NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

December 9, 2014

MINUTES OF THE MEETING

Members of the Authority present: Al Koeppe, Chairman; State Treasurer Andrew Sidamon–Eristoff; Christopher Hughes representing the Commissioner of the Department of Banking and Insurance; Assistant Commissioner Jeffrey Stoller of the Department of Labor and Workforce Development; Public Members: Joseph McNamara, Vice Chairman; Larry Downes, Fred B. Dumont, Philip B. Alagia, Massiel Medina Ferrara, and William J. Albanese, Sr., Second Alternate Public Member.

Present via conference call: Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Public Members: Charles Sarlo; Harold Imperatore, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

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

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

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the November 10, 2014 regular meeting minutes. A motion was made to approve the minutes by Mr. Albanese, seconded by Mr. McNamara, and was approved by the 13 voting members present.

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

AUTHORITY MATTERS

ITEM: 2015 Strategic Business Plan
REQUEST: To review and approve the 2015 Strategic Business Plan that has been reviewed by the Policy and Audit Committees.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Ferrara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: FY15 Fiscal Plan
REQUEST: To review and approve the proposed FY15 Fiscal Plan.
MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

BOND PROJECTS

ITEM: NJEDA/School Facilities Construction Bonds Portfolio
REQUEST: Approval of a qualified independent representative policy and delegation to the Authorized Officers of the Authority to execute safe harbor letters in accordance with new regulatory requirements with respect to parties involved in derivative transactions, including interest rate swap agreements.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Hughes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Atlantic City Sewerage Company **APPL.**#39369
LOCATION: Atlantic City/Atlantic
PROCEEDS FOR: Purchase of equipment and machinery
FINANCING: $6,000,000 Tax-exempt Bond
MOTION TO APPROVE: Mr. Dumont **SECOND: Ms. Ferrara** **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

ITEM: SCF Realty III, LLC **APPL.**#39892
LOCATION: Bayonne/Hudson
PROCEEDS FOR: Acquisition of existing building
FINANCING: $10,000,000 Tax-exempt Bond
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Amended Bond Resolutions

ITEM: Bayonne Industries , Inc., IMTT-Bayonne & IMTT-BC **APPL.**#40183
LOCATION: Bayonne/Hudson
PROCEEDS FOR: Refinancing
FINANCING: $36,300,000 Tax-exempt Bond

MOTION TO APPROVE: Ms. Albanese **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ITEM: The Seeing Eye, Inc. **APPL.**#40135
LOCATION: Chester Twp/Morris County
PROCEEDS FOR: Refinancing
FINANCING: $18,340,000 Tax-exempt Bond
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Combination Preliminary and Bond Resolutions

ITEM: The Gill St. Bernard's School **APPL.**#40208
LOCATION: Peapack-Gladstone Borough/Somerset
PROCEEDS FOR: Refinancing
FINANCING: $8,250,000 Tax-exempt Bond
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

ITEM: The Gill St. Bernard's School **APPL.**#40211
LOCATION: Peapack-Gladstone Borough/Somerset
PROCEEDS FOR: Refinancing
FINANCING: $6,250,000 Tax-exempt Bond
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

ITEM: Uncommon Properties V, LLC **APPL.**#40207
LOCATION: Newark/Essex
PROCEEDS FOR: Renovation of existing building
FINANCING: $7,145,000 Tax-exempt Bond
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Hughes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

LOANS/GRANTS/GUARANTEES

Direct Loans

PROJECT: 2000 West Street, LLC **APPL.**#40099
LOCATION: Union/Hudson
PROCEEDS FOR: Acquisition of existing building
FINANCING: $684,000 loan

MOTION TO APPROVE: Mr. Hughes **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PROJECT: Public Media NJ, Inc. **APPL.#**40166
LOCATION: Newark/Essex
PROCEEDS FOR: Purchase of equipment & machinery/Acquisition of existing building
FINANCING: $1,250,000 loan
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. McNamara **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

State Treasurer Sidamon–Eristoff recused himself because he is President of the Board of Public Broadcast.

Statewide Loan Pool

PROJECT: 8 Boys LLC **APPL.#**39844
LOCATION: Glassboro Borough/Gloucester
PROCEEDS FOR: Purchase of equipment & machinery/Acquisition of existing building
FINANCING: $5,000,000 TD Bank loan with a $1,000,000 EDA participation
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Albanese **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

PROJECT: Liscio's Italian Bakery, Inc. **APPL.#**39842
LOCATION: Glassboro Borough/Gloucester
PROCEEDS FOR: Purchase of equipment & machinery/Acquisition of existing building
FINANCING: $5,000,000 TD Bank loan with a $1,000,000 EDA participation
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

Fund for Community Economic Development

PROJECT: Trenton Business Assistance Corporation **APPL.#**39986
LOCATION: Hamilton/Mercer
PROCEEDS FOR: Revolving Loan Fun
FINANCING: $500,000 loan
MOTION TO APPROVE: Mr. Hughes **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

State Treasurer Sidamon–Eristoff left the room at this time.

Petroleum Underground Storage Tank Program

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

PROJECT: Joseph Zipeto **APPL.**#39792
LOCATION: West Orange/Essex
PROCEEDS FOR: Remediation
FINANCING: $168,198 Petroleum UST Remediation, Upgrade and Closure Fund Grant
MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Albanese **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

Hazardous Discharge Site Remediation

ITEM: Approval of Hazardous Discharge Site Remediation Fund Program projects listed below.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. McNamara **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

PROJECT: Michael Flamos **APPL.**#39925
LOCATION: South Orange/Essex
PROCEEDS FOR: Remedial Investigation
FINANCING: $26,614

PROJECT: Villarroel, Patricio and Omaira **APPL.**#39911
LOCATION: Point Pleasant Beach/Ocean
PROCEEDS FOR: Remedial Investigation
FINANCING: $214,310

PROJECT: Camden Redevelopment Agency **APPL.**#40147
LOCATION: Camden/Camden
PROCEEDS FOR: Remedial Action
FINANCING: $269,034

PROJECT: Camden Redevelopment Agency **APPL.**#40179
LOCATION: Camden/Camden
PROCEEDS FOR: Remedial Action
FINANCING: $1,800,000

PROJECT: Borough of Somerville **APPL.**#39541
LOCATION: Somerville/Somerset
PROCEEDS FOR: Remedial Action
FINANCING: $4,877,906

State Treasurer Sidamon–Eristoff re-entered the room at this time.

EDISON INNOVATION FUND

Technology Business Tax Certificate Transfer Program

ITEM: Technology Incentives Delegations
REQUEST: Increase delegations for New Jersey Angel Investor Tax Credit Program and create delegation for Technology Business Tax Certificate Transfer Program.
MOTION TO APPROVE: Mr. Albanese **SECOND:**Ms. Ferrara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

Angel Investor Tax Credit Program

ITEM: Approval of applications through the Angel Investor Tax Credit Program listed below.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Hughes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

INVESTOR: Care Capital Investments III LP **APPL.**# 40069
TECHNOLOGY BUSINESS: Agile Therapeutics, Inc.
LOCATION: Princeton/Mercer
QUALIFIED INVESTMENT: $4,250,045.86

INVESTOR: Shanghai Aucta Pharmaceuticals Co., Ltd **APPL.**# 40086
TECHNOLOGY BUSINESS: Aucta Pharmaceuticals, LLC
LOCATION: North Brunswick/Middlesex
QUALIFIED INVESTMENT: $140,000.00

INVESTOR: Core Ventures II LLC **APPL.**# 40127
TECHNOLOGY BUSINESS: ElectroCore
LOCATION: Bernards Township/Somerset
QUALIFIED INVESTMENT: $5,000,000.00

INVESTOR: Conure ElectroCore, LLC **APPL.**#40129
TECHNOLOGY BUSINESS: ElectroCore
LOCATION: Bernards Township/Somerset
QUALIFIED INVESTMENT: $4,000,000.00

INVESTOR: Conure ElectroCore, LLC **APPL.**#40126
TECHNOLOGY BUSINESS: ElectroCore
LOCATION: Bernards Township/Somerset
QUALIFIED INVESTMENT: $1,333,333.00

ITEM: Zipz Inc.
REQUEST: To approve Angel Investor Tax Credit applications for investments made in Zipz Inc totaling $291,066.
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Albanese **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

OFFICE OF RECOVERY

ITEM: Surf City Marina
THIS ITEM WAS WITHHELD FROM CONSIDERATION.

ITEM: Stronger NJ Business Grant Program Appeal – GNG Investments LLC
REQUEST: To approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Grant for GNG Investments LLC.
MOTION TO APPROVE: Mr. Hughes **SECOND:** Ms. Ferrara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

INCENTIVE PROGRAMS

ITEM: Revised Incentive Programs Rules Amendments
New Jersey Economic Opportunity Act of 2013
And Economic Opportunity Act of 2014, Part 3
REQUEST: To approve 1) the proposed amendments to the rules implementing the Economic Redevelopment and Growth Program, Business Employment Incentive Program, Business Retention and Relocation Assistance Grant Program, BRRAG Tax Credit Certificate Program and Grow New Jersey Assistance Program as well as certain Authority administrative rules regarding fees based on statutory revisions enacted pursuant to the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161; and 2) the attached proposed rule amendments revising the ERG Program, Urban Transit Hub Tax Credit Program and Grow NJ Program pursuant to statutory revisions enacted in the Economic Opportunity Act of 2014, Part 3, P.L. 2014, c. 63; and 3) to authorize staff to submit the adoption and proposed amendments for promulgation in the February 2, 2015 edition of the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Albanese **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

Economic Redevelopment and Growth Grant Program

ITEM: Amendment to Residential Economic Redevelopment Growth Grants
REQUEST: To approve an amendment to the August 12, 2014 Residential Economic Redevelopment Growth Grants Analysis memo to include projects that are awarded 9% Low Income Housing Tax Credit through NJHMFA and display a funding GAP such that the project could not be complete without a Residential ERG award
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

ITEM: Makers Village QALICB, LLC
REQUEST: To approve the application of Makers Village QALICB, LLC for a project located in Newark, Essex County for the issuance of tax credits. The recommended reimbursement is 9.48% of the eligible costs, not to exceed $2,214,192 based on the budget submitted.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 24

Grow New Jersey Assistance Program

ITEM: Just Greens, LLC dba Aerofarms APPL.#39142
REQUEST: To approve the application of Just Greens, LLC dba Aerofarms for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Newark, NJ. Project location of Newark, Essex County qualifies as a Urban Transit HUB Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Deep Poverty Pocket and Capital Investment in Excess of Minimum. The estimated annual award is $655,500 for a 10-year term.
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 25

ITEM: Cooper Health System APPL.#40148
REQUEST: To approve the application of Cooper Health System for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Camden, NJ.
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Dumont **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 26

ITEM: Cooper Health System APPL.#40148
REQUEST: To approve the application of Cooper Health System for a Grow New Jersey Assistance Program Grant. The project location of Camden, Camden County qualifies as a Garden State Growth Zone under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Deep Poverty Pocket, Transit Oriented Development, Jobs with Salaries in Excess of the Garden State Growth Zone Average, Large number of New/Retained Full-Time Jobs, the presence of a Targeted Industry (health business), and location in a municipality in Camden County with 2007 Revitalization Index greater than 465. The estimated annual award is $3,999,000 for a 10-year term.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Stoller **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 27

PROJECT: Direct Energy GP, LLC. **APPL.#40027**
LOCATION: Woodbridge/Middlesex County
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 28

ITEM: Direct Energy GP, LLC APPL.#40027
REQUEST: To approve the application of Direct Energy GP, LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Woodbridge, NJ. Project location of Woodbridge, Middlesex County qualifies as a Distressed Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Jobs with Salaries in Excess of the County Average, Large Number of New/Retained Full-Time Jobs, and the presence of a Targeted Industry (Energy business). The estimated annual award is $1,019,452 for a 10-year term.
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Albanese **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 29

PROJECT: GGB, LLC **APPL.#39591**
LOCATION: West Deptford/Gloucester County
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 30

ITEM: GGB, LLC APPL.#39591
REQUEST: To approve the application of GGB, LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in West Deptford, NJ. Project location of West Deptford, Gloucester County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18.The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Capital Investment in Excess of Minimum and the presence of a Targeted Industry (Manufacturing). The estimated annual award is $328,250 for a 10-year term.

MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Albanese **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 31
PROJECT: Physician and Tactical Healthcare Services, LLC and SPARHC, LLC APPL.#40037
LOCATION: Pennsauken/Camden County
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 32

PROJECT: Physician and Tactical Healthcare Services, LLC and SPARHC, LLC APPL.#40037
REQUEST: To approve the application of Physician and Tactical Healthcare Services, LLC and SPARHC, LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Pennsauken, NJ. Project location of Pennsauken, Camden County qualifies as a Distressed Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Deep Poverty Pocket, a presence of a Targeted Industry (Health), and location in a municipality in Camden County with 2007 Revitalization Index greater than 465. The estimated annual award is $328,680 for a 10-year term.
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Albanese **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 33

ITEM: Radical Cosmetics, LLC APPL.#39996
REQUEST: To approve the application of Radical Cosmetics, LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in New Brunswick, NJ. Project location of New Brunswick, Middlesex County qualifies as an Urban Transit HUB Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Transit Oriented Development and a presence of a Targeted Industry (Manufacturing). The estimated annual award is $225,000 for a 10-year term.
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 34

ITEM: Solvay USA Inc. APPL.#40024
LOCATION: West Windsor, Mercer County
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 35

ITEM: Solvay USA Inc. APPL.#40024
REQUEST: To approve the application of Solvay USA Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in West Windsor Township, NJ. Project location of West Windsor, Mercer County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Jobs with Salaries in Excess of the County Average, Large Number of New/Retained Full-Time Jobs and has a presence as a Targeted Industry (Manufacturing). The estimated annual award is $965,250 for a 10-year term.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 36

ITEM: Subaru of America, Inc. APPL.#40170
REQUEST: To approve the application Subaru of America, Inc for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Camden, NJ.
MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Stoller **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 37

ITEM: Subaru of America, Inc. APPL.#40170
REQUEST: To approve the application Subaru of America, Inc for a Grow New Jersey Assistance Program Grant Under N.J.S.A. 34:1B-242 et seq, projects located in Camden City, Camden County are eligible to receive per employee as a tax credit the total amount of capital investment for the project divided by the number of employees, subject to certain limits, provided that the project represents a net positive benefit to the State over a 35 year period. Subaru's estimated capital investment for this project is $117,832,868. The estimated annual award is $11,783,286 for a 10-year term
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Albanese **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 38

ITEM: York Risk Services Group, Inc. APPL.#40141
LOCATION: Parsippany, Morris County
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Mr. Alagia **SECOND: Mr. Stoller AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 39

ITEM: York Risk Services Group, Inc. APPL.#40141
REQUEST: To approve the application of York Risk Services Group, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Parsippany, NJ. Project location of Parsippany, Morris County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for the presence as a Targeted Industry (Finance). The estimated annual award is $316,360 for a 10-year term.
MOTION TO APPROVE: Ms. Ferrara **SECOND:** Mr. Stoller **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 40

Grow New Jersey Assistance Program - Modifications

ITEM: Modification request for Pollaro Custom Furniture, Inc. P39849
REQUEST: To approve the request to modify the project site previously approved by the Board.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 41

ITEM: WebiMax, LLC.
REQUEST: To approve the reduction in full-time jobs being incented on the WebiMax project.
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 42

Economic Redevelopment and Growth Grant Program

ITEM: 609 HoldCo. LLC, 609 Broad Street, LLC and Commercial Broad Street, LLC
REQUEST: To approve the application of 609 HoldCo. LLC, 609 Broad Street, LLC and Commercial Broad Street, LLC for a project located in Newark, Essex County for the issuance of tax credits. The recommendation is to give up to 25.07% of the eligible costs, not to exceed $40,000,000 in tax credits based on the budget submitted.
MOTION TO APPROVE: Mr. Downes **SECOND:** Ms. Ferrara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 43

BOARD MEMORANDUMS

ITEM: Incentives Delegations – Brownfields Reimbursement Program
REQUEST: Expand delegations to staff under the Brownsfields Reimbursement Program to assign and transfer existing grant agreements.
MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 44

ITEM: New Markets Tax Credit/NJUSB Investment Fund II, LLC
REQUEST: Consent to the actions required to wind-up Loan Pool 2
MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 45

ITEM: New Markets Tax Credit Loan Restructures
REQUEST: To approve the restructure guidelines for maturing NMTC loans
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Stoller **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 46

ITEM: Retail Fuel Station—Energy Resiliency Program
REQUEST: Consent to the following actions:
1) Advance a second round of funding for all retail fuel stations statewide and lower the minimum eligibility of gasoline capacity to 18,000 gallons; and, 2) Approve the attached form of the Sub-Grant Agreement between the New Jersey Office of Emergency Management and EDA for the allocation of funding for payment of administrative costs incurred by EDA.
MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 47

ITEM: Vineland Community Health and Education Center, LLC
REQUEST: Consent to the actions required to wind-up the NJCDE-2's sub-allocation of New Markets Tax Credits to VCHEC
MOTION TO APPROVE: Mr. Downes **SECOND: Mr. Alagia** **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 48

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

Small Business Fund Program: MG Realty Holding, LLC (P40036); Upper Mountain Properties LLC (P39998)

New Jersey Business Growth Fund - Modification: Atlantic Cardiac Realty LLC (P40056); Placko Signs LLC (P40168); Pollack Health and Wellness Center Inc. and Steven J. Pollack (P40143)

REAL ESTATE

ITEM: Health/Agriculture and Treasury Taxation Buildings
REQUEST: Approve a reimbursement resolution to allow the use of bond proceeds to permit the reimbursement of expenses for the Feasibility Study the will be prepared for the renovation, demolition or replacement office space for the Health/Agriculture and Treasury Taxation buildings.
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 49

ITEM: Selection of Feasibility Study Consultant
Health/Agriculture and Taxation Buildings (Trenton)
REQUEST: To approve the selection of an architectural/engineering firm KSS Architects to conduct a Feasibility Study for the Health/Agriculture and Taxation Buildings (Trenton)
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Albanese **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 50

ITEM: Primer Education Group
The Technology Centre of New Jersey

REQUEST: Approval to (1) enter into a ten year six month Lease Agreement between Premier Education Group and the NJ Economic Development Authority to lease a 36,500 square foot building at the Technology Centre of New Jersey know as "Tech VI"; and (2) direct NJEDA's property management firm to perform base building improvements to the Tech VI building as a cost not to exceed $500,000.

MOTION TO APPROVE: Mr. Alagia SECOND: Mr. Stoller AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 51

PUBLIC COMMENT

There was no comment from the public.

EXECUTIVE SESSION

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

MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 52

The Board returned to Public Session.

ITEM: Technology Centre of New Jersey, LLC Liquidation

REQUEST: As discussed in executive session, to approve the proposed real estate transaction and related dissolution of the LLC.

MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 53

ITEM: Property Disposition Procedures

REQUEST: As discussed in executive session, to approve Property Disposition Procedures for the sale or lease of Authority property.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Albanese **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 54

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

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

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Kim Ehrlich, Sr. Governance & Outreach Officer
Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

DATE: December 9, 2014

SUBJECT: Agenda for Board Meeting of the Authority December 9, 2014

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Authority Matters

Bond Projects

Loans/Grants/Guarantees

Edison Innovation

Office of Recovery

Incentive Programs

Board Memorandums

Real Estate

Executive Session

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

November 10, 2014

MINUTES OF THE MEETING

Members of the Authority present: Al Koeppe, Chairman; State Treasurer Andrew Sidamon–Eristoff; Commissioner Kenneth Kobylowski of the Department of Banking and Insurance; Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Joe Latoof representing the Commissioner of the Department of Labor and Workforce Development; Public Members: Joseph McNamara, Vice Chairman; Charles Sarlo, Fred B. Dumont, Philip B. Alagia, William J. Albanese, Sr., Second Alternate Public Member; and Harold Imperatore, Third Alternate Public Member.

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

Absent: Rodney Sadler, Non-Voting Member.

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

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

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

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

MINUTES OF AUTHORITY MEETING

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

Ms. Ferrara and Mr. Albanese abstained.

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

Mr. Sarlo entered the meeting at this time.

BOND PROJECTS

AMENDED BOND RESOLUTIONS

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

PRELIMINARY RESOLUTIONS

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

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

LOANS/GRANTS/GUARANTEES

Direct Loans

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

Petroleum Underground Storage Tank Program

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

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

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

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

EDISON INNOVATION FUND

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

ANGEL INVESTOR TAX CREDIT PROGRAM

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

Technology Business Tax Certificate Transfer Program

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

ANGEL INVESTOR TAX CREDIT PROGRAM

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

OFFICE OF RECOVERY

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

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

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

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

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

INCENTIVE PROGRAMS

Economic Redevelopment and Growth Grant Program

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

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

Grow New Jersey Assistance Program

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

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

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

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

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

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

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

BOARD MEMORANDUMS

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

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

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

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

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

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

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

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

Camden ERB: ATS Group LLC (P39901)

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

REAL ESTATE

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

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

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

PUBLIC COMMENT

There was no comment from the public.

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

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

Kim Ehrlich, Sr. Governance & Outreach Officer
Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele A. Brown
Chief Executive Officer

DATE: December 9, 2014

RE: Chief Executive Officer's Report to the Board

NEW JERSEY ECONOMIC OPPORTUNITY ACT OF 2013 UPDATE

In December 2013, the EDA Board approved the first projects under the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 163. Signed into law in September 2013, the Act streamlined the State's economic development incentive programs into two: the Grow New Jersey Assistance Program (Grow NJ), which is the State's main job creation and retention incentive, and the Economic Redevelopment and Growth Program (ERG), New Jersey's key developer incentive.

Following the Chair's recommendation, EDA evaluated activity over the last year under P.L. 2013, c. 163 to determine whether results support the stated public policy goals of the Act. In summary, this includes:

- Enhancing business attraction, expansion and retention efforts by reducing minimum employment and investment thresholds required in previous programs.
- Targeting growth in specific locations that have lagged in investment, including Urban Transit Hubs, Distressed Municipalities, and Garden State Growth Zones, with an explicit focus on Camden and other locations in southern New Jersey.
- Targeting growth in key industries, including transportation, manufacturing, defense, energy, logistics, life sciences, technology, health, and finance.
- Advancing other policy objectives through the creation of bonuses, including transit oriented development, significant capital investment, high average salaries, and the reuse of existing structures.
- Implementing safeguards through the creation of performance-based funding mechanisms, and by ensuring projects will yield a net positive benefit to the State.

Grow NJ

Through November, 72 projects have been approved under Grow NJ for a total of up to $1.46 billion in tax credits. These projects involve the estimated creation of 9,342 new, permanent jobs and

3,553 construction jobs, the retention of 10,561 jobs certified as “at risk” of leaving the State, and the private investment of an estimated $1.15 billion in New Jersey’s economy.

No tax credits have been issued to date. Following Board approval, EDA staff continues to monitor projects, and applicants are required to submit independent CPA certification of actual capital investment and job creation or retention at project completion prior to the issuance of tax credits. Other performance-based requirements include maintaining the project employment for 1.5 times the period in which the business receives the tax credit; and, maintaining a minimum of 80% of the full-time statewide workforce from the last tax period prior to the approval (as evidenced through annual reporting requirements).

Applications are evaluated to determine eligibility as defined within the Act. Eligibility includes a location in a qualified incentive area; meeting or exceeding the employment and capital investment requirements; demonstrating that the award of the tax credit is a "material factor" in the company's location decision; demonstrating that the capital investment and the resultant creation of eligible positions will yield a net positive benefit of at least 110% of the requested tax credit amount (100% in Camden); certifying (via the CEO) that existing full-time jobs are at risk of leaving the State or being eliminated, and that the job creation or retention would not occur but for the Grow NJ award. Projects must also meet green building standards.

To date:

- 65% of approved projects received a bonus for being in one of the defined targeted industries.
    - Notably, 47% of approved tax credits support companies in the manufacturing sector; this is consistent with the New Jersey Department of Labor and Workforce Development’s (LWD) results tied to its training grants – since 2010, LWD has approved 894 training grants valued at $21 million, with about half going to manufacturing operations.

- 86% of approved tax credits support projects in a targeted community.
    - 16% Distressed Municipality
    - 34% Urban Transit Hub Municipality
    - 36% GSGZ *(of this, nearly 90% are located in the City of Camden)*

- 41% of approved tax credits support projects in southern New Jersey *(counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, Salem)*

- 32% of approved tax credits support projects in the City of Camden

- 28% of approved tax credits support projects in Jersey City

- Less than one percent of projects are purely retention; 38% are solely attraction projects; the remainder represent combined expansion/retention projects.

- 43% of projects approved boast salaries in excess of the county or GSGZ average.

    - These projects represent a combined total of 5,176 new jobs (or 55% of all jobs to be created) and 6,345 retained jobs (or 60% of all jobs to be retained).

- 36% of projects received a bonus for Transit Oriented Development

- 32% of projects received a bonus for excess capital investment

ERG

Through November, 15 projects have been approved for a total of up to $374.3 million. These projects involve the estimated creation of 4,519 new, permanent jobs and 7,276 construction jobs, as well as private investment totaling $1.8 billion.

There have been no reimbursements or tax credits issued to date. Following Board approval, EDA staff continues to monitor projects, and applicants must submit satisfactory evidence of actual project costs (as certified by a CPA) and project completion prior to the disbursement of any funds.

Applications are evaluated by the EDA to determine eligibility as defined within the Act. Eligibility includes: a qualified residential or commercial project with a location in a qualified incentive area; demonstrating a project financing gap (as determined through a rigorous analysis of the sources and uses of funds, construction costs and projected revenues); commercial projects are subject to a comprehensive net benefit analysis to verify that the revenues the State receives will be greater than the incentive being provided. Projects must also meet green building standards.

To date:

- 33% of approved projects are located in a GSGZ

- 38%* of approved dollars are for projects located in southern New Jersey *(counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, Salem)*

- 92%* of approved dollars are for residential projects

- 86% of approved projects involve the reuse of existing structures

**The Sayreville Seaport Associates award of $223.27 million for its $1.1 billion commercial project was excluded from these calculations due to the award being significantly greater than the other approved projects*

Legacy Programs

I also wanted to provide you with a brief update on projects approved under Grow NJ and ERG prior to the enactment of P.L. 2013, c. 163.

As background, Grow NJ was originally enacted as P.L. 2011, c. 149, in January 2012 through the Grow New Jersey Assistance Act, C.34:1B-242 et seq. ERG was originally enacted as P.L. 2009, c. 90, in July 2009 through the New Jersey Economic Stimulus Act of 2009, C.52:27D-489 a through o.

Through the legacy Grow NJ Program, 19 projects were approved for $541.7 million in tax credits between April 2012 and December 2013. These projects involve the estimated private investment of $810.7 million, the creation of an estimated 2,723 new, permanent jobs and 3,458 construction jobs and the retention of 6,685 "at risk" jobs.

- To date, over 80% of the projects have closed and are advancing or completed. Of the three remaining projects, two are expected to close by year end and the third was granted an extension and will close in 2015.
- Examples of projects that are under construction or completed include:
  - Burlington Coat Factory, which held a groundbreaking for its new Florence-based headquarters in April 2013;
  - Destination Maternity, which hosted a groundbreaking for its new state-of-the-art distribution facility in Florence in March 2014;
  - Ascena Retail/Dress Barn, which held a ribbon-cutting for its new Mahwah-based headquarters in May 2014;
  - FlightSafety Inc., which celebrated the opening of its expanded Learning Center in Moonachie in June 2014;
  - Memorial Sloan Kettering Cancer Center, which marked the start of construction at its newest campus in Middletown in September 2014; and,
  - NRG Energy, which hosted a groundbreaking ceremony for its new headquarters in West Windsor in November 2014.
- No issuance of tax credits to date. Companies must submit independent CPA certification of actual capital investment and job creation or retention prior to the issuance of tax credits.

Through the legacy ERG Program, 21* projects were approved for $856.5 million between February 2010 and November 2013 *(note one ERG project was approved in November 2009)*. These projects involve the estimated private investment of $1.2 billion and the creation of an estimated 5,756 new, permanent jobs and 4,688 construction jobs.

- To date, over 60% of the projects have closed and are advancing or completed. Of the remaining projects, eight have evidenced that they are advancing through submission of progress reports and one project has been withdrawn.
- A total of approximately $2.3 million has been reimbursed to date *(Saker Shoprite – FY13: $555,000; FY14: $520,642; DGMB/Margaritaville – FY15: $1.25 million).* Projects must submit satisfactory evidence of actual project costs (as certified by a CPA) and project completion prior to the disbursement of any funds.

**The Revel and American Dream projects were excluded due to the awards and related figures being significantly greater than the other approved projects.*

AUTHORITY MATTERS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

RE: 2015 Strategic Business Plan

DATE: December 9, 2014

We are pleased to share with the members the 2015 Strategic Business Plan that has been reviewed by the Policy and Audit Committees.

As you will see, this year's plan maintains the structure and Strategic Imperatives developed in the 2014 Plan; however, the plan includes an increased focus on tracking objectives and measures to policy initiatives, such as Garden State Growth Zones. This includes objectives to:

- Identify catalytic projects in each of the Garden State Growth Zones;
- Ensure quarterly contact with Garden State Growth Zone business and community leaders and stakeholders through one on one meetings and event participation;
- Increase outreach to Garden State Growth Zones and distressed municipalities in order to advance a statewide presence;
- Conduct a pilot evaluation of investment in Garden State Growth Zones to determine an economic development strategy and appropriate rate of return and other metrics and to ensure the utilization of funds is in line with policy goals.

As always, the EDA is committed to achieving our objectives and ensuring that we meet and anticipate our customers' needs. The companion Fiscal Plan that is also being presented today outlines the staffing and other resources required to meet our objectives.

Thank you all for your enthusiastic participation in and commitment to our Strategic Planning process. It is our guide for 2015 as we endeavor to achieve excellence on behalf of our constituents and stakeholders.

