,950</td> <td style="text-align: center;">2.52</td> </tr> <tr> <td>Proj Dev. & Mgmt. Fee</td> <td style="text-align: right;">670,000</td> <td style="text-align: center;">.72</td> </tr> <tr> <td>Estimated Total Development Costs</td> <td style="text-align: right;">92,662,500</td> <td></td> </tr> <tr> <th colspan="3" style="text-align: center;">Sources</th> </tr> <tr> <td>Tax Exempt Bonds</td> <td style="text-align: right;">51,265,000</td> <td style="text-align: center;">Average Rate 6.75%, interest only through Yr 15, principal and interest years 16 through 30</td> </tr> <tr> <td>Taxable Bonds</td> <td style="text-align: right;">22,865,000</td> <td style="text-align: center;">Average Rate 7.75% for 17 yrs</td> </tr> <tr> <td>Project Owner's Equity</td> <td style="text-align: right;">18,532,500</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>			Uses			Item	Amount	% TDC	Lease and Related Trans. Costs	2,000,000	2.16	Improvements	68,522,851	73.95	Professional Services	2,860,000	3.09	Financing Costs	1,955,767	2.11	Permits, Escrows and Other Costs	14,316,932	15.45	Construction Contingency	2,336,950	2.52	Proj Dev. & Mgmt. Fee	670,000	.72	Estimated Total Development Costs	92,662,500		Sources			Tax Exempt Bonds	51,265,000	Average Rate 6.75%, interest only through Yr 15, principal and interest years 16 through 30	Taxable Bonds	22,865,000	Average Rate 7.75% for 17 yrs	Project Owner's Equity	18,532,500				
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<p>Summary of Financing</p>	<p>The Project Owner has proposed the following financing:</p> <ol style="list-style-type: none"> 1. Tax exempt bonds, in the estimated amount of \$51,265,000 2. Taxable bonds, in the estimated amount of \$22,865,000; and 3. Equity, in the amount of \$18,532,500. 																																															

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In a separate application, the Project Owner has applied to the Authority for the bond issuance.

The Partnership Agreement

The Parties Roles and Responsibilities in the Project

The Partnership Agreement Documents. The Applicant and the Project Owner will enter into the following agreements:

1. Lease.

- a. *Property Leased.* The Applicant will lease approximately 2 acres and will provide easements for the distribution system to the private partner, who in turn will agree to develop, operate, and maintain the Plant and related distribution system under the terms of the Energy Sales Agreement.
- b. *Term.* The lease term will be coterminous with the Energy Sales Agreement, which has an initial term of approximately 30 years, ending on the 30th anniversary of the Plant's commercial operation date.
- c. *Rent.* The Applicant will receive annual ground lease payments, currently estimated at \$200,000; the rent will be paid in monthly installments. The rent will become due upon the Plant's Anticipated Commercial Operation Date. The lease payments will be subordinate to the debt service and operating expenses of Plant.

2. Energy Sales Agreement (ESA). The ESA will:

- a. Establish the energy that Project Owner will be required to supply.
- b. Establish the rates the Applicant will be required to pay for the energy, steam, and chilled water provided.
- c. Detail the plans and specifications for the Plant that Project Owner will be required to construct
- d. Set a maximum guaranteed price for the Plant's total development cost
- e. Require the Project Owner to finance the cost of the Plant, using no less than 20% equity.

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- f. Detail the Project Owner’s maintenance and operation responsibilities for the Plant. The Project Owner may enter an Asset Management Agreement with an affiliate to provide operation and maintenance services.

Annually, the Applicant’s energy costs are offset by any interest earned on the debt service reserve fund¹ held by the bond trustee.

The ESA will contain one unilateral 5 year extension that may be exercised by the Applicant at the end of the initial Lease term.

Applicant’s Role and Responsibilities. During the Lease and ESA terms the Applicant has the following responsibilities:

1. *Environmental Remediation.* The Applicant is responsible for hazardous materials found in the existing distribution system and the leased site. The Applicant has represented that it has sufficient funds available to address any hazardous materials on the site and the distribution system.
2. *Owner’s Representative.* During the design and construction of the Plant, the Applicant must engage a representative as the Project Owner’s point of contact.
3. *Documentation.* The Applicant will provide the Project Owner with “copies of all documents related” to the Plant to facilitate construction and permanent financing.
4. *Energy Purchase.* Applicant agrees to purchase energy services from the Project Owner as they are available.
5. *Access.* Applicant will ensure access to the site to permit the development, construction of the Plant and provide parking for the Project Owner’s employees.
6. *Required Property Rights.* Applicant will be responsible for securing any required property rights and appurtenances for the construction of the Plant

¹ At the closing, the fund is expected to be capitalized at \$6,247,038. At the end of the term, The Applicant will receive a credit for the debt service reserve fund.

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and distribution system.

7. *Water and Sewer Lines.* Applicant will be responsible: (i) to have water and sewer lines at the required interconnection points; and (ii) ensure that the water supply is adequate.
8. *Design Review.* The Applicant will have the right to review and approve the Plant's design. The Applicant will participate in the determination of the final design.
9. *Change Orders.* Either the Applicant or the Project Owner may request change orders to the project, which could result in changes to the cost, performance guarantees, rates and charges.
10. *Disposition Alternatives.* At the end of the ESA's term, the following Plant disposition alternative exist for the Applicant:
 - a. The Applicant may purchase the Plant at "Fair Market Value" through an appraisal process
 - b. The Project Owner may salvage the Plant and remove the Plant from the leased premises, or
 - c. The Project Owner may abandon the Plant in place.

Project Owner's Role and Responsibilities. During the Lease and ESA terms, the Project Owner has the following responsibilities:

1. Pay the required ground rent
2. Pay all additional impositions on the property or improvements
3. Design and construct the Plant
4. Operate and maintain the Plant
5. Provide the required electricity, thermal energy and chilled water
6. Obtain all the required permits and approvals to construct and operate the Plant
7. Obtain all the required financing to construct the Plant
8. Obtain all required insurance
9. Amend the ESA to include additional buildings (either owned by the Applicant, or owned by another party) "on substantially the same terms" of the ESA.

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<p>Project Owner</p>	<p>UMM Energy Partners, LLC (“Project Owner”) is a single purpose entity that is wholly owned by Energenic-US, LLC (Energenic). Marina Energy, LLC (“ME LLC”) owns 50% of Energenic, and DCO Energy, LLC (“DCO Energy”) owns the remaining 50%. In 2007, ME LLC and DCO Energy created Energenic for the sole purpose of designing, developing, operating, managing and maintaining combined heat and power facilities and other energy related projects.</p> <p>In 2000, South Jersey Industries, a publicly traded company, created ME LLC to specialize in the development, fuel management, marketing, and financing of various types of central power plants. ME LLC is a wholly owned subsidiary of South Jersey Industries, with its headquarters in Folsom, New Jersey. South Jersey Industries is also the parent of South Jersey Gas.</p> <p>Established in 2000, DCO Energy is a privately held energy development and management company with its headquarters in Mays Landing, New Jersey.</p> <p>To design, develop and operate the Plant, the Project Owner will enter into the following agreements:</p> <ul style="list-style-type: none"> • Lease with the Applicant • Energy Sales Agreement with the Applicant • Engineering, Procurement and Construction Contract with DCO Energy for the design development and construction of the Plant • Asset Management Agreement with DCO Energy for the operation and management of the Plant <p>In addition, the Project Owner will provide the following guaranties from South Jersey Industries or other acceptable person:</p> <ul style="list-style-type: none"> • Completion of Construction Guaranty • Operation Guaranty • Lease Guaranty
<p>Owner’s Compensation</p>	<p>The Project Owner will receive a return on its equity investment from the Plant’s net cash flow (Applicant’s annual payments – Plant Operating Expenses – Plant’s Debt Service – Applicant’s Lease Payment = Net Cash Flow).</p>

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<p>Development Team</p>	<p>Energenic has developed directly, or through one of its affiliated partners, 15 energy projects totaling \$531 million. In addition, Energenic either owns, manages or operates 13 projects with management/operation terms of at least 5 years remaining.</p> <p>Established in 2000, DCO Energy specializes in the construction, development, engineering, maintenance and operations of utility energy centers, renewable energy projects, and combined heat, chilling and power facilities. design, develop and manage the Plant.</p> <p>ME LLC specializes in the development, fuel management, energy marketing and project financing of central power plant, and will provide accounting, finance and administrative services to the project.</p> <p>Joseph Jingoli and Sons (JJ&S), with 85 years experience in the construction industry, will design and construct the thermal distribution on the Applicant's campus. JJ&S prior experience with central power plants include projects for Borgata Casino and the Inlet District Energy Center in Atlantic City, New Jersey.</p> <p>Raymond James Financial (RJF), a publicly traded company, will provide underwriting services to the project. In 2011, RJF has assisted in 3 energy project financing in the amount of \$400 million.</p>
<p>Developer's Compensation</p>	<p>DCO Energy will receive a project management and development service fee in the amount of \$670,000. This fee will be paid from the construction financing.</p>
<p>Financial Analysis</p>	
<p>Financial Review</p>	<p>Development Costs The development costs are reasonable for a commercial project of this type.</p> <p>Owner's Return on Investment Including the value for the sale of the Plant and distribution system to the Applicant, analysis of the project's cash flow, in relation to the Project Owner's investment, provides these results:</p>

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	<ol style="list-style-type: none"> 1. Before Tax Internal Rate of Return: 16.14% 2. Average Cash on Cash Yield (Net Cash / Initial Investment): 23.88% 3. Development Margin (Net Cash / Total Development Cost): 4.78% 4. Net Present Value of Cash Flows (excluding initial investment) at the following discount rates: <ol style="list-style-type: none"> a. 15%: \$20.15 million b. 16%: \$18.72 million c. 17%: \$17.46 million <p>Operating Proforma The operating proforma currently includes the Applicant's estimated cost for energy. This will be finalized at the closing. The growth rate for income and expenses used by the Applicant was 2.5%, which is a very low estimate for inflation during a 30 year period. As a point of comparison, over the last 20 years energy have inflated at a rate of 4.6%.</p> <p>The project can sustain higher growth rates for energy charges and operating expense; higher charges will impact the Applicant. However, development of the Plant is less expensive than the decentralization option previously discussed. The Plant will provide a total cost savings (on a net present value basis) of between \$22.2 million and \$23.6 million, depending upon the option selected at the end of the ESA and Lease terms. With higher growth rates, the project can pay the annual operating expenses, debt service and lease payment.</p> <p>The analysis attached to this summary (Exhibit B) uses 4.4% for income and expense growth over the 30 year period. Based on the projected energy charges expenses, the project has cash sufficient to pay the debt service and the annual lease payment to the Applicant.</p>
Long Term Maintenance Plan	The Applicant submitted a long term maintenance plan that addresses the required capital improvements necessary during the project's useful life, and shows adequate reserves to address long term capital needs.
Other Requirements of the Program	
Project Schedule	The Applicant included a schedule (including predevelopment activities commencing in January 2011) that has the project completion date estimated as March 2013, which is within the required 5 year period of the Act

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	(the project must be completed within 5 years of the Authority's approval).
Prevailing Wage	The Applicant has certified that it will require the payment of prevailing wage during the construction and operation of the project.
Project Labor Agreement	The Applicant has certified that it will require a project labor agreement during the construction and operation of the project. A copy of the proposed labor agreement was included in the application.
DPMC Registration	The application included the DPMC registration of the required professionals currently on the development team.
Bond	As required, the Applicant certified that a bond will be posted. The application included evidence of bonding capacity.
NJ Green Building and LEED	<p>Because of the nature of the project, the Applicant states that the New Jersey Green Building and LEED standards are not directly applicable to the proposed Plant.</p> <p>Review of the LEED and NJ Green Building manual standards revealed a focus on development of multi-family, office and warehouse facilities; there are no easy analogies to the development of a power plant.</p>
Recommendation	
<p>The Real Estate Division recommends that the Board authorize staff (e.g., CEO, Senior Vice President or Managing Director of Finance and Development) to approve the Application under the Act, after the Applicant satisfies the following conditions:</p> <ul style="list-style-type: none"> • Completing the site acquisition from the Educational Facilities Authority (EFA) • Providing a copy of the recorded deed from EFA to the Applicant • Providing a copy of the Easement Agreement • Submitting, in final form, of the development and operating budget (substantially the same as the documents reviewed by the Authority) • Submitting, in final form, transaction documents that reflect the agreement between the parties (substantially the same as the documents reviewed by the Authority). • Submitting, in final form, project labor agreements for the construction and contracts to implement the long range maintenance plan, which to the greatest extent possible enhances employment opportunities for individuals residing in the county of the project's location • Submitting, in final form, posted bonds guaranteeing prompt payment of moneys due to the contractor. • Paying the additional application fee of \$10,373 • Submitting other items (such as final forms of financial documents) that the Applicant 	

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must provide in order to obtain the Authority's final approval.

The Authority's approval of the project may be revoked in the event that a challenge or appeal against the Applicant's selection of the Project Owner prevents UMM Energy Partners, LLC from being the project owner.

Prepared by: Juan Burgos, Sr. Project Manager, Real Estate Division

EXHIBIT A

Comparative Cost Savings Analysis
New Plant versus Decentralization (2 Alternatives)

Cost Savings Analysis
New Plant with EMS Sale to MSU

	Yr 18	Yr 19	Yr 20	Yr 21	Yr 22	Yr 23	Yr 24	Yr 25	Yr 26	Yr 27	Yr 28	Yr 29	Yr 30
Capacity Payment	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000
Variable Electricity	(33,511,285)	(33,651,739)	(33,792,193)	(33,932,647)	(34,073,101)	(34,213,555)	(34,354,009)	(34,494,463)	(34,634,917)	(34,775,371)	(34,915,825)	(35,056,279)	(35,196,733)
Variable Chilled Water	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Variable Steam Cost	(56,057,041)	(56,299,323)	(56,541,605)	(56,783,887)	(57,026,169)	(57,268,451)	(57,510,733)	(57,753,015)	(57,995,297)	(58,237,579)	(58,479,861)	(58,722,143)	(58,964,425)
Variable O&M - Electricity	(5,901,867)	(5,933,431)	(5,965,000)	(5,996,564)	(6,028,128)	(6,059,692)	(6,091,256)	(6,122,820)	(6,154,384)	(6,185,948)	(6,217,512)	(6,249,076)	(6,280,640)
Variable O&M - Chilled Water	(1,295,150)	(1,310,480)	(1,325,810)	(1,341,140)	(1,356,470)	(1,371,800)	(1,387,130)	(1,402,460)	(1,417,790)	(1,433,120)	(1,448,450)	(1,463,780)	(1,479,110)
Variable O&M - Steam	(1,895,800)	(1,921,132)	(1,946,464)	(1,971,796)	(1,997,128)	(2,022,460)	(2,047,792)	(2,073,124)	(2,098,456)	(2,123,788)	(2,149,120)	(2,174,452)	(2,199,784)
PS&G Electricity Purchase	(1,239,255)	(1,254,585)	(1,269,915)	(1,285,245)	(1,300,575)	(1,315,905)	(1,331,235)	(1,346,565)	(1,361,895)	(1,377,225)	(1,392,555)	(1,407,885)	(1,423,215)
Land Lease & DS&R Int.	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415
Enhanced F&W of Plant													
MSU Credit for Debt Service Reserve													
MSU Credit for Long Term Main Reserve													
NPV @ 7.5%	\$2,602,752	\$1,768,017	\$933,282	\$93,547	\$4,817,719	\$13,767,537	\$23,717,373	\$34,667,209	\$45,617,045	\$56,566,881	\$67,516,717	\$78,466,553	\$89,416,389

Decentralization
Capital Outlay

	Yr 18	Yr 19	Yr 20	Yr 21	Yr 22	Yr 23	Yr 24	Yr 25	Yr 26	Yr 27	Yr 28	Yr 29	Yr 30
Capacity Payment	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000
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Variable Chilled Water	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
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Enhanced F&W of Plant													
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Cost Savings Analysis Version 2
New Plant (Target Owner Savings Plan)

	Yr 18	Yr 19	Yr 20	Yr 21	Yr 22	Yr 23	Yr 24	Yr 25	Yr 26	Yr 27	Yr 28	Yr 29	Yr 30
Capacity Payment	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000
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Variable Chilled Water	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Variable Steam Cost	(56,057,041)	(56,299,323)	(56,541,605)	(56,783,887)	(57,026,169)	(57,268,451)	(57,510,733)	(57,753,015)	(57,995,297)	(58,237,579)	(58,479,861)	(58,722,143)	(58,964,425)
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Land Lease & DS&R Int.	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415
Enhanced F&W of Plant													
MSU Credit for Debt Service Reserve													
MSU Credit for Long Term Main Reserve													
NPV @ 7.5%	\$2,602,752	\$1,768,017	\$933,282	\$93,547	\$4,817,719	\$13,767,537	\$23,717,373	\$34,667,209	\$45,617,045	\$56,566,881	\$67,516,717	\$78,466,553	\$89,416,389

Decentralization
Capital Outlay

	Yr 18	Yr 19	Yr 20	Yr 21	Yr 22	Yr 23	Yr 24	Yr 25	Yr 26	Yr 27	Yr 28	Yr 29	Yr 30
Capacity Payment	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000
Variable Electricity	(33,511,285)	(33,651,739)	(33,792,193)	(33,932,647)	(34,073,101)	(34,213,555)	(34,354,009)	(34,494,463)	(34,634,917)	(34,775,371)	(34,915,825)	(35,056,279)	(35,196,733)
Variable Chilled Water	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Variable Steam Cost	(56,057,041)	(56,299,323)	(56,541,605)	(56,783,887)	(57,026,169)	(57,268,451)	(57,510,733)	(57,753,015)	(57,995,297)	(58,237,579)	(58,479,861)	(58,722,143)	(58,964,425)
Variable O&M - Electricity	(5,901,867)	(5,933,431)	(5,965,000)	(5,996,564)	(6,028,128)	(6,059,692)	(6,091,256)	(6,122,820)	(6,154,384)	(6,185,948)	(6,217,512)	(6,249,076)	(6,280,640)
Variable O&M - Chilled Water	(1,295,150)	(1,310,480)	(1,325,810)	(1,341,140)	(1,356,470)	(1,371,800)	(1,387,130)	(1,402,460)	(1,417,790)	(1,433,120)	(1,448,450)	(1,463,780)	(1,479,110)
Variable O&M - Steam	(1,895,800)	(1,921,132)	(1,946,464)	(1,971,796)	(1,997,128)	(2,022,460)	(2,047,792)	(2,073,124)	(2,098,456)	(2,123,788)	(2,149,120)	(2,174,452)	(2,199,784)
PS&G Electricity Purchase	(1,239,255)	(1,254,585)	(1,269,915)	(1,285,245)	(1,300,575)	(1,315,905)	(1,331,235)	(1,346,565)	(1,361,895)	(1,377,225)	(1,392,555)	(1,407,885)	(1,423,215)
Land Lease & DS&R Int.	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415	238,415
Enhanced F&W of Plant													
MSU Credit for Debt Service Reserve													
MSU Credit for Long Term Main Reserve													
NPV @ 7.5%	\$2,602,752	\$1,768,017	\$933,282	\$93,547	\$4,817,719	\$13,767,537	\$23,717,373	\$34,667,209	\$45,617,045	\$56,566,881	\$67,516,717	\$78,466,553	\$89,416,389