Prepared by: Kim Ehrlich
Attachment

2015 NJEDA STRATEGIC PLAN

Introduction

The New Jersey Economic Development Authority (EDA) is an independent State agency that serves as the State's bank for businesses by administering tax credits and financing small and mid-sized businesses. As in years past, our primary goals are to facilitate capital investment throughout New Jersey, grow and maintain jobs for all NJ citizens, and to demonstrate transparency and accountability in the administration of public funds.

While these goals remain consistent, you will see two recurrent themes throughout the 2015 Strategic Plan: A focus on Garden State Growth Zones, and an emphasis on partnerships and communications. While the Economic Opportunities Acts and traditional EDA resources provide us with the tools to advance our mission of economic development and Superstorm Sandy recovery throughout the State, our ultimate success depends on the cooperation of our partners on both a state and local level, including the Business Action Center, the Department of Higher Education, as well as local leaders, and the ability to ensure stakeholder awareness.

The EDA is committed to ensuring we meet our customers' needs while achieving our objectives. We believe the 2015 Strategic Plan with its dual focus on Garden State Growth Zones and partnerships gives us the roadmap to achieve our goals. Further, the companion Fiscal Plan that is presented alongside the Strategic Plan ensures the staffing and resources are available to achieve our objectives.

Strategic Imperative 1:

Grow NJ's economy through financial assistance and partnerships with businesses and municipalities to encourage economic growth, revitalization, and rebuilding.

Goal 1: Leverage opportunities presented by the New Jersey Economic Opportunities Act for greater urban impact and industry focus

- Identify catalytic projects in each of the Garden State Growth Zones
- Ensure stakeholder awareness of programs through communications and outreach plan
- Conduct a review of bonus criteria for the Grow NJ program to identify impact and recommend policy change

Measure: 50% of approved Grow NJ projects located in Garden State Growth Zones and distressed municipalities

Measure: Identify and develop projects with the aim of evaluating one catalytic project in each Garden State Growth Zone

Measure: Development and implementation of a communications, marketing and outreach plan for Garden State Growth Zones

Goal 2: Align EDA's financial resources, staff capacity, and delivery mechanisms with the needs of small businesses and communities

- Engage in a customer-centric approach to financial assistance activities, from a more user friendly website and revised online application to post-closing services
- Focus resources on active premier lenders/local community banks and increase impact to small businesses through Community Development Financial Institutions
- Increase outreach to Garden State Growth Zones and distressed municipalities in order to advance a statewide presence

Measure: Provide $60 million in assistance through approved loans to small businesses, including Stronger NJ programs

Measure: Increase overall loan portfolio exposure by 10%

Goal 3: Advance community development in targeted areas through partnerships with municipalities and state agencies

- Define a process utilizing Business Development and Real Estate resources to identify and complete Community Development projects with a clear exit strategy
- Identify opportunities for Real Estate Impact Fund for community development real estate projects to leverage existing EDA resources
- Ensure quarterly contact with Garden State Growth Zone business and community leaders and stakeholders through one on one meetings, forums, event participation
- Advance core projects that will provide a service to other State agencies
- In coordination with the Business Action Center, advance and facilitate partnerships between state agencies, including Higher Education, local and county government leaders, and businesses to drive economic development in urban areas
- Enable FMERA to advance identified projects at Fort Monmouth to assist with FMERA's goal of area revitalization

Measure: Evaluate 4 applications utilizing the Real Estate Impact Fund

Measure: Assist Atlantic City with procurement of a marketing study for identified potential development sites

Measure: Participate in two meetings or events in each Garden State Growth Zone per quarter

Measure: Evaluation by FMERA dedicated EDA staff of four redevelopment opportunities

Goal 4: Provide resources to meet the needs of emerging technology companies by supporting strategic partners

- Capitalize on urban-centric technology employment trends by participating in meetups and fostering co-working space and/or accelerators in urban areas
- Collaborate with equity partners to increase awareness of New Jersey businesses and investment opportunities
- Increase awareness and ultimately utilization of the newest EDA technology initiatives including Angel Tax Credit program, Founders & Funders, and CCIT's planned EIR program

Measure: Award RFP for co-working space.

Measure: Develop "Entrepreneurs in Residence" program at CCIT

Measure: Increase awareness through social media by building out followers on Linkedin and Twitter and developing a tech blog

<u>Goal 5: In partnership with the Department of Community Affairs and the Board of Public Utilities, establish the Energy Resilience Bank while continuing efforts to disperse funds and ensure compliance for all Sandy recovery programs</u>

- Establish products and infrastructure of the ERB
- Maintain a strong working relationship with partners at BPU, DCA, DEP
- Develop a communications strategy for the all Sandy recovery programs, including ERB
- Set up compliance function for all Sandy recovery programs

Measure: Evaluate 3 ERB water/wastewater projects

Measure: Launch 2 subsequent ERB products for other market segments

Measure: Complete evaluation of all Stronger NJ Business Loan and Grant applications

Strategic Imperative 2:

Advance a financially sustainable business platform while focusing on mission driven investments

Goal 1: Align EDA investments and resources to support policy development

- Conduct a pilot evaluation of investment in Garden State Growth Zones to determine an economic development strategy and appropriate rate of return and other metrics and to ensure utilization of funds is in line with policy goals
- Create and generate reports that indicate fund usage and alignment with policy goals

Measure: Establish rate of return and other metrics with quarterly reporting mechanism for each Garden State Growth Zone

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

- Ensure that fees and asset earnings meet program costs and expenses while maintaining EDA's mission
- Continue efforts to minimize the increase to asset management costs.
- Continue efforts to seek alternate sources of revenue
- Create a culture of sustainability, where costs are a factor in everyday decision making at all staff levels

Measure: Limit increases of controllable asset management costs to 3.5% over 2014 actual

Measure: Grow top line revenue by 10%

Measure: Implement one all employee sustainability challenge

Strategic Imperative 3:

Support the effectiveness of the EDA through improved resources, infrastructure, and processes.

Goal 1: Strengthen existing staff capacity and leadership effectiveness

- Deliver targeted leadership and professional development sessions and maintain a long-term focus on learning agility
- Create an HR strategy to assess organizational competency and performance improvement management.

Measure: Creation of a comprehensive training plan to include leadership development, technical skills, and soft skills

Measure: Successfully migrate Sandy recovery dedicated staff to ongoing Sandy recovery program areas or to core programs as appropriate in order to retain knowledge and talent

Goal 2: Enhance EDA operations with an emphasis on cycle time and process management

- Continue implementation of the multi-year Enterprise Resource Planning (ERP) / Loan Management System project, improve network infrastructure, access, and use of technology tools
- Examine existing internal department processes with an emphasis on the procurement function
- Streamline the Affirmative Action/Prevailing Wage compliance processes with increased use of technology
- Evaluate process effectiveness, rollout, and delivery times for new EDA products

Measure: Evaluate procurement benchmark cycle times

Measure: Create an action plan, including resource needs, for a complete organizational disaster recovery strategy refresh

Measure: Establish timeline with appropriate milestones for new product development

Measure: Final configuration of ERP and begin loan management data migration by end of Q3

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

TO: Members of the Authority

FROM: Timothy Lizura,
President and Chief Operating Officer

DATE: December 9, 2014

SUBJECT: FY15 Fiscal Plan

Enclosed for your review, discussion and approval is the proposed FY15 Fiscal Plan. It 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 FY15 Strategic Business Plan.

You will note the 2015 Strategic Business Plan details imperatives in support of our three key business objectives: 1) to grow New Jersey's economy, 2) advance a financially sustainable business platform, and 3) support the overall effectiveness of the Authority through improved resources, infrastructure and processes. The first objective is primarily reflected within the Fiscal Plan's revenue and program cost projections; the second and third, with fiscally responsible expense and cost constraints.

The proposed Fiscal Plan reflects a deliberative approach in the projection of operating revenues, expenses and costs. With the Administration's prioritized initiatives, such as incentive financing, as well as the anticipated effects of the proposed buyout of the Technology Centre, we are projecting increased activity in the related programs which, we believe, will result in both higher operating revenue and a related increase in program costs in 2015. Relative to administrative expenses, the Authority is committed to accomplishing its strategic objectives in the most efficient manner possible. To that end, EDA core headcount will reflect an increase from 144 planned for FY14 to 151 for FY15, including positions related to Incentives, Business/Community Development, and Procurement. Associated G&A expenses reflect a decrease of 3.5% under FY14 Plan, however, as needed upgrades in IT hardware and software were one-time expenditures in the current year and need not be incurred again in 2015.

At $1,726,000, FY15 planned NOE is lower than FY14 Planned, although in line with 2014 Projected activity. The former relates to staff being able to fully evaluate changes to our

Incentive programs and related revenue stream caused by enactment of the Economic Opportunity Act, while the latter is in anticipation of increased lease revenue due to the aforementioned Tech Centre proposal. Other significant revenue categories are anticipated to remain flat with FY14 Plan or see small decreases based on the current interest rate environment (Interest on Investments). Since the Fiscal Plan is seen as a metric of performance, management is pleased to report that the FY15 Plan continues to align with the Authority's fundamental asset allocation premise that current year revenues will fund current year operational expenses, and will not rely on prior period earnings to do so.

At present, aggregate headcount is expected to be 139 by year-end; therefore, the FY15 Plan provides for 12 vacant positions (of which only 7 are new) at an average fully-loaded cost of roughly $119,000 each. As noted, many of these vacancies have been tailored to reflect anticipated increases in specific activity.

Also reflected are the following benefit expense items:

- While the EDA contribution to PERS increases in the aggregate over the FY14 Plan, the amount reflected in 2015 is below last year, as the obligation is now being spread among additional staff in the Office of Recovery. Any amount that can be attributable to dedicated Office of Recovery staff will be sought as a reimbursable fringe item;
- Estimated post-employment benefit of $857,000 is actuarially established;
- Health insurance premiums increased, on average, 8.5% depending on plan and level of coverage selected, however, approx 23% of total premiums are expected to be paid by employees, up from 20.6% in the FY14 Plan, enabling the Authority to recapture approximately $500,000 of this cost.

Program Costs represent expenditures that align with specific programs, projects, and initiatives. At $7,828,000, the FY15 Plan provides for an increase of 26.5% over FY14 Projected (14% over FY14 Plan), and is attributable largely to the added asset management costs (ie: Maintenance & Repair, Utilities, PILOT) and liability insurance associated with the completion of the Tech Centre purchase. Anticipated feasibility costs and program outreach of $500,000, respectively, are consistent with the prior year Plan.

In summary, management believes the compilation of the FY15 Fiscal Plan has been a collective process that interrelates with and supports the FY15 Business Plan. At its meeting of November 14th, the Plan was reviewed by the Audit Committee which concurred it is fiscally responsible and aligns with the FY15 Business Plan; accordingly, Board's approval is requested.

Prepared by:

Richard LoCascio, CPA
Controller

BOND RESOLUTIONS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

SUBJECT: NJEDA/School Facilities Construction Bonds Portfolio
Compliance with Dodd-Frank and Wall Street Reform and Consumer Protection Act

DATE: December 9, 2014

SUMMARY OF APPROVAL REQUEST

Approval of a qualified independent representative policy and delegation to the Authorized Officers of the Authority to execute safe harbor letters in accordance with new regulatory requirements with respect to parties involved in derivative transactions, including interest rate swap agreements.

BACKGROUND

Since April 2001, the Authority has issued prior series of tax-exempt and taxable School Facilities Construction Bonds and Notes and, as part of the overall portfolio, is a party to fourteen interest rate swap agreements with eight different counterparties with an aggregate outstanding notional amount of approximately $1.14 billion (as of June 30, 2014).

In response to the 2008 national economic crisis, the United States Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") which sets forth new regulatory requirements with respect to parties involved in derivative transactions, including interest rate swap agreements. These new regulatory requirements set forth business conduct standards (the "Business Conduct Standards") for swap dealers and major swap participants dealing with counterparties, including "special entities" which by definition includes the Authority and the State.

Therefore, in order to comply with the Dodd-Frank Act and the Business Conduct Standards, and in consultation with the State Treasurer, Office of Public Finance, Hawkins, Delafield & Wood LLP, as Bond Counsel, together with the Attorney General's Office, the Members are requested to approve:

1. The "Policy Regarding Qualified Independent Representative Requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act," attached as Exhibit A. In order to facilitate compliance with the various safe harbor provisions by swap dealers and major swap participants and in order for the Authority to be able to communicate with such parties, the Authority needs to adopt a policy with respect to its "qualified independent representative" ("QIR"). This policy provides for all communications with swap dealers related to new or existing swaps intended to lead to general or specific recommendations or advice from swap dealers, and in all transactions with swap dealers

(including executions, novations, amendments, and negotiated terminations of swaps), the Authority will utilize a swap advisor that meets the standards, established under the Dodd-Frank Act as a qualified independent representative or QIR.

At the current time, the Authority will utilize as its swap advisor and QIR, PFM Swap Advisors LLC (the "Swap Advisor"), which was procured by the Department of the Treasury to advise the State and the Authority with respect to interest rate swap agreements entered into in connection with the Authority's School Construction Bonds Portfolio.

2. Safe harbor letters ("Safe Harbor Letters") in substantially the form attached as Exhibit B and to authorize an Authorized Officer to execute and deliver the Safe Harbor letters, with such changes, revisions and omissions, as such Authorized Officer may deem appropriate or necessary, in consultation with the Attorney General's Office and Bond Counsel to the Authority. The Safe Harbor letters will provide written representations to swap dealers or a major swap participant that the Authority will not be relying on any recommendation by the swap dealer or major swap participant, but instead will rely on the advice of its Swap Advisor and QIR. The Safe Harbor letters also will provide for ongoing monitoring of the performance of the QIR and contain written representations from the QIR that it has legally binding policies and procedures in place to assure that it meets the qualifications for a QIR contained in the Business Conduct Standards, including the requirement that the QIR is independent from the swap dealer or major swap participant. Execution of the Safe Harbor letters will permit communications between the Authority and such swap dealers or major swap participants with respect to the Authority's portfolio of School Facilities Construction Bond interest rate swap agreements and potential new derivative transactions in the future (though none are contemplated at this time).

   As such, the Safe Harbor letters will be executed over time with the existing swap counterparties to the Authority and with potential underwriters in future School Facilities Construction financings.

RECOMMENDATION

Based upon the above description, the Members are requested to approve (i) the adoption of the "Policy Regarding Qualified Independent Representative Requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and (ii) the Safe Harbor letters in substantially the forms presented at this meeting and authorize an Authorized Officer to execute and deliver the Safe Harbor letters, with such changes, revisions and omissions, as such Authorized Officer may deem appropriate or necessary, in consultation with the Attorney General's Office, Bond Counsel, State Treasurer and Office of Public Finance.

Prepared by: Teresa Wells

EXHIBIT A

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Adopted: December 9, 2014

POLICY REGARDING QUALIFIED INDEPENDENT REPRESENTATIVE REQUIREMENTS OF THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

In connection with all communications with swap dealers related to new or existing swaps intended to lead to general or specific recommendations or advice from swap dealers, and in all transactions with swap dealers (including executions, novations, amendments, and negotiated terminations of swaps), the Authority shall utilize a Swap advisor (the "Swap advisor") that meets the standards, established under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") by the Commodity Futures Trading Commission ("CFTC") and contained at present in CFTC Regulation 23.450(b), for a qualified independent representative (a "QIR"). Confirmation of the required qualifications of the QIR under the applicable Dodd-Frank Act regulations shall be obtained in accordance with the provisions of such regulations, including that (1) the Swap advisor shall provide its representation to the Authority to the effect that, in an existing legally binding obligation, it is required to meet the qualification and performance requirements of the Dodd-Frank Act, and (2) the Authority shall have on file the evidence of such legally binding obligation. Obtaining the evidence described in clauses (1) and (2) of the foregoing sentence is intended to evidence that the Authority in good faith has undertaken actions reasonably designed to ensure that the Swap advisor satisfies the Dodd-Frank Act's provisions regarding qualification of QIRs. In addition, the Authority will use its best efforts to monitor the performance of the Swap advisor on an ongoing basis consistent with such regulatory provisions.

Pursuant to this policy, the Authority intends to exercise its independent judgment in consultation with the Swap advisor in evaluating all recommendations, if any, presented by a swap dealer with respect to a swap transaction. It further intends to rely upon the Swap advisor's advice with respect to a swap transaction and not upon recommendations, if any, presented by the swap dealer with respect to such transaction.

EXHIBIT B

_____, 2015

Name of Swap Dealer:_____
Address: _____
_____
_____

New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, New Jersey 08625-0990

Re: Communications Regarding Swaps

The Commodity Futures Trading Commission ("CFTC") has adopted rules governing business conduct standards for swap dealers and other parties.[1] The rules apply to communications regarding Swaps, including communications that occur prior to entering into a Swap.[2] The purpose of this letter is to enable us to engage in communications that fall within a "safe harbor" available under those rules for certain types of "special entities."

Please note that we may need to significantly limit our communications regarding Swaps if the conditions of the safe harbor are not satisfied as provided in this letter or otherwise. In addition, any Swap that may be entered into would be subject to a separate written agreement of the parties that satisfies the documentation requirements of the Dodd-Frank Act, as well as any other

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[1] *Business Conduct Standards for Swap Dealers and Major Swap Participants With Counterparties*, 77 Fed. Reg. 9734 (Feb. 17, 2012).

[2] As used in this letter, "Swap" means a "swap," as defined in the Section 1a(47) of the Commodity Exchange Act and CFTC Regulation 1.3(xxx). The term also includes any foreign exchange swaps and foreign exchange forwards that may be exempted from regulation as "swaps" by the Secretary of the Treasury pursuant to authority granted by Section 1a(47)(E) of the Commodity Exchange Act. For these purposes, "Swap" includes a new swap and any material amendment, mutual unwind or novation of an existing Swap. The term "Swap" also includes any trading strategy involving a Swap.

approvals and conditions that each party may require before entering into a Swap. [3] One of those conditions is that you have a representative (who may, but need not, be your employee) that satisfies the applicable requirements of CFTC Regulation 23.450 (a "qualified independent representative"). You may satisfy that condition by delivering to us a letter in the form attached hereto, signed by you and a qualified independent representative.

To satisfy the conditions of the safe harbor for Swap communications, we are making the disclosures and agreements set forth below and ask that you make the representations and agreements set forth below.

We ("SD") hereby make the following disclosures to you ("CP") as of the date hereof:

(1) SD is not undertaking to act in the best interests of CP;

(2) SD is acting in its capacity as a counterparty and is not undertaking to assess the suitability of any Swap for CP; and

(3) SD is not expressing, and has not expressed, an opinion as to whether CP should enter into a Swap.

CP hereby makes the following representations as of the date hereof:

(1) CP will not rely on any "recommendation" (as such term is used in CFTC Regulations 23.434 and 23.440) with respect to a Swap provided by SD;

(2) CP will rely on advice from a "qualified independent representative" (as defined above);

(3) CP is exercising independent judgment in evaluating the "recommendations" of SD with regard to any Swap; and

(4) SD is not expressing, and has not expressed, an opinion as to whether CP should enter into a Swap.

SD and CP each hereby agree as follows:

(1) Each disclosure or representation made by it in this letter will be deemed to be repeated by it at the time of each recommendation provided by SD with respect to any Swap and each time SD offers to enter into, or enters into, any Swap with CP; and

(2) If any representation made by it in this letter becomes incorrect or misleading in any material respect, it will promptly correct and update such representation by notifying the other party in writing at the email address provided below.

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[3] The documentation requirements of the Dodd-Frank Act are addressed by protocols sponsored by ISDA (available at http://www2.isda.org/functional-areas/protocol-management/open-protocols).

Executed and delivered with effect from the date first written above:

_____, herein "SD"

By: _____
Name: _____
Title: _____

For purposes of this letter, notices may be provided to SD via e-mail to:

_____

Agreed and accepted with effect from the date first written above:

New Jersey Economic Development Authority, herein "CP"
36 West State Street
P.O. Box 990
Trenton, New Jersey 08625-0990
(609) 858-6700

By: _____
Name: John Rosenfeld
Title: Director, Bonds and Incentives

For purposes of this letter, notices may be provided to CP via e-mail to:
jrosenfeld@njeda.com

_____, 2015

Name of Swap Dealer:_____
Address: _____
_____
_____

Re: Communications Regarding Swaps

The undersigned special entity ("CP") and representative ("Designated QIR") are providing this letter to you ("SD") in connection with Commodity Futures Trading Commission ("CFTC") rules[1] governing business conduct standards for swap dealers and other parties with respect to Swaps.[2]

CP hereby makes the following representations as of the date hereof:

(1) CP has selected Designated QIR as a "qualified independent representative" within the meaning of CFTC Regulation 23.450; and

(2) CP has complied in good faith with written policies and procedures reasonably designed to ensure that Designated QIR satisfies the applicable requirements of CFTC Regulation 23.450(b)(1), and such policies and procedures provide for ongoing monitoring of the performance of such representative consistent with the requirements of CFTC Regulation 23.450(b)(1).

Designated QIR hereby makes the following representations as of the date hereof:

(1) The true name and address of Designated QIR are set forth on the signature page of this letter;

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[1] *Business Conduct Standards for Swap Dealers and Major Swap Participants With Counterparties*, 77 Fed. Reg. 9734 (Feb. 17, 2012).

[2] As used in this letter, "Swap" means a "swap," as defined in the Section 1a(47) of the Commodity Exchange Act and CFTC Regulation 1.3(xxx). The term also includes any foreign exchange swaps and foreign exchange forwards that may be exempted from regulation as "swaps" by the Secretary of the Treasury pursuant to authority granted by Section 1a(47)(E) of the Commodity Exchange Act. For these purposes, "Swap" includes a new swap and any material amendment, mutual unwind or novation of an existing Swap. The term "Swap" also includes any trading strategy involving a Swap.

(2) Designated QIR has written policies and procedures reasonably designed to ensure that Designated QIR satisfies the applicable requirements of CFTC Regulation 23.450(b)(1);

(3) Designated QIR is exercising independent judgment in evaluating all "recommendations" (as such term is used in CFTC Regulations 23.434 and 23.440) with respect to a Swap provided by SD that are presented to Designated QIR;

(4) unless Designated QIR otherwise notifies SD in writing at the e-mail address provided below:

a. Designated QIR is not and, within one year of representing CP in connection with a Swap with SD has not been, an "associated person" (as that term is defined in Section 1a(4) of the Commodity Exchange Act) of SD;

b. There is no "principal relationship" (as that term is defined in CFTC Regulation 23.450(a)(1)) between Designated QIR and SD;

c. Designated QIR (i) provides timely and effective disclosures to CP of all material conflicts of interest that could reasonably affect Designated QIR's judgment or decision making with respect to Designated QIR's obligations to CP and (ii) complies with policies and procedures reasonably designed to manage and mitigate such material conflicts of interest;

d. Designated QIR is not directly or indirectly, through one or more persons, controlled by, in control of, or under common control with SD; and

e. To the best of Designated QIR's knowledge, SD did not refer, recommend, or introduce Designated QIR to CP within one year of Designated QIR's representation of CP in connection with any Swap with SD; and

(5) Designated QIR is legally obligated to comply with the applicable requirements of CFTC Regulation 23.450(b)(1) by agreement, condition of employment, law, rule, regulation, or other enforceable duty.

By signing this letter, CP and Designated QIR each hereby agree as follows:

(1) Each representation made by it in this letter will be deemed to be repeated by it at the time of each recommendation provided by SD with respect to any Swap and each time SD offers to enter into, or enters into, any Swap with CP; and

(2) If any representation made by it in this letter becomes incorrect or misleading in any material respect, it will promptly correct and update such representation by notifying SD in writing at the email address provided below.

Executed and delivered with effect from the date first written above:

New Jersey Economic Development Authority, herein "CP"
36 West State Street
P.O. Box 990
Trenton, New Jersey 08625-0990
(609) 858-6700

By: _____
Name: John Rosenfeld
Title: Director, Bonds and Incentives

Executed and delivered with effect from the date first written above:

_____, herein "Designated QIR"

By: _____
Name: _____
Title: _____

Name: _____
Address: _____
Phone: _____
Fax: _____
E-mail: _____

Agreed and accepted with effect from the date first written above:

_____, herein "SD"

By: _____
Name: _____
Title: _____

For purposes of this letter, notices may be provided to SD via e-mail to:

_____

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

APPLICANT: Atlantic City Sewerage Company P39369

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

PROJECT LOCATION: 124 N Raleigh Ave. Atlantic City (T) Atlantic

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

APPLICANT BACKGROUND:

Atlantic City Sewerage Company is an investor-owned public utility operating a wastewater collection system serving approximately 7,500 customers in its franchise area of Atlantic City. It is a wholly owned subsidiary of SR Utility Holding Corp and was founded on December 28, 1888 for the purpose of laying, operating and improving a sanitary system for the City. The company had to overcome construction obstacles, such as low street elevations and extremely high water tables, in order to build and maintain a system that today consists of approximately 100 miles of sewers and seven pump stations with a combined capacity of over 40 million gallons a day. The company purchases its sewerage treatment from the Atlantic County Utilities Authority and is the largest of the fourteen participants of this regionalized treatment system.

In order to meet the needs of Atlantic City, various sections and components of the sanitary sewer system currently require expansion or upgrades. Specifically, this request for financing is being submitted for the following projects:

1. Demolition and reconstruction of the Raleigh Avenue pump station
2. Cleaning and rehabilitation of the concrete trunk sewer
3. Relining sewers and rehabilitation of manholes
4. Extension of sewer lines to serve new development
5. Rehabilitation of the Baltic Avenue pump station wet well
6. Upgrading the electrical system at the Baltic Avenue and Texas Avenue pump stations
7. Remediation of property at Huron Avenue
8. Miscellaneous and Emergency Work

The Authority has previously approved various tax-exempt bonds for the applicant to upgrade the infrastructure of Atlantic City. Three are still active including P14146 for $2,040,000 approved in 2002; P22952 for $6,000,000 approved in 2008; and P32290 for $8,000,000 approved in 2010.

This project qualifies as an Exempt Public Facility - Sewage project under Section 142(a)(5) of the IRS Code and therefore is exempt from the $20 million capital expenditure limitation under Section 144 of the Code.

APPROVAL REQUEST:

Authority assistance will enable the applicant to finance the demolition, construction, rehabilitation, remediation, upgrade and expansion of various sections and components of the borrower's sanitary sewer system and property located in Atlantic City. The difference between the project costs and the bond amount will be funded with Applicant's equity. BPU approval of the bond financing was received on May 2, 2014.

FINANCING SUMMARY:

BOND PURCHASER: Republic First Bank (Direct Purchase)

AMOUNT OF BOND: $6,000,000 Tax-exempt bond (2011 Carryforward Allocation)

TERMS OF BOND: 20 years; Fixed interest rate of 2.71% for 10 years; on 10th anniversary subject to call option and rate rest at tax-exempt equivalent of WSJ Prime Rate plus 65 basis points.

ENHANCEMENT: N/A

PROJECT COSTS:

Purchase of equipment & machinery	$4,000,000
Renovation of existing equipment & machi	$1,500,000
Construction of new building or addition	$750,000
Engineering & architectural fees	$600,000
Envirn Investigation & Remediation Costs	$250,000
Finance fees	$100,000
Legal fees	$50,000
TOTAL COSTS	$7,250,000

JOBS: At Application 36 Within 2 years 1 Maintained 0 Construction 6

PUBLIC HEARING: 12/09/14 (Published 11/25/14) **BOND COUNSEL:** Wolff & Samson

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

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

APPLICANT: SCF Realty III, LLC P39892

PROJECT USER(S): AP&G Co., Inc. * * - indicates relation to applicant

PROJECT LOCATION: 74 Lexington Ave Bayonne City (T/UA) Hudson

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

APPLICANT BACKGROUND:

SCF Realty III, LLC was formed recently to acquire and lease manufacturing space to its related operating company, AP&G Co., Inc. Founded in the early 1950s as a specialty adhesives business, today AP&G Co., Inc. is a manufacturer and distributor of pest management solutions. In 1977, AP&G introduced the Catchmaster brand and began to focus on developing adhesives and glues for pest management applications. Since then, the company has been manufacturing and marketing rodent and insect control products, such as insect traps, mouse boards, and fly sticks in North America and globally.

AP&G will be moving its manufacturing operations and headquarters from Brooklyn, NY to Bayonne, NJ. This project will entail the purchase of a building, machinery, equipment and renovations. The Authority approved an $11,250,000 Grow NJ tax credit for AP&G on July 10, 2014 (P 39523).

The Authority is also approving a $2,000,000 Direct Loan (P 39893) to SCF Realty III, LLC and TD will also provide financing to AP&G including a $2 million term loan with a $750,000 Authority guarantee (P 40241) both being approved under delegated authority.

APPROVAL REQUEST:

Authority assistance will enable the applicant to purchase and renovate a 171,000 sq. ft building, acquire machinery and equipment and pay cost of issuance.

FINANCING SUMMARY:

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

AMOUNT OF BOND: $10,000,000 Tax-Exempt bond

TERMS OF BOND: 20 years; Fixed interest rate for the first 5 years at the tax-exempt equivalent of 1.85% above the 5-year FHLB rate; subject to call options and rate resets at the same index every 5th anniversary of the closing. Indicative fixed-rate as of 11/11/14 is 2.78%.

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	$13,500,000
Renovation of existing building	$2,000,000
Purchase of equipment & machinery	$1,350,000
Legal fees	$50,000
Finance fees	$50,000
Accounting fees	$50,000
TOTAL COSTS	$17,000,000

JOBS: At Application 0 Within 2 years 150 Maintained 0 Construction 16

PUBLIC HEARING: 12/09/14 (Published 11/25/14) **BOND COUNSEL:** Wolff & Samson

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

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: The Seeing Eye, Inc. P40135

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

PROJECT LOCATION: 2 Rogers Road Chester Township (N) Morris

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

APPLICANT BACKGROUND:

The Seeing Eye, Inc., a 501(c)(3) not-for-profit organization, is a pioneer and innovator in guide dog services. It was founded in 1929 by Dorothy Harrison Eustis and Morris Frank with his first Seeing Eye dog, Buddy. Since then, the school has provided 16,200 specially bred and trained dogs to guide thousands of blind people throughout the United States, Puerto Rico and Canada. The Seeing Eye operates from three facilities: the main campus in Morris Township, a training center in downtown Morristown and a breeding facility in Chester. James A. Kutsch, Jr. is the President.

The Seeing Eye is a long time EDA applicant since 1999 when the Authority issued tax-exempt bonds to finance the acquisition of land and the construction of its breeding facility in Chester Twp. In 2005, the Authority issued an $18,340,000 tax-exempt bond to advance refund the 1999 Bonds (Appl. P16465). The 2005 Bonds were underwritten by Morgan Stanley & Co. as a fixed rate term bond for 20 years at 5%.

The Applicant also modernized and expanded the main campus with the issuance by the Authority of $19,140,000 in tax-exempt bonds in 2012 (Appl. P37370).

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.

REFUNDING REQUEST:

Authority assistance will enable the Applicant to current refund the 2005 Bonds plus fund a debt service reserve if necessary, pay accrued interest and costs of issuance. The proposed refunding will lower its interest costs and extend the maturity. It has been estimated that at prevailing interest rates, the present value savings of a current refunding bond to The Seeing Eye would be approximately $2.5 million. The 2015 Bonds are expected to be rated "A" by S&P.

The difference between the project costs and bond amount will be funded with Applicant's equity.

FINANCING SUMMARY:

BOND PURCHASER: Morgan Stanley & Co., LLC (Underwriter)

AMOUNT OF BOND: $18,340,000 (Tax-exempt bond)

TERMS OF BOND: 30 years (max); Fixed interest rates not to exceed 9.5%; Indicative rate of term bonds as of 11/21/14 are: for 10 years at 2.77%; 20 years at 3.44% and 25 years at 3.62%.

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	$18,340,000
Debt service reserve fund	$1,918,561
Interest payment	$458,500
Finance fees	$224,590
Legal fees	$215,000

Accounting fees	**$25,000**
TOTAL COSTS	**$21,181,651**

PUBLIC HEARING: 12/09/14 (Published 11/14/14) **BOND COUNSEL:** McCarter & English, LLP

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

AMENDED BOND RESOLUTIONS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: Bayonne Industries, Inc., IMTT-Bayonne & IMTT-BC P40183

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

PROJECT LOCATION: 250 E. 22nd Street Bayonne City (T/UA) Hudson

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

APPLICANT BACKGROUND:

Bayonne Industries, Inc., IMTT-Bayonne & IMTT-BC (collectively the "Companies") are directly or indirectly owned by Intermodal-Matex Tank Terminals (IMTT), which has been in operation for over 70 years and owns and operates 12 bulk liquid storage terminal facilities in North America with aggregate capacity of approximately 42 million barrels. Headquartered in New Orleans, Louisiana, IMTT is a subsidiary of Macquarie Infrastructure Company which owns, operates and invests in a portfolio of infrastructure businesses in the United States.

Bayonne Industries, Inc. owns the public terminal facilities, a 600 acre full service public terminal complex on the channel connecting the Kill van Kull and Upper New York Harbor to Newark Bay. The terminal facilities are located on 230 acres of land comprised of over 620 tanks and 16 million barrels total capacity ranging in size from 5,000 gallons through 250,000 barrels ("Bayonne Terminal"). IMTT-Bayonne & IMTT-BC lease and operate the Bayonne Terminal. In addition, IMTT-Bayonne leases approx. 312,000 sq. ft. of office, warehouse, laboratory and manufacturing space to outside tenants.

The Companies have received Authority assistance since 1980 to finance various portions of the Bayonne Terminal. Currently outstanding and subject to this refunding project are the 1993 Series A, B and C Refunding Bonds in the aggregate principal amount of $30,000,000 and the 1999 Series B Refunding Bond in the principal amount of $6,300,000 (collectively the "Prior Bonds"). The Prior Bonds refunded a series of bond issues from 1984 and 1985 that originally financed the costs of storage tanks, a warehouse, an office building and ancillary equipment needed to safely unload, store and load products from and to ships, barges, drums, railroad cars and trucks and the improvement and repair of storage tanks for petroleum products, all located in the City of Bayonne (collectively, the "Prior Bonds"). The Prior Bonds are currently remarketed daily by SunTrust Robinson Humphrey and secured by a letter of credit provided by Wells Fargo Bank.

This project qualified as an "exempt facility" under Sections 142(a)(2) and Section 142(c) of the Internal Revenue Code, Docks and Wharves, and is exempt from the $20 million capital expenditure limitation.

REFUNDING REQUEST:

Authority assistance will enable the Applicant to refund the 1993 and 1999 Series Bonds in an amount not to exceed $36,300,000. The 2014 refunding will provide efficiency by refunding four previous issues into one bond financing and will add a bank mode to enable the 2014 Refunding Bonds to be directly purchased by bank(s) which will eliminate the need for a letter of credit and the daily risk of remarketing the bonds.

SunTrust Bank will act as the administrative agent to create a lender syndicate to purchase the 2014 Refunding Bonds, anticipated to include between 10 and 15 banks.

The difference between the project costs and the bond amount will be funded with Applicant's equity.

FINANCING SUMMARY:

BOND PURCHASER: SunTrust Bank (Administrative Agent)

AMOUNT OF BOND: $36,300,000 Tax-exempt Bond

TERMS OF BOND: 13 years; Multi-modal interest rate structure, initially in a Direct Purchase Bank Mode at a variable interest rate based on the tax-exempt equivalent of 1 month LIBOR plus 2.50% for 7 years. Estimated interest rate as of 12/3/14 is 1.86%.

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	$36,300,000
Finance fees	$108,900
Legal fees	$100,000
TOTAL COSTS	$36,508,900

PUBLIC HEARING: 12/09/14 (Published 11/24/14) **BOND COUNSEL:** McCarter & English, LLP

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

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

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

APPLICANT: The Gill St. Bernard's School P40208

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

PROJECT LOCATION: 25 St. Bernard's Road Peapack-Gladstone BoroughSomerset

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

APPLICANT BACKGROUND:

The Gill St. Bernard's School, a 501(c)(3) not-for-profit organization, is an independent school founded in 1900 which provides education to students in grades Pre-K through grade 12. The School, located on 79 acres with 17 buildings, spanning the Somerset-Morris County line between the Boro of Peapack-Gladstone and Chester Twp., is divided into three divisions, a lower, middle and upper school facilities, two athletic centers, a theater and three administrative buildings. There are also five playing fields, a track, seven tennis courts and an outdoor swimming pool. Total enrollment is 685 students from 10 NJ counties. Sid Rowell is the Headmaster and John Howard is the Chairman.

In 2008, the Authority issued a $7,400,000 tax-exempt bond to enable the School to advance refund prior bonds from 1998, which current refunded the original bond issued in 1995. The proceeds of 1995 Bond were used to construct a gymnasium and an elementary school, together with renovations to its existing buildings. The Bank of America purchased the 2008 Bond for 25 years at a fixed swap rate of 4.71%.

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

APPROVAL REQUEST:

Authority assistance will enable the Applicant to acquire approximately 130 acres of contiguous land and several existing buildings to be used to expand the school's infrastructure, refinance a conventional loan and pay costs of issuance.

This application is being presented together with Appl. P40211 to refund the outstanding balance of the 2008 Bond for a total tax-exempt bond not to exceed $14,500,000.

FINANCING SUMMARY:

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

AMOUNT OF BOND: $8,250,000 Tax-Exempt Bond (Part of a $14,500,000 Tax-Exempt bond with Appl. P40211)

TERMS OF BOND: 25 yrs.; Variable interest rate based on the tax-exempt equivalent of LIBOR plus 125 basis points. On the closing date, the borrower may enter into a fixed interest rate swap for 10 yrs. at an estimated rate of 3.03% as of 11/3/14.

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	$5,650,000
Land	$2,000,000
Acquisition of existing building	$500,000
Legal fees	$50,000
Finance fees	$50,000

TOTAL COSTS	$8,250,000

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

PUBLIC HEARING: 12/09/14 (Published 11/25/14) **BOND COUNSEL:** Wolff & Samson

DEVELOPMENT OFFICER: T. Gill **APPROVAL OFFICER:** T. Wells

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: The Gill St. Bernard's School P40211

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

PROJECT LOCATION: 25 St. Bernard's Road Peapack-Gladstone BoroughSomerset

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

APPLICANT BACKGROUND:

The Gill St. Bernard's School, a 501(c)(3) not-for-profit organization, is an independent school founded in 1900 which provides education to students in grades Pre-K through grade 12. The School, located on 79 acres with 17 buildings, spanning the Somerset-Morris County line between the Boro of Peapack-Gladstone and Chester Twp., is divided into three divisions, a lower, middle and upper school facilities, two athletic centers, a theater and three administrative buildings. There are also five playing fields, a track, seven tennis courts and an outdoor swimming pool. Total enrollment is 685 students from 10 NJ counties. Sid Rowell is the Headmaster and John Howard is the Chairman.

In 2008, the Authority issued a $7,400,000 tax-exempt bond to enable the School to advance refund prior bonds from 1998, which current refunded the original bond issued in 1995. The proceeds of the 1995 Bond were used to construct a gymnasium and an elementary school, together with renovations to its existing buildings. The Bank of America purchased the 2008 Bond for 25 years at a fixed swap rate of 4.71%.

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

REFUNDING REQUEST:

Authority assistance will enable the Applicant to current refund the outstanding balance of the 2008 Bond and pay costs of issuance.

This application is being presented together with Appl. P40208 to acquire land and buildings and refinance conventional loan for a total tax-exempt bond not to exceed $14,500,000.

FINANCING SUMMARY:

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

AMOUNT OF BOND: $6,250,000 Tax-Exempt Bond (Part of a $14,500,000 Tax-Exempt bond with Appl. P40208)

TERMS OF BOND: 25 yrs.; Variable interest rate based on the tax-exempt equivalent of LIBOR plus 125 basis points. On the closing date, the borrower may enter into a fixed interest rate swap for 10 yrs. at an estimated rate of 3.03% as of 11/3/14.

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	$6,150,000
Legal fees	$50,000
Finance fees	$50,000
TOTAL COSTS	$6,250,000

PUBLIC HEARING: 12/09/14 (Published 11/25/14) **BOND COUNSEL:** Wolff & Samson
DEVELOPMENT OFFICER: T. Gill **APPROVAL OFFICER:** T. Wells

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

APPLICANT: Uncommon Properties V, LLC P40207

PROJECT USER(S): North Star Academy Charter School of Newark * * - indicates relation to applicant

PROJECT LOCATION: S. 9 Street Newark City (T/UA) Essex

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

APPLICANT BACKGROUND:

Uncommon Properties V, LLC, a wholly owned subsidiary of Uncommon Schools, Inc. ("USI"), was recently formed to provide real estate services and hold title to real estate projects for the benefit of the schools within the USI network, including North Star Academy Charter School of Newark, Inc. USI is a not-for-profit entity that starts and manages public charter schools, and through its subsidiaries, owns real estate that is leased to the school for use as public school facilities. USI currently manages 32 public charter schools across NJ, NY and MA. Brett Peiser is the Chief Executive Officer and Norman Atkins is the Board Chair of USI.

North Star Academy Charter School of Newark, Inc. is currently a network of nine public charter schools ("NSA Charter Schools") serving over 2,200 students in grades K-12 across six campuses. Founded in 1997, NSA Charter School's mission is to prepare each student to enter, succeed in, and graduate from college.

Uncommon Properties and its affiliates have closed on several bond financings with the Authority for the benefit of NSA Charter Schools. In 2009, the Authority issued $16.48 million of Qualified School Construction Bonds ("QSCBs") to build a new high school at 13-25 Central Ave., Newark (Appl. P29061). Proceeds of $35,700,000 in QSCBs (Appl. P38413 & P38415) which closed in 2013, are being used to acquire NSA Valisburg Elementary & Middle School located on Hazelwood Ave. and for renovations at NSA Downtown Middle School and High School, located at 2 Washington Place, all in Newark.

In addition, Qualified Zone Academy Bonds were issued in the principal amounts of $7,806,000 in 2012 (Appl. P37823) and $7,132,000 in 2013 (Appl. P38814), proceeds of which will be utilized for various renovation projects at several NSA Charter Schools in Newark.

The project will be occupied by North Star Academy Charter School of Newark, Inc., a not-for-profit entity. 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 finance renovations and the purchase of furniture and fixtures at the Fairmount Campus of North Star Charter School, a 119,000 sq. ft. building located at S. 9th Street in Newark. The building is currently home to two NSA elementary schools that currently serve over 800 students. The Project includes installation of a new HVAC system, plumbing and bathroom upgrades, door replacements throughout the building's interior and exterior and certain site improvements to repair the building's exterior surfaces, and entryways and ancillary spaces.

The difference in the project costs and bond amount will be funded with Applicant's equity.

FINANCING SUMMARY:

BOND PURCHASER: Uncommon Lender, Inc. (Direct Purchase)

AMOUNT OF BOND: $7,145,000 (Taxable) Qualified Zone Academy Bonds - 2012 Allocation

TERMS OF BOND: The tax credit rate and the term will be determined prior to issuance of the QZAB based on the tax credit rate and term published by U.S. Treasury. The tax credit rate on 11/24/14 was 4.40% with a term of 23 years.

ENHANCEMENT: N/A

PROJECT COSTS:

Renovation of existing building	$5,000,000
Original Issue Discount	$3,262,078
Soft Costs	$445,265
Finance fees	$60,000
Legal fees	$50,000
Renovation of existing equipment & machi	$24,000
TOTAL COSTS	$8,841,343

JOBS: At Application 67 Within 2 years 21 Maintained 0 Construction 42

PUBLIC HEARING: N/A **BOND COUNSEL:** Wolff & Samson

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

LOANS/GRANTS/GUARANTEES

DIRECT LOANS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - DIRECT LOAN PROGRAM

APPLICANT: 2000 West Street, LLC P40099

PROJECT USER(S): Water Music Recorders, Inc. * * - indicates relation to applicant

PROJECT LOCATION: 526 Monastery Place & 2000 Union City (T/UA) Hudson

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

APPLICANT BACKGROUND:

2000 West Street, LLC ("2000 West" or the "Company") is a newly formed entity that will own real estate consisting of a 32,000 square foot industrial facility in Union City, NJ. Water Music Recorders, Inc ("WM"), which has common ownership with the Company, will lease the entire facility and relocate their recording and filming facility from Hoboken. Nine separate studios are planned and there are two residential units in the new facility. On occasion, a studio is converted to galleries for use by local artists groups. The largest studio is also utilized by theater groups for performances.

WM is owned by Robert Grenoble, Kathryn Griffin and by Richard Factor. The ownership of 2000 West is slightly different as it includes Mr. Grenoble and Mrs. Griffin as well as Kevin Helsinki. WM commenced operations in 1992 and operates in a leased 14,000 square foot facility in Hoboken which they will vacate.

APPROVAL REQUEST:

BCB Community Bank ("BCB") and the Company request the Authority provide a ten year, $684,000 second mortgage loan under the direct loan program. BCB has approved a $684,000 first mortgage loan.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: $684,000

TERMS OF LOAN: Fixed rate at the time of closing at the 5 year US Treasury or 2%, whichever is greater, plus 200 basis points. Rate reset at similar index at the end of year three for an additional three years. Six year term based on a 20 year amortization.

PROJECT COSTS:

Acquisition of existing building	$2,500,000
Finance fees	$13,000
TOTAL COSTS	$2,513,000

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

DEVELOPMENT OFFICER: T. Gill **APPROVAL OFFICER:** M. Conte

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - DIRECT LOAN PROGRAM

APPLICANT: Public Media NJ, Inc. P40166

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

PROJECT LOCATION: 2 Gateway Center Newark City (T/UA) Essex

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

APPLICANT BACKGROUND:

Public Media, NJ, Inc. ("PMNJ" or "Organization") is a nonprofit organization that was formed in 2011 as a provider of public television programming. PMNJ has 36 employees and currently operates from leased space at Montclair University. PMNJ recently entered into an agreement to lease 10,645 square-feet at 2 Gateway Center in Newark as the Montclair lease expired in November of this year. In order to occupy the space, PMNJ will need to install a news operation and broadcast video studio, editing suites, a green room and a control room. In addition, they will need to establish make-up rooms, team room and conference space. The project has a total cost of $2,471,000 and is comprised primarily of equipment ($1,973,000).

APPROVAL REQUEST:

Approval is recommended for a $1,250,000 direct loan as proposed.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: $1,250,000

TERMS OF LOAN: Rate fixed at the 5-Year Treasury plus 50 basis points with a floor of 2.5%. 12-month interest-only period followed by a 9-year term and amortization with a rate reset and the end of the fifth year.

PROJECT COSTS:

Purchase of equipment & machinery	$1,973,000
Renovation of existing building	$498,000
Finance fees	$32,000
TOTAL COSTS	$2,503,000

JOBS: At Application 36 Within 2 years 0 Maintained 36 Construction 4

DEVELOPMENT OFFICER: T. Gill **APPROVAL OFFICER:** S. Brady

STATEWIDE LOAN POOL PROGRAM

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STATEWIDE LOAN POOL PROGRAM - (PREMIER LENDER)

APPLICANT: 8 Boys LLC P39844

PROJECT USER(S): Liscio's Italian Bakery * * - indicates relation to applicant

PROJECT LOCATION: 600 Ellis Street Glassboro Borough (T/UA) Gloucester

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

APPLICANT BACKGROUND:

Liscio's Italian Bakery, Inc. was founded in 1994 in Washington, New Jersey as a local, primarily retail bakery. Today, Liscio's produces a variety of baked goods (mostly breads) for wholesale customers primarily in the Mid-Atlantic region. 8 Boys, LLC is the related real estate holding company that owns the original baking facility and the new facility located at 600 Ellis Street, Glassboro, NJ.

APPROVAL REQUEST:

Approval is requested for a $1,000,000 (20%) EDA participation under the Premier Lender Program in a $5,000,000 TD Bank Loan with a 5 year term and a 10 year amortization.

FINANCING SUMMARY:

LENDER: TD Bank

AMOUNT OF LOAN: $5,000,000 TD Bank Loan with a $1,000,000 (20%) EDA participation

TERMS OF LOAN: 4.25% fixed rate on interest. 5 year term and 20 year amortization.

TERMS OF PARTICIPATION: 5 year treasury or the floor of 2% whichever is higher, plus 150 basis points. 5 year term and 20 year amortization.

PROJECT COSTS:

Purchase of equipment & machinery	$6,042,000
Acquisition of existing building	$2,700,000
Renovation of existing building	$1,838,000
Relocation Costs	$625,000
Finance fees	$28,500
TOTAL COSTS	$11,233,500 *

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

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

DEVELOPMENT OFFICER: D. Benns **APPROVAL OFFICER:** M. Naik

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STATEWIDE LOAN POOL PROGRAM - (PREMIER LENDER)

APPLICANT: Liscio's Italian Bakery, Inc. P39842

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

PROJECT LOCATION: 600 Ellis Street Glassboro Borough (T/UA) Gloucester

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

APPLICANT BACKGROUND:

Liscio's Italian Bakery, Inc. was founded in 1994 in Washington, New Jersey as a local, primarily retail bakery. Today, Liscio's produces a variety of baked goods (mostly breads) for wholesale customers primarily in the Mid-Atlantic region.

APPROVAL REQUEST:

Approval is requested for a $1,000,000 (20%) EDA participation under the Premier Lender Program in a $5,000,000 TD Bank Loan with a 5 year term and a 10 year amortization.

FINANCING SUMMARY:

LENDER: TD Bank

AMOUNT OF LOAN: $5,000,000 TD Bank Loan with a $1,000,000 (20%) EDA participation

TERMS OF LOAN: 4.25% fixed rate on interest. 5 year term and 10 year amortization.

TERMS OF PARTICIPATION: 5 year treasury or the floor of 2% whichever is higher, plus 150 basis points. 5 year term and 10 year amortization.

PROJECT COSTS:

TOTAL COSTS	$0 *

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

JOBS: At Application 216 Within 2 years 71 Maintained 0 Construction 0

DEVELOPMENT OFFICER: D. Benns **APPROVAL OFFICER:** M. Naik

FUND FOR COMMUNITY ECONOMIC DEVELOPMENT

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - LOAN TO LENDERS PROGRAM

APPLICANT: Trenton Business Assistance Corporation P39986

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

PROJECT LOCATION: 3111 Quakerbridge Rd Hamilton Township (T) Mercer

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

APPLICANT BACKGROUND:

Trenton Business Assistance Corporation t/a Regional Business Assistance Corporation is a not-for-profit Community Development Financial Institution that was founded in 1981 to provide loans and technical assistance to small business located throughout New Jersey.

The proceeds of this loan will be to leverage private sources of capital to replenish a revolving loan fund.

APPROVAL REQUEST:

Approve a $500,000 term loan under the Loan to Lender program.

FINANCING SUMMARY:

LENDER: Community Fund For Economic Development

AMOUNT OF LOAN: $500,000

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

PROJECT COSTS:

Revolving Loan Fund	$1,500,000
Finance fees	$9,825
TOTAL COSTS	$1,509,825

JOBS: At Application 11 Within 2 years 0 Maintained 0 Construction 0

DEVELOPMENT OFFICER: D. Benns **APPROVAL OFFICER:** J. Wentzel

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

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

DATE: December 9, 2014

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

The following commercial grant project has 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 summary:

UST Commercial Grant:

Joseph Zipeto	$168,198
Total UST Funding – December 2014	**$168,198**

Prepared by: Lisa Petrizzi

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

APPLICANT: Joseph Zipeto P39792

PROJECT USER(S): Valley Auto Service * * - indicates relation to applicant

PROJECT LOCATION: 40 S. Valley Rd. West Orange Township (N) Essex

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

APPLICANT BACKGROUND:

In December 2008, Joseph Zipeto received an initial grant in the amount of $137,259 under P23937 to perform groundwater remediation at the project site, which is an automobile service station. The tanks were decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional soil and groundwater remediation.

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 $168,198 to perform the approved scope of work at the project site. Because the supplemental funding request exceeds the maximum aggregate staff delegation approval of $100,000, it requires EDA's board approval. Total grant funding to date for this project is $305,457.

The NJDEP oversight fee of $16,820 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: $168,198

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

PROJECT COSTS:

Remediation	$168,198
NJDEP oversight cost	$16,820
EDA administrative cost	$500
TOTAL COSTS	$185,518

APPROVAL OFFICER: K. Junghans

HAZARDOUS DISCHARGE SITE REMEDIATION FUND PROGRAM

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: December 9, 2014

SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

The following commercial loans and municipal grant projects have been approved by the Department of Environmental Protection for grants to perform Remedial Investigation and Remedial Action activities. The scope of work is described on the attached project summaries.

HDSRF Commercial Loans:

Michael Flamos	$ 26,614
Patricio and Omaira Villarroel	$ 214,310
	$ 240,924

HDSRF Municipal Grants:

Borough of Somerville (BDA-Somerville Landfill)	$ 4,877,906
Camden Redevelopment Agency (BDA-Frm ABC Barrel-Penn St)	$ 269,034
Camden Redevelopment Agency (BDA-Harrison Avenue Landfill)	$ 1,800,000
	$ 6,946,940

Total HDSRF Funding – December 2014 **$ 7,187,864**

Prepared by: Lisa Petrizzi

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS DISCHARGE SITE REMEDIAT'N PROG PROGRAM

APPLICANT: Michael Flamos P39925

PROJECT USER(S): Mike's Service, LLC * - indicates relation to applicant

PROJECT LOCATION: 403 Irvington Ave. South Orange Village (N) Essex

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

APPLICANT BACKGROUND:

Michael Flamos owns a commercial property located at 403 Irvington Ave. South Orange, NJ that was formerly a gasoline dispensing facility. The gasoline dispensing facility was terminated more than 15 years ago, and since then, only automotive repairs have been conducted on the property. Michael Flamos is a 100% owner of the Mike's Service, LLC (d/b/a Mike's Service Center, the auto repair shop). NJDEP has reviewed the project and determined that the costs are technically eligible.

APPROVAL REQUEST:

Approve a $26,614 loan under the HDSRF program.

FINANCING SUMMARY:

LENDER: Hazardous Discharge Site Remediation Fund

AMOUNT OF LOAN: $26,614

TERMS OF LOAN: 5% fixed interest rate; 5-year term and 5-year amortization.

PROJECT COSTS:

Remedial investigation	$26,614
EDA administrative cost	$1,500
TOTAL COSTS	$28,114

APPROVAL OFFICER: N. Nagovsky

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS DISCHARGE SITE REMEDIAT'N PROG PROGRAM

APPLICANT: Villarroel, Patricio and Omaira P39911

PROJECT USER(S): Pat the Tailor Inc. *
Omaira Villarroel *
Patricio Villarroel *

* - indicates relation to applicant

PROJECT LOCATION: 234 Hawthorne Avenue Point Pleasant Beach Borough Ocean

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

APPLICANT BACKGROUND:
Patricio Villarroel (51%) and his wife Omaira Villarroel (49%) own a commercial property located at 234 Hawthorne Avenue, Point Pleasant Beach, Ocean County, NJ. The property is currently leased by two tenants, one operating as a dry cleaner, and the other operating as a construction/remodeling company.

Remediation activities include the completion of the preliminary assessment, the continuation of the site investigation for the dry cleaner, petroleum USTs and metals, and the preparation of a work proposal for any additional remedial activities and/or actions.

APPROVAL REQUEST:
Approval of a $214,310 HDSRF loan. The NJDEP has reviewed the application and found the proposal to be technically eligible for the requested funding amount of $214,310.

FINANCING SUMMARY:

LENDER: Hazardous Discharge Site Remediation Fund

AMOUNT OF LOAN: 214,310

TERMS OF LOAN: 5% fixed interest rate; 5-year term and amortization

PROJECT COSTS:

Remedial investigation	$214,310
Finance fees	$2,718
TOTAL COSTS	$217,028

APPROVAL OFFICER: H. O'Connell

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

APPLICANT: Borough of Somerville (BDA-Somerville Landfill) P39541

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

PROJECT LOCATION: Route 206 Somerville Borough (T) Somerset

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

APPLICANT BACKGROUND:

Between November 2006 and February 2011, the Borough of Somerville received grants totaling $8,525,806 under to perform Remedial Investigation (RI) and Remedial Action (RA) activities at the project site. The project site, identified as Block 124, Lots 1,21 and 23.01 is a former sanitary landfill which has potential environmental areas of concern (AOCs). The Borough of Somerville currently owns the project site, which is located in a Brownfield Development Area (BDA) and has satisfied proof of site control. It is the Borough's intent upon completion of the environmental investigation activities, to redevelop the project site for commercial re-use.

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

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of remedial action for projects within a BDA. The grant has been calculated off 75% of the RA costs ($4,877,906). The Borough intends to fund the remaining 25% ($1,625,969) with outside sources.

APPROVAL REQUEST:

The Borough of Somerville is requesting supplemental grant funding to perform RA in the amount of $4,877,906 at the Somerville Landfill project site for a total funding to date of $13,403,712.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: $4,877,906 (75% Matching Grant)

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Action	$6,503,875
EDA administrative cost	$500
TOTAL COSTS	$6,504,375

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Camden Redevelopment Agency (BDA-Frm ABC Barrel-Penn St) P40147

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

PROJECT LOCATION: 121-123 Penn Street Camden City (T/UA) Camden

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

APPLICANT BACKGROUND:

Camden Redevelopment Agency (CRA) is requesting a grant for the project site identified as Block 62, Lot 38 & 45. The project site was previously used as a commercial drum storage facility and has areas of environmental concerns (AOCs). The CRA owns the project site, which is located in a Brownfield Development Area (BDA), and has satisfied proof of site control. It is CRA's intent, upon completion of the environmental remediation activities, to redevelop the project site for recreation and conservation.

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

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of remedial action for projects within a BDA. The grant has been calculated off 75% of the RA costs ($269,034). The remaining 25% of the costs ($89,678) are being funded by outside sources including EPA cleanup grants.

APPROVAL REQUEST:

The CRA is requesting grant funding to perform (RA) in the amount of $269,034 at the Former ABC Barrel project site.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: $269,034 (75% Matching Grant)

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Action	$358,712
EDA administrative cost	$500
TOTAL COSTS	$359,212

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Camden Redevelopment Agency (BDA Harrison Avenue Landfill) P40179

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

PROJECT LOCATION: Harrison Avenue Landfill Camden City (T/UA) Camden

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

APPLICANT BACKGROUND:

Between August 2006 and April 2014, the Camden Redevelopment Agency (CRA) received grants totaling $23,276,667 to perform Remedial Investigation (RI) and Remedial Action (RA) activities at the Harrison Avenue Landfill project site. The project site is a former landfill on 83 acres, located in a Brownfield Development Area (BDA), and has environmental areas of concern (AOCs). The City of Camden owns the project site and has satisfied proof of site control. Part of the project site (28 acres) has been redeveloped as a recreation center. This funding request is to continue the remediation activities at the balance of the landfill site.

NJDEP has approved this request for supplemental RA grant funding on the above-referenced project site and finds the project technically eligible under the HDSRF program, Category 2, Series A.

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of remedial action for projects within a BDA. The grant has been calculated of 75% of the RA costs ($1,800,000). The CRA will utilize a portion of an EPA grant to fund the remaining 25% of the eligible project costs ($600,000).

APPROVAL REQUEST:

The applicant is requesting supplemental grant funding in the amount of $1,800,000 for the approved project costs at the Harrison Avenue Landfill project site, for a total funding to date of $25,076,667.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: $1,800,000 (75% Matching Grant)

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Action	$2,400,000
EDA administrative cost	$500
TOTAL COSTS	$2,400,500

APPROVAL OFFICER: K. Junghans

EDISON INNOVATION FUND

TECHNOLOGY BUSINESS TAX CERTIFICATE TRANSFER PROGRAM

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: December 9, 2014

SUBJECT: Technology Incentives Delegations

Request:
1. Increase delegations for New Jersey Angel Investor Tax Credit Program
2. Create delegations for Technology Business Tax Certificate Transfer Program

Background:
Beginning in July 2003 the Members of the Authority have been asked to delegate signing authority to staff on certain financing and incentive transactions, to create efficiencies for our customers and provide fluidity to our business.