Alternative Use (Equivalent pay MSU for Plant)

	Yr 18	Yr 19	Yr 20	Yr 21	Yr 22	Yr 23	Yr 24	Yr 25	Yr 26	Yr 27	Yr 28	Yr 29	Yr 30
Capacity Payment	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000	\$5,445,000
Variable Electricity	(33,511,285)	(33,651,739)	(33,792,193)	(33,932,647)	(34,073,101)	(34,213,555)	(34,354,009)	(34,494,463)	(34,634,917)	(34,775,371)	(34,915,825)	(35,056,279)	(35,196,733)
Variable Chilled Water	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Variable Steam Cost	(56,057,041)	(56,299,323)	(56,541,605)	(56,783,887)	(57,026,169)	(57,268,451)	(57,510,733)	(57,753,015)	(57,995,297)	(58,237,579)	(58,479,861)	(58,722,143)	(58,964,425)
Variable O&M - Electricity	(5,901,867)	(5,933,431)	(5,965,000)	(5,996,564)	(6,028,128)	(6,059,692)	(6,091,256)	(6,122,820)	(6,154,384)	(6,185,948)	(6,217,512)	(6,249,076)	(6,280,640)
Variable O&M - Chilled Water	(1,295,150)	(1,310,480)	(1,325,810)	(1,341,140)	(1,356,470)	(1,371,800)	(1,387,130)	(1,402,460)	(1,417,790)	(1,433,120)	(1,448,450)	(1,463,780)	(1,479,110)
Variable O&M - Steam	(1,895,800)	(1,921,132)	(1,946,464)	(1,971,796)	(1,997,128)	(2,022,460)	(2,047,792)	(2,073,124)	(2,098,456)	(2,123,788)	(2,149,120)	(2,174,452)	(2,199,784)

EXHIBIT B

HIGHER EDUCATION PUBLIC PRIVATE PARTNERSHIP

Applicant: Montclair State University

Project: CHCP Project

Date: November 23, 2011

INPUT INFORMATION IN WHITE CELLS ONLY

Acres: 2 Improv. SF: 18,000

DETAILED USES

Selected from:
Dropdown Menu

I		Lease and Related Transaction Costs	
1		Land	
2		Building	
3		Other: Montclair State University Transaction Costs	\$ 2,000,000
		Sub Total	\$ 2,000,000
II		Improvements	
1		Demolition	\$ 500,000
2		Environmental Testing and Remediation	\$ 500,000
3		Start up and Testing	\$ 550,000
4		Loop Net Segment Addition	\$ 1,150,000
5		Additional Building Tie-ins	\$ 1,950,000
6		Pedestrian Walk Way / Pipe Bridge	\$ 500,000
7		MSU Secondary Site Work (in Buildings)	\$ 2,600,000
8		Dual Electric Feeds	\$ 350,000
9		Relocation of new Plant Site Existing Utilities	\$ 100,000
10		Enhanced Distribution T's	\$ 100,000
11		Major Equipment	\$ 15,730,000
12		CEC Installation	\$ 16,650,000
13		Pipeline Installation	\$ 19,123,000
14		Demolition/ Building Tie-ins/ Depth	\$ 2,821,781
15		Building Tie-in Installation	\$ 1,637,000
16		Water and Sewer Interconnection	\$ 200,000
17		Performance Bond	\$ 691,070
18		Fitures, Furniture and Equipment	\$ 125,000
19		Other: Construction Management	\$ 3,520,000
20		Other: Start Up Fuel	\$ 100,000
21		Other: Operator Mobilization	\$ 75,000
22		Other: Spare Parts	\$ 350,000
23		Other:	
		Sub Total	\$ 68,922,693
III		Professional Services	
1		Engineering and Design	\$ 2,660,000
2		Other:	
		Sub Total	\$ 2,660,000
IV		Financing and Other Costs	
1		Financing Fees	
2		Application and Commitment Fees	\$ 300,000
4		Underwriting, OID, and Related Fees	\$ 667,170
6		Other:	\$ 3,597
7		Financing and Other Professional Service Fees	
8		Legal	\$ 610,000
10		Construction Review and Meetings	\$ 200,000
14		Other:	\$ 175,000
15		Financing: Interest	
16		Construction Interest	\$ 5,033,929
20		Other:	
24		Working Capital - Initial Operations	
27		Working Capital	\$ 450,000
30		Insurance	
31		Property and Liability Insurance	\$ 325,000
36		Permits and Fees	
37		Permitting and Land Usage	\$ 100,000
39		PSEG Interconnection Agreement	\$ 50,000
40		Other:	
42		Required Escrows (by financing source)	
43		Debt Service Reserve Fund	\$ 6,358,003
44		Maintenance Reserve Fund	\$ 1,000,000
49		Other:	
		Sub Total	\$ 16,972,696
V		Contingency	
		Construction Contingency	\$ 2,336,950
		Sub Total	\$ 2,336,950
VI		Development Fee (includes development firm staff time and overhead)	
		Project Development and Management	\$ 870,000
		Sub Total	\$ 870,000
VII		TOTAL USES	\$ 92,662,500
VIII		SOURCES AND USES SUMMARY AND GAP ANALYSIS	
VII		TOTAL USES	
I		Lease and Related Transaction Costs	% of TDC 2% Bldg SF Cost* \$ 111.11 \$ 2,000,000
II		Improvements	74% \$ 3,806.83 \$ 68,922,693
III		Professional Services	3% \$ 156.89 \$ 2,660,000
IV		Financing and Other Costs	18% \$ 904.04 \$ 16,972,696
V		Contingency	3% \$ 129.83 \$ 2,336,950
VI		Project Development and Management Fee	1% \$ 37.22 \$ 870,000
		TOTAL	100% \$ 5,147.92 \$ 92,662,500
IX		TOTAL SOURCES (Construction)	
1		Taxable Bonds	Ann. Interest Rate Term (months) Amortization \$ 51,265,000
2		Tax Exempt Bonds	\$ 22,865,000
3		Equity	\$ 18,532,500
4		CHP Grant	
3		TOTAL	\$ 92,662,500
X		TOTAL SOURCES (Permanent)	
1		Tax Exempt Bonds	Ann. Interest Rate Term (yrs) Amortization \$ 51,265,000
2		Taxable Bonds	6.75% 30** \$ 22,865,000
3		Equity	7.75% 16.00 10 \$ 18,532,500
4		CHP Grant	0% 0.00 0
7		TOTAL	\$ 92,662,500
XI		GAP ANALYSIS (Permanent)	
VIII		TOTAL SOURCES (Permanent)	\$ 92,662,500
X		TOTAL USES	\$ 92,662,500

*Does not account for linear feet of distribution infrastructure to be constructed/installed between Daily through Year 15; Principal and Interest Years 18 through 30

NO GAP

HIGHER EDUCATION PUBLIC-PRIVATE PARTNERSHIP

Applicant: **Montclair State University**
 Project: **CHCP Project**
 Date: **11/23/11**

INPUT INFORMATION IN WHITE CELLS ONLY

Base Year Income

First Year Stabilized Occupancy:

Year 2013

Capacity Payment and Volumetric Charges

Capacity Payment	\$6,445,000	
Electric: Kwh CHP	\$2,305,159	
Steam Driven Chiller Ton Hour	\$2,290,155	
Electric: Chiller Ton Hour	\$407,580	
Free Cooling CW Ton Hours	\$53,582	
CHP Steam Rate - HRSG	\$3,249,495	
Auxiliary Boiler Steam Rate	\$293,142	
Duct Burner Steam Rate	\$510,152	
Other:		
Total Other Income	\$15,554,265	
Vacancy % <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="text-align: center;">0%</td></tr></table>	0%	\$0
0%		
Other Net Effective Income	\$15,554,265	

Notes: Explain Other Income Source and Calculation

If no vacancy, explain why

--

Income Summary

Capacity Payment	\$6,445,000
Volumetric Charges	\$9,109,265
Total Net Effective Income	\$15,554,265

**% Ann.
Increase**

0.00%
4.40%

HIGHER EDUCATION PUBLIC-PRIVATE PARTNERSHIP

Applicant: **Montclair State University**
 Project: **CHCP Project**
 Date: **11/23/11**

INPUT INFORMATION IN WHITE CELLS ONLY

Base Year Operating Expenses

Number of Employees:

Administrative	
General Administrative	\$45,000
Insurance	\$160,000
Licensing and Permits	\$78,600
Total Administrative	\$283,600

Salaries and Related Charges	
Labor Costs (fully burdened)	\$1,072,933
Administrative and Management	\$103,529
Total Salaries and Related Charges	\$1,176,462

Maintenance and Repairs	
Materials and Chemicals	\$184,591
Tools and Supplies	\$31,200
Spare Parts	\$48,140
Total Maintenance and Repairs	\$263,931

Management Fee	
	\$0

Real Estate Taxes	
	\$0

Annual Financing Payments		Term (yrs)
Tax Exempt Bonds	VARIABLE	30.00
Taxable Bonds	VARIABLE	17.00
	\$0	
	\$0	
	\$0	
Total Financing Payments	VARIABLE	

Maintenance Contracts	
Subcontractor Repair Allowance	\$313,152
Solar Turbine and Chiller LTSA & Major Maintenance	\$475,544
Total Maintenance Contracts	\$788,696

Utilities	
Variable O and M	\$808,141
Natural Gas	\$3,671,272
Total Utilities	\$4,479,413

Summary of Operating Expenses		% Ann. Increase
Administrative	\$283,600	4.60%
Salaries and Related Charges	\$1,176,462	4.60%
Maintenance and Repairs	\$263,931	4.60%
Maintenance Contracts	\$788,696	4.60%
Utilities	\$4,479,413	4.60%
Management Fee	\$0	0.00%
Real Estate Taxes	\$0	0.00%
Total Expenses	\$4,992,102	

Annual Ground Rent (Deferred; paid after Debt Service)	
	\$206,000

HIGHER EDUCATION PUBLIC PRIVATE PARTNERSHIP PROGRAM

App: Montclair State University
 Project: CHCP Project
 Date: 11/23/11

ONLY INPUT DISTRIBUTION OF SURPLUS CASH

OPERATING PROFORMA

The Proforma should extend to the end of the financing period(s)
 This worksheet calculates automatically from information provided in worksheets 1 through 3.