NJ Angel Investor Tax Credit Program:
On January 31, 2013, Governor Christie signed the NJ Angel Investor Tax Credit Act (P.L.2013, c. 14) to stimulate the growth of New Jersey's technology and life sciences sectors, by providing tax credits for certain non-refundable investments in emerging technology businesses. Under the Act, which is administered by the EDA in consultation with Division of Taxation, taxpayers are allowed a credit against their corporation business or gross income taxes equal to 10% of the qualified investment amount in a NJ emerging technology business, up to a maximum allowed credit of $500,000 for each qualified investment.

A qualified investment must be a non-refundable transfer of cash made by an investor that is not a related person of the New Jersey emerging technology business. The transfer must be in exchange for one of the following items: stock, warrants, options, interest in partnerships or joint ventures, licenses, rights to use technology, marketing rights, or for a purchase, production, or research agreement.

To be eligible, the New Jersey emerging technology business must meet the following 4 criteria:
1. Employs fewer than 225 employees, at least 75% of whom work in New Jersey
2. Does business, employs or owns capital or property, or maintains an office in New Jersey

3. Conducts at least one of the following activities in New Jersey:
    - Incurs qualified research expenses,
    - Conducts pilot scale manufacturing,
    - Commercializes one or more of the following eligible technologies: Advanced Computing, Advanced Materials, Biotechnology, Electronic Devices, Information Technology, Life Sciences, Medical Devices, Mobile Communications, and Renewable Energy Technology
4. Has as its primary business an eligible technology (as listed above)

As certain qualified investments are routine in the angel investment community and entail a more straightforward review, in December 2013 the Members of the Authority granted delegated signing authority [Level 3: SVP or Managing Director, and any one Director] to approve the following transactions:

1. Award of up to $100,000 in Angel Investor Tax credits based on an investment in an emerging technology company; and
2. The investment is made in exchange for stock & warrants; and
3. The NJ technology business qualifies because it has qualified research expenses

After managing the program for more than one year, staff has found additional transactions to be commonplace and entail the same level of review. Therefore, staff is now requesting increased delegations [Level 3: SVP or Managing Director, and any one Director] to approve tax credits for the following investments:

1. The application is for an award of up to the cap of $500,000 in Angel Investor Tax Credits; and
2. The investment is made in exchange for stock, options, warrants, convertible debt that subsequently converted into equity, and interest in partnerships and joint ventures; and
3. The NJ technology business qualifies because it has qualified research expenses, or commercializes one of the eligible technologies

All other applications, such as investments in exchange for items other than those listed above, will continue to require Board approval. In the instance that criteria required under the Legislation is more subjective and interpretive, staff will bring such approvals to the Board for review.

Technology Business Tax Certificate Transfer Program:

With the recent pursuit of tax benefit recapture per **§19:31-12.8 Recapture of tax benefits**, the Authority has received requests to approve changes in corporate structure and corporate names for past, approved recipients. We request that the Members create new delegations for approval of corporate structural and name changes that mimic existing delegations in comparable incentive programs.

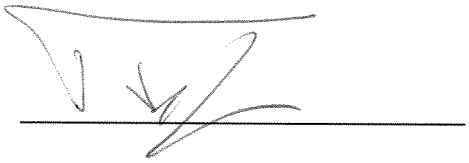
These new delegations would be as follows:

1. Delegated authority (Level 3) to approve name changes, address changes within the State

of NJ, internal mergers of subsidiaries, or adding a Professional Employment Organization (PEO) provided that the PEO is organized under the NJ official definition as well as registered and approved by the NJ Division of Labor.

In all instances of delegated approvals, the remaining or newly created entity would be required to remain compliant with all terms and conditions of the Program regulations which include maintaining a headquarters or a base of operation in this State as well as be required to remain compliant with all terms and conditions of the company's past agreements. The remaining or newly created entity must also and complete a new debarment questionnaire.

Any request to change the corporate structure or corporate name of an applicant made between Board approval of an applicant and the benefit closing date will require Board review for approval.



Prepared By: David Ackerman, Clark Smith

ANGEL INVESTOR TAX CREDIT PROGRAM

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: December 9, 2014

SUBJECT: Angel Investor Tax Credit Program

On January 31, 2013, the New Jersey Angel Investor Tax Credit Act was signed into law with Regulations approved by the Members of the Board in June 2013. The New Jersey Angel Investor Tax Credit Program establishes credits against corporate business tax or New Jersey gross income tax in the amount of 10% of a qualified investment made into New Jersey emerging technology businesses as of January 1, 2012. The program has an annual approval cap of $25 million in tax credits per calendar year. Year-to-date 2014, including today's Board approvals, there have been 74 investments approved for $3,273,563 in tax credits, representing the injection of more than $32 million of capital into New Jersey emerging technology and life sciences companies. The following investors are recommended for approval and are described on the attached project summaries:

Application Number	Investor	NJ Emerging Technology Company	Qualified Investment	Proposed Tax Credit
P40069	Care Capital Investments III LP	Agile Therapeutics, Inc.	$ 4,250,045.86	$ 425,004.59
P40086	Shanghai Aucta Pharmaceuticals Co.,Ltd	Aucta Pharmaceuticals, LLC	$140,000	$14,000
P40127	Core Ventures II LLC	electroCore LLC	$5,000,000	$500,000
P40129	Conure ElectroCore, LLC	electroCore LLC	$4,000,000	$400,000
P40126	Conure ElectroCore, LLC	electroCore LLC	$1,333,333	$133,333.30
		Total:	**$14,723,378.86**	**$1,472,337.89**

Prepared By: David Ackerman, Clark Smith

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

APPLICANT(S)/ANGEL INVESTOR:
Care Capital Investments III LP P40069

APPLICANT(S)/ANGEL INVESTOR LOCATION:
Princeton, NJ

NJ EMERGING TECHNOLOGY BUSINESS:
Agile Therapeutics, Inc.

TECHNOLOGY BUSINESS NJ LOCATION:
101 Poor Farm Road Princeton Borough (N) Mercer County

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

TECHNOLOGY BUSINESS BACKGROUND:
Agile Therapeutics, Inc. is a women's health specialty pharmaceutical company focused on the development and commercialization of new prescription contraceptive products. The company's product candidates are designed to provide women with contraceptive options that offer greater convenience and facilitate compliance.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a combination of 1) a transfer of cash in exchange for a convertible note that subsequently converted to equity, and 2) a non-refundable investment of cash in exchange for stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Care Capital Investments III LP to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		07/18/2012
QUALIFIED INVESTMENT:	$	4,250,045.86
TAXPAYER APPROVAL YEAR: (2014)	$	425,004.59
TOTAL NUMBER OF EMPLOYEES (Worldwide):		11
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		11

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

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

APPLICANT(S)/ANGEL INVESTOR:
Shanghai Aucta Pharmaceuticals Co.,Ltd P40086

APPLICANT(S)/ANGEL INVESTOR LOCATION:
Basking Ridge, NJ

NJ EMERGING TECHNOLOGY BUSINESS:
Aucta Pharmaceuticals, LLC

TECHNOLOGY BUSINESS NJ LOCATION:
675 U.S. Highway One North Brunswick Township Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Aucta Pharmaceuticals is a new drug product development company focusing on novel and generic formulation product development. Aucta is devoted to working on poorly water soluble compound, controlled release and pediatric/geriatric patient compliance dosage forms. Their 505b(2) products aim to create new dosage forms that meet the market needs and fill the market gaps.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Aucta Pharmaceuticals, LLC in exchange for an exclusive license agreement. Shanghai Aucta obtained an exclusive license to develop, register, manufacture, market and distribute Aucta Pharmaceuticals' Pregabalin Orally Disintegrating Tablets in the territory of China.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Shanghai Aucta Pharmaceuticals Co. Ltd. to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		03/01/2013
QUALIFIED INVESTMENT:	$	140,000.00
TAXPAYER APPROVAL YEAR: (2014)	$	14,000.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		5
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		4

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

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

APPLICANT(S)/ANGEL INVESTOR:
Core Ventures II LLC P40127

APPLICANT(S)/ANGEL INVESTOR LOCATION:
Short Hills, NJ

NJ EMERGING TECHNOLOGY BUSINESS:
ElectroCore

TECHNOLOGY BUSINESS NJ LOCATION:
150 Allen Road Bernards Township (N) Somerset County

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

TECHNOLOGY BUSINESS BACKGROUND:
ElectroCore is, a NJ based electroceutical healthcare company, which is developing a range of non-invasive Vagus Nerve Stimulation (nVNS) patient administered therapies for the treatment of multiple conditions in neurology, psychiatry, gastroenterology and other fields. Initial focus is on primary headache (migraine and cluster headache), with trials continuing in epilepsy, gastric motility disorders, depression and anxiety. gammaCore, a non-invasive VNS (nVNS) medical device, is ElectroCore first product. It is approved as a Class IIa product the European Union, commercially available in Canada and Australia, and has submitted a Pre-Market Approval (PMA) application to the FDA.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investments of cash, note conversions, and payment of fees in exchange for Series A Preferred Membership Units in ElectroCore LLC.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Tax Credit to Core Ventures LLC to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		03/28/2013
QUALIFIED INVESTMENT:	$	5,000,000.00
TAXPAYER APPROVAL YEAR: (2014)	$	500,000.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		26
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		25

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
Conure ElectroCore, LLC P40129

APPLICANT(S)/ANGEL INVESTOR LOCATION:
Short Hills, NJ

NJ EMERGING TECHNOLOGY BUSINESS:
ElectroCore

TECHNOLOGY BUSINESS NJ LOCATION:
150 Allen Road Bernards Township (N) Somerset County

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

TECHNOLOGY BUSINESS BACKGROUND:
ElectroCore is, a NJ based electroceutical healthcare company, which is developing a range of non-invasive Vagus Nerve Stimulation (nVNS) patient administered therapies for the treatment of multiple conditions in neurology, psychiatry, gastroenterology and other fields. Initial focus is on primary headache (migraine and cluster headache), with trials continuing in epilepsy, gastric motility disorders, depression and anxiety. gammaCore, a non-invasive VNS (nVNS) medical device, is ElectroCore first product. It is approved as a Class IIa product the European Union, commercially available in Canada and Australia, and has submitted a Pre-Market Approval (PMA) application to the FDA.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investments of cash and payment of fees in exchange for Series A Preferred Membership Units in ElectroCore LLC.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Tax Credit to Conure ElectroCore LLC to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		03/28/2013
QUALIFIED INVESTMENT:	$	4,000,000.00
TAXPAYER APPROVAL YEAR: (2014)	$	400,000.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		26
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		25

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
Conure ElectroCore, LLC

P40126

APPLICANT(S)/ANGEL INVESTOR LOCATION:
Short Hills, NJ

NJ EMERGING TECHNOLOGY BUSINESS:
ElectroCore

TECHNOLOGY BUSINESS NJ LOCATION:
150 Allen Road Bernards Township (N) Somerset County

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

TECHNOLOGY BUSINESS BACKGROUND:
electroCore is, a NJ based electroceutical healthcare company, which is developing a range of non-invasive Vagus Nerve Stimulation (nVNS) patient administered therapies for the treatment of multiple conditions in neurology, psychiatry, gastroenterology and other fields. Initial focus is on primary headache (migraine and cluster headache), with trials continuing in epilepsy, gastric motility disorders, depression and anxiety. gammaCore, a non-invasive VNS (nVNS) medical device, is electroCore first product. It is approved as a Class IIa product the European Union, commercially available in Canada and Australia, and has submitted a Pre-Market Approval (PMA) application to the FDA.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to ElectroCore LLC in exchange for Series A Preferred Units in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Tax Credit to Conure ElectroCore LLC to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		12/13/2013
QUALIFIED INVESTMENT:	$	1,333,333.00
TAXPAYER APPROVAL YEAR: (2014)	$	133,333.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		26
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		25

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: December 9, 2014

SUBJECT: Angel Investor Tax Credit Program – Zipz Inc. Approval

Background:

On January 31, 2013, the New Jersey Angel Investor Tax Credit Act was signed into law with Regulations approved by the Members of the Board in June 2013. The New Jersey Angel Investor Tax Credit Program establishes credits against corporate business tax or New Jersey gross income tax in the amount of 10% of a qualified investment made into New Jersey emerging technology businesses as of January 1, 2012.

The Authority has received applications to award Angel Investor Tax Credits for investments made in Zipz Inc. Approval of the Angel Investor Tax Credit applications for these investments is based upon the analysis of the Angel Investor Tax Credit program regulations, more specifically, if the company meets the definition of a "New Jersey emerging technology business."

Pertinent Legislation Eligibility and Definitions:

Pursuant to **§ 19:31-19.3 Eligibility criteria**, an investor shall make a qualified investment in a New Jersey emerging technology business to be eligible for tax credit via the Angel Investor Tax Credit program. "Qualified investment" and "New Jersey emerging technology business" are defined in **§ 19:31-19.2 Definitions** of the program's regulations.

The investments made in Zipz Inc. meet the definition of "qualified investment" as they were non-refundable transfers of cash to the business by an investor that is not a related person of the business for stock in the business.

The definition of a "New Jersey emerging technology business" is as follows:

> *"New Jersey emerging technology business" or "emerging technology business" means a company with fewer than 225 employees, of whom at least 75 percent are filling a position in New Jersey, that is doing business, employing or owning capital or property, or maintaining an office in this State, whose primary business is an eligible technology, and:*

1. *Has qualified research expenses paid or incurred for research conducted in its most recent fiscal year prior to the qualified investment in this State;*
2. *Conducts pilot scale manufacturing in this State; or*
3. *Conducts technology commercialization in this State.*

Zipz Inc. meets the "fewer than 225 employees, of whom at least 75 percent are filling a position in New Jersey" requirement as well as the "doing business, employing or owning capital or property, or maintaining an office in this State" requirement and the "qualified research expenses, pilot scale manufacturing, or technology commercialization in this State" requirement of this definition. The meaning of the "whose primary business is an eligible technology" requirement is subjective and necessitates interpretation.

The term "primary business" is not defined in the regulations but, through practice, has been determined to mean the main business focus and activity for the company. The "primary business" for Zipz is retailing their patented single serve beverage container.

An "eligible technology" is defined in the Program regulations as *"advanced computing, advanced materials, biotechnology, electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, or renewable energy technology."* Zipz asserts their product is an "advanced material."

An "advanced materials" per the Program regulations *"means materials with engineered properties created through the development of specialized processing and synthesis technology, including ceramics, high value-added metals, electronic materials, composites, polymers, and biomaterials."* Additional research uncovered the more detailed "advanced materials" description of "all materials that represent advances over the traditional materials that have been used for hundreds or even thousands of years. From this perspective advanced materials refer to all new materials and modifications to existing materials to obtain superior performance in one or more characteristics that are critical for the application under consideration."

Review:

Zipz's produces a patented single serve beverage container for beverages, beginning with wine and anticipated to expand into champagne and other alcohol mixed drinks. Wine is a sensitive product with characteristics that degrade easily over its shelf life and requires unique packaging properties. Zipz's container can better preserve the integrity of the contained wine thanks to the value-added polymer components Zipz developed and utilizes in their product.

Developed through an iterative process, the company is currently marketing the second generation of the product. The original container utilized standard raw materials available in the beverage container marketplace. The company found it difficult to complete with competitors on price and performance with this original design and the commonly available materials did not offer the enhanced properties the company was seeking.

To advance and differentiate, Zipz improved their components through research and experimentation to reach their second generation product, which is the version currently in the market. To arrive at this version, the company evaluated several grades of PET for the vessel. Then, the company incorporated PET additives to improve product performance. These included flow additives to enhance the plastic quality and manufacturability as well as oxygen scavengers

to capture unwanted oxygen and prevent oxygen permeability. Additional upgrades were also made to the seal, moving to a hybrid polymer/foil induction seal, and the plastic sleeve, adding an UV absorbing coating. Every change required new and unique formulations and product testing.

The company plans on launching a third generation product in 2015. In this version, the vessel has moved from an injected molded glass to one that is blow molded. By changing the manufacturing process, the container will gain better strength and clarity while reducing the oxygen permeability and also reducing material and manufacturing costs.

Development of Zipz product was a collaborative effort. The first generation was designed by Zipz. To advance the product, the Zipz executive team looked for outside expertise. They found and now work with three outside engineering consultants that are experts in beverage container packaging. Together, they have worked with materials suppliers and manufacturing partners to create the second and third versions. In making these product enhancements, Zipz has incurred over $1,000,000 costs. These costs include approximately $350, 000 in specialty consultant fees and $200,000 in research and development expenses which staff reviewed via supported invoices and management prepared financials.

Based on outside evaluations, containers constructed from conventional plastic materials retain a shelf life of 3 to 6 months. The Zipz second generation product has a shelf life of 18 months with the third generation expected to improve on this number to over 2 years. This outperformance differentiates the Zipz container from other single serve beverage containers in the market and is due to the superior properties of their advanced materials.

Based on its review, staff concludes that the materials used by Zipz are "advanced materials" under this Program. As described above, the materials used by Zipz have been engineered through specialized iterative processing; the unique material requirements have required sophisticated research undertaken by or on behalf of Zipz by personnel with advanced training and skills. The qualitative review of the materials presented by the Company and information regarding their unique adaptations of the materials to secure a competitive product has supported this conclusion.

Recommendation:

Based upon the evidence presented, Staff recommends approval of Angel Investor Tax Credit applications for investments in Zipz Inc as the company meets the definition of a "New Jersey emerging technology business," whose primary business is "advanced materials."

List of Angel Investor Tax Credit Applications:

Application Number	Investor	**Company**	Investment Amount	Proposed Tax Credit
P39761	Margate Partners I	**Zipz, Inc.**	$54,775	$5,477
P39762	Margate Partners I	**Zipz, Inc.**	$90,000	$9,000
P39763	PATRICK SCIRE	**Zipz, Inc.**	$182,590	$18,259
P39767	RIVER CAPITAL ASSOCIATES, LLC	**Zipz, Inc.**	$273,883	$27,388
P39768	RIVER CAPITAL ASSOCIATES, LLC	**Zipz, Inc.**	$450,000	$45,000
P39769	NEIL DESENA	**Zipz, Inc.**	$150,051	$15,005
P39770	NEIL DESENA	**Zipz, Inc.**	$270,000	$27,000
P39771	JAMES FORMISANO	**Zipz, Inc.**	$91,295	$9,129
P39772	JAMES FORMISANO	**Zipz, Inc.**	$150,000	$15,000
P39971	Salvatore Scire	**Zipz, Inc.**	$90,000	$9,000
P39987	THE PATRICK SCIRE 2001 GST TRUST	**Zipz, Inc.**	$109,554	$10,955
P39988	THE PATRICK SCIRE 2001 GST TRUST	**Zipz, Inc.**	$180,000	$18,000
P39992	JOSEPH MONTE	**Zipz, Inc.**	$90,000	$9,000
P39993	JOSEPH MONTE	**Zipz, Inc.**	$23,683	$2,368
P40090	Margate Partners I	**Zipz, Inc.**	$39,535	$3,953
P40091	JAMES FORMISANO	**Zipz, Inc.**	$81,518	$8,151
P40092	NEIL DESENA	**Zipz, Inc.**	$131,259	$13,125
P40093	JOSEPH MONTE	**Zipz, Inc.**	$44,024	$4,402
P40094	RIVER CAPITAL ASSOCIATES, LLC	**Zipz, Inc.**	$197,684	$19,768
P40095	THE PATRICK SCIRE 2001 GST TRUST	**Zipz, Inc.**	$79,073	$7,907
P40096	PATRICK SCIRE	**Zipz, Inc.**	$131,789	$13,178
		Total:	$2,910,713	$291,066

Prepared By: Clark Smith

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

APPLICANT(S)/ANGEL INVESTOR:
Margate Partners I P39761

APPLICANT(S)/ANGEL INVESTOR LOCATION:
Philadelphia, PA

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-2 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Margate Partners I to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		03/21/2013
QUALIFIED INVESTMENT:	$	54,775.50
TAXPAYER APPROVAL YEAR: (2014)	$	5,477.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
Margate Partners I

P39762

APPLICANT(S)/ANGEL INVESTOR LOCATION:
Philadelphia, PA

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-1 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Margate Partners I to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		11/28/2012
QUALIFIED INVESTMENT:	$	90,000.00
TAXPAYER APPROVAL YEAR: (2014)	$	9,000.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
PATRICK SCIRE P39763

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-2 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Patrick Scire to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		03/22/2013
QUALIFIED INVESTMENT:	$	182,590.00
TAXPAYER APPROVAL YEAR: (2014)	$	18,259.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
RIVER CAPITAL ASSOCIATES, LLC P39767

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-2 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to River Capital Associates LLC to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		03/22/2013
QUALIFIED INVESTMENT:	$	273,883.00
TAXPAYER APPROVAL YEAR: (2014)	$	27,388.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
RIVER CAPITAL ASSOCIATES, LLC P39768

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented to Zipz, Inc. in one transaction a non-refundable investment of cash and one convertible note in exchange for Series A-1 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to River Capital Associates LLC to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		11/28/2012
QUALIFIED INVESTMENT:	$	450,000.00
TAXPAYER APPROVAL YEAR: (2014)	$	45,000.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
NEIL DESENA P39769

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc.

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-2 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Neil DeSena to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		03/25/2013
QUALIFIED INVESTMENT:	$	150,051.00
TAXPAYER APPROVAL YEAR: (2014)	$	15,005.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
NEIL DESENA P39770

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
400 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-1 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Neil DeSena to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		11/28/0212
QUALIFIED INVESTMENT:	$	270,000.00
TAXPAYER APPROVAL YEAR: (2014)	$	27,000.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
JAMES FORMISANO

P39771

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc.

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-2 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to James Formisano to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		03/22/2013
QUALIFIED INVESTMENT:	$	91,294.50
TAXPAYER APPROVAL YEAR: (2014)	$	9,129.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
JAMES FORMISANO P39772

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-1 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to James Formisano to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		11/28/2012
QUALIFIED INVESTMENT:	$	150,000.00
TAXPAYER APPROVAL YEAR: (2014)	$	15,000.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
Salvatore Scire P39971

APPLICANT(S)/ANGEL INVESTOR LOCATION:
Long Branch, NJ

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-1 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Salvatore Scire to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		11/28/2012
QUALIFIED INVESTMENT:	$	90,000.00
TAXPAYER APPROVAL YEAR: (**2014**)	$	9,000.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
THE PATRICK SCIRE 2001 GST TRUST P39987

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-2 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to the Patrick Scire 2001 GST Trust to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		03/22/2013
QUALIFIED INVESTMENT:	$	109,554.00
TAXPAYER APPROVAL YEAR: (2014)	$	10,955.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
THE PATRICK SCIRE 2001 GST TRUST P39988

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-1 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to the Patrick Scire 2001 GST Trust to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		11/28/2012
QUALIFIED INVESTMENT:	$	180,000.00
TAXPAYER APPROVAL YEAR: (**2014**)	$	18,000.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
JOSEPH MONTE P39992

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-1 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Joseph Monte to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		11/28/2012
QUALIFIED INVESTMENT:	$	90,000.00
TAXPAYER APPROVAL YEAR: (2014)	$	9,000.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
JOSEPH MONTE P39993

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-2 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Joseph Monte to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		03/22/2013
QUALIFIED INVESTMENT:	$	23,683.50
TAXPAYER APPROVAL YEAR: (2014)	$	2,368.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
Margate Partners I P40090

APPLICANT(S)/ANGEL INVESTOR LOCATION:
Philadelphia, PA

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-3 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Margate Partners I to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		10/10/2013
QUALIFIED INVESTMENT:	$	39,535.00
TAXPAYER APPROVAL YEAR: (2014)	$	3,953.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
JAMES FORMISANO

P40091

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-3 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Tax Credit to James Formisano to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		10/10/2013
QUALIFIED INVESTMENT:	$	81,518.00
TAXPAYER APPROVAL YEAR: (2014)	$	8,151.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
NEIL DESENA P40092

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc.

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-3 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Neil DeSena to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		10/10/2013
QUALIFIED INVESTMENT:	$	131,259.00
TAXPAYER APPROVAL YEAR: (2014)	$	13,125.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
JOSEPH MONTE P40093

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc.

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-3 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Joseph Monte to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		10/10/2013
QUALIFIED INVESTMENT:	$	44,023.00
TAXPAYER APPROVAL YEAR: (2014)	$	4,402.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
RIVER CAPITAL ASSOCIATES LLC P40094

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc.

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-3 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to River Capital Associates LLC to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		10/10/2013
QUALIFIED INVESTMENT:	$	197,684.00
TAXPAYER APPROVAL YEAR: (2014)	$	19,768.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
THE PATRICK SCIRE 2001 GST TRUST P40095

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc.

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-3 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to THE PATRICK SCIRE 2001 GST TRUST to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		10/10/2013
QUALIFIED INVESTMENT:	$	79,073.00
TAXPAYER APPROVAL YEAR: (2014)	$	7,907.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

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

APPLICANT(S)/ANGEL INVESTOR:
PATRICK SCIRE

P40096

APPLICANT(S)/ANGEL INVESTOR LOCATION:
NEW YORK, NY

NJ EMERGING TECHNOLOGY BUSINESS:
Zipz Inc.

TECHNOLOGY BUSINESS NJ LOCATION:
303 George Street New Brunswick City (T/UA) Middlesex County

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

TECHNOLOGY BUSINESS BACKGROUND:
Zips, Inc. created and retails a single serve beverage container to the wine industry. The company's product meets requirements of an "advanced material". The company researched and engineered specialized plastics and processes to be utilized in the product. Due to the superior properties of these enhancements that were developed by Zipz, the Zipz container can outperform the conventional products in the marketplace in terms of shelf life, packaging strength, and aesthetics.

INDUSTRY:

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

DESCRIPTION OF QUALIFIED INVESTMENT:
The applicant presented a non-refundable investment of cash to Zipz, Inc. in exchange for Series A-3 Preferred Stock in the company.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Angel Investor Tax Credit to Patrick Scire to encourage the investment in a New Jersey emerging technology business.

QUALIFIED INVESTMENT DATE:		10/10/2013
QUALIFIED INVESTMENT:	$	131,789.00
TAXPAYER APPROVAL YEAR: (2014)	$	13,178.00
TOTAL NUMBER OF EMPLOYEES (Worldwide):		9
NEW JERSEY FULL-TIME EMPLOYMENT AT APPLICATION:		7

DEVELOPMENT OFFICER: C. Smith **APPROVAL OFFICER:** C. Smith

OFFICE OF RECOVERY

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

DATE: December 9, 2014

SUBJECT: Stronger NJ Business Grant Program Appeal – GNG Investments LLC.

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

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

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

Michele Brown

attachments

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

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

FROM: Dina Khmelnitsky
Hearing Officer

DATE: December 9, 2014

SUBJECT: Stronger NJ Business Grant Program Appeals
GNG Investments LLC – 513329

Request:
The Members are asked to approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Grant for GNG Investments LLC.

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

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

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

Business Name	Reason for Decline	Discussion
GNG Investments LLC	Applicant has declined to provide one or more of the documents necessary to complete an application under the Stronger NJ Business Grant Program.	At the time of the storm, the business was under different ownership. Applicant took over the business but is unable to produce any requisite formal documentation demonstrating that the business was operating at the time of the storm.

Recommendation:

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

Prepared by: Dina Khmelnitsky

INCENTIVE PROGRAMS

ECONOMIC REDEVELOPMENT AND GROWTH (ERG) GRANT PROGRAM

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

ECONOMIC REDEVELOPMENT AND GROWTH (ERG) PROGRAM

Created by law in 2012, and revised through P.L. 2013, c. 161, and the "Economic Opportunity Act of 2014, Part 3," P.L. 2014, c. 63 the intent of this program is to provide State incentive grants to a developer, or non-profit organization on behalf of a qualified developer, to capture new State incremental taxes derived from a project's development to address a financing gap, with $600 million authorized for qualified residential projects.

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

- Have a redevelopment project that is located in a qualifying area and not have begun any construction at the project site prior to submitting an application, except: if the EDA determines the project would not be completed otherwise; or if the project is undertaken in phases, a developer may apply for phases which construction has not yet commenced.
- Demonstrate to the EDA that: 1) the project shall be constructed in accordance with certain minimum environmental standards; 2) except with regards to a qualified residential project, the project will yield a net positive benefit equaling no less than 110% of the grant assistance, not to exceed 20 years; and 3) the project has a financing gap.
- Meet a 20% equity requirement.

Staff Review:

- A comprehensive net benefit analysis is conducted to ensure the project has a positive net benefit to the State of no less than 110%. The economic impact model used by the EDA includes multipliers from the RIMS II data base, published by the US Department of Commerce, along with internal econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation.

Amount of award based upon:

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

Qualified Residential Projects:

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

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

RE: Revised Incentive Programs
New Jersey Economic Opportunity Act of 2013 and
Economic Opportunity Act of 2014, Part 3

DATE: December 9, 2014

Request:
The Members are requested to approve the adoption of amendments to the rules implementing the Economic Redevelopment and Growth (ERG) Program, Business Employment Incentive Program (BEIP), Business Retention and Relocation Assistance Grant (BRRAG) Program, BRRAG Tax Credit Certificate Program and Grow New Jersey Assistance (Grow NJ) Program as well as certain Authority administrative rules regarding fees based on statutory revisions enacted pursuant to the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161. The draft adoption, without change (see attached), addresses comments submitted by five (5) individuals and are summarized, along with the Authority's responses, in the proposed adoption.

The Members are also asked to approve proposed rule amendments (see attached) revising the ERG Program, Urban Transit Hub Tax Credit (UTHTC) Program and Grow NJ Program pursuant to statutory revisions enacted in the Economic Opportunity Act of 2014, Part 3, P.L. 2014, c. 63.

Background:
On September 18, 2013, the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 was enacted, which merged the State's five economic development incentive programs, while expanding the geographic boundaries and lowering eligibility thresholds for the Grow New Jersey Assistance (Grow NJ) Program and Economic Redevelopment and Growth (ERG) Program to further the ability of the State to attract and retain businesses; and, phased out the Business Employment Incentive Program (BEIP) and Business Retention and Relocation Assistance Grant (BRRAG) Program by December 31, 2013, and the Urban Transit Hub Tax Credit (UTHTC) Program by January 16, 2014.

In response, the EDA proposed amendments to the rules implementing the Grow NJ and ERG programs on January 6, 2014, which based on public comments and EDA review, were reproposed on July 7, 2014. Since then, the Legislature enacted additional statutory revisions to

the Grow NJ, ERG and UTHTC programs as contained in the Economic Opportunity Act of 2014, Part 3.

Specifically, the Economic Opportunity Act of 2014, Part 3, enacted as P.L. 2014, c. 63 on October 24, 2014, 1) designates a municipality which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority (CRDA) as the fifth Garden State Growth Zone (GSGZ) and eligible for enhanced incentives under the ERG and Grow NJ programs, to help attract new economic development and job growth in Atlantic City; and 2) revises certain other key benefits for the continued success of EDA-administered incentives.

Consequently, based statutory revisions enacted pursuant to P.L. 2014, c. 63, the EDA is proposing amendments to the rules implementing the Grow NJ Program, ERG Program and UTHTC Program, as summarized below.

Atlantic City (Municipality Containing Certain Tourism District)
In recognition of the devastating impact to the economy of Atlantic City caused by the closure of four casinos this year, with a fifth casino slated to close by the end of the year, P.L. 2014, c. 63 and the proposed amendments include Atlantic City as a **Garden State Growth Zone (GSGZ)**, extending various enhanced benefits and conferring additional benefits exclusively afforded to GSGZs or the City of Camden (GSGZ which qualifies under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et al.), as follows:

Grow NJ

- Increased base tax credit amount of $5,000 per new/retained full-time job, capped at $15,000 with total benefit capped annually at $35 million over 10 years.
- Calculation of the net positive benefit resultant from the award of tax credits and the retention and creation of full-time jobs based on benefits generated during a period of up to 30 years following completion of the project.
- For each new or retained full-time job, tax credits equaling 100% of gross amount of tax credits.

ERG Program

- Increased reimbursement of 30% of total project costs and eligible for an additional 10% for total benefit of 40% over 20 years.
- Use of 85% of the projected annual incremental tax revenues to be pledged towards the incentive grant.
- Access to $175 million specifically set aside for qualified residential projects in GSGZs in eight southernmost counties.

P.L. 2014, c. 63, and the proposed amendments to the rules, also revise the definition for "tourism destination project" for the Grow NJ Program to clarify that such projects consist of a **non-gaming** qualified business facility, including a non-gaming business within an established

Tourism District with a significant impact on the economic viability of that District, as determined by EDA.

Grow NJ/ERG/UTHTC Programs

The proposed amendments also revise rules implementing the Grow NJ, ERG and UTHTC programs, pursuant to statutory revisions and policy direction. The following provides a summary of the major provisions of the proposed amendments:

Grow New Jersey Assistance (Grow NJ) Program

- Revises definition for "capital investment" to exclude the cost of acquiring property, except in a GSGZ.
- Revises definition for "industrial premises" to clarify that the definition, as proposed, applies to premises or space that will be or has been used for the existing specified purposes; adds "industrial space" which is referenced in the existing definition for "priority area" to mean and the same as "industrial premises"; and deletes the definition for "non-industrial premises" which, due to revisions in eligibility criteria, is no longer necessary.
- Establishes new definition for "industrial use" to specifically describe activities that are industrial, which include certain farming activities if undertaken in an industrial space, and which will clarify the bonus for capital investment in industrial premises for industrial use.
- Expands definition for "mega project" to include a project located in an existing area designated in need of redevelopment within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem counties having a capital investment in excess of $20 million and at which more than 150 full-time employees are created or retained.
- Revises definition for "full-time employee" to 1) clarify that employees without health benefits will be counted for purposes of the Statewide workforce of an eligible business; 2) provide that, for any project located in GSGZ-Camden or any project located in the Atlantic City Tourism District regulated by the CRDA, and which will include a retail facility of at least 150,000 square feet, of which at least 50 percent will be occupied by either a full-service supermarket or grocery store, 30 hours of employment per week at a qualified business facility shall constitute one "full-time employee," regardless of whether or not the hours of work were performed by one or more persons, and the requirement that employee health benefits are to be provided shall be deemed to be satisfied if the employees of the business are covered by a collective bargaining agreement, and 3) exclude any person who at the time of project application works in New Jersey for at least 35 hours per week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, but who prior to project application was not provided, by the business, with approved health benefits.
- Revises definition for "qualified incubator facility" to reduce the square foot of office space requirement from 100,000 to 50,000 feet, within which at least 50 percent of the gross leasable area, rather than 75 percent, is restricted for use by technology startup companies.

- Revises definition for "soft costs" to delete the terms "furniture, or office equipment with a useful life of less than five years."
- For purposes of determining the geographical location of the proposed qualified business facility, deletes the provision that the business shall be considered in the geographical location "if at least 51 percent of the square footage of the building or buildings is in the geographical location," which is replaced by "with the most beneficial total tax credit amount."
- Provides that the net positive economic benefit, which is based on the initial number of years required (Mega Project or GSGZ – up to 30 years; GSGZ-Camden up to 35 years; All Other Projects up to 20 years) shall be discounted to reflect location uncertainty after the business' lease or commitment period expires.
- For all projects approved since the effective date of P.L. 2014, c. 63, extends the required eligibility capital investment that currently exists for industrial premises to warehousing, logistics, research and development premises for similar use in at least 51% of the gross leasable area.
- Allows a non-profit or other organization operating a qualified incubator facility to make an application on behalf of a business meeting program requirements, or a group of non-qualifying businesses or positions located at a qualified facility, for the purposes of being considered a unified project, so that the incentive can be aggregated by multiple tenants. Clarifies that, for purposes of the qualified incubator facility for which positions may be combined in a unified application, a position is a full-time employee who is employed by a business at a qualified incubator facility and who spends at least 16 hours a week at the qualified incubator facility.
- For a project in the City of Camden, the net positive benefit determination would include the value of those property taxes that would have been assessed on new construction, improvements or substantial rehabilitation of structures if the structures were not otherwise exempt, because they are on real property owned by a public entity.
- Clarifies that for a qualified business facility that is a mixed-use project that includes retail facilities and that is located in a GSGZ or the Atlantic City Tourism District regulated by the CRDA, retail facilities in an amount up to 7.5 percent of the mixed-use project may be included in the mixed-use project application for a grant of tax credits along with the non-retail facilities, and that the application may include in the aggregate the pro-rata number of fill-time employees employed by any number of tenants or other occupants of the included retail facilities.
- Provides that businesses in any project in the City of Camden and Atlantic City that include a retail facility of at least 150,000 square feet, of which at least 50% will be occupied by a full-service supermarket, may assign their ability to apply under the program to the developer, and the application will aggregate the jobs of the businesses and the capital investment of the businesses and the developer.
- Adds a bonus of $1,000 per year for a qualified business facility that includes a vacant commercial building having over one million sq. ft. of office or lab space available for a period of over one year.
- Provides that allowed tax credits for retained full-time jobs, other than those that are part

of a qualified business facility in a GSGZ, shall be the lesser of 50% of the tax credit per new employee or an alternative per employee credit that divides the amount of capital investment by the sum of the new and retained employees.

- Revises the timeframe for which a business shall submit certain progress information to the Authority from within 12 months to six months following the date of application approval provided however, that a business shall have 12 months to submit such progress information for a mega project or for a qualified business facility that consists of new construction.
- Provides that for a project with the alternative tax credit calculation based on capital investment divided by total employees, the EDA shall recalculate the tax credit amount, and apply any applicable greater annual cap, for a business that increases the number of employees at a qualified business facility until the first tax period for which a demonstrated reduction of the number of full-time employees occurs; and requires that for a business to obtain the additional tax credit award, a request shall be submitted in its' annual report along with supporting evidence documenting the additional full-time employees; and provides that such request may be may be reviewed and accepted by EDA staff.
- Provides that the request for an additional tax credit award for projects in a GSGZ due to the increase in the number of employees above the number required in the incentive agreement may be reviewed and accepted by EDA staff.
- Reduces the minimum amount of credits that may be transferred to $25,000; authorizes transfers within three years of the date of issuance; and provides that the certificate holder may take the credit amount for the tax period for which it was issued or may be carried forward for use in any of the next 20 successive tax periods; and limits the total amount of tax credits that can be taken with regard to a particular project to the total credit amount divided by the duration of the eligibility period in years.
- Provides that credits granted to a partnership shall be passed through to the partners, members, or owners respectively, pro-rata or pursuant to an executed agreement documenting an alternate distribution method.
- Provides that should tax credits awarded be subject to recapture, EDA will pursue recapture from the business and not from a tax credit transfer certificate purchaser and that tax credit transfer purchasers shall be subject to all other limitations and conditions that apply to the use of the tax credits by the business, including but not limited to, reduction and forfeiture provisions and the requirement of a letter of compliance for the relevant tax period.

Economic Redevelopment and Growth (ERG) Program

- Revises definition of "equity" to clarify that 1) property value shall be valued at the lesser of existing price calculations, i.e., either the purchase price, if purchased pursuant to an arm's length transaction within 12 months of application, or the value as determined by a current appraisal acceptable to the Authority; and 2) for qualified residential projects utilizing certain State low income housing tax credits, "equity" means the portion of the developer's fee that is delayed for a minimum of five years.

- Revises definition of "project financing gap" to 1) delete the term "cash on cash yield" pertaining to the factors which will be considered in calculating the project financing gap, as the calculation is no longer used by EDA; and 2) provide that qualified residential projects utilizing certain New Jersey Housing and Mortgage Finance Agency (HMFA) low income housing tax credits will be analyzed using a developer fee recovery model as prescribed therein.
- Provides that for a redevelopment project involving rehabilitation or improvement of existing building(s) the cost of building acquisition shall be included in eligible costs if a developer spends more than 100 percent, rather than the current 50 percent, of the total cost of acquisition of the building(s) on such rehabilitation or improvement; and for a redevelopment project that has commenced construction pursuant to the EDA's evaluation at N.J.A.C. 19:31-4.3(a)2i, future expenditures will have to be at least 100 percent, rather than the current 50 percent, of the project cost previously expended as of the application date.
- Clarifies that, with regard to the fiscal impact analysis, the resulting net positive economic benefits will equal no less than 110 percent of the amount of grant assistance to the State; and deletes the existing requirement that such resulting net economic benefits be for a period equal to 75 percent of the useful life of the project.
- Revises definition for "qualified residential project" to clarify that a qualified residential project shall not include transitional or homeless units.
- Includes, within the terms and conditions of the State redevelopment incentive agreement, a requirement for a project consisting of newly-constructed residential units that the project be monitored, in order to maintain the affordable units for the term of the grant, by the HMFA, State-approved entities or municipalities with the capacity to do so.
- Requires that, within one year of approval, the developer shall submit progress information indicating that all financing, State and federal approvals, local planning and zoning board approvals, site control and site plan approval has been received.
- Clarifies that developers of qualified residential projects may apply to the Director of the Division of Taxation and EDA for a tax credit transfer certificate; revises the amount for which tax credits may be sold or assigned from not less than $100,000 to not less than $25,000; and revises the provision regarding the sale or assignment of any amount of a tax credit certificate exchanged for consideration received by the developer of not less than 75 percent of the transferred credit amount from, as determined at present value, to before considering any further discounting to present value which may be permitted.
- Changes the dates that qualified residential projects must submit an application from July 1, 2015 to July 1, 2016; and when evidence of a temporary certificate of occupancy must be submitted from July 28, 2015 to July 28, 2018.

Urban Transit Hub Tax Credit (UTHTC) Program

- Reduces the minimum amount of credits that may be transferred to $25,000.

Recommendation:

The Members are asked to approve 1) the attached adoption, without change, of proposed

amendments to the rules implementing the Economic Redevelopment and Growth (ERG) Program, Business Employment Incentive Program (BEIP), Business Retention and Relocation Assistance Grant (BRRAG) Program, BRRAG Tax Credit Certificate Program and Grow New Jersey Assistance (Grow NJ) Program as well as certain Authority administrative rules regarding fees based on statutory revisions enacted pursuant to the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161; and 2) the attached proposed rule amendments revising the ERG Program, Urban Transit Hub Tax Credit Program and Grow NJ Program pursuant to statutory revisions enacted in the Economic Opportunity Act of 2014, Part 3, P.L. 2014, c. 63.

The Members are also asked to authorize staff to submit the adoption and proposed amendments for promulgation in the February 2, 2015 edition of the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law (OAL). The Authority will operate with the proposed rule amendments upon submission to OAL, with risk to the applicant if changes are not adopted as proposed.

Timothy J. Lizura

Attachments

Prepared by: Jacob Genovay

D R A F T

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Administrative Rules; Fees

Authority Assistance Programs; Economic Redevelopment and Growth Program; Urban Transit Hub Tax Credit Program; Business Employment Incentive Program; Business Retention and Relocation Assistance Grant Program; Tax Credit Certificate Transfer Program; and Grow New Jersey Assistance Program

Adopted Amendments: N.J.A.C. 19:30-6.1, 6.2, 6.3, and 6.4; and 19:31-4, 9.6, 10.12, 14.2, 14.14, 15.7, and 18

Adopted New Rules: N.J.A.C. 19:31-4.5, 4.9, 4.13, 18.17, and 18.18

Adopted Amendment: N.J.A.C. 19:31-18.13

Proposed: July 7, 2014 at 46 N.J.R. 7(1).

Adopted December __, 2014 by the New Jersey Economic Development Authority, Michele Brown, Chief Executive Officer.

Filed: December, __ 2014 at R.2014 d.___, **without change**.

Authority: P.L. 2013, c. 161.

Effective Date: January __, 2015.

Expiration Date: November 9, 2017.

Summary of Public Comments and Agency Responses:

The EDA received comments from the following individuals which are summarized, along with the Authority's responses, below:

Anthony H. Chwastyk, General Counsel, Radwelll International, Inc.

Terrence J. Huettl, Vice President, Development, Whitesell Construction Company, Inc.

Charles B. Liebling, Windels Marx Lane & Mittendorf, LLP

Dan Breen, Executive Vice President, Jones Lang LaSalle Brokerage, Inc.

Michael G. McGuinness, Chief Executive Officer, NAIOP New Jersey

COMMENT: The definition for “project financing gap” at N.J.A.C. 19:31-4.2 should be revised to eliminate ambiguity regarding certification of additional capital that cannot be raised from other sources.

RESPONSE: The provisions within the definition for “project financing gap,” pertaining to certification of additional capital that cannot be raised from other sources, are distinct and do not require revision to address ambiguity.

COMMENT: The provisions at N.J.A.C. 19:31-18.4(a)1, which require a business to execute an incentive agreement within 18 months of approval if the business is terminating an existing incentive agreement in order to participate in the Grow New Jersey Assistance Program, place an unnecessary and unavoidable burden on a business’s flexibility in lease negotiations and should be deleted.

RESPONSE: Currently, all approved businesses are required to execute an approval letter and an incentive agreement within a prescribed time period and to submit certain progress information, i.e., the proposed amendments require site plan approval, committed financing for and site control of the qualified business facility, within 12 months following the date of application approval. Therefore, the requirement that a business execute an incentive agreement within 18 months of approval, if the business is terminating an existing incentive agreement in order to participate in the Grow New Jersey Assistance Program, is not overly burdensome.

COMMENT: The definition for “capital investment” at N.J.A.C. 19:31-18.2 should be revised to include site preparation and construction, repair, renovation, improvement, equipping, or furnishing on real property or of a building, structure, facility, or improvement to real property made within 24 months prior to project application.

RESPONSE: The definition for “capital investment” includes a provision that allows such activities made within 24 months prior to project application to be eligible capital investment under certain conditions; therefore, the comment is not applicable.

COMMENT: The definition for “eligible position” at N.J.A.C. 19:31-18.2 should be revised to delete the requirement that an employee in an eligible position spend 80 percent of his or her time at the qualified business facility, or any other period of time generally accepted by custom or practice as full-time employment at the qualified business facility.

RESPONSE: The requirement that an employee in an eligible position spend 80 percent of his or her time at the qualified business facility, or any other period of time generally accepted by custom or practice as full-time employment at the qualified business facility, is standard policy for all EDA-administered programs and was developed in coordination with the Division of Taxation to ensure that the State of New Jersey receives the benefits of tax revenues attributed to New Jersey-based employment.

COMMENTS: The definition for “industrial premises” at N.J.A.C. 19:31-18.2 should be revised to include: 1) warehousing, logistics, research and development, distribution, transportation, and e-commerce; 2) repairing and refurbishing operations; 3) operations of a regional distribution, warehousing, growth, harvesting, manufacturing, packaging and/or processing facility of foodstuffs provided the capital investment in the facility is at least double the minimum amount required for an industrial premises and the facility is located in an industrial zone as determined by local ordinance, or by State statute or regulation, or an area in need of redevelopment. In addition, the definition for “industrial premises” should be revised to improve the availability and affordability of foodstuffs in the State, especially in distressed areas, and incorporate provisions for the regional distribution, warehousing, growth, harvesting, manufacturing, packaging and/or processing of foodstuffs where project capital investment is at least two times the minimum capital investment for eligibility or project jobs created and/or retained are at least 10 times the minimum number of jobs required for eligibility; and the premises is situated within a facility located in an industrial zoning district of a distressed municipality or is located upon a parcel identified in a redevelopment plan for industrial, warehouse and/or distribution use.

RESPONSE: No changes are necessary because the recently-enacted Economic Opportunity Act of 2014, Part 3, P.L. 2014, c. 63, addresses the concerns raised by these comments.

COMMENT: In order to accommodate a project located at a qualified business facility which consists of machinery and equipment within a qualified incentive area, but which does not consist of any buildings, the definition for “square feet of gross leasable area” or “gross leasable area” at N.J.A.C. 19:31-18.2 should be revised to clarify that such area(s) shall be measured as the sum of the surface area, measured in square feet which is used or improved in connection with the operation of a business.

RESPONSE: In the proposed amendments and in P.L. 2013, c. 161, the minimum eligibility requirements for capital investment are applied uniformly to each qualified business facility, which is defined as including the building in which the equipment and machinery are housed. The per square foot requirement, therefore, is calculated on the entire space leased or owned to accommodate the project and not just the area where the equipment or machinery are located.

COMMENT: The provisions at N.J.A.C. 19:31-18.2 should be revised to include a new definition for “project minimum capital investment” which shall mean an amount equal to the product of the square feet of a project premises which are new construction and the appropriate minimum capital investment threshold applicable to such new construction, plus the product of the square feet at the project in which rehabilitation, improvement, fit-out, or retrofit of an existing premises is completed and the appropriate minimum capital investment threshold applicable to such rehabilitation, improvement, fit-out or retrofit.

RESPONSE: The EDA does not concur that a new definition is required to address qualified business facilities where there are both new construction and rehabilitation, improvement, fit-out or retrofit of an existing premises. For purposes of the provisions of

N.J.A.C. 19:31-18.3(a)1, rehabilitation, improvement, fit-out or retrofit improvement includes new additions to an existing qualified business facility.

COMMENT: The provisions at N.J.A.C. 19:31-18.5(a)2vi, which require the identification of a single site of the proposed qualified business facility, should be revised to include proposed sites of up to three qualified business facilities to be consistent with typical site selection practices in the real estate industry.

RESPONSE: The proposed revision to N.J.A.C. 19:31-18.5(a)2vi is not practical, from an administrative stand point, due to the extensive location-based calculations required for determining eligibility of a qualified business facility under the Grow New Jersey Assistance Program.

COMMENT: The provisions at N.J.A.C. 19:31-18.8(c)5 and 19:31-18.8(c)10 pertaining to bonus awards for capital investment in industrial premises in excess of the minimum capital investment required for eligibility, for a qualified businesses facility and for a mega project or a project located in a Garden State Growth Zone respectively, should be revised due to changes in economic conditions and supply dynamics within industrial property markets, as well as discordant results seen in renovation projects seeking industrial bonus awards, i.e., where an incremental capital investment of only $4 per square feet of gross leasable area yields an incremental per-job industrial bonus of $10,000 over a ten-year period. Specifically, N.J.A.C. 19:31-18.8(c)5 and 19:31-18.8(c)10 should be revised to reduce 1) the bonus amount for an eligible qualified business facility from $1,000 to $500 per year for each additional amount of investment; and 2) the increase in capital investment in excess of the minimum capital investment required for eligibility from 20 percent to $12 per square foot.

RESPONSE: The proposed revisions at N.J.A.C. 19:31-18.8(c)5 and 19:31-18.8(c)10 will be considered if, and when, the Authority decides evolving economic or market conditions warrants adding or replacing bonus awards, including those for capital investment in industrial premises.

Federal Standards Statement

The adopted amendments, new rules and amendment are not subject to any Federal standards or requirements; therefore, a Federal standards analysis is not required.

Full text of the adopted amendments, new rules and amendment follows:

TEXT

D R A F T
12/9/14

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Authority Assistance Programs

Economic Redevelopment and Growth Program; Urban Transit Hub Tax Credit Program; and Grow New Jersey Assistance Program

Proposed Amendments: 19:31-4.2, 4.6, 4.8, 4.9, 4.11, 9.10, 18.2, 18.3, 18.4, 18.5, 18.7, 18.8, 18.9, 18.10, 18.11, 18.13 and 18.16

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

Authority: P.L. 2013, c. 161 and P.L. 2014, c. 63.

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

Proposal Number: PRN 2015- .

Submit written comments by April 3, 2015, to:

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

The agency proposal follows:

Summary

On September 18, 2013, the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 was enacted, which merged the State's five economic development incentive programs, while expanding the geographic boundaries and lowering eligibility thresholds for the Grow New Jersey Assistance (Grow NJ) Program and Economic Redevelopment and Growth (ERG) Program to further the ability of the State to attract and retain businesses; and, phased out the Business Employment Incentive Program (BEIP) and Business Retention and Relocation Assistance Grant (BRRAG) Program by December 31, 2013, and the Urban Transit Hub Tax Credit (UTHTC) Program by January 16, 2014.

In response, the New Jersey Economic Development Authority ("EDA" or "Authority") proposed amendments to the rules implementing the ERG and Grow NJ programs on January 6, 2014, which based on public comments and EDA review, were reproposed as PRN 2014-114 on July 7, 2014, and thereafter, adopted as R.2015 d.____ at R.2015 d.___ at N.J.R. ___.

Meanwhile, recommendations from various interested parties resulted in additional statutory revisions to the EDA-administered economic development programs mentioned above as contained in the Economic Opportunity Act of 2014, Part 3.

Enacted as P.L. 2014, c. 63 on October 24, 2014, the Economic Opportunity Act of 2014, Part 3 designates a municipality which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority as the fifth Garden State Growth Zone (GSGZ) eligible for maximum incentives under the ERG and Grow NJ programs, to help attract new economic development and job growth in Atlantic City. The Economic Opportunity Act of 2014, Part 3 also revises certain other key benefits for the continued success of EDA-administered incentives, including the ERG and Grow NJ programs.

Consequently, based on public comments to the reproposed amendments and statutory revisions enacted pursuant to P.L. 2014, c. 63, the EDA is proposing amendments to the rules implementing the ERG Program, Grow NJ Program and UTHTC Program, as follows:

Subchapter 4. Economic Redevelopment and Growth Program

N.J.A.C. 19:31-4.2 Definitions

The proposed amendments redefine certain terms used in this subchapter, as follows: "equity" is revised to clarify that 1) property value shall be valued at the lesser of existing price calculations, i.e., either the purchase price, if purchased pursuant to an arm's length transaction within 12 months of application, or the value as determined by a current appraisal acceptable to the Authority; and 2) for qualified residential projects utilizing certain State low income housing tax credits, "equity" means the portion of the developer's fee that is delayed for a minimum of five years; "Garden State Growth Zone" or "growth zone" is revised to include a municipality which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority; "project financing gap" is revised to 1) delete the term "cash on cash yield" pertaining to the factors which will be considered in calculating the project financing gap, as the calculation is no longer used by EDA; and 2) provide that qualified residential projects utilizing certain state low income housing tax credits will be analyzed using a developer fee recovery model as prescribed therein, provided that in no event shall the sum of the tax credits awarded and the State low income housing tax credits awarded by the New Jersey Housing and Mortgage Finance Agency exceed nine percent of the project cost; and "qualified residential project" is revised to change the deadline for which a developer must submit a temporary certificate of occupancy from July 28, 2015 to July 28, 2018; and to clarify that a qualified residential project shall not include transitional or homeless units.

Finally, the proposed amendments delete the definition for “cash on cash yield” because the EDA no longer uses this calculation.

N.J.A.C. 19:31-4.6 Financing Gap and Fiscal Impact Analysis

The proposed amendments at N.J.A.C. 19:31-4.6(a)2 provide that 1) for a redevelopment project involving rehabilitation or improvement of existing building(s) the cost of building acquisition shall be included in eligible costs if a developer spends more than 100 percent, rather than the current 50 percent, of the total cost of acquisition of the building(s) on such rehabilitation or improvement; and 2) for a redevelopment project that has commenced construction pursuant to the EDA’s evaluation at N.J.A.C. 19:31-4.3(a)2i, future expenditures will have to be at least 100 percent, rather than the current 50 percent, of the project cost previously expended as of the application date. The proposed amendments make a technical correction to the provisions of N.J.A.C. 19:31-4.6(a)3. The proposed amendments at N.J.A.C. 19:31-4.6(a)5 delete “net profit margin” and “cash on cash yield in comparison to market ranges for such items” from the components included in the project financing gap. Finally, the proposed amendments at N.J.A.C. 19:31-4.6(b) clarify that, with regard to the fiscal impact analysis, the resulting net positive economic benefits will equal no less than 110 percent of the amount of grant assistance to the State; and delete the existing requirement that such resulting net economic benefits be for a period equal to 75 percent of the useful life of the project.

N.J.A.C. 19:31-4.8 State Incentive Grant Agreement

The proposed amendments at N.J.A.C. 19:31-4.8(a) provide that within one year following the date of approval, the developer shall submit certain progress information as prescribed in the subsection and that unless otherwise determined by the Authority, the approval of tax credits shall expire if the progress information is not received by the Authority within one year of the date of application approval. The proposed amendment at N.J.A.C. 19:31-4.8(b)17 includes, within the terms and conditions of the State redevelopment incentive agreement, a requirement for a project consisting of newly-constructed residential units that the project be monitored for purposes of N.J.A.C. 19:31-4.3 in order to maintain the affordable units for the term of the grant by an administrative agent as defined in New Jersey Housing and Mortgage Finance Agency rules at N.J.A.C. 5:80-26.2.

N.J.A.C. 19:31-4.9 Tax Credits for Qualified Residential Projects

The proposed amendments at N.J.A.C. 19:31-4.9(c) clarify that the award of credits will be subject to certain conditions, including the same financial and related analysis, the same term of the grant, and the same mechanism for administering the credits.

The proposed amendments at N.J.A.C. 19:31-4.9(e) revise the deadline for each developer of a qualified residential facility that has been approved for tax credits to submit evidence of a temporary certificate of occupancy from July 28, 2015 to July 28, 2018; and clarify that the deadline pertains to tax credits approved after the effective date of P.L. 2013, c. 161.

The proposed amendment at N.J.A.C. 19:31-4.9(c)1 provides that the approval letter, upon which all projects are subject, will require that the project be monitored for purposes of N.J.A.C. 19:31-4.3 in order to maintain the affordable units for the term of the grant by an administrative agent as defined in New Jersey Housing and Mortgage Finance Agency rules at N.J.A.C. 5:80-26.2.

The proposed amendments at N.J.A.C. 19:31-4.9(e) revise the deadline for each developer of a qualified residential facility that has been approved for tax credits to submit evidence of a temporary certificate of occupancy from July 28, 2015 to July 28, 2018; and clarify that the deadline pertains to tax credits approved after the effective date of P.L. 2013, c. 161.

N.J.A.C. 19:31-4.11 Pledge, Assignment, Transfer, or Sale of Grant Amount

The proposed amendments at N.J.A.C. 19:31-4.11(b): 1) include a citation to N.J.A.C. 19:31-4.9 to clarify that developers of qualified residential projects may apply to the Director of the Division of Taxation and EDA for a tax credit transfer certificate; 2) revise the amount for which tax credits may be sold or assigned from not less than $100,000 to not less than $25,000 and delete the existing provision pertaining to the transfer of any remainder that is less than $100,000; and 3) revise the provision regarding the sale or assignment of any amount of a tax credit certificate exchanged for consideration received by the developer of not less than 75 percent of the transferred credit amount from, as determined at present value, to before considering any further discounting to present value which may be permitted.

Subchapter 9. Urban Transit Hub Tax Credit Program

N.J.A.C. 19:31-9.10 Application for Tax Credit Transfer Certificate

The proposed amendments at N.J.A.C. 19:31-9.10(a) clarify that tax credits may be transferred, by sale or assignment, in full or in part, in an amount not less than $25,000 of tax credits; and delete a provision which required that the total amount transferred for any single tax period shall be at least $1 million in tax credits.

The proposed amendments at N.J.A.C. 19:31-9.10(b) make a technical correction and clarify the provisions regarding the sale or assignment of any amount of a tax credit certificate exchanged for consideration received by the developer and the related executed form of standard selling agreement required to be submitted shall be not less than 75 percent of the transferred credit amount before considering any further discounting to present value which may be permitted.