	% Ann. Growth	Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
Net Effective Income																		
Capacity Payment	100.0%	2013	\$0	\$6,445,000	\$6,445,000	\$6,445,000	\$6,445,000	\$6,445,000	\$6,445,000	\$6,445,000	\$6,445,000	\$6,445,000	\$6,445,000	\$6,445,000	\$6,445,000	\$6,445,000	\$6,445,000	
+ Energy Charges	104.4%	2013	\$0	\$9,928,818	\$10,368,371	\$10,821,447	\$11,297,351	\$11,794,686	\$12,313,651	\$12,855,451	\$13,421,091	\$14,011,619	\$14,628,130	\$15,271,768	\$15,943,726	\$16,645,230	\$17,377,641	
= Total Income	100.0%	2013	\$15,554,285	\$16,373,818	\$16,816,371	\$17,266,447	\$17,742,581	\$18,239,685	\$18,758,651	\$19,300,451	\$19,866,091	\$20,456,619	\$21,073,130	\$21,716,768	\$22,389,726	\$23,092,250	\$23,825,281	
Expenses																		
Administrative	104.6%	2013	\$236,648	\$310,291	\$324,565	\$339,495	\$355,111	\$371,447	\$388,533	\$406,405	\$425,100	\$444,650	\$465,109	\$486,504	\$508,863	\$532,292	\$556,777	
+ Salaries and Related Charges	104.6%	2013	\$1,179,882	\$1,287,186	\$1,346,398	\$1,408,331	\$1,473,114	\$1,540,877	\$1,611,757	\$1,685,898	\$1,763,450	\$1,844,568	\$1,929,416	\$2,018,172	\$2,111,008	\$2,208,114	\$2,309,687	
+ Maintenance and Repairs	104.6%	2013	\$279,072	\$288,771	\$302,055	\$315,949	\$330,483	\$345,685	\$361,586	\$378,219	\$395,618	\$413,816	\$432,957	\$453,083	\$474,243	\$496,487	\$519,852	
+ Maintenance Contracts	104.6%	2013	\$824,976	\$862,925	\$902,619	\$944,140	\$987,570	\$1,032,999	\$1,080,517	\$1,130,220	\$1,182,219	\$1,236,592	\$1,293,475	\$1,352,915	\$1,415,212	\$1,480,312	\$1,548,406	
+ Utilities	104.6%	2013	\$4,679,813	\$4,685,466	\$4,900,897	\$5,126,443	\$5,363,250	\$5,609,924	\$5,867,834	\$6,137,613	\$6,419,107	\$6,714,385	\$7,023,247	\$7,345,317	\$7,680,247	\$8,037,722	\$8,407,458	\$8,794,201
= Total Expenses	104.6%	2013	\$6,895,182	\$7,313,728	\$7,664,171	\$8,002,879	\$8,378,174	\$8,795,282	\$9,157,841	\$9,579,287	\$10,019,850	\$10,480,763	\$10,962,878	\$11,467,171	\$11,994,661	\$12,546,415	\$13,123,558	\$13,727,234
Net Operating Income																		
Total Income		2013	\$15,554,285	\$16,373,818	\$16,816,371	\$17,266,447	\$17,742,581	\$18,239,685	\$18,758,651	\$19,300,451	\$19,866,091	\$20,456,619	\$21,073,130	\$21,716,768	\$22,389,726	\$23,092,250	\$23,825,281	
- Total Expenses		2013	\$6,895,182	\$7,313,728	\$7,664,171	\$8,002,879	\$8,378,174	\$8,795,282	\$9,157,841	\$9,579,287	\$10,019,850	\$10,480,763	\$10,962,878	\$11,467,171	\$11,994,661	\$12,546,415	\$13,123,558	
= Net Operating Income		2013	\$8,659,103	\$9,060,090	\$9,152,200	\$9,263,568	\$9,364,407	\$9,441,843	\$9,500,814	\$9,540,604	\$9,576,241	\$9,606,840	\$9,632,252	\$9,653,589	\$9,670,107	\$9,682,835	\$9,691,723	\$9,697,047
Annual Financing Payments																		
Year	Term	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
Var Excess Bond Debt Service	20	\$2,450,289	\$3,460,388	\$3,460,388	\$3,460,388	\$3,460,388	\$3,460,388	\$3,460,388	\$3,460,388	\$3,460,388	\$3,460,388	\$3,460,388	\$3,460,388	\$3,460,388	\$3,460,388	\$3,460,388	\$3,460,388	
+ Variable Bond Debt Service	17	\$2,450,289	\$2,458,450	\$2,458,450	\$2,458,450	\$2,458,450	\$2,458,450	\$2,458,450	\$2,458,450	\$2,458,450	\$2,458,450	\$2,458,450	\$2,458,450	\$2,458,450	\$2,458,450	\$2,458,450	\$2,458,450	
= Total Annual Debt Service		2013	\$4,900,578	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	
Net Income																		
Net Operating Income		2013	\$8,659,103	\$9,060,090	\$9,152,200	\$9,263,568	\$9,364,407	\$9,441,843	\$9,500,814	\$9,540,604	\$9,576,241	\$9,606,840	\$9,632,252	\$9,653,589	\$9,670,107	\$9,682,835	\$9,691,723	\$9,697,047
- Bond Debt Service		2013	\$4,900,578	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838	\$5,918,838
= Net Income		2013	\$3,758,525	\$3,141,252	\$3,233,362	\$3,344,730	\$3,446,569	\$3,523,005	\$3,581,766	\$3,621,766	\$3,657,403	\$3,687,902	\$3,713,414	\$3,734,751	\$3,751,269	\$3,764,997	\$3,775,885	\$3,784,209
Debt Coverage Ratio																		
		2013	1.45	1.40	1.47	1.49	1.50	1.52	1.53	1.55	1.57	1.59	1.60	1.62	1.64	1.66	1.68	1.71
Distribution of Surplus Cash																		
Net Income		2013	\$3,758,525	\$3,141,252	\$3,233,362	\$3,344,730	\$3,446,569	\$3,523,005	\$3,581,766	\$3,621,766	\$3,657,403	\$3,687,902	\$3,713,414	\$3,734,751	\$3,751,269	\$3,764,997	\$3,775,885	\$3,784,209
- MSU Ground Lease Rent (net @ 7.5%)	\$2,362,077	2013	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077	\$2,362,077
= Net Cash to Project Owner		2013	\$1,396,448	\$779,175	\$871,285	\$982,653	\$1,084,492	\$1,160,928	\$1,219,689	\$1,259,689	\$1,295,326	\$1,325,326	\$1,351,337	\$1,372,674	\$1,389,192	\$1,402,920	\$1,413,808	\$1,422,132
Long Term Maintenance Reserve Fund																		
BOY Balance		2013	\$1,000,000	\$1,030,000	\$1,060,900	\$1,092,727	\$1,125,509	\$1,159,274	\$1,194,052	\$1,229,874	\$1,266,776	\$1,304,773	\$1,343,918	\$1,384,253	\$1,425,820	\$1,468,569	\$1,512,541	\$1,557,696
+ Interest Earnings	3.00%	2013	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765	\$34,778	\$35,822	\$36,900	\$38,005	\$39,139	\$40,304	\$41,501	\$42,732	\$44,000	\$45,307	\$46,655
= Subtotal		2013	\$1,030,000	\$1,060,900	\$1,092,727	\$1,125,509	\$1,159,274	\$1,194,052	\$1,229,874	\$1,266,776	\$1,304,773	\$1,343,918	\$1,384,253	\$1,425,820	\$1,468,569	\$1,512,541	\$1,557,696	\$1,604,000
- Long Term Maintenance Expense		2013	\$1,030,000	\$1,060,900	\$1,092,727	\$1,125,509	\$1,159,274	\$1,194,052	\$1,229,874	\$1,266,776	\$1,304,773	\$1,343,918	\$1,384,253	\$1,425,820	\$1,468,569	\$1,512,541	\$1,557,696	\$1,604,000
= EOY Balance		2013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Investment Measurements (Before Tax)																		
Cash Flow Before Tax & IRR	16.14%	2012	\$2,443,107	\$2,522,496	\$2,604,183	\$2,688,455	\$2,775,991	\$2,872,066	\$2,972,043	\$3,076,225	\$3,184,026	\$3,295,950	\$3,412,500	\$3,533,266	\$3,658,850	\$3,789,863	\$3,926,816	\$4,069,430
**Net Cash + Initial Investment: Avg. and Ann.	23.88%	2012	13.16%	13.61%	14.05%	14.51%	14.98%	15.46%	15.96%	16.46%	16.97%	17.49%	18.01%	18.54%	19.07%	19.61%	20.15%	
**Net Cash + Total Development Cost: Avg. and Ann.	11.99%	2012	9.24%	9.33%	9.41%	9.51%	9.60%	9.70%	9.80%	9.91%	10.01%	10.11%	10.21%	10.31%	10.41%	10.51%	10.61%	
**Net Cash + Total Development Cost: Avg. and Ann.	4.78%	2012	2.64%	2.72%	2.81%	2.90%	2.99%	3.08%	3.17%	3.26%	3.35%	3.44%	3.53%	3.62%	3.71%	3.80%	3.89%	
***Net Present Value of Cash Flow @ Noted Rate	15.88%	2012	\$26,153,768	\$26,153,768	\$26,153,768	\$26,153,768	\$26,153,768	\$26,153,768	\$26,153,768	\$26,153,768	\$26,153,768	\$26,153,768	\$26,153,768	\$26,153,768	\$26,153,768	\$26,153,768	\$26,153,768	
***Net Present Value of Cash Flow @ Noted Rate	18.00%	2012	\$18,728,142	\$18,728,142	\$18,728,142	\$18,728,142	\$18,728,142	\$18,728,142	\$18,728,142	\$18,728,142	\$18,728,142	\$18,728,142	\$18,728,142	\$18,728,142	\$18,728,142	\$18,728,142	\$18,728,142	
***Net Present Value of Cash Flow @ Noted Rate	17.60%	2012	\$17,456,871	\$17,456,871	\$17,456,871	\$17,456,871	\$17,456,871	\$17,456,871	\$17,456,871	\$17,456,871	\$17,456,871	\$17,456,871	\$17,456,871	\$17,456,871	\$17,456,871	\$17,456,871	\$17,456,871	