Subchapter 18. Grow New Jersey Assistance Program

N.J.A.C. 19:31-18.2 Definitions

The proposed amendments redefine certain terms used in this subchapter, as follows: "capital investment" is revised to exclude the cost of site acquisition for non –Garden State Growth Zone projects, which previously was permitted if purchased within 24 months prior to project application or thereafter; "full-time employee" is revised to 1) clarify that employees without health benefits will be counted for purposes of the Statewide workforce of an eligible business, 2) delete a provision that the Authority shall accept a standard of service generally accepted by custom or practice as full-time employment in a supermarket, grocery store, or other similar retail industry for certain projects which is replaced with "30 hours of employment per week at a qualified business facility as constituting one "full-time employee," regardless of whether or not the hours of work were performed by one or more persons, and the requirement that employee health benefits are to be provided shall be deemed to be satisfied if the employees of the business are covered by a collective bargaining agreement, and 3) exclude any person who at the time of project application works in New Jersey for consideration for at least 35 hours per week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, but who prior to project application was not provided, by the business, with approved health benefits; "Garden State Growth Zone" or "growth zone" is revised to include a municipality which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority; "Highlands development credit receiving area or redevelopment area" is revised to correct the reference to the Highlands Water Protection and Planning Council; "industrial premises" is revised to refer to "industrial space" which is referenced in the existing definition for "priority area," and to clarify that the definition, as proposed, applies to premises or space that will be or has been used for the existing purposes specified therein; "mega project" is revised to include a project located in an area designated in need of redevelopment, pursuant to P.L. 1992, c. 79 (N.J.S.A. 40A:12A-1 et al.) prior to the enactment of P.L. 2014, c. 63 within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem counties having capital investment in excess of $20,000,000, and at which more than 150 full-time employees of a business are created or retained; "port district" is revised to correct a reference to the Port of New York District of the Port Authority of New York and New Jersey; "priority area" is revised to correct a reference to the Federal Commission on Base Realignment and Closure; "qualified incentive area" is revised to correct a reference to the Federal Commission on Base Realignment and Closure and a citation to the Highlands Water Protection and Planning Act; "qualified incubator facility" is revised to reduce the square foot of office space requirement from 100,000 to 50,000 feet, within which at least 50 percent of the gross leasable area, rather than 75 percent, is restricted for use by technology startup companies; and "soft costs" is revised to delete the terms "furniture, or office equipment with a useful life of less than five years"; "tourism destination project" is revised to mean a qualified non-gaming business facility, including a non-gaming business within an established Tourism District with a significant impact on the economic viability of that District.

In addition, the proposed amendments establish new definitions for "industrial use" to assist in clarifying the meaning of "industrial premises" and particularly "industrial space," as referenced in the definition for "priority area;" and "position" as required pursuant to statutory revisions reducing eligibility thresholds for certain qualified incubator facilities.

Finally, the proposed amendments delete the definition for “non-industrial premises” which, due to revisions in eligibility criteria, is no longer necessary.

N.J.A.C. 19:31-18.3 Eligibility Criteria

The proposed amendment at N.J.A.C. 19:31-18.3(a)1 provides that the capital investment requirements in (a)1i-iv pertain to projects approved after the effective date of P.L. 2013, c. 161.

The proposed amendments revise N.J.A.C. 19:31-18.3(a)1i, pertaining to the required minimum capital investment for the rehabilitation, improvement, fit-out, or retrofit of an existing industrial premises, to delete the term “industrial” and to include warehousing, logistics, research, and development or similar uses, in at least 51 percent of the gross leasable area of the premises or business.

The proposed amendments revise N.J.A.C. 19:31-18.3(a)1ii, pertaining to the required minimum capital investment for new construction of an industrial premises, to delete the term “industrial” and to include warehousing, logistics, research, and development or similar uses, in at least 51 percent of the gross leasable area of the premises or business.

The proposed amendments revise N.J.A.C. 19:31-18.3(a)1iii, pertaining to the required minimum capital investment for the rehabilitation, improvement, fit-out, or retrofit of an existing premises, to delete the terms “non-industrial” and “for non-industrial use by the business” pertaining to premises which is replaced with “that does not qualify pursuant to (a)1i and ii.”

The proposed amendments revise N.J.A.C. 19:31-18.3(a)1iv, pertaining to the required minimum capital investment for new construction a non-industrial premises, to delete the terms “non-industrial” and “for non-industrial use by the business” which is replaced with “that does not qualify pursuant to (a)1i and ii.”

The proposed amendments at N.J.A.C. 19:31-18.3(a)3ii clarify that the net positive economic benefit shall be based on the number of years listed in N.J.A.C. 19:31-18.3(a)2ii(1) through (3) and shall be discounted to reflect location uncertainty after the business’s lease or commitment period expires; and proposed new N.J.A.C. 19:31-18.3(a)2ii(3) clarifies that all projects, except for those listed in N.J.A.C. 19:31-18.3(a)2ii(1) and (2) shall be based on the benefits generated during a period of up to 20 years following the completion of the project.

The proposed amendment at N.J.A.C. 19:31-19.3(a)iii removes a reference to N.J.A.C. 19:31-18.3(b) which is proposed for deletion.

The proposed amendments at N.J.A.C. 19:31-18.3(a)3iii: 1) clarify that the requirement to provide certain evidence pertaining to the acquisition of a project site prior to project application pertains only to Garden State Growth Zones; 2) revise the provision to pertain to a site acquired or leased, delete the existing 24 month timeframe prior to project application listed for site acquisition or lease, and clarify that additional extrinsic evidence shall be provided to demonstrate the material factor requirement; and 3) provide that for a project located in a Garden

State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority, the award of tax credits will be a material factor in the business decision to make to make a capital investment and located in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority.

The proposed amendment at N.J.A.C. 19:31-18.3(b) deletes the existing provision that, pursuant to statute, authorized the EDA to determine as eligible for tax credits certain businesses required to response to a request for proposals and to fulfill a contract with the Federal government by the application deadline of December 31, 2013.

N.J.A.C. 19:31-18.4 Restrictions

The proposed amendments at N.J.A.C. 19:31-18.4(b) clarify the 7.5 percent cap on retail facilities for a mixed-use project in a Garden State Growth Zone or the Atlantic City Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority to provide that retail facilities in an amount of up to 7.5 percent of the mixed-use project, and a pro-rata number of retail employees, may be included in the application.

N.J.A.C. 19:31-18.5 Application Submission Requirements

The proposed amendments at N.J.A.C. 19:31-18.5(a)2iv3: 1) extend the existing requirements for a certification by business's chief executive officer, or equivalent officer for North American operations, to the information submitted to the EDA to a project located in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority; 2) provide that the CEO certificate, with respect to such projects, shall indicate that the provision of tax credits under the program is a material factor in the business's decision to make a capital investment and locate in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority; and 3) clarify that additional extrinsic evidence shall be provided to demonstrate the material factor requirement.

The proposed amendment at N.J.A.C. 19:31-18.5(a)2vi, for purposes of determining the geographical location of the proposed qualified business facility, deletes the provision that the business shall be considered in the geographical location "if at least 51 percent of the square footage of the building or buildings is in the geographical location," which is replaced by "with the most beneficial total tax credit amount."

The proposed amendments delete N.J.A.C. 19:31-18.5(c)1 through 6 which are relocated and replaced at proposed new N.J.A.C. 19:31-18.5(f).

Proposed new N.J.A.C. 19:31-18.5(d) allows a non-profit organization or other organization operating a qualified incubator facility to make an application on behalf of a business which meets the requirements of the program or a group of non-qualifying businesses or positions located at a qualified business facility, for the purposes of being considered a unified project.

Proposed new N.J.A.C. 19:31-18.5(d) provides that for any project located in a Garden State Growth Zone that qualifies under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et al.), or any project located in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority that includes a retail facility of at least 150,000 square feet, of which at least 50 percent will be occupied by a full-service supermarket may assign their ability to apply under the program to the developer, and the application will aggregate the jobs of the businesses and the capital investment of the businesses and the developer.

Finally, proposed new N.J.A.C. 19:31-18.5(f) establishes additional information which shall be provided by the applicant authorized pursuant to subparagraphs (c), (d) and (e) in N.J.A.C. 19:31-18.5.

N.J.A.C. 19:31-18.7 Review of Application and Certification of Project Completion

The proposed amendments at N.J.A.C. 19:31-18.7(c) revise and update a citation to P.L. 2013, c. 161; and provide that, with regard to a project located in a Garden State Growth Zone that qualified for the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.), the net positive economic benefits test may also utilize the value of those property taxes that would have been assessed on the new construction, improvements, or substantial rehabilitation of structures on real property if the structures were not exempt because they are on real property owned by a public utility.

The proposed amendments at N.J.A.C. 19:31-18.7(e): 1) revise the timeframe for which a business shall submit certain progress information to the Authority from within 12 months to six months following the date of application approval provided however, that a business shall have 12 months to submit such progress information for a mega project or for a qualified business facility that consist of new construction; and 2) require that the Authority's approval of the tax credits shall expire if progress is not received within the required period of time, rather than within the current 12 months of the date of application approval.

N.J.A.C. 19:31-18.8 Determination of Grant Amount; Bonus Award

Proposed new N.J.A.C. 19:31-18.8(c)17 adds a bonus of $1,000 per year for a qualified business facility in a vacant commercial building or campus having over 1,000,000 square feet of office or laboratory space available for occupancy for a period of over one year that the Authority designates, as listed on the Authority's website at www.njeda.com.

The proposed amendments at N.J.A.C. 19:31-18.8(e)2: 1) provide that the allowed tax credit for retained full-time jobs, other than those that are part of a qualified business facility in a GSGZ, shall be the lesser of the per employee credit or an alternative per employee credit that factors in the amount of capital investment, thereby providing a means to limit incentives to projects with jobs in the State upon application; 2) provide that the per retained full-time job tax credit calculation will be established by dividing the number of certain full-time employees into the amount of capital investment, provided that in no event shall the gross amount of tax credits per retained full-time job exceed the gross amount calculated at the approval of the application; and; 3) clarify that any reduction in the number of retained full-time jobs shall proportionately reduce the amount of tax credits for that year.

The proposed amendment at N.J.A.C. 19:31-18.8(f)1 provides, for a qualified business facility in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 19 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority, that the amount tax credits available to be applied by the business annually shall not exceed $35,000,000 and provide a net positive economic benefit to the State.

The proposed amendments at N.J.A.C. 19:31-18.8(g): 1) provide an exception for certain projects from the required calculation of tax credits available to be applied by the business annually pertaining to projects eligible for tax credits in excess of $4,000,000 annually; and 2) for a tourism destination project located in Atlantic City, the EDA shall Authority complete a project finance gap analysis based on the internal rate of return, as that term is defined at N.J.A.C. 19:31-4.2 for the ERG program, based on the characteristics of the project to determine the amount necessary to complete the project. For projects that do not project a sufficient, reasonable market rate of return for the applicant without the award, the Authority may award tax credits in an amount which is the lesser of; 1) the calculated amount of tax credits per employee per the amounts authorized by the statute; 2) the amount necessary to generate sufficient returns for the applicant; or 3) the amount of new eligible capital investment, excluding any costs associated with acquisition.

The proposed amendments at N.J.A.C. 19:31-18.8(h)1-4 clarify that only full-time jobs that are new to the municipality may be used to determine eligibility for the alternative tax credit calculation pursuant to the subsection.

Proposed new N.J.A.C. 19:31-18.3(h)6: 1) provides that, for projects approved under subsection (h), the per full time employee tax credit calculation will be established by dividing the number of full-time employees in the certification accepted by the Authority pursuant to N.J.A.C. 19:31-18.7(g) into the lesser of the amount of capital investment in the certification accepted by the Authority pursuant to N.J.A.C. 19:31-18.7(g) or the award of tax credits approved by the Board pursuant to N.J.A.C. 19:31-18.7(d); 2) provides that based on the proposed per full-time employee calculation and provided the business continues to meet the minimum number of employees required in subparagraphs (a), (b), (c), (d) or (e) of paragraph (6) of subsection d. of section 5 of P.L. 2011, c. 149 (N.J.S.A. 34:1B-246), any reduction in the number of employees shall proportionately reduce the amount of tax credits for that year, i.e. the

number of full-time employees will be multiplied by the per full-time employee calculation done at certification.

N.J.A.C. 19:31-18.9 Tax Credit Amount; Application and Allocation of the Tax Credit

The proposed amendments at N.J.A.C. 19:31-18.9(c): 1) clarify that the credit amount may be taken by the tax certificate holder for the period for which it was issued, rather than for a tax period of the business that exceeds the final liabilities, or may be carried forward for use by the tax certificate holder in any of the next 20 successive tax periods; 2) authorize the transfer of the tax credit amount on or after the date of issuance or at any time within three years for use by the transferee in the tax period during which it was transferred or in any of the next three successive tax periods; and 3) states that not more than the amount of tax credits equal to the total credit amount divided by the duration of the eligibility period in years may be taken in any tax period.

The proposed amendments at N.J.A.C. 19:31-18.9(d): 1) delete provisions pertaining to the determination of credits for a business that is a partnership; 2) provide that credits granted to a partnership shall be passed through to the partners, members, or owners, respectively, pro-rata or pursuant to an executed agreement among the partners, members, or owners documenting an alternate distribution method; and 3) delete a provision that the executed agreement documenting the alternate distribution method for partners, member or owners, shall be provided to the Director of the Division of Taxation in the Department of Treasury "by such time" as the Director may require and clarify that the executed agreement shall be accompanied by any additional information the Director may require.

N.J.A.C. 19:31-18.10 Project Agreement

The proposed amendments at N.J.A.C. 19:31-18.10(b)3; 1) revise the term "applicant" which is replaced with "business" pertaining to the amount of tax credits previously received during the eligibility period; and 2) provide that should tax credits awarded be subject to recapture, the Authority will pursue recapture from the business and not from a tax credit transfer certificate purchaser; and that tax credit transfer purchasers shall be subject to all other limitations and conditions that apply to the use of the tax credits by the business, including but not limited to, reduction and forfeiture provisions and the requirement of a letter of compliance for the relevant tax period.

N.J.A.C. 19:18-11 Reporting Requirements and Annual Reports

The proposed amendments at N.J.A.C. 19:31-18.11(e) clarify that, for a project located within a Garden State Growth Zone, the request by a business to obtain the additional tax credit award representing an increased base credit amount for that tax period and each subsequent tax period for each additional full-time employee added above the number of full-time employees specified in the incentive agreement, shall be submitted in its' annual report along with supporting evidence documenting the additional full-time employees for EDA staff acceptance and notification to the Director of the Division of Taxation.

Proposed new N.J.A.C. 19:31-18.11(f): 1) provides that for a project located within a Garden State Growth Zone which qualifies under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et al.), or which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority, and which qualifies for a tax credit pursuant to subparagraph (ii) of subparagraphs (a) through (e) of paragraph (6) of subsection d. of section 5 of P.L. 2011, c. 149 (N.J.S.A. 34:1B-246), the EDA shall recalculate the tax credit amount, and apply any applicable greater annual cap, for a business that increases the number of employees at a qualified business facility until the first tax period for which a demonstrated reduction of the number of full-time employees occurs; and 2) requires that for a business to obtain the additional tax credit award, a request shall be submitted in its' annual report along with supporting evidence documenting the additional full-time employees for EDA staff acceptance and notification to the Director of the Division of Taxation.

N.J.A.C. 19:31-18.13 Application for Tax Credit Certificate

The proposed amendments at N.J.A.C. 19:31-18.13(a): 1) clarify that tax credits may be transferred, by sale or assignment, in full or in part, in any amount not less than $25,000; and 2) delete the prior requirement that the total amount transferred for any single tax period shall be at least $100,000, provided that one transfer consisting of any remainder that is less than $100,000 may be made in each tax period for less than that amount.

The proposed amendments at N.J.A.C. 19:31-18.13(b) revise the subsection to: 1) provide that the amount of the initial sale or assignment of a tax credit shall not be exchanged for consideration received by the developer of less than 75 percent of the transferred credit amount "before considering any further discounting to present value;" and 2) clarify that the executed form of standard selling agreement submitted by the business shall also state that the consideration received by the business is not less than 75 percent of the transferred credit amount "before considering any further discounting to present value."

N.J.A.C. 19:31-18.16 Effect of Sale or Lease of Qualified Facilities

The proposed amendment at N.J.A.C. 19:31-18.16(b) clarifies that the existing prohibition against a tenant, under certain circumstances, acquiring the credit of a sublessor shall be enforced unless otherwise permitted in the subchapter.

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

Social Impact

The proposed amendments, which implement the provisions of the Economic Opportunity Act of 2014, Part 3 intended to enhance the Grow NJ and ERG programs and

increase the availability of funding to spur further growth and economic development in New Jersey, will have a positive social impact.

Economic Impact

The proposed amendments are intended to further the State's efforts to stimulate new economic development and job creation throughout New Jersey. Since the enactment of the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161, 68 projects have been approved through the Grow NJ Program for more than $1.3 billion in tax credits paid over an average term of 20 years, spurring more than $1 billion in total eligible capital investment and creating over 9,200 new, permanent jobs, over 10,300 retained jobs and over 3,530 construction jobs. Under the ERG Program during that time, 13 projects have been approved for over $363 million based on eligible capital investments of $1.7 billion resulting in the creation of more than 4,500 new jobs, and over 7,200 construction jobs.

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 will result in retaining existing private sector jobs and stimulating the creation of new private sector jobs in New Jersey. In addition to the non-gaming economic development that may result in Atlantic City, the proposed amendments – reducing eligibility requirements for incubator facilities, extending minimum capital investment requirements to warehousing, logistic and research and development premises and allowing a non-profit operating a qualified incubator facility to make an application on behalf of a business which meets the requirements of the program, or a group of non-qualifying businesses or positions located at a qualified business facility, for the purposes of being considered a unified project – are intended to directly benefit small businesses, which in turn, will spur further job growth.

Agriculture Industry Impact

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

Regulatory Flexibility Analysis

The ERG Program provides State incentive grants to developers of major redevelopment projects, which are invariably large and medium sized businesses; therefore, a regulatory flexibility analysis is not required. The Grow NJ Program provides tax credits to eligible businesses that create a minimum of 10 to 35 new, and 25 to 50 retained full-time jobs. The proposed amendments, as discussed above, will directly benefit small businesses and do not

impose any additional compliance requirements as outlined in N.J.S.A. 52:14B-16 et seq. The certification requirement, pursuant to N.J.A.C. 19:31-18.5(a)2iv3, will not impose any economic impact, require professional services contracts, or result in any additional costs for small businesses to apply.

Housing Affordability Impact Analysis

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

Smart Growth Development Impact Analysis

The proposed amendments are intended to further encourage new construction in designated centers under New Jersey's State Strategic Plan. The number of housing units, as well as any increase or decrease in the average cost of housing affected by the reproposed amendments, cannot be estimated, because the actual development which may be eligible and proposed as creditable capital investments is not known.

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

SUBCHAPTER 4. ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM

19:31-4.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

…

[“Cash on cash yield” means total revenues less operating expenses divided by eligible project costs.]

…

“Equity” means cash, development fees, costs for project feasibility incurred within the 12 months prior to application, Federal or local grants, Federal tax credits, property value less any mortgages, and any other investment by the developer in the project deemed acceptable by the Authority in its sole discretion. Property value shall [equal] **be valued at the lesser of** either the purchase price, provided the property was purchased pursuant to an arm's length transaction within 12 months of application, or the value as determined by a current appraisal acceptable to

the Authority. **For a qualified residential project utilizing State low income housing tax credits awarded by the New Jersey Housing and Mortgage Financing Agency, equity means the portion of the developer's fee that is delayed for a minimum of five years.**

…

"Garden State Growth Zone" or "growth zone" means the four New Jersey cities with the lowest median family income based on the 2009 American Community Survey from the U.S. Census, (Table 708. Household, Family, and Per Capita Income and Individuals, and Families Below Poverty Level by City: 2009)**; or a municipality which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority**.

…

"Project financing gap" means the part of the project costs that remains to be financed after all other sources of capital have been accounted for, including, but not limited to, developer contributed capital or equity or other contributed capital or equity, which shall not be less than 20 percent of the eligible project cost, which may include the value of any existing land and improvements in the project area owned or controlled by the developer, and the cost of infrastructure improvements in the public right-of-way, subject to review by the State Treasurer, and investor or financial entity capital or loans for which the developer, after making all good faith efforts to raise additional capital, certifies that additional capital cannot be raised from other sources on a non-recourse basis, and except for final point of sale retail businesses, including, but not limited to, retail, educational, hospital, and hotel projects, the amount by which total project costs exceed the cost of a viable alternative location for the out-of-State redevelopment project in the event the business's chief executive officer, or equivalent officer for North American operations, submits a certification indicating that the project is at risk of leaving the State and that the project would not occur, but for the provision of the incentive grant under the program. When calculating the project financing gap, the factors set forth at N.J.A.C. 19:31-4.6(a)4, including, but not limited to, internal rate of return on developer's contributed capital, **and** net profit margin, [and cash on cash yield] will be considered. The project financing gap may be increased by the cost of capital necessary to raise an amount of current capital sufficient to complete the project when combined with all other sources of capital in recognition that the incremental eligible revenues will be reimbursed over an estimated period of years. **A qualified residential project utilizing State low income housing tax credits awarded by the New Jersey Housing and Mortgage Financing Agency will be analyzed using a developer fee recovery model, whereby a project financing gap may be demonstrated by a project's inability to achieve such authorized fee within five years, provided that in no event shall the sum of the tax credits awarded under this subchapter and the State low income housing tax credits awarded by the New Jersey Housing and Mortgage Financing Agency exceed nine percent of the project cost.**

…

“Qualified residential project” means a redevelopment project for which a developer must submit a temporary certificate of occupancy by July 28, [2015] **2018**, that is predominantly residential and includes multi-family residential units for purchase or lease, or dormitory units for purchase or lease, having a total project cost of at least $17,500,000, if the project is located in any municipality with a population greater than 200,000 according to the latest Federal decennial census, or having a total project cost of at least $10,000,000 if the project is located in any municipality with a population less than 200,000 according to the latest Federal decennial census, or is a disaster recovery project, or having a total project cost of $5,000,000 if the project is in a Garden State Growth Zone. **A qualified residential project shall not include transitional or homeless units.**

…

19:31-4.6 Financing gap and fiscal impact analysis

(a) The Authority, in consultation with the State Treasurer, shall review the proposed redevelopment project costs and evaluate and validate the project financing gap estimated by each developer applying for a State incentive grant, as follows:

1. (No change.)

2. For a redevelopment project involving rehabilitation or improvement of an existing building(s), the costs of land acquisition and rehabilitation shall not exceed 100 percent of the replacement cost for new construction, exclusive of any environmental remediation costs. When evaluating a redevelopment project involving rehabilitation or improvement of existing building(s), if a developer spends more than [50] **100** percent of the total cost of acquisition of the building(s) on such rehabilitation or improvement, then the cost of acquisition shall be included in the eligible project costs. With respect to the Authority's evaluation of a redevelopment project pursuant to the requirements of N.J.A.C. 19:31-4.3(a)2i, a developer's future expenditures will have to be at least [50] **100** percent of the project costs previously expended as of its application date in order for the Authority to include the costs expended prior to the application date to be included in the eligible project costs;

3. For large, multi-phased projects that are built sequentially over time, the EDA shall only evaluate and validate the project financing gap on phases of the project with funding commitments; [and]

4. The project financing gap analysis shall include, but not be limited to, an evaluation of the project costs, amount of capital sufficient to complete the project, proposed rental rates, vacancy rates, internal rate of return on developer's contributed capital **and**, [net profit margin], return on investment, [and cash on cash yield in comparison to market ranges for such items, as noticed on the EDA website at www.njeda.com] or, in the Authority's sole discretion, in comparison to alternative financing structures for a comparable project available to the developer or its tenants; and

5. (No change.)

(b) The Authority, in consultation with the State Treasurer, shall undertake the fiscal impact analysis by determining whether the overall public assistance provided to the proposed project, except with regard to a qualified residential project, will result in net positive economic benefits equaling **no less than** 110 percent of the amount of grant assistance, to the State for a period [equal to 75 percent of the useful life of the project] not to exceed 20 years.

(c) – (e) (No change.)

19:31-4.8 State incentive grant agreement

(a) Except for qualified residential projects that receive tax credits, upon approval of the application by the Authority and the State Treasurer, the Authority and the developer will execute a commitment letter providing information specific to the grant amount and containing conditions that must be met prior to receiving the grant. **Within one year following the date of approval, the developer shall submit progress information indicating that the developer has, financing for, copies of all required State and federal government approvals and all local planning and zoning board approvals, and site control of and site plan approval for the redevelopment project. Unless otherwise determined by the Authority in its sole discretion, the Authority's approval of the tax credits shall expire if the progress information is not received by the Authority within one year of the date of application approval.** Upon a receipt of evidence from the developer that it has control of the redevelopment project site and offers of financing, which may be conditioned upon execution of the grant agreement, and that it has met any other conditions set forth in the commitment letter, the Authority and the State Treasurer may enter into a State redevelopment incentive grant agreement with a developer for the reimbursement of incremental State revenues directly realized from businesses operating on the redevelopment project premises.

(b) Except for qualified residential projects that receive tax credits, the Chief Executive Officer of the Authority, in consultation with the State Treasurer, shall negotiate the terms and conditions of any State redevelopment incentive agreement. The State redevelopment incentive grant agreement shall include, but not be limited to, the following terms and conditions as determined by the Authority:

1. – 16 (No change.)

17. To the extent the project consists of newly-constructed residential units, the approval letter will require that the project will be monitored for purposes of N.J.A.C. 19:31-4.3 in order to maintain the affordable units for the term of the grant by an administrative agent as defined in N.J.A.C. 5:80-26.2.

(c) (No change.)

19:31-4.9 Tax credits for qualified residential projects

(a) – (b) (No change.)

(c) Upon receipt of a recommendation from the Authority staff on the qualified residential facility application, the Board shall determine whether or not to approve the application, the maximum amount of tax credits and the maximum percentage amount of allowed tax credits for its capital investment in a qualified residential project, and promptly notify the applicant and the Director of the Division of Taxation of the determination. The Board's award of the credits will be subject to conditions subsequent that must be met in order to retain the credits**, including the same financial and related analysis, the same term of the grant, and same mechanism for administering the credits as if such credits had been awarded to the developer pursuant to section 35 of P.L. 2009, c .90 (N.J.A.C. 34:1B-209.3)**. An approval letter setting forth the conditions subsequent will be sent to the applicant. Such conditions shall include, but not be limited to, the requirement that the project complies with the Authority's prevailing wage requirements, P.L. 2007, c. 245 (N.J.S.A. 34:1B-5.1) and affirmative action requirements, P.L. 1979, c. 303 (N.J.S.A. 34:1B-5.4), that the project does not violate any environmental law requirements, and the requirement that the minimum environmental and sustainability standards, are incorporated into the proposed project including the use of renewable energy, energy-efficient technology, and non-renewable resources in order to reduce environmental degradation and encourage long-term cost reduction.

1. If the application is approved, the project approval is subject to the terms and conditions of the approval letter, and any benefits under the program are subject to the completion of the project and satisfaction of the capital investment required for the tax credits. **The approval letter will require that the project will be monitored for purposes of N.J.A.C. 19:31-4.3 in order to maintain the affordable units for the term of the grant by an administrative agent as defined in N.J.A.C. 5:80-26.2.**

2. In the approval letter to the developer, the Authority shall set a date by which its approval will expire.

(d) (No change.)

(e) No later than July 28, [2015] **2018**, each approved developer of a qualified residential facility that has been approved for tax credits **after the effective date of P.L. 2013, c. 161** shall submit evidence of a temporary certificate of occupancy.

(f) – (k) (No change.)

19:31-4.11 Pledge, assignment, transfer, or sale of grant amount

(a) (No change.)

(b) A developer may apply to the Director of the Division of Taxation and the Chief Executive Officer of the Authority for a tax credit transfer certificate, if the developer is awarded

a tax credit pursuant to N.J.A.C. 19:31-4.8[(d)] **or 4.9**, covering one or more years, in lieu of the developer being allowed any amount of the credit against the tax liability of the developer. The tax credit transfer certificate, upon receipt thereof by the developer from the Director and the Chief Executive Officer of the Authority, may be sold or assigned, in full or in part, in an amount not less than [$100,000] **$25,000** of tax credits [, provided that one transfer consisting of any remainder that is less than $100,000 may be made in each tax period in an amount less than $100,000,] to any other person that may have a tax liability pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), sections 2 and 3 of P.L. 1945, c. 132 (N.J.S.A. 54:18A-2 and 3), section 1 of P.L. 1950, c. 231 (N.J.S.A. 17:32-15), or N.J.S.A. 17B:23-5. The certificate provided to the developer shall include a statement waiving the developer's right to claim that amount of the credit against the taxes that the developer has elected to sell or assign. The sale or assignment of any amount of a tax credit transfer certificate allowed under this subsection shall not be exchanged for consideration received by the developer of less than 75 percent of the transferred credit amount[, as determined at present value] **before considering any further discounting to present value which may be permitted**. Any amount of a tax credit transfer certificate used by a purchaser or assignee against a tax liability shall be subject to the same limitations and conditions that apply to the use of the credit by the developer who originally applied for and was allowed the credit.

SUBCHAPTER 9. URBAN TRANSIT HUB TAX CREDIT PROGRAM

19:31-9.10 Application for tax credit transfer certificate

(a) Tax credits, upon receipt thereof by a business from the Director and the Authority, may be transferred, by sale or assignment, in full or in part, **in an amount not less than $25,000 of tax credits,** pursuant to this section, to any other person(s) that may have a tax liability pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), pursuant to sections 2 and 3 of P.L. 1945, c. 132 (N.J.S.A. 54:18A-2 and 54:18A-3), pursuant to section 1 of P.L. 1950, c. 231 (N.J.S.A. 17:32-15), or pursuant to N.J.S.A. 17B:23-5. A business may apply to the Director of the Division of Taxation in the Department of Treasury and the Chief Executive Officer of the Authority for an initial tax credit transfer covering one or more tax periods, in lieu of the business being allowed any amount of the credit against the tax liability of the business. Such application shall identify the specific tax credits to be transferred (amounts, tax periods), the consideration received therefor, and the identity of the transferee. [The total amount transferred for any single tax period shall be at least $1 million in tax credits.] Once approved by the Chief Executive Officer of the Authority and the Director of the Division of Taxation, a tax credit transfer certificate shall be issued to the business, naming the transferee. The certificate issued to the business shall include a statement waiving the business' right to claim that amount of the credit against the taxes that the business has elected to sell or assign. Any amount of a tax credit transfer certificate used by a purchaser or assignee against a tax liability shall be subject to the same limitations and conditions that apply to the use of the credits by the business that originally applied for and was allowed the credits.

(b) The initial sale or assignment of any amount of [a] tax credits allowed under this section shall not be exchanged for consideration received by the business of less than 75 percent of the

transferred credit amount **before considering any further discounting to present value which shall be permitted**. In order to evidence this requirement, the business shall submit to the Authority an executed form of standard selling agreement which states that the consideration received by the business is not less than 75 percent of the transferred credit amount **before considering any further discounting to present value which shall be permitted**.

(c) – (e) (No change.)

SUBCHAPTER 19. GROW NEW JERSEY ASSISTANCE PROGRAM

19:31-18.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

…

"Capital investment" in a qualified business facility means expenses by a business or any affiliate of the business incurred after application for: [site acquisition, if purchased within 24 months prior to project application or thereafter;] site preparation and construction, repair, renovation, improvement, equipping, or furnishing on real property or of a building, structure, facility, or improvement to real property; obtaining and installing furnishings and machinery, apparatus, or equipment, including, but not limited to, material goods subject to bonus depreciation under sections 168 and 179 of the Federal Internal Revenue Code (26 U.S.C. §§ 168 and 179), for the operation of a business on real property in a building, structure, facility, or improvement to real property, including associated soft costs; and receiving Highlands Development Credits under the Highlands Transfer Development Rights Program authorized pursuant to section 13 of P.L. 2004, c. 120 (N.J.S.A. 13:20-13); or any of the preceding. Capital investment includes obtaining and installing furnishings and machinery, apparatus, or equipment for the operation of a business in a building, structure, facility, or improvement to real property, site-related utility and transportation infrastructure improvements, plantings or other environmental components required to attain the level of silver rating or above in the LEED building rating system, but only to the extent that such capital investments have not received any grant financial assistance from any other State funding source including N.J.S.A. 52:27H-80 et seq. (The United States Green Building Council has developed the Leadership in Energy & Environmental Design (LEED) Green Building Rating System for measuring the energy efficiency and environmental sustainability of buildings. The LEED Rating System is a third-party certification program and the nationally accepted benchmark for the design, construction, and operation of high performance buildings.) Vehicles and heavy equipment not permanently located in the building, structure, facility, or improvement shall not constitute a capital investment. Also included is remediation of the qualified business facility, but only to the extent that such remediation has not received financial assistance from any other Federal, State, or local funding source. In a Garden State Growth Zone, the following qualify as a capital investment: any and all **development,** redevelopment and relocation costs, including, but not limited to, site acquisition if made within 24 months of application to the Authority, engineering, legal,

accounting, and other professional services required; and relocation, environmental remediation, and infrastructure improvements for the project area, including, but not limited to, on- and off-site utility, road, pier, wharf, bulkhead, or sidewalk construction or repair. A business that acquires or leases a qualified business facility shall also be deemed to have acquired the capital investment made or acquired by the seller or landlord if pertaining primarily to the premises of the qualified business facility, and, if pertaining generally to the qualified business facility being acquired or leased, shall be allocated to the premises of the qualified business facility on the basis of the gross leasable area of the premises in relation to the total gross leasable area in the qualified business facility. The capital investment described in this definition may include [site acquisition and] any capital investment made or acquired within 24 months prior to the date of application, so long as the amount of capital investment made or acquired by the business, any affiliate of the business, or any owner after the date of application equals at least 50 percent of the amount of capital investment, allocated to the premises of the qualified business facility being acquired or leased on the basis of the gross leasable area of such premises in relation to the total gross leasable area in the qualified business facility made or acquired prior to the date of application.

…

"Full-time employee" means a person: who is employed by a business for consideration for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, or who is employed by a professional employer organization pursuant to an employee leasing agreement between the business and the professional employer organization, in accordance with P.L. 2001, c. 260 (N.J.S.A. 34:8-67 et seq.) for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, and whose wages are subject to withholding as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., or who is a resident of another state but whose income is not subject to the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., or who is a partner of a business who works for the partnership for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, and whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes, as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq. and who**, except for purposes of the Statewide workforce,** is provided, by the business, with employee health benefits under a health benefits plan authorized pursuant to State or Federal law. With respect to a logistics, manufacturing, energy, defense, aviation, or maritime business, excluding primarily warehouse or distribution operations, located in a port district having a container terminal: the requirement that employee health benefits are to be provided shall be deemed to be satisfied if such benefits are provided in accordance with industry practice by a third party obligated to provide such benefits pursuant to a collective bargaining agreement; full-time employment shall include, but not be limited to, employees that have been hired by way of a labor union hiring hall or its equivalent; 35 hours of employment per week at a qualified business facility shall constitute one "full-time employee," regardless of whether or not the hours of work were performed by one or more persons. For any project located in a Garden State Growth Zone that qualifies under the Municipal Rehabilitation and Economic Recovery Act,

P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.), or any project located in the Atlantic City Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority, and which will include a retail facility of at least 150,000 square feet, of which at least 50 percent will be occupied by either a full-service supermarket or grocery store, [the Authority shall accept a standard of service generally accepted by custom or practice as full-time employment in a supermarket, grocery store, or other like retail industry] **30 hours of employment per week at a qualified business facility shall constitute one "full-time employee," regardless of whether or not the hours of work were performed by one or more persons, and the requirement that employee health benefits are to be provided shall be deemed to be satisfied if the employees of the business are covered by a collective bargaining agreement**. "Full-time employee" shall not include any person who works as an independent contractor or on a consulting basis for the business. **Full-time employee shall also not include any person who at the time of project application works in New Jersey for consideration for at least 35 hours per week, or who renders any other standard of service generally accepted by custom or practice as full-time employment but who prior to project application was not provided, by the business, with employee health benefits under a health benefits plan authorized pursuant to State or federal law.**

"Garden State Growth Zone" or "growth zone" means the four New Jersey cities with the lowest median family income based on the 2009 American Community Survey from the U.S. Census, (Table 708. Household, Family, and Per Capita Income and Individuals, and Families Below Poverty Level by City: 2009)**; or a municipality which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority**.

…

"Highlands development credit receiving area or redevelopment area" means an area located within a qualified incentive area and designated by the Highlands **Water Protection and Planning** Council for the receipt of Highlands Development Credits under the Highlands Transfer Development Rights Program authorized pursuant to section 13 of P.L. 2004, c. 120 (N.J.S.A. 13:20-13).

…

"Industrial premises" **or "industrial space"** means premises **or space** in which at least 51 percent of the square footage [is] **will be or has been** used for the assembling, processing, and/or manufacturing of finished or partially finished products from materials or fabricated parts, including, but not limited to, factories or as a warehouse if the business uses the warehouse as part of the chain of distribution for products assembled, processed, and/or manufactured by the business at the qualified business facility; for the breaking or demolishing of finished or partially finished products; or for the production of oil or gas or the generation or transformation of electricity.

"Industrial use" means assembling, processing, and/or manufacturing of finished or partially finished products from materials or fabricated parts; the breaking or demolishing of finished or partially finished products; or the production of oil or gas or the generation or transformation of electricity, and including farming purposes as that term is defined under IRC section 6420(c)(3)(A), undertaken in a industrial space.

…

"Mega project" means:

1. A qualified business facility located in a port district housing a business in the logistics, manufacturing, energy, defense, or maritime industries, either:

i. Having a capital investment in excess of $20,000,000, and at which more than 250 full-time employees of such business are created or retained; or

ii. At which more than 1,000 full-time employees of such business are created or retained;

2. A qualified business facility located in an aviation district housing a business in the aviation industry, in a Garden State Growth Zone, or in a priority area housing the United States headquarters and related facilities of an automobile manufacturer, either:

i. Having a capital investment in excess of $20,000,000, and at which more than 250 full-time employees of such business are created or retained; or

ii. At which more than 1,000 full-time employees of such business are created or retained; [or]

3. A qualified business facility located in an urban transit hub housing a business of any kind, having a capital investment in excess of $50,000,000, and at which more than 250 full-time employees of a business are created or retained[.] **or**

4. A project located in an area designated in need of redevelopment, pursuant to P.L. 1992, c. 79 (N.J.S.A. 40A:12A-1 et al.) prior to the enactment of P.L. 2014, c. 63 within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem counties having capital investment in excess of $20,000,000, and at which more than 150 full-time employees of a business are created or retained.

…

["Non-industrial premises" means premises that at least 51 percent of the square footage is not an industrial premise, including, but not limited to, office space.]

…

“Port district” means the portions of a qualified incentive area that are located within: the [port district] **Port of New York District** of the Port Authority of New York and New Jersey, as defined in Article II of the Compact Between the States of New York and New Jersey of 1921; or a 15-mile radius of the outermost boundary of each marine terminal facility established, acquired, constructed, rehabilitated, or improved by the South Jersey Port District established pursuant to The South Jersey Port Corporation Act, P.L. 1968, c. 60 (N.J.S.A. 12:11A-1 et seq.).

“Position” means for purposes of N.J.A.C. 19:31-18.5(d) a full-time employee who is employed by a business at a qualified incubator facility and who spends at least 16 hours a week at the qualified incubator facility.

“Priority area” means the portions of the qualified incentive area that are not located within a distressed municipality and which: are designated pursuant to the State Planning Act, P.L. 1985, c. 398 (N.J.S.A. 52:18A-196 et seq.), as Planning Area 1 (Metropolitan), Planning Area 2 (Suburban), a designated center under the State Development and Redevelopment Plan, or a designated growth center in an endorsed plan until June 30, 2013, or until the State Planning Commission revises and readopts New Jersey's State Strategic Plan and adopts regulations to revise this definition; intersect with portions of a deep poverty pocket, a port district, or were Federally owned land approved for closure under a Federal **Commission on** Base Realignment [Closing Commission] **and Closure** action; are the proposed site of a disaster recovery project, a qualified incubator facility, a highlands development credit receiving area or redevelopment area, a tourism destination project, or transit oriented development; or contain a vacant commercial building having over 400,000 square feet of office, laboratory, or industrial space available for occupancy for a period of over one year; or a site that has been negatively impacted by the approval of a “qualified business facility,” as defined pursuant to section 2 of P.L. 2007, c. 346 (N.J.S.A. 34:1B-208).

…

“Qualified incentive area” means an aviation district, a port district, a distressed municipality, urban transit hub municipality, or an area:

1. Designated as Planning Area 1 (Metropolitan), Planning Area 2 (Suburban), or Planning Area 3 (Fringe Planning Area), pursuant to the State Planning Act, P.L. 1985, c. 398 (N.J.S.A. 52:18A-196 et seq.); or

2. Located within:

i. A smart growth area and planning area designated in a master plan adopted by the New Jersey Meadowlands Commission pursuant to subsection (i) of section 6 of P.L. 1968, c. 404 (N.J.S.A. 13:17-6) or subject to a redevelopment plan adopted by the New Jersey Meadowlands Commission pursuant to section 20 of P.L. 1968, c. 404 (N.J.S.A. 13:17-21);

ii. Any land owned by the New Jersey Sports and Exposition Authority, established pursuant to P.L. 1971, c. 137 (N.J.S.A. 5:10-1 et seq.), within the boundaries of the Hackensack Meadowlands District as delineated in section 4 of P.L. 1968, c. 404 (N.J.S.A. 13:17-4);

iii. A regional growth area, a town, a village, or a military and Federal installation area designated in the comprehensive management plan prepared and adopted by the Pinelands Commission pursuant to the Pinelands Protection Act, P.L. 1979, c. 111 (N.J.S.A. 13:18A-1 et seq.);

iv. The planning area of the Highlands Region as defined in section 3 of P.L. 2004, c. 120 (N.J.S.A. 13:20-3) or in a highlands development credit receiving area or redevelopment area;

v. A Garden State Growth Zone;

vi. Land approved for closure under any Federal **Commission on** Base [Closure and] Realignment **[**Commission] **and Closure** action; or

vii. Areas designated pursuant to the State Planning Act, P.L. 1985, c. 398 (N.J.S.A. 52:18A-196 et seq.), as Planning Area 4A (Rural Planning Area), Planning Area 4B (Rural/Environmentally Sensitive), or Planning Area 5 (Environmentally Sensitive) only if such areas are located within:

(1) A designated center under the State Development and Redevelopment Plan;

(2) A designated growth center in an endorsed plan until the State Planning Commission revises and readopts New Jersey's State Strategic Plan and adopts rules to revise this definition as it pertains to Statewide planning areas;

(3) Any area determined to be in need of redevelopment pursuant to sections 5 and 6 of P.L. 1992, c. 79 (N.J.S.A. 40A:12A-5 and 40A:12A-6) or in need of rehabilitation pursuant to section 14 of P.L. 1992, 40 c. 79 (N.J.S.A. 40A:12A-14);

(4) Any area on which a structure exists or previously existed, including any desired expansion of the footprint of the existing or previously existing structure, provided such expansion otherwise complies with all applicable Federal, State, county, and local permits and approvals;

(5) The planning area of the Highlands Region as defined in section 3 of P.L. 2004, c. 120 (N.J.S.A. 13:20-3) or a highlands development credit receiving area or redevelopment area; or

(6) Any area on which an existing tourism destination project is located.

“Qualified incentive area” shall not include any property located within the preservation area of the Highlands Region as defined in [the Highlands Water Protection and Planning Act,] **section 3 of** P.L. 2004, c. 120 (N.J.S.A. [13:20-1 et seq.] **13:20-3**).

"Qualified incubator facility" means a commercial building located within a qualified incentive area: that contains [100,000] **50,000** or more square feet of office, laboratory, or industrial space; that is located near, and presents opportunities for collaboration with a research institution, teaching hospital, college, or university, which is evidenced by a written agreement that demonstrates this collaboration; and within which, at least [75] **50** percent of the gross leasable area is restricted for use by one or more technology startup companies during the commitment period.

…

"Soft costs" means all costs associated with financing, design, engineering, legal, real estate **or** commissions, [furniture, or office equipment with a useful life of less than five years,] provided they do not exceed 20 percent of total capital investment.

"Tourism destination project" means a qualified **non-gaming** business facility that will be among the most visited privately owned or operated tourism or recreation sites in the State, and which is located within the qualified incentive area and has been determined by the Authority to be in an area appropriate for development and in need of economic development incentive assistance**, including a non-gaming business facility within an established Tourism District with a significant impact on the economic viability of that District**.

…

19:31-18.3 Eligibility criteria

(a) In order to be considered for a Grow New Jersey tax credit, the chief executive officer of a business shall demonstrate at the time of application that the business, expressly including its landlord or seller, will make, acquire, or lease a capital investment equal to or greater than, the applicable capital investment required in (a)1 below at which it will retain full-time jobs and/or create new full-time jobs in an amount equal to or greater than, the applicable number in (a)2 below.

1. [The] **For all projects approved after the effective date of P.L. 2013, c. 161, the** minimum capital investment required shall be reduced by one-third (utilizing even numbers rounded down) for projects located in a Garden State Growth Zone or projects located within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem counties:

i. For the rehabilitation, improvement, fit-out, or retrofit of an existing industrial**, warehousing, logistics, or research and development** premises for continued [industrial] **similar** use by the business **in at least 51 percent of the gross leasable area of the premises**, a minimum investment of $20.00 per square feet of gross leasable area;

ii. For the new construction of an industrial**, warehousing, logistics, or research and development** premises for [industrial] **similar** use by the business **in at least 51 percent of the**

gross leasable area of the premises, a minimum investment of $60.00 per square feet of gross leasable area;

iii. For the rehabilitation, improvement, fit-out, or retrofit of an existing [non-industrial] premises [for continued non-industrial use by the business] **that does not qualify pursuant to (a)1i and ii above**, a minimum investment of $40.00 per square feet of gross leasable area; and

iv. For the new construction of a [non-industrial] premises [for non-industrial use by the business] **that does not qualify pursuant to (a)1i and ii above,** a minimum investment of $120.00 per square feet of gross leasable area. For purposes of this subparagraph, non-industrial premises shall include vacant industrial premises that are unleased and unoccupied.

2. (No change.)

3. The business shall also demonstrate to the Authority that:

i. (No change.)

ii. The proposed capital investment and the resultant retention and creation of full-time jobs will yield a net positive economic benefit, equaling at least 110 percent of the requested tax credit allocation amount, to the State, as calculated pursuant to N.J.A.C. 19:31-18.7(c) prior to taking into account the value of the requested tax credit [, and]**. The net positive economic benefit** shall be based on the benefits generated during the [first 20] **initial number of** years **listed below** following the completion of the project**, provided however, the net positive economic benefit shall be discounted to reflect the uncertainty of the business's location after its lease or commitment period expires** [, except that:]**.**

(1) For a mega project or a project located in a Garden State Growth Zone, the determination shall be based on the benefits generated during a period of up to 30 years following the completion of the project;

(2) For a project located in a Garden State Growth Zone that qualified for the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.), the net positive economic benefit determination shall be based on the benefits generated during a period of up to 35 years following completion of the project, and shall equal at least 100 percent of the requested tax credit allocation**;**

(3) For all other projects, the determination shall be based on the benefits generated during a period of up to 20 years following the completion of the project.

iii. [Except as provided in (b) below, the] **The** award of tax credits will be a material factor in the business's decision to create or retain the minimum number of full-time jobs for eligibility under the program. If**, in a Garden State Growth Zone,** the site was acquired **or leased** [within 24 months] prior to project application, the business shall provide **additional extrinsic** evidence to demonstrate that the award of tax credits is a material factor in the business's decision to create

or retain the minimum number of full-time jobs for eligibility under the program, including, but not limited to, viable alternatives to the site and the business's ability to dispose of or carry the costs of the site, if the business moves to the alternate site. In satisfaction of this requirement, with respect to a project in a Garden State Growth Zone that qualifies under the Municipal Rehabilitation and Economic Recovery Act pursuant to P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.) **or a project located in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority**, the award of tax credits will be a material factor in the business decision to make a capital investment and locate in a Garden State Growth Zone that qualifies under the Municipal Rehabilitation and Economic Recovery Act pursuant to P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.) **or a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority**.

[(b) The Authority may determine as eligible for tax credits any business that is required to respond to a request for proposals and to fulfill a contract with the Federal government although the business's chief executive officer or equivalent officer for North American operations has not demonstrated to the Authority that the award of tax credits will be a material factor in the business's decision to retain the minimum number of retained full-time jobs, as otherwise required by (a)2 above. The Authority may, in its discretion, consider the economic benefit of the retained jobs servicing the contract in conducting the net benefit analysis required by (a)3i above. For the purposes of this subsection, “retained full-time jobs” includes jobs that are at risk of being eliminated. Applications to the Authority for eligibility pursuant to this subsection shall be completed by December 31, 2013. Submission of a proposal to the Federal government prior to Authority approval shall not disqualify a business from the program.]

(c) – (e) (No change.)

19:31-18.4 Restrictions

(a) (No change.)

(b) A project that consists solely of point-of-final-purchase retail facilities, excluding catalog distribution centers, shall not be eligible for a grant of tax credits. If a project consists of both point-of-final-purchase retail facilities and non-retail facilities, only the portion of the project consisting of non-retail facilities shall be eligible for a grant of tax credits. [In] **For a qualified business facility that is a mixed-use project that includes retail facilities and that is located in** a Garden State Growth Zone or the Atlantic City Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority, [up to 7.5 percent of] retail facilities [included in a mixed use project shall be eligible] **in an amount up to 7.5 percent of the mixed-use project may be included in the mixed-use project application** for a grant of tax credits along with the non-retail facilities **and that application may include in the aggregate the pro-rata number of full-time employees employed by any number of tenants or other occupants of the included retail facilities**. If a warehouse facility is part of a point-of-final-purchase retail facility and supplies

only that facility, the warehouse facility shall not be eligible for a grant of tax credits. For the purposes of this subsection, a retail facility of at least 150,000 square feet, of which at least 50 percent is occupied by a full-service supermarket or grocery store, located in a Garden State Growth Zone that qualified under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.), or a tourism destination project in the Atlantic City Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219), or catalog distribution centers shall not be considered point-of-final-purchase retail facilities.

19:31-18.5 Application submission requirements

(a) Each application to the Authority made by a business shall include the following information in an application format prescribed by the Authority:

1. (No change.)

2. Project information shall include the following:

i. – iii. (No change.)

iv. Supporting evidence that the State's financial support of the proposed capital investment in a qualified business facility will yield a net positive economic benefit pursuant to N.J.A.C. 19:31-18.3(a)3ii, taking into account the criteria listed at N.J.A.C. 19:31-18.7(c). In determining whether a proposed capital investment will yield a net positive benefit, the business's chief executive officer, or equivalent officer for North American operations, shall submit a certification indicating that:

(1) – (2) (No change.)

(3) The business's chief executive officer, or equivalent officer for North American operations, has reviewed the information submitted to the Authority and that the representations contained therein are accurate provided, however, that in satisfaction of (a)2iv(1) and (2) above, the certification with respect to a project in a Garden State Growth Zone that qualifies under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.) **or a project located in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority**, shall indicate that the provision of tax credits under the program is a material factor in the business decision to make a capital investment and locate in a Garden State Growth Zone that qualifies under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.) **or in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority**. If the site was acquired within 24 months prior to project application, the business shall provide **additional extrinsic** evidence to demonstrate that the award of tax credits is a material factor in the business's decision to create or retain the

minimum number of full-time jobs for eligibility under the program, including, but not limited to, viable alternatives to the site and the business's ability to dispose of or carry the costs of the site, if the business moves to the alternate site. The applicant may be required to submit any other information required by the Authority to conduct an analysis of the economic impact of the project;

v. (No change.)

vi. Identification of the site of the proposed qualified business facility, including the block and lot of the site as indicated upon the local tax map. For purposes of determining geographical location, the qualified business facility shall be considered in the geographical location [if at least 51 percent of the square footage of the building or buildings is in the geographical location] **with the most beneficial total tax credit amount**;

vii. – xi. (No change.)

3. (No change.)

(b) (No change.)

(c) A business shall be allowed to assign their ability to apply for the tax credit under this subchapter to a non-profit organization with a mission dedicated to attracting investment and completing development and redevelopment projects in a Garden State Growth Zone, as determined by the Authority. [In addition to the information required pursuant to (a) above, the non-profit organization shall be required to submit:

1. Evidence of the assignment to apply for the tax credit from the developer or the group of non-qualifying developers;

2. The name of the non-profit organization;

3. The contact information of the non-profit organization;

4. The New Jersey employer identification number;

5. The Federal employer identification number; and

6. The mission statement of the non-profit organization.]

(d) The non-profit organization in (c) above or an organization operating a qualified incubator facility may make an application on behalf of a business which meets the requirements for the tax credit, or a group of non-qualifying businesses or positions, located at a qualified business facility, that shall be considered a unified project for the purposes of the incentives provided under this section.

(e) For any project located in a Garden State Growth Zone that qualifies under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et al.), or any project located in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority, and which will include a retail facility of at least 150,000 square feet, of which at least 50 percent will be occupied by either a full-service supermarket or grocery store, a business may assign its ability to apply for the tax credit under this subsection to the developer of the facility. The developer may make an application on behalf of the business which meets the requirements for the tax credit, or a group of non-qualifying businesses located at the business facility, that shall be considered a unified project for the purposes of the incentives provided under this section, and the developer may apply for tax credits available based on the number of jobs provided by the business or businesses and the total capital investment of the business or businesses and the developer.

(f) In addition to the information required pursuant to (a) above, any applicant authorized pursuant to subparagraphs (c), (d) and (e) shall be required to submit:

1. Evidence of the assignment to apply for the tax credit from the assignee or the party on whose behalf it is making the application;

2. The name of the assignee or the party on whose behalf it is making the application;

3. The contact information of the assignee or the party on whose behalf it is making the application;

4. The New Jersey employer identification number of the assignee or the party on whose behalf it is making the application;

5. The Federal employer identification number of the assignee or the party on whose behalf it is making the application; and

6. If the applicant is a non-profit authorized under (c) above, the mission statement of the non-profit organization.

Recodify existing (d) as (g) (No change in text.)

19:31-18.7 Review of application and certification of project completion

(a) – (b) (No change.)

(c) In determining whether the company meets the net positive economic benefits test pursuant to N.J.A.C. 19:31-18.3(a)3ii and as certified by the chief executive officer pursuant to N.J.A.C. 19:31-18.5(a)2iv, the Authority's consideration shall include, but not be limited to, the

local and State taxes paid directly by and generated indirectly by the business, property taxes or payment in lieu of taxes paid directly by and generated indirectly by the business, taxes paid directly or generated indirectly by new or retained employees, and peripheral economic growth caused by the business's relocation, provided that such determination shall be limited to the net positive economic benefits derived from the capital investment commenced after the submission of an application to the Authority. For a project located in a Garden State Growth Zone, the Authority may award bonuses in its net positive economic benefit calculation including, but not limited to, full payment of taxes for a qualified business facility that receives a tax abatement pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. With regard to a project located in a Garden State Growth Zone that qualified for the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.), the net positive economic benefits test may utilize the value of those property taxes subject to the provisions of section 24 of P.L. 2013, c. 161 **(N.J.S.A. 52:27D-489s) or the value of those property taxes that would have been assessed on the new construction, improvements, or substantial rehabilitation of structures on real property if the structures were not exempt because they are on real property owned by a public entity** and incremental sales and excise taxes that are derived from activities within the area and which are rebated or retained by the municipality pursuant to the New Jersey Urban Enterprise Zones Act, P.L. 1983, c. 303 (N.J.S.A. 52:27H-60 et seq.) or any other law providing for such rebate or retention.

(d) (No change.)

(e) Within [12] **six** months following the date of application approval by the Authority, each approved business shall submit progress information indicating that the business has site plan approval, committed financing for and site control of the qualified business facility**, except that a business shall have 12 months to submit such progress information for a mega project or for a qualified business facility that consists of new construction**. Unless otherwise determined by the Authority in its sole discretion, the Authority's approval of the tax credits shall expire if the progress information is not received by the Authority within [12 months of the date of application approval] **the required period of time**, or if progress as indicated has not been achieved.

(f) – (g) (No change.)

19:31-18.8 Determination of grant amount; bonus award

(a) – (b) (No change.)

(c) In addition to the base amount of the tax credit, the amount of the tax credit to be awarded for each new or retained full-time job shall be increased if the qualified business facility meets any of the following priority criteria or other additional or replacement criteria determined by the Authority from time to time in response to evolving economic or market conditions:

1. – 14. (No change.)

15. For a project located within an area determined to be in need of redevelopment pursuant to sections 5 and 6 of P.L. 1992, c. 79 (N.J.S.A. 40A:12A-5 and 6), and which is located within a quarter mile of at least one United States highway and at least two New Jersey State highways, an increase of $1,500 per year; [and]

16. For a project that generates solar energy on site for use within the project of an amount that equals at least 50 percent of the project's annual electric supply service needs, an increase of $250.00 per year[.] **and**

17. For a qualified business facility in a vacant commercial building or campus having over 1,000,000 square feet of office or laboratory space available for occupancy for a period of over one year that the Authority designates, as listed on the Authority's website at www.njeda.com, an increase of $1,000 per year.

(d) (No change.)

(e) After the determination by the Authority of the gross amount of tax credits for which a business is eligible pursuant to (d) above, the final total tax credit amount shall be calculated as follows:

1. (No change.)

2. For each retained full-time job, the business shall be allowed tax credits equaling **the lesser of** 50 percent of the gross amount of tax credits for each retained full-time job, **or one-tenth of the capital investment, which will be the lesser of actual capital investment or the business's proposed amount approved at application, divided by the number of retained and new full-time jobs per year over the grant term of ten years,** unless the jobs are part of a mega project that is the United States headquarters of an automobile manufacturer located within a priority area or a qualified business facility in a Garden State Growth Zone, in which case the business shall be entitled to tax credits equaling 100 percent of the gross amount of tax credits for each retained full-time job, or unless the new qualified business facility would replace a facility that has been wholly or substantially damaged as a result of a Federally declared disaster, in which case the business shall be entitled to tax credits equaling 100 percent of the gross amount of tax credits for each retained full-time job. **The per retained full-time job tax credit calculation will be established by dividing the number of full-time employees in the certification accepted by the Authority pursuant to N.J.A.C. 19:31-18.7(g) into the amount of capital investment in the certification accepted by the Authority pursuant to N.J.A.C. 19:31-18.7(g), provided that in no event shall the gross amount of tax credits per retained full-time job exceed the gross amount calculated at the approval of the application. Based on this per retained full-time job calculation, any reduction in the number of retained full-time jobs shall proportionately reduce the amount of tax credits for that year.**

(f) For each application approved by the Board, the amount of tax credits available to be applied by the business annually shall not exceed:

1. Thirty-five million dollars ($35,000,000) and provides a net positive economic benefit to the State with respect to a qualified business facility in a Garden State Growth Zone that qualifies under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.) **or which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority**;

2. – 6. (No change.)

(g) Under (f) above, **with the exception of a project located within a Garden State Growth Zone which qualifies for the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et al.), or which contains a Tourism District as established pursuant to section 5 of 6 P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority, that divides the total capital investment of the project by the total number of full-time jobs at that project,** for each application for tax credits in excess of $4,000,000 annually, the amount of tax credits available to be applied by the business annually shall be the lesser of the maximum amount under the applicable paragraph or an amount determined by the Authority necessary to complete the project, with such determination made by the Authority's utilization of a full economic analysis of all locations under consideration by the business; all lease agreements, ownership documents, or substantially similar documentation for the business's current in-State locations, as applicable; and all lease agreements, ownership documents, or substantially similar documentation for the potential out-of-State location alternatives, to the extent they exist. Based on this information, and any other information deemed relevant by the Authority, including, but not limited to, factors affecting the decision of the business to relocate, the Authority shall independently verify and confirm the amount necessary to complete the project.

(h) Notwithstanding anything to the contrary in (a) through (g) above, for a project located within a Garden State Growth Zone that qualifies for the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq., the total tax credit shall be:

1. For a project that creates or retains 35 or more full-time jobs **new to the municipality** and makes a capital investment of at least $5,000,000, the total tax credit amount per new and retained full-time job shall be the greater of:

i. – ii. (No change.)

2. For a project that creates or retains 70 or more full-time jobs **new to the municipality** and makes a capital investment of at least $10,000,000, the total tax credit amount per new and retained full-time job shall be the greater of:

i. – ii. (No change.)

3. For a project that creates or retains 100 or more full-time jobs **new to the municipality** and makes a capital investment of at least $15,000,000, the total tax credit amount per new and retained full-time job shall be the greater of:

i. – ii. (No change.)