* Calculation includes equity contribution and estimated value of the Plant of \$12 million. Estimation provided by Applicant's consultant.
 ** Annual and Average over the building period (total development cost remains at initial cost)
 *** Calculation does not include equity contribution; calculation is an estimate of what would be invested to receive a return equal to the discount rate

OPERATING PROFORMA

	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Net Effective Income	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000
+ Capacity Payment	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000
+ Energy Charges	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000	\$1,980,000
- Total Income	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000	\$6,405,000
Expenses																
- Administrative	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
+ Salaries and Related Charges	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000	\$2,327,000
- Maintenance and Repairs	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
+ Maintenance Contracts	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000	\$1,019,000
+ Utilities	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754	\$3,158,754
- Total Expenses	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658	\$14,352,658
Net Operating Income	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342	\$2,052,342
- Total Income	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,000
- Total Expenses	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658	\$3,892,658
Annual Financing Payments																
+ Monthly Bond Debt Service	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539
- Total Annual Debt Service	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539
Net Income	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803
- Bond Debt Service	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539	\$1,899,539
Net Cash to Project Owner	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803
Debt Coverage Ratio	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Distribution of Surplus Cash																
- Net Income	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803	\$1,152,803
- MSU Ground Lease Rent (w/ 6.75%)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
- Net Cash to Project Owner	\$952,803	\$952,803	\$952,803	\$952,803	\$952,803	\$952,803	\$952,803	\$952,803	\$952,803	\$952,803	\$952,803	\$952,803	\$952,803	\$952,803	\$952,803	\$952,803
Long Term Maintenance Reserve Fund																
- BOY Balance	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
+ Interest Earnings	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
- Subtotal	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000
- Long Term Maintenance Expense	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
- EOY Balance	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
Investment Measurements (Before Tax)																
- Cash Flow Before Tax & IRR	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004	\$1,977,004
- Cash & Fixed Investment, Avg. and Ann.	22.17%	22.17%	22.17%	22.17%	22.17%	22.17%	22.17%	22.17%	22.17%	22.17%	22.17%	22.17%	22.17%	22.17%	22.17%	22.17%
- Net Cash, Total (incl. Investment Cost, Avg. and Ann.	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%	11.90%
- Net Present Value of Cash Flow & Ann. Rate	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%
- Net Present Value of Cash Flow & Noted Rate	16.14%	16.14%	16.14%	16.14%	16.14%	16.14%	16.14%	16.14%	16.14%	16.14%	16.14%	16.14%	16.14%	16.14%	16.14%	16.14%
- Net Present Value of Cash Flow & Noted Rate	23.84%	23.84%	23.84%	23.84%	23.84%	23.84%	23.84%	23.84%	23.84%	23.84%	23.84%	23.84%	23.84%	23.84%	23.84%	23.84%

* Calculation does not include equity contribution and estimated value of debt.
 ** Annual and Average over the holding period (total development cost).
 *** Calculation does not include equity contribution, calculation is on

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Security Services
NJEDA Headquarters and Barnes Street Parking Lot, Trenton, NJ and
Waterfront Technology Center, Camden, NJ

DATE: December 13, 2011

Summary

I am requesting the Members' approval to rescind the award issued to Bowles Security Group, Inc. (Bowles) at the November 9, 2011 Board meeting, and award and execute two (2) contracts for security services to Vets Securing America (Vets) for security related services for the following properties: (i) NJEDA Headquarters and Barnes Street Parking Lot, Trenton; and (ii) Waterfront Technology Center, Camden.

Background

The security contracts for the above referenced properties expire on December 31, 2011 and are currently being provided by Bowles Security Group, Inc. The Real Estate Division publicly advertised a Request for Qualifications and Proposals (RFQ/P) for the referenced services and Proposals were received from the following six (6) firms listed in alphabetical order:

- Bowles Security Group, Inc.
- Command Security Corporation
- Greenlee Security Services, LLC
- Security Guard Inc. T/A Tri-County Security, NJ
- US Security Associates
- Vets Securing America

As indicated in my memo to the Members dated November 9, 2011, a comprehensive evaluation and scoring analysis was performed resulting in the Evaluation Committee recommending the award to Bowles. The Members approved the recommendation at the November 9, 2011 Board meeting. The Real Estate Division issued a Notice of Intent to Award to Bowles and notified the remaining firms of its intent to award. All proposers were advised that they had an opportunity to protest the award decision.

Upon receiving the Notice of Intent to Award to Bowles, Vets requested the final bid tabulation. A copy of the November 9 Board memo including the Evaluation Committee memo and Scoring Matrix was provided to Vets. On November 15, Vets questioned the Authority's award in a teleconference and followed by a written email stating, "Upon my review of the scoring matrix I identified what I believe was an error in the points that were awarded to Bowles Security and that of Vets Securing America. Bowles received 18 points in the Fee Proposal and V.S.A. received 12 points in that section although our hourly loaded price was lower for each of the three years before and after the escalation percentages for each year were applied."

Staff conferred with the Attorney General's Office and was advised that it was appropriate to perform a review and, if necessary, recalculate scores of the Proposals based on Vets' observations. The review and rescoring was limited solely to the Fee Proposals, the technical scores remained the same. Staff advised all proposers that it would be reevaluating and reconsidering all Proposals, as to fee only, and that they would be advised of the results.

The hourly rates and escalation were provided to the Authority's Internal Process Management (IPM) staff to perform a calculation of the Fees for all six Proposals based on their standard method of scoring. IPM staff was not provided the technical scores allocated to the firms. After IPM scored the Fee Proposals, Real Estate staff combined the existing technical score with IPM's calculated Fee score. Vets Securing America was determined to be the highest ranked firm. Attached are IPM's Hourly Rate Matrix and the revised Scoring Matrix.

Therefore, it is recommended that the Authority, based upon its improved and corrected methodology, rescind the award to Bowles, award to Vets, and enter into contracts with Vets to provide security services for a term of three (3) years with an additional two (2) year renewal term option, in the Authority's sole discretion. Vets' fully loaded hourly rate for providing security services for the NJEDA Headquarters and Barnes Street Parking Lot is \$29.44 and the fully loaded hourly rate providing security services for the Waterfront Technology Center is \$23.14 with a 1.9% annual escalation.

Recommendation

In summary, I am requesting the Members' approval to rescind the award issued to Bowles at the November 9, 2011 Board meeting and award and execute two (2) contracts for security services to Vets Securing America for a term of three (3) years with an additional two (2) year renewal term option, on terms acceptable to the Chief Executive Officer and the Attorney General's Office for the NJEDA Headquarters and the Barnes Street Parking Lot, and the Waterfront Technology Center in Camden.



Caren S. Franzini
Chief Executive Officer

Attachments

Prepared by: Donna Sullivan



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Selection of Architect/Engineer and Construction Manager
Fort Monmouth Tech Park (FMTP)

DATE: December 13, 2011

Summary

I am requesting the Members to approve the selection of an Architect/Engineer and a Construction Manager to design and construct the facility renovation improvements for the Phase I building of the Fort Monmouth Tech Park.

Background

A central goal of the Fort Monmouth Reuse and Redevelopment Plan is to attract and support technology-related growth industries through the reuse and repositioning of existing facilities. By leveraging the fort's physical assets, New Jersey can stabilize and grow the region's high-tech workforce while creating new employment and business opportunities for displaced employees. In furtherance of this objective earlier this year EDA received the approval of the New Jersey Legislature's Joint Budget Oversight Committee (JBOC) to authorize funding for a feasibility study from the proceeds of a 2004 bond issuance secured by future BEIP income tax withholdings.

In coordination with our Eatontown Office team which supports the Fort Monmouth Economic Revitalization Authority Board, EDA is pursuing a plan to reposition an existing fort building as a multi-tenant facility, offering move-in ready space to commercializing tech companies along with on-site graduation space. This facility would anchor a 50± acre technology park providing build-to-suit opportunities to support business attraction.

In order to advance the development of this project, the Real Estate Division issued two publicly advertised Requests for Qualifications (RFQs), one for Architect/Engineering (A/E) services and the other for Construction Management (CM) services. In response to the RFQs, we received Qualification Statements from nineteen (19) A/E firms and eleven (11) Construction Managers. Firms that submitted were ranked in accordance with the Authority's policies and procedures and the recommended short list was approved by the Authority's Evaluation Committee. The Real Estate Division issued Requests for Proposal (RFPs) and offered a site tour to the short list of the five (5) highest ranked A/E firms and the five (5) highest ranked CM firms. The short listed A/E firms included:

HDR, Ewing Cole, Kling Stubbins, PS&S and NK Architects. The short listed Construction Managers included: Gilbane, Skanska, Torcon, Turner and Structuretone.