4. For a project that creates or retains 150 or more full-time jobs **new to the municipality** and makes a capital investment of at least $20,000,000, the total tax credit amount per new and retained full-time job shall be the greater of:

i. – ii. (No change.)

5. For a project that creates or retains 250 or more full-time jobs **new to the municipality** and makes a capital investment of at least $30,000,000, the total tax credit amount per new and retained full-time job shall be the greater of:

i. – ii. (No change.)

6. For projects approved under this subsection (h), the per full-time employee tax credit calculation will be established by dividing the number of full-time employees in the certification accepted by the Authority pursuant to N.J.A.C. 19:31-18.7(g) into the lesser of the amount of capital investment in the certification accepted by the Authority pursuant to N.J.A.C. 19:31-18.7(g) or the award of tax credits approved by the Board pursuant to N.J.A.C. 19:31-18.7(d). Based on this per full-time employee calculation and provided the business continues to meet the minimum number of employees required in subparagraphs (a), (b), (c), (d) or (e) of paragraph (6) of subsection d. of section 5 of P.L. 2011, c. 149 (N.J.S.A. 34:1B-246), any reduction in the number of employees shall proportionately reduce the amount of tax credits for that year, i.e. the number of full-time employees will be multiplied by the per full-time employee calculation done at certification.

19:31-18.9 Tax credit amount; application and allocation of the tax credit

(a) – (b) (No change.)

(c) The credit amount [that] may be taken [for a tax period of the business that exceeds the final liabilities of the business] **by the tax certificate holder** for the tax period **for which it was issued or** may be carried forward for use by the [business] **tax certificate holder** in **any of** the next 20 successive tax periods, and shall expire thereafter. **The tax certificate holder may transfer the tax credit amount on or after the date of issuance or at any time within three years of the date of issuance for use by the transferee in the tax period during which it was transferred or in any of the next three successive tax periods. Notwithstanding the foregoing, no more than the amount of tax credits equal to the total credit amount divided by the duration of the eligibility period in years may be taken in any tax period.**

(d) [A business that is] **Credits granted to** a partnership [shall not be allowed a credit under this program directly, but the amount of credit of an owner of a business shall be determined by allocating to each owner of the partnership that proportion of the credit of the business that is equal to the owner of the partnership's share, whether or not distributed, of the total distributive income or gain of the partnership for its tax period ending within or with the owner's tax period, or that proportion that is allocated by an agreement, if any, among the owners of the partnership that has been] **shall be passed through to the partners, members, or owners, respectively, pro-rata or pursuant to an executed agreement among the partners, members, or owners documenting an alternate distribution method** provided to the Director of the Division of Taxation in the Department of the Treasury [by such time and] accompanied by [such] **any** additional information as the Director may require.

(e) (No change.)

19:31-18.10 Incentive agreement

(a) (No change.)

(b) The incentive agreement shall include, but not be limited to, the following terms or conditions as determined by the Chief Executive Officer of the Authority:

1. – 2. (No change.)

3. A requirement that the applicant maintain the project at a location in New Jersey for the commitment period, with at least the minimum number of full-time employees as required by the program, which shall include consideration of bonus award(s) and net positive economic benefit test pursuant to N.J.A.C. 19:31-18.3(a)3ii and the amount of tax credits previously received by the **[**applicant] **business** during the eligibility period, and a provision to permit the Authority to recapture all or part of any tax credits awarded, at its discretion, if the business does not remain in compliance with the requirements in this paragraph for the commitment duration. Such recapture may include interest on the recapture amount at the rate equal to the statutory rate for corporate business or insurance premiums tax deficiencies, plus any statutory penalties and all costs incurred by the Authority and the Division of Taxation in connection with the pursuit of the recapture, including, but not limited to, counsel fees, court costs, and other costs of collection. **If all or part of any tax credits awarded is subject to recapture, the Authority will pursue recapture from the business and not from a tax credit transfer certificate purchaser. Tax credit transfer certificate purchasers shall be subject to all other limitations and conditions that apply to the use of the tax credits by the business, including, but not limited to, reduction and forfeiture provisions and the requirement of a letter of compliance for the relevant tax period**;

4. – 16. (No change.)

(c) (No change.)

19:31-18.11 Reporting requirements and annual reports

(a) – (d) (No change.)

(e) For a project located within a Garden State Growth Zone, if, in any tax period, the number of full-time employees employed by the business at the qualified business facility located within a qualified incentive area increases above the number of full-time employees specified in the incentive agreement, then the business shall be entitled to an additional tax credit award representing an increased base credit amount for that tax period and each subsequent tax period, for each additional full-time employee added above the number of full-time employees specified in the incentive agreement, until the first tax period for which documentation demonstrating a reduction of the number of full-time employees employed by the business at the qualified business facility, at which time the tax credit amount will be adjusted accordingly pursuant to this subsection; provided that the adjustment may not affect other obligations under the incentive agreement to maintain a minimum number of employees. To obtain this additional tax credit award, the business shall submit, in its annual report, a request to the Authority with supporting evidence documenting the additional full-time employees added above the number of full-time employees specified in the incentive agreement [, which following review by EDA staff, the Board will determine whether to approve the request]. **Following EDA staff acceptance of the annual report, it shall notify the Director of the Division of Taxation and the business shall receive an increased tax credit certificate.**

(f) For a project located within a Garden State Growth Zone which qualifies under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et al.), or which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority, and which qualifies for a tax credit pursuant to subparagraph (ii) of subparagraphs (a) through (e) of paragraph (6) of subsection d. of section 5 of P.L. 2011, c. 149 (N.J.S.A. 34:1B-246), if, in any tax period the number of full-time employees employed by the business at the qualified business facility located within a qualified incentive area increases above the number of full-time employees specified in the incentive agreement such that the business shall then meet the minimum number of employees required in subparagraphs (b), (c), (d), or (e) of paragraph (6) of subsection d. of section 5 of P.L. 2011, c. 149 (N.J.S.A. 34:1B-246), then the Authority shall recalculate the total tax credit amount per full-time job by using the certified capital investment of the project allowable under the applicable subparagraph and the number of full-time jobs certified on the date of the recalculation and applying those numbers to subparagraphs (b), (c), (d), or (e) of paragraph (6) of subsection d. of section 5 of P.L. 2011, c. 149 (N.J.S.A. 34:1B-246), until the first tax period for which documentation demonstrating a reduction of the number of full-time employees employed by the business at the qualified business facility, at which time the tax credit amount shall be adjusted accordingly pursuant to this section. To obtain this additional tax credit award, the business shall submit, in its annual report, a request to the Authority with supporting evidence documenting the additional full-time employees added above the number of full-time employees specified in the incentive agreement. Following EDA staff acceptance of the annual report, it shall notify the

Director of the Division of Taxation and the business shall receive an increased tax credit certificate.

19:31-18.13 Application for tax credit transfer certificate

(a) Tax credits, upon receipt thereof by a business from the Director and the Authority, may be transferred, by sale or assignment, in full or in part, **in an amount not less than $25,000** pursuant to this section, to any other person(s) that may have a tax liability pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), pursuant to sections 2 and 3 of P.L. 1945, c. 132 (N.J.S.A. 54:18A-2 and 54:18A-3), pursuant to section 1 of P.L. 1950, c. 231 (N.J.S.A. 17:32-15), or pursuant to N.J.S.A. 17B:23-5. A business may apply to the Director of the Division of Taxation in the Department of the Treasury and the Chief Executive Officer of the Authority for an initial tax credit transfer covering one or more tax periods, in lieu of the business being allowed any amount of the credit against the tax liability of the business. Such application shall identify the specific tax credits to be transferred (amounts, tax periods), the consideration received therefor, and the identity of the transferee. [The total amount transferred for any single tax period shall be at least $100,000 in tax credits, provided that one transfer consisting of any remainder that is less than $100,000, may be made in each tax period for less than $100,000]. Once approved by the Chief Executive Officer of the Authority and the Director of the Division of Taxation, a tax credit transfer certificate shall be issued to the business, naming the transferee. The certificate issued to the business shall include a statement waiving the business's right to claim that amount of the credit against the taxes that the business has elected to sell or assign. Any amount of a tax credit transfer certificate used by a purchaser or assignee against a tax liability shall be subject to the same limitations and conditions that apply to the use of the credits by the business that originally applied for and was allowed the credits.

(b) The initial sale or assignment of any amount of a tax credit allowed under this section shall not be exchanged for consideration received by the business of less than 75 percent of the transferred credit amount **before considering any further discounting to present value which shall be permitted**. In order to evidence this requirement, the business shall submit to the Authority an executed form of standard selling agreement which states that the consideration received by the business is not less than 75 percent of the transferred credit amount **before considering any further discounting to present value which shall be permitted**.

(c) – (e) (No change.)

19:31-18.16 Effect of sale or lease of qualified facilities

(a) (No change.)

(b) **Unless otherwise permitted in this subchapter, [**If] **if** a tenant subleases its tenancy in whole or in part during the eligibility period, the new tenant shall not acquire the credit of the sublessor, and the sublessor tenant shall forfeit all credits for the tax period of its sublease and all subsequent tax periods.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: December 9, 2014

RE: **Amendment to Residential Economic Redevelopment Growth Grants (ERG)**

Request

The members are asked to approve an amendment to the August 12, 2014 Residential Economic Redevelopment Growth Grants Analysis memo to include projects that are awarded 9% Low Income Housing Tax Credit ("LIHTC") through NJHMFA and display a funding GAP such that the project could not be complete without a Residential ERG award.

Background

The August 12, 2014, Residential Economic Redevelopment Growth Grants Analysis memo stated that if a project receives an award for 9% Low Income Housing Tax Credits, it will be deemed ineligible to receive a residential ERG award. After further consideration, it has been determined by both, EDA and NJHMFA staff, that if a 9% LIHTC project can display a gap; it may warrant consideration to receive a Residential ERG Award. EDA will provide a Residential ERG incentive grant to projects that have received an award of 9% LIHTC and still require an ERG incentive grant to complete the project.

Residential Economic Redevelopment Growth Grants (ERG) Alternative Analysis

All residential 9% low income housing tax credit projects that receive an award and a firm commitment from NJHMFA shall conform to the Development Fee Analysis of residential ERG projects. As of August 12, 2014, the Authority utilizes the development fee as a percentage of total development costs as a means to determine if a project has a funding gap. This approach will only be applied to residential projects that are approved for low income housing tax credits financing through NJHMFA's board because these entities are structured such that the developer fee and not the applicant's calculated IRR is the basis for the developer's investment decision.

Development fee costs will still be limited to 15% of total development costs excluding: land, pre-operational expenses, and escrows and reserves pertaining to permanent takeout financing (the 15% threshold has been industry standard for multifamily affordable residential projects). Developer fee at project construction completion or stabilization shall not exceed 8% (out of the 15% total) with the balance being deferred and taken through projected cash flow. This is consistent with NJHMFA's approach.

In the event that the developer of a residential project is projected to receive the entire 15% allowable developer fee within 5 years from project stabilization without the benefit of the ERG; the project will not have demonstrated a gap and not be recommended for an ERG award. Projects that do not generate sufficient cash flow to return the entire 15% developer fee to the developer within 5 years would be deemed to have demonstrated a gap and could be recommended for an ERG award up to the statutory cap. If however, the maximum award of the ERG resulted in the developer collecting its total developer fee in less than 5 years, then the ERG recommendation would be reduced such that it took no less than 5 years to return the entire developer fee. Additionally, the combination of ERG and LIHTC financial assistance shall not exceed 90 percent of the qualified eligible total development costs.

NJHMFA will monitor all 4% or 9% LIHTC projects to ensure the required 20% affordable set aside is in compliance with the terms and conditions of their loan which exceeds the term of the Residential ERG Incentive grant of 10 years. If an applicant is requesting a Residential ERG award without utilizing low income housing tax credits or NJHMFA financing and incentives it is the applicant's responsibility to engage the Municipality or The Housing Affordability Services Division at NJHMFA, to ensure the required 20% affordable set aside is satisfied pursuant to P.L. 2008, c. 46 (N.J.S.A. 52:27D-329.9).

Timothy Lizura
President and Chief Operating Officer

Prepared by: Matthew Boyle

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: December 9, 2014

RE: **609 HoldCo, LLC, 609 Broad Street, LLC and Commercial Broad Street, LLC**
Residential Economic Redevelopment and Growth Grant Program ("RES ERG")
P 38767

Request

The Members are asked to approve the application of 609 HoldCo, LLC ("HoldCo"), 609 Broad Street, LLC and Commercial Broad Street, LLC (collectively the "Applicant") for a project located in Newark, Essex County for the issuance of tax credits pursuant to the RES ERG program set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 ("Act").

The total costs related to this primarily residential project are estimated to be approximately $170,073,169 and of this amount **$159,573,169** are eligible costs under the RES ERG program. The recommendation is to give up to **25.07%** of the eligible costs, not to exceed **$40,000,000** in tax credits based on the budget submitted.

Project Description

The Applicant proposes to rehabilitate the former flagship department store for Hahne & Company, a 400,000 square foot early 20th century historic building located at 609-633 Broad Street in downtown Newark. The project will restore the long vacant property to its former glory and energize the community with over 80,000 square feet of retail, 160 residential units, and 80,000 square feet of commercial, community and/or office uses. An underground parking garage will include spaces for approximately 220 vehicles.

In honor of the building's historic significance, the current proposal commits to preserving key elements of the four-story building, including its façade and its expansive skylight. The first floor will feature retail space that will activate Broad Street and the burgeoning small businesses on the Halsey Street corridor, including a 29,000 square foot flagship Whole Foods Market that will deliver both healthy, sustainable food options and significant employment opportunities to the

neighborhood. The project complies with the RES ERG program requirement that at least 20% of the units be designated as affordable (in this project 40% of the units are to be designated as affordable). The residential units will house a mixed-income population with approximately 10 units reserved for households earning at or below 40% of area median income and 54 units reserved for households earning at or below 60% of the area median income. The redevelopment also includes the construction of a new mixed-use building (approximately 109,000 square feet with ten floors) on the vacant area on the corner of Halsey and New Streets that will connect to Hahne's via a shared lobby and public atrium.

Within the development project, a 56,163 square foot institutional space within the former Hahnes building called Express Newark will be dedicated to Rutgers University use. This portion of the building will become the new home of the Department of Arts, Culture, and Media, creating a new teaching and work environment for over 60 of the University's staff and faculty. The program for Express Newark includes a wide array of programming to engage faculty, students, and the community in the arts. From the multi-purpose creative to the flexible exhibitive, the project will provide for instant and continued collaboration throughout all of the spaces. Each and every component of Express Newark features a community-based aspect and a direct and open link to Newark and its citizens.

The owners of the proposed project includes Hanini Group, LLC who is the co-developer and 50% owner of 810 Broad Street, LLC project in Newark (P 34887 which was approved by the Authority in September 2010 for a $4.7 million ERG). Hanini Group is also the co-developer and 50% owner of MSST Fidelco Properties, LLC (P 37382 which was approved in February of 2012 by the Authority for a $5.64 million ERG also located in Newark). Both of these projects are in compliance, have executed their ERG agreements and are substantially complete. The principals of Hanini Group are Samer and Thafer Hanini.

The Applicant includes 3 condominiums under the names; 609 Broad Street LLC, which is subject of the NJHMFA financing and Commercial Broad Street, LLC which is essentially the Whole Foods, retail and Rutgers portions of the project. The entities which own the condominiums will be making actual capital investments and as such have been added as co-applicants to the RES ERG incentive. Below is a description of the condominium spaces;

Condo	Gross Square Footage	Net Square Footage	Cost in $ Millions
1	383,644	289,322	$120.6
2	68,040	56,627	$ 22.7
3	56,163	56,163	$ 27.1
Total	508,046	402,112	$170.4

Parking accounts for approximately 113,500 gross square feet and 96,000 net square feet and is included in the figures above. 105 parking spaces with be dedicated to Whole Foods and the remaining 115 spaces will be divided among the residential units and the other retail (final proportions have yet to be negotiated). Based on the allocated space including parking and common areas the residential portion aggregates 50.4% of the square footage and 71% of the costs of the project and is therefore deemed predominately residential.

The overall development anticipates numerous sources to support the scale and scope of this project, including RES ERG Tax Credits, NJHMFA bond financing, Historic Tax Credits ("HTC"), New Market Tax Credits ("NMTC"), Low Income Housing Tax Credits ("LIHTC"), a permanent first mortgage, and developer equity. It is noted that the Project's eligibility for the Historic Tax Credits has been approved by the National Parks Service.

The City of Newark has prioritized this transformational project as evidenced by a letter of support, approvals from the local planning board and the local landmarks and historic preservation commission. In addition, the City has approved tax abatement and a resolution of need in support of NJHMFA financing. Additionally, New Markets allocations will serve as gap funding specifically for the Rutgers Condominium. The University will be the anchor tenant, whose strong credit rating and financial welfare have a vested interest in the success of the project. Not only will Hahne's create new classrooms and flexible learning spaces for Rutgers' academic programs, but the project will also expand the University's reach and involvement in the greater Newark community. Rutgers will serve as both an active participant in and a direct benefactor from the redevelopment of the Hahne's building.

Having acquired the property in May 2013, the developer has created a "shovel ready" project having substantially completed its predevelopment work. As of 11/1/14 the Applicant has spent $21 million which is well below the $34 million equating to the 20% equity requirement in the project. Construction financing is expected to close by the end of 2014, with the design and entitlement process being fine-tuned in the months preceding. A 24-month construction schedule is assumed and leasing will commence in first half 2016. An estimated completion date for the rehabilitation of the project complies with the RES ERG deadline of July 1, 2018. This significant project will change the landscape of the neighborhood, bringing unprecedented quality housing, retail, and commercial opportunities to the heart of the downtown Newark community.

The Applicant has estimated that the Whole Foods tenant will create 200 new jobs of which 140 will be full time. Rutgers expects to create between 10 and 20 new jobs, in addition to the over 50 faculty and staff members being relocated. In addition, another 120 new full time jobs are anticipated to be created by the retail tenants and other associated uses within the project. Construction jobs for this project are estimated at 350.

The Applicant proposes to satisfy the green building requirements through a combination of the NJHMFA Energy Star Equivalency Program, LEED (Whole Foods condo) and BPU's Pay-for-Performance program.

Project Ownership

Upon financial closing the expected division of ownership of HoldCo is; 75% by Prudential Affiliate, LLC, 5% by GS Affiliate and 20% by 609 Broad Street Investors, LLC. Prudential Affiliate is ultimately owned by Prudential Financial, GS Affiliate is ultimately owned by Goldman Sachs Group, Inc. 609 Broad Street Investors, LLC is owned 50/50 by TST 609 Broad, LLC (which in turn is wholly owned by Hanini Group, LLC) and 609 Broad Street Managers, LLC. Hanini Group, LLC is owned 50/50 by Thafer and Samer Hanini. 609 Broad Street Managers, LLC is wholly owned by L & M Development Partners, Inc. (which is an ESOP owned entity). The

two condominiums, 609 Broad Street, LLC and Commercial Broad Street, LLC are 100% owned by HoldCo. See the confidential memorandum and organizational chart which follow this memorandum for additional detail on the resources of the key partners in the project.

Aside from the development partnership between L+M Development Partners (based in New York City) and the Hanini Group (a local Newark development firm) the team includes Goldman Sachs Urban Investment Group. Additionally, Prudential Social Investments, who has made more than $1.5 billion in impact investments, is also providing key contributions to the development. The Hanini Group has completed over $50 million in rehabilitation and restoration projects in Newark. L+M have developed over 15,000 units, representing over $2 billion in development, often in underserved communities. The team has engaged third-party professionals to assess the building's re-use, including Beyer Blender Belle, Inglese Architecture and Engineering, WSP Structural Engineering, among others. Finally, Broad Mark Builders LLC, an affiliate of L+M, is acting as the general contractor on the development.

Project Uses

Uses (thousands)	*ERG Eligible Amount*	*Total Amount*
Land	$ 8,000,000	$ 8,000,000
Construction	$ 128,043,407	$ 128,043,407
Professional Services	$ 4,730,412	$ 4,730,412
Financing & Soft Costs	$ 18,258,534	$ 20,258,534
Contingency	$ 540,816	$ 540,816
Developer Fee	$ 0	$ 8,500,000
TOTAL USES	**$ 159,573,169**	**$ 170,073,169**

Ineligible costs in formulating the basis of RES ERG eligible costs include developer fees ($8,500,000), marketing ($500,000), and reserves ($1,500,000). The construction cost figure includes a 5% contingency and a $2 million contribution by the Applicant towards the fit out costs associated with the Whole Foods space. The RES ERG eligible amount is not reduced by the HTC's or LIHTC's based upon recent guidance from the Office of the Deputy Attorney General.

Project Sources

Sources (thousands)	*Amount*
HMFA Conduit T/E Bonds	$ 43,755,541
Prudential Loan on Rutgers Condo	$ 22,820,000
Whole Foods Condo Senior Loan	$ 10,520,000
New Market Tax Credit	$ 3,580,200
RES ERG monetization	$ 30,000,000
Equity:	
Historic Tax Credits	$ 20,551,753
Low Income Tax Credits	$ 12,383,961
Applicant Equity	$ 26,461,714
TOTAL SOURCES	**$ 170,073,169**

Equity of at least 20% of the project costs aggregate $34 million and is satisfied via the aggregation of Applicant equity of $26.4 million, LIHTC's of $12.4 million and HTC's of $20.5 million.

Note that the above sources are for the permanent financing. The construction phase has slightly different sources including a $22.5 million Citibank loan, $66 million in bond financing from HMFA, and significantly reduced HTC, LITC and RES ERG monetization proceeds.

The Applicant received a declaration of intent from HMFA in August and is anticipated to be presented to their board for approval of a commitment on December 21st for the tax exempt and taxable bond financing. Citibank has provided a commitment to purchase the HMFA bonds. The low income housing tax credits and historic tax credits have been sized based on the costs and eligibility and are supported by term sheets from funding providers. The applicant has also provided term sheets from Goldman Sachs for the monetization of the RES ERG tax credits, the NMTC investment and the Prudential loan. The Applicant has provided financial statements on the owners of the project which evidences an ability to contribute the necessary equity into the project as further discussed in the confidential memorandum which is attached hereafter.

The project sources and uses above reflect the project with the RES ERG subsidy included. The project gap is calculated based on the Equity Internal Rate of Return identified in the gap analysis which is discussed below.

Gap Analysis

EDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this project. Staff analyzed the pro forma and projections of the project and compared the returns with and without the RES ERG over 12 years (two years to build and 10 years of cash flow).

Without RES ERG	**With RES ERG**
Equity IRR 3.93%	Equity IRR 9.06%

As indicated in the chart above, the project would not otherwise be completed without the benefit of the RES ERG. **With the benefit of the RES ERG, the Equity IRR is 9.06% which is materially below the Hurdle Rate Model provided by EDA's contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 16.73% for a Newark project that is 50% residential, 32% retail and 18% office (based on the proposed square footage allocations for this project).**

Other Statutory Criteria

In order to be eligible for the program, under NJSA 19:31-4.6(b), the Authority is required to consider the following items:

The economic feasibility and the need of the redevelopment incentive agreement to the viability of the project.

A review of the lease with Whole Foods along with the third party market study performed by Value Research Group along with an appraisal conducted by Integra Realty Resources concluded that the various financial and operating projections and plans for the entire project are reasonable. The proposed site is anticipated to complement and enhance the amenities for the soon to be completed Prudential Financial $400 million office facility which will house some 2,000 employees as well as several other noteworthy investments in the nearby area including Teachers Village, Rector Street and Four Corners New Millennium all in downtown Newark.

The financial analysis indicates a rate of return that is considered within the acceptable market range given the risks associated with this project as noted previously in this memo. Per the project financial returns described earlier and to obtain the funding necessary to complete the improvements within the project, there is a demonstrated need for the RES ERG.

The Project appears to be economically feasible based on the financial strength and track record of the Applicant and their development partners as well as the numerous funding sources and subsidies that have been made available to this venture. The anticipated demand and income generation associated with the various types of rental units is also indicative of the viability of the project.

The Project has an anticipated IRR of 3.93% without the RES ERG and 9.06% with the RES ERG. As further explained previously, the applicant represents that the RES ERG incentive grant is needed for the viability of the Project. The IRR for the project is materially below the JLL hurdle rate model for this type business located in Newark.

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 Newark, an urban aid municipality. Newark is number 554 out of 566 municipalities per the ranking of distress in New Jersey. Unemployment in Newark is 11.4% as of August 2014 as compared to 6.6% in New Jersey and 5.9% in the US. The site is a depressed census tract that is eligible for new markets tax credit funding. For many decades, Newark has combated a negative perception stemming from crime and safety statistics, which has caused a "cycle of disinvestment." Newark's local officials are actively working to alter this perception by offering creative incentives to spur commercial development and to retain existing businesses. Newark has a handful of prominent corporations that have built their headquarters in the area and have reinvested into the city. The rehabilitation of the vacant and underutilized property will improve the social distress by building upon the city's broader redevelopment goals and social objectives. The project will generate incremental real estate, personal income tax and sales tax revenues.

Recognizing this neighborhood's steadily increasing residential population and Prudential's expected employment base of 2,000 in the new tower, the development team intends to promote retail attractive to this audience. One use is that of a nationally recognized grocer, Whole Foods, with whom the development team executed a lease. Currently, the City of Newark lacks adequate

quality food options for its population. Whole Foods Market, known for its healthy and organic produce selections, will offer an improved choice of supermarkets for Newark, the state's largest city, that is currently limited to two Pathmark stores, and one planned ShopRite.

Critical to the master planning in Newark is the attraction and retention of residential population downtown. The proposed redevelopment of the Project addresses that goal directly: the Project's mixed income residential component includes market, moderate and low income unit set asides. With this mix, the Project is expected to attract and serve both existing and future Newark populations drawn to the expanding resources downtown.

Recommendation

Authority staff has reviewed the application of 609 HoldCo, LLC, 609 Broad Street, LLC and Commercial Broad Street, LLC and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue a commitment letter to the Applicants.

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

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

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

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

4. Evidence that the Project complies with N.J.A.C. 19:31-4.3(a)(3).

Tax Credits shall be issued upon:

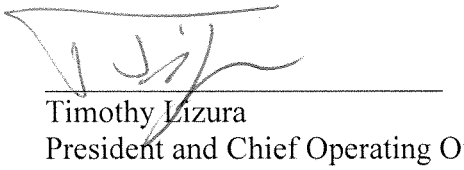
1. Completion of construction and issuance of a Certificate of Occupancy (no later than July 1, 2018; and

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

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

Total Eligible Project Costs: $159,573,169

Eligible Tax Credits and Recommended Award: Not to exceed $40 million which equates to 25.07% of eligible costs over 10 years.



Timothy Lizura
President and Chief Operating Officer

Prepared by: Michael A. Conte

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: December 9, 2014

RE: **Makers Village QALICB, LLC**
Economic Redevelopment and Growth Grant Program
P 39141

Request

The Members are asked to approve the application of Makers Village QALICB, LLC ("MV" or the Applicant") for reimbursement of certain taxes for a Newark, Essex County project under a "State incentive" 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 costs related to the ERG project are estimated to be approximately $25,128,332. The total qualified eligible costs under the ERG Act are **$23,344,425.** The recommended reimbursement is **9.48%** of the eligible costs, not to exceed **$2,214,192** based on the budget submitted.

Project Description

The Applicant plans to undertake redevelopment of a 69,175 square foot existing vacant warehouse facility located at 212 Rome Street, in the center of the Ironbound community in Newark, NJ. The 3-acre property is adjacent to public amenities such the Ironbound Recreational Center (aquatic center, track and field), truck Routes 1 and 9, freight rail access, and other industrial businesses along Rome and Christie Streets.

The project is related to Just Greens LLC dba AeroFarms (P39142) which is seeking approval of a Grow NJ tax incentive of $6,555,000 concurrently from the Authority. Just Greens ("AF or the "tenant") will be the occupant of the project facility in Newark.

The owner of the proposed project includes RBH Capital ("RBH") who is the developer of the Teachers Village project in Newark (P37504 and 34886 under the name of RBH-TRB Newark Holdings LLC which was approved by the Authority for a $20.5 million ERG and a REA HUB for

$39.5 million). RBH is also the developer for Four Corners Millennium Project Urban Renewal, LLC (P37918 and 37974 which was approved by the Authority for a $33 million RES HUB and a $19.5 million ERG also located in Newark). The principal of RBH is Ron Beit-Halachmy.

The Applicant proposes to redevelop the project site into a sustainable "Makers Village" with AF as the tenant. AF is an innovative new technology company seeking to establish the largest aeroponic farm, or "green" processing facility, in the world. Aeroponic farming is a plant-cultivation technique in which the plant roots hang suspended in the air while nutrient solution is delivered to them in the form of a fine mist. This farming method does not use any type of soil material. The facility will seek to employ local residents and will grow various types of produce on site in an urban area. This facility will serve as a model for year-round sustainable farming worldwide. The site will also serve as the Company's headquarters and R&D center, and is envisioned to provide sufficient production volume to support AF's broader business plan to both expand in the Northeast/Mid-Atlantic region and to deploy its technology in new markets. As notated within the companion Grow NJ application filed by AF, they hold a patented soilless aeroponic process that produces high-in-nutrition, leafy greens on a sustainable year round basis. The leafy greens are produced without pesticides, sun, soil or washing, and with 90% less water usage than conventional farming. The produce will be packaged on site and transported to businesses and institutions, such as supermarkets and schools throughout the regional market.

AF is currently performing renovations on 16,375 square feet at 212 Rome Street that will become the showroom with expected completion by March 31, 2015. AF would house its harvesting operation at additional space within this same location provided the RES ERG and Grow NJ incentives are obtained with an anticipated start date of January 2015 and completion in late 2015. The "project" per this memorandum upon which incentives are being requested, is a 52,800 square foot facility, which excludes and is separate from the 16,375 square foot pilot/showroom being undertaken at the same location. The Applicant achieved a closing on the 1 A in February of 2014 with $5 million in costs and financing allocated to the showroom (which is independent and excluded from the ERG and Grow NJ project) and another $8 million reserved for phase 1 B. The renovation of the showroom is underway and anticipated to be completed