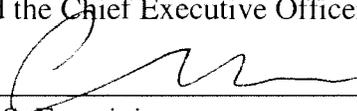
The Evaluation Committee is recommending that the Board approve the selection of the highest ranked firm for each service. The evaluation was based upon a comparative ranking, with an emphasis on relevant experience, based on evaluation criteria set forth in the RFPs. The A/E ranking ranged from a high of 36 to a low of 17.5 points, with the highest ranked Architect/Engineer being HDR of Lawrenceville, New Jersey. The Construction Manager ranking ranged from a high of 27 to a low of 15.5 points, with the highest ranked Construction Management firm being Gilbane of Lawrenceville, New Jersey. The A/E and CM evaluation matrices are attached.

The A/E selection of HDR is based upon the pre-design fee of up to \$255,690 and a design fee that is a fixed percentage (%) of construction, based upon the project complexity and cost, as shown on the attached schedule. HDR's fee proposal, negotiated in accordance with the Authority's procurement procedures, is in the middle of the five proposed fees and was found to be fair and reasonable. We are also seeking the approval of a 10% design contingency due to the potential for unforeseen conditions often encountered during this type of building renovation work. The CM selection of Gilbane is based on a pre-construction fee of \$38,500 and a construction fee of 1.63%, plus general conditions and an incentive clause. Gilbane received the best overall fee ranking as shown on the attached memo. In the event the pre-design activities do not have full funding, the contracts give the Authority the ability to make adjustments to the scope of work to ensure the cost of the feasibility study does not exceed available funds. Final approval of the selection of HDR and Gilbane will be subject to receipt and approval of each firm's compliance documentation.

While we are seeking the Members' approval to enter into the Authority's standard form contracts with both firms for complete services, we will initially issue notices-to-proceed for feasibility work to the extent of available funding. The feasibility work will be funded from unrestricted funds of the Authority. Following the feasibility phase, we will be presenting a comprehensive development budget to the Board for approval. Once this is complete and other necessary formal agreements and financing are in place for the development of the project, we will issue an updated notice-to-proceed to the selected firms to continue the balance of services.

Recommendation

In summary, I am requesting the Members' approval to enter into standard form contracts with HDR for design services and Gilbane for construction services and to expend up to \$294,190 of the Authority's unrestricted funds (including \$250,000 as authorized by JBOC) for predevelopment services for the Fort Monmouth Tech Park, subject to approval of the Attorney General's Office and the Chief Executive Officer.



Caren S. Franzini

Atts.

Prepared by: Stephen Martorana
Manager – Design & Construction

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

REAL ESTATE DIVISION - 2011-RED-RFQ/P-SEC-015

TERM: three (3) year term with one (1) two (2) year extension option

Position: Security Guard

	PROPOSERS	Based on 1 Hour	TRENTON Hourly Rate	TRENTON ANNUAL Escalation Percentage	TRENTON Hourly Rate INCLUDING ESCALATION					BLENDED SCORE (see stratification below)	POINTS for PRICE WEIGHTED at 30% therefore each Stratification earns 6 points for 5 "Buckets"	RANKING	CAMDEN Hourly Rate	CAMDEN ANNUAL Escalation Percentage	CAMDEN Hourly Rate INCLUDING ESCALATION					BLENDED SCORE (see stratification below)	POINTS for PRICE WEIGHTED at 30% therefore each Stratification earns 6 points for 5 "Buckets"	RANKING
					2nd Year	3rd Year	4th Year	5th Year	TOTAL						2nd Year	3rd Year	4th Year	5th Year	TOTAL			
1	Bowles	1	\$29.99	1.0%	\$30.29	\$30.59	\$30.90	\$31.21	\$152.98	1	6	5	\$23.67	1.0%	\$23.91	\$24.15	\$24.39	\$24.63	\$120.74	1	6	5
2	Command	1	\$29.98	2.0%	\$30.58	\$31.19	\$31.82	\$32.45	\$156.02	1	6	6	\$23.59	2.0%	\$24.06	\$24.54	\$25.03	\$25.53	\$122.76	1	6	6
3	Greenlee	1	\$27.07	1.5%	\$27.48	\$27.89	\$28.31	\$28.73	\$139.47	4	24	2	\$21.57	1.5%	\$21.89	\$22.22	\$22.56	\$22.89	\$111.13	4	24	2
4	Tri-County	1	\$25.90	2.0%	\$26.42	\$26.95	\$27.49	\$28.03	\$134.78	5	30	1	\$20.59	2.0%	\$21.00	\$21.42	\$21.85	\$22.29	\$107.15	5	30	1
5	US Security	1	\$28.24	2.0%	\$28.80	\$29.38	\$29.97	\$30.57	\$146.96	3	18	3	\$22.63	0.0%	\$22.63	\$22.63	\$22.63	\$22.63	\$113.15	3	18	3
6	Vets Securing America	1	\$29.44	1.9%	\$30.00	\$30.57	\$31.15	\$31.74	\$152.90	1	6	4	\$23.14	1.9%	\$23.58	\$24.03	\$24.48	\$24.95	\$120.18	1	6	4

TRENTON	Highest 5 Yr. Hourly Rate	Lowest 5 Yr. Hourly Rate	Range	Stratify Based on Score of 5
	\$156.02	\$134.78	\$21.23	\$4.25

CAMDEN	Highest 5 Yr. Hourly Rate	Lowest 5 Yr. Hourly Rate	Range	Stratify Based on Score of 5
	\$122.76	\$107.15	\$15.61	\$3.12

RANGE		SCORE	PRICE WEIGHTED at 30% therefore each Stratification earns 6 points for each of the 5 "Buckets"
From	To		
\$134.78	\$139.03	5	
\$139.04	\$143.29	4	
\$143.30	\$147.54	3	
\$147.55	\$151.80	2	
\$151.81	\$156.06	1	

RANGE		SCORE	PRICE WEIGHTED at 30% therefore each Stratification earns 6 points for each of the 5 "Buckets"
From	To		
\$107.15	\$110.27	5	
\$110.28	\$113.41	4	
\$113.42	\$116.54	3	
\$116.55	\$119.67	2	
\$119.68	\$122.80	1	

SECURITY SERVICES RFQ/P MATRIX

Name of Firm(s)	Firm's Qualifications & Experience	Firm's Management, Staff Resources & Experience	Security Strategies & Action Plans	Understanding of Scope	Staffing Plan	Fee Proposal	Exceptions to Contract (Y/N)	Complete Compliant Submission (Y/N)	Total Evaluation Score For Each Firm	Ranking
	25 POINTS	20 POINTS	10 POINTS	5 POINTS	10 POINTS	30 POINTS			100 POINTS	
Bowles Security Group, Inc.	24.75	19.5	6.25	4.5	6.75	6	N	Y	67.75	3
Vets Securing America	24	18.75	8.5	5	9.5	6	N	Y	71.75	1
US Security Associates	24	16	7.75	2.25	3	18	Y	Y	71	2
Command Security Corporation	23.75	15.5	8.5	3.75	3.5	6	N	Y	61	4
Greenlee Security Services, LLC	13.75	8.75	2.5	2.25	2.25	24	N	Y	53.5	5
Security Guard Inc. T/A Tri-County Security, NJ	10.75	13	2.75	2.25	2.25	30	N	Y	61	4

Fort Monmouth Tech Park

Construction Management RFP Evaluation

11/21/2011

No	Name of Firm(s)	Office Location Firm	1 Key staff	2 Similar firm experience 60-150K SF	3 Understanding of Project Scope Requirement	4 Exceptions/ exclusions/ clarifications	5 LEED Experience of Firm & Team Members	Qualification Subtotal	6 Fee Pre-construction pt.	7 Fee Construction pt.	8 Insurance Costs per/\$1000 pt.	9 Staff Multiplier pt.	Fee Subtotal	OVERALL TOTAL				
1	Gilbane	Lawrenceville, NJ	3.5	3	2	3	3.5	15	\$38,500	4	1.63%	2	\$8.45	2.5	1.5	3.5	12	27
2	Skanska	Parsippany, NJ	3.5	3	3.5	3	3.5	16.5	\$90,000	1	1.75%	1	\$8.50	2.5	1.5	3.5	8	24.5
3	Torcon	Red Bank, NJ	2	3	3.5	3	1.5	13	\$50,000	2.5	1.00%	4	\$8.50	2.5	1.65	1	10	23
4	Turner	Somerset, NJ	1	1	1	1	1.5	5.5	\$50,000	2.5	1.50%	3	\$8.60	2.5	1.6	2	10	15.5
5	Structuretone*	Hamilton, NJ						0									0	0

The evaluation spreadsheet is based on a comparative ranking with each firm receiving a score between 1 and 4 points with 4 being the highest score for each evaluation criteria

Fort Monmouth Tech Park

Architectural/Engineering Services RFP Evaluation

11/21/2011

No	Name of Firm(s)	Office Location of Firm	1 Arch key staff member experience	2 Key sub-consultants experinece	3 Similar project experience 60-150K	4 Understanding of the project Requirements and Scope	5 Experience in design team Coordination	6 CM experience	7 DCA experience	8 LEED Experience Registered or Certified Projects	9 Exceptions/ exclusions/ clarification	TOTAL
1	HDR	Lawrenceville, NJ	4.5	3.5	5	5	3	4	4	4	3	36
2	Ewing Cole	Philadelphia, PA	4.5	3.5	4	3.5	3	4	1.5	4	3	31
3	Kling Stubbins	Philadelphia, PA	2.5	3.5	2.5	3.5	3	4	1.5	4	3	27.5
4	PS&S	Warren, NJ	2.5	3.5	2.5	1.5	3	1.5	4	1.5	3	23
5	NK Architects	Morristown, NJ	1	1	1	1.5	3	1.5	4	1.5	3	17.5

The evaluation spreadsheet is based on a comparative ranking with each firm receiveing a score between 1 and 5 points with 5 being the highest score for each evaluation criteria

Fort Monmouth Tech Park
A/E Fee Matrix

Please complete this matrix with your proposed design fees in accordance with section 2.2 of the Fee Proposal Form.

CONSTRUCTION COST	"A" New Construction	"A" Renovation	"B" New Construction	"B" Renovation	"C" New Construction	"C" Renovation
\$0 - \$1.5mm	7.5%	9.5%	8.3%	10.3%	10.0%	11%
\$1.5mm - \$3mm	7.3%	9.3%	8.2%	10.2%	9.5%	10.7%
\$3mm - \$5mm	7.0%	9.0%	7.9%	9.9%	9.0%	10.4%
\$5mm - \$7.5mm	6.5%	8.5%	7.6%	9.6%	8.7%	10.1%
\$7.5mm - \$10mm	6.0%	8.0%	7.3%	9.3%	8.2%	9.8%
\$10mm - \$15mm	5.5%	7.5%	7.0%	9.1%	8.0%	9.5%
\$15mm - \$20mm	5.0%	7.0%	6.7%	8.8%	7.8%	9.2%
\$20mm - \$30mm	4.5%	6.5%	6.4%	8.5%	7.6%	8.9%
\$30mm - \$50mm	4.0%	6.0%	6.2%	8.3%	7.4%	8.6%
\$50mm +	3.5%	4.5%	6.0%	8.0%	7.2%	8.3%

Examples of building types according to degree of complexity.

Schedule "A" = Basic: Uncomplicated structures such as warehouses, storage buildings, parking structures.

Schedule "B" = Average: For structures of usual architectural character such as offices buildings, administrative, training.

Schedule "C" = Complex: For structures of specialized character such as laboratories, research, or special testing facilities.

Respectfully submitted,

HDR Architects and Engineers, P.C.

Name of Firm



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Technology Centre of New Jersey
Biotechnology Development Center II
Lease Agreement with Ezose Sciences, Inc.

DATE: December 13, 2011

Summary:

I will request the Members' approval for the Authority to enter into a 39 month lease with Ezose Sciences, Inc. ("Ezose") for 7,066 square feet of generic wet lab space in Biotechnology Development Center II ("BDC II") in the Tech III building.

Background:

At the September, 2007 meeting, the Members approved funding for the construction of generic lab space for incubator graduates, and the execution of a master lease with the AFL-CIO Building Investment Trust, the Authority's partner in the Technology Centre of New Jersey, LLC, for approximately 12,000 square feet in Tech III at a rental rate of \$12.50 per square foot. Construction of two suites, called BDC II, within the space was completed in October of 2009 and rent commencement under the master lease was November 1, 2010.

Ezose is a glycomics-focused research and development biotechnology company providing high-throughput solutions for the analysis of glycans present on proteins, blood and other tissues. The company was founded in 2009, using technology from Japan's Hokkaido University, funded by Shionogi & Co., Ltd. ("Shionogi") and Sumitomo Bakelite Co., Ltd. Shionogi is a pharmaceutical manufacturing company founded in 1878 and listed on the Tokyo Stock Exchange, with 2010 net sales of \$3.4 billion. Ezose, a wholly owned subsidiary of Shionogi, was incorporated in Delaware, and is headquartered in Pine Brook, New Jersey, where it occupies 12,000 square feet of laboratory space under a sub-lease which terminates in April 2012. All nine Ezose employees will be relocated to the new space in BDC II. An estimated seven additional staff will be hired from the local area over the next two years, as well as one transferred here from Shionogi in Japan.

The proposed lease has a term of 39 months with three months of free rent, and a \$10 per square foot (\$70,660) Tenant Improvement Allowance (TIA). The negotiated rental rate begins at \$31.25 NNN the first year, and increases by \$1 per square foot in the second and third years. The net rent to the Authority over the lease term, after deducting lease commissions of approximately \$46,000, amortization of the TIA at five percent per annum, and the three months of free rent, will be an average of \$24.47 per square foot. Ezose will provide a security deposit equivalent to three (3) months' rent.

Recommendation:

In summary, I am requesting the Members' approval of a lease with Ezose Sciences, Inc. for 7,066 square feet of generic wet lab space at the Technology Centre of New Jersey in the Tech III building on terms generally consistent with the attached, and to execute documents to complete this transaction on final terms acceptable to the Attorney General's Office and the Authority's Chief Executive Officer.



Caren S. Franzini
Chief Executive Officer

Attachment

Prepared By: Christine Roberts

LANDLORD: New Jersey Economic Development Authority

TENANT: Ezose Sciences, Inc. ("Tenant")

BUILDING: 675 US Route One South
Tech III Building

LEASED PREMISES: Approximately 7,066 s.f.

COMMENCEMENT: Upon execution and delivery of a mutually satisfactory lease agreement.

TERM: Three (3) years and three (3) months beginning January 1, 2012 and ending March 31, 2015.

RENT COMMENCEMENT: Rent shall commence to accrue on April 1, 2012 (the "Rent Commencement Date").

SECURITY DEPOSIT: Equal to three months' rent, or approximately \$55,203.

BASE RENTAL RATE: Base Rent shall be as follows:
Jan 1 through Mar 31, 2012 No base rent
Apr 1, 2012 through Mar 31, 2013: \$31.25/sf/yr, NNN
Apr 1, 2013 through Mar 31, 2014: \$32.25/sf/yr, NNN
Apr 1, 2014 through Mar 31, 2015: \$33.25/sf/yr, NNN

TAXES AND OPERATING EXPENSES (CAM): This lease is a triple net lease. Tenant shall pay for all utilities used within the Leased Premises, maintenance, janitorial services, any taxes (PILOT) related solely to the Leased Premises and its pro-rata share of common area maintenance ("CAM") charges based on the rentable square feet of the Leased Premises as compared to the total rentable square feet of the Building or Technology Centre, as applicable.

TENANT IMPROVEMENT ALLOWANCE: \$10 per square foot, or \$70,660.

TRANSFERABILITY: Tenant may sublease, assign, license or permit the use or occupancy of all or any portion of the Leased Premises, without Landlord's written consent, to an affiliate of Tenant. Tenant may not sublease, assign, license or permit the use or occupancy of all or any portion of the Leased Premises, without Landlord's written consent, which consent shall not be unreasonably withheld, or conditioned.

In no event will Tenant be relieved of its payment and performance obligations under the lease.

RENEWAL OPTIONS:

Tenant will have the option to renew for either one (1), two (2) or five (5) years at a rate of the lower of 95% of Fair Market Rate or the then current base rent.

BROKERAGE COMMISSIONS:

Under the Authority's contract with Jones, Lang, LaSalle, the Authority will pay a commission of approximately \$46,000.

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Waterfront Technology Center Camden
Lease Agreement with Blue Sky Power, LLC

DATE: December 13, 2011

Summary

I am requesting the Members' approval to enter into a lease agreement with Blue Sky Power, LLC ("Blue Sky") for approximately 1,080 square feet of fourth floor office space at the Waterfront Technology Center at Camden.

Background

At the June 2004 meeting, the Members approved the construction of the WTCC Tech One building ("WTCC") a 100,000 square foot, five-story, multi-tenanted facility.

At the September 2010 meeting, the Members approved a five year lease with DCM, an architectural and engineering firm with a focus on energy efficient design and building maintenance, on the fourth floor of WTCC. Blue Sky is currently a subtenant in the DCM space, occupying approximately 1,200 square feet; both firms graduated from the Rutgers Camden Technology Campus ("RCTC"), a business incubator which leases 20,000 square feet on the second floor of WTCC.

Blue Sky Power, LLC ("Blue Sky"), was formed in 2008 and develops, finances and manages clean energy capital projects. Blue Sky moved into the RCTC incubator from Haddonfield, New Jersey in 2009 with one office and three employees, and now has seven full-time and one part-time employee, including two additional partners. The firm intends to hire two to four additional full-time employees within the next two years and is in need of additional space.

The 1,080 square foot premises is conference room space recently vacated by Accenture, a WTCC tenant, under a partial termination agreement. Blue Sky plans to fit out the space with offices at a cost of approximately \$45,000, and has requested a Tenant Fit-Out Allowance ("Allowance") which would be amortized through additional rent at a rate of 5%. The Allowance

will be capped at 75% of the Authority-approved construction costs to fit out the space or \$30,000, whichever is less.

The net rent to the Authority for this transaction, after taking into brokerage commissions and amortization of the maximum Allowance at 5% per annum, will be \$20.32 per square foot.

Staff has reviewed Blue Sky's financial statements for the past two years. Net income has been stable and is more than sufficient to fund the rental expense for the additional space.

Recommendation

In summary, I am requesting the Members' approval for the following: 1) execution of the Authority's standard form of lease with Blue Sky Power, LLC for approximately 1,080 square feet of office space at the Waterfront Technology Center at Camden's Tech One building on terms generally consistent with the attached sheet; 2) a \$9,720 Business Lease Incentive Grant to Blue Sky payable over two years per the approved schedule for office and high tech tenants, contingent on approval of the Camden Economic Recovery Board staff under Delegated Authority; and 3) any and all other documents required to effectuate this transaction, on final terms acceptable to the Attorney General's Office and the Chief Executive Officer.



Caren S. Franzini
Chief Executive Officer

Attachment

Prepared By: Christine Roberts

LANDLORD: NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

PROPERTY: THE WATERFRONT TECHNOLOGY CENTER AT CAMDEN

TENANT: Blue Sky Power, LLC

PREMISES: Approximately 1,080 rentable square feet on the fourth floor.

LEASE TERM: Five (5) years and two months.

RENT COMMENCEMENT: Rent shall commence to accrue 60 (sixty) days after the earlier of March 1, 2012 or receipt of a Certificate of Occupancy for the space (the "Rent Commencement Date").

BASE RENTAL RATES: \$21.50 psf modified gross. Beginning in Lease Year 3, the Base Rental Rate shall increase .50 per square foot per year during the Lease Term.

TAXES AND OPERATING EXPENSES (CAM): The lease is a modified gross lease and the base rent includes CAM (water, sewer, utilities and maintenance), tenant electric, real estate taxes (PILOT), insurance, snow/landscape service, and property management (including office janitorial and security).

BASE YEAR ESCALATIONS: After Year 1, Tenant will be responsible for any taxes, operating expense and CAM charges which exceeds Landlord's Base Year operating expense estimate.

TENANT IMPROVEMENT ALLOWANCE: Landlord will provide a Tenant Improvement Allowance of up to 75% of Landlord approved construction costs, to a maximum of \$30,000, to be amortized in the rent at a rate of 5%. If the maximum allowance is required, the rental rate will be \$6.10 per square foot per annum.

RENEWAL OPTIONS: None.

BROKER: Under the Authority's contract with Jones, Lang, LaSalle, the Authority will pay a commission of approximately \$6,000.

SECURITY DEPOSIT: Equal to three months' rent, or \$5,800.

BLI GRANT: Year 1: \$5.00 psf
Year 2: \$4.00 psf



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Technology Centre of New Jersey
Biotechnology Development Center II
Lease Agreement with Ezose Sciences, Inc.

DATE: December 13, 2011

Summary:

I will request the Members' approval for the Authority to enter into a 39 month lease with Ezose Sciences, Inc. ("Ezose") for 7,066 square feet of generic wet lab space in Biotechnology Development Center II ("BDC II") in the Tech III building.

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Ezose is a glycomics-focused research and development biotechnology company providing high-throughput solutions for the analysis of glycans present on proteins, blood and other tissues. The company was founded in 2009, using technology from Japan's Hokkaido University, funded by Shionogi & Co., Ltd. ("Shionogi") and Sumitomo Bakelite Co., Ltd. Ezose, a wholly owned subsidiary of Shionogi, was incorporated in Delaware, and is headquartered in Pine Brook, New Jersey, where it occupies 12,000 square feet of laboratory space under a sub-lease which terminates in April 2012. All nine Ezose employees will be relocated to the new space in BDC II. An estimated seven additional staff will be hired from the local area over the next two years, as well as one transferred here from Shionogi in Japan.

Shionogi is a pharmaceutical manufacturing company founded in 1878 and listed on the Tokyo Stock Exchange, with 2010 net sales of \$3.4 billion. Either Shionogi's United States' affiliate, Shionogi, Inc., will guarantee the lease, or Shionogi or Ezose will provide a security deposit or letter of credit equivalent to three (3) months' rent.

The proposed lease has a term of 39 months with three months of free rent, and a \$10 per square foot (\$70,660) Tenant Improvement Allowance (TIA). The negotiated rental rate begins at \$31.25 NNN the first year, and increases by \$1 per square foot in the second and third years. The net rent to the Authority over the lease term, after deducting lease commissions of approximately \$46,000, amortization of the TIA at five percent per annum, and the three months of free rent, will be an average of \$24.47 per square foot.

Recommendation:

In summary, I am requesting the Members' approval of a lease with Ezose Sciences, Inc. for 7,066 square feet of generic wet lab space at the Technology Centre of New Jersey in the Tech III building on terms generally consistent with the attached, and to execute documents to complete this transaction on final terms acceptable to the Attorney General's Office and the Authority's Chief Executive Officer.



Caren S. Franzini
Chief Executive Officer

Attachment

Prepared By: Christine Roberts

LANDLORD: New Jersey Economic Development Authority

TENANT: Ezose Sciences, Inc. ("Tenant")

BUILDING: 675 US Route One South
Tech III Building

LEASED PREMISES: Approximately 7,066 s.f.

COMMENCEMENT: Upon execution and delivery of a mutually satisfactory lease agreement.

TERM: Three (3) years and three (3) months beginning January 1, 2012 and ending March 31, 2015.

RENT COMMENCEMENT: Rent shall commence to accrue on April 1, 2012 (the "Rent Commencement Date").

LEASE GUARANTOR: Shionogi & Co., Ltd.

SECURITY DEPOSIT: Equal to three months' rent, or approximately \$55,203. Tenant may provide a guarantee from its U.S. parent in place of a security deposit.

BASE RENTAL RATE: Base Rent shall be as follows:
Jan 1 through Mar 31, 2012 No base rent
Apr 1, 2012 through Mar 31, 2013: \$31.25/sf/yr, NNN
Apr 1, 2013 through Mar 31, 2014: \$32.25/sf/yr, NNN
Apr 1, 2014 through Mar 31, 2015: \$33.25/sf/yr, NNN

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TENANT IMPROVEMENT ALLOWANCE: \$10 per square foot, or \$70,660.

TRANSFERABILITY: Tenant may sublease, assign, license or permit the use or occupancy of all or any portion of the Leased Premises, without Landlord's written consent, to an affiliate of

Tenant. Tenant may not sublease, assign, license or permit the use or occupancy of all or any portion of the Leased Premises, without Landlord's written consent, which consent shall not be unreasonably withheld, or conditioned. In no event will Tenant be relieved of its payment and performance obligations under the lease.

RENEWAL OPTIONS:

Tenant will have the option to renew for either one (1), two (2) or five (5) years at a rate of the lower of 95% of Fair Market Rate or the then current base rent.

BROKERAGE COMMISSIONS:

Under the Authority's contract with Jones, Lang, LaSalle, the Authority will pay a commission of approximately \$46,000.



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: The Technology Centre of New Jersey Operating Budget – 2012

DATE: December 13, 2011

Summary

I am requesting the Members' approval of the attached 2012 operating budget ("2012 budget") for the Technology Centre of New Jersey, L.L.C. ("LLC").

Background

The LLC is the entity formed by the Authority's joint venture with the AFL-CIO Building Investment Trust (BIT). The Authority, through its Real Estate Division, is the LLC's managing member. As managing member, the Authority is charged with the day-to-day operations of the Technology Centre, including the preparation of an annual operating budget.

Attached, for your review and approval, is the Technology Centre's 2012 budget, which includes projected revenues and budgeted expense categories. The 2012 budget is based on projections using 2011 actual costs and revenues with inflationary adjustments where anticipated.

The attached budget includes the forecasted year end 2011 results, which indicate that the project will have sufficient revenue to support the 2012 operating budget. Net Income for 2011 is estimated to be \$1,502,000 with projected \$1,500,000 in cash payments, and \$520,000 in accrued payments, to the BIT for their preferred rate of return. Administration Fees accrued and payable to the Authority are estimated at \$176,000 for 2011.

2012 projected Net Cash Flow is slightly higher than 2011 primarily due to an anticipated reduction in expenses. Accruals of the Authority's Administration Fee will be made in 2012 until revenue is sufficient to pay all current and outstanding guaranteed preferred return payments to the BIT, anticipated to occur in 2013 with the commencement of new leases currently in process.

The LLC's 2012 projected Return on Investment is estimated to be approximately 4.4%. Pursuant to the Operating Agreement, implementation of the annual budget is subject to approval by the BIT.

Recommendation

I am requesting that the Members approve the attached 2012 budget for the Technology Centre of New Jersey, L.L.C.



Caren S. Franzini
Chief Executive Officer

Attachment

Prepared by: Christine Roberts

Technology Centre of New Jersey
2012 Operating Budget

	2012 Budget	2011 Projected
INCOME:		
<i>Rental Income & Reimbursables</i>		
Anthem/Chubb	\$388,000	\$416,000
Merial	\$1,331,000	\$1,316,000
Meda	\$0	\$180,000
Watson Pharmaceuticals	\$108,000	\$0
Tech III - Generic Wet Labs	\$222,000	\$232,000
Tech III - Rutgers	\$970,000	\$941,000
Tech IV: Ground Lease (to EDA)	\$238,000	\$221,000
Commercialization Center	\$310,000	\$291,000
Commercialization Center (Expansion)	\$306,000	\$298,000
	<hr/>	<hr/>
Total Rental Income	\$3,873,000	\$3,895,000
<i>Interest Income</i>	\$300	\$1,000
Total Income	<hr/> <hr/>	<hr/> <hr/>
	\$3,873,300	\$3,896,000
EXPENSES:		
<u>Recoverable</u>		
Utilities	\$102,000	\$124,000
Maintenance	\$139,000	\$310,000
Landscaping	\$175,000	\$171,000
Snow Removal	\$335,000	\$335,000
Management	\$233,000	\$226,000
Insurance - Tenant Reimbursable	\$207,000	\$144,000
PILOT	\$812,000	\$801,000
<u>Non-Recoverable</u>		
NJEDA Administration Fee	\$194,000	\$177,000
Insurance - Director's & Officers (Non-Tenant)	\$12,000	\$10,000
Annual Audit	\$36,000	\$35,000
Consulting (A&E, Environmental, Appraisal)	\$30,000	\$26,000
R/E Commission	\$35,000	\$35,000
Contingency/Miscellaneous	\$0	\$0
	<hr/>	<hr/>
Total Expenses	\$2,310,000	\$2,394,000
	<hr/> <hr/>	<hr/> <hr/>
NET INCOME:	\$1,563,300	\$1,502,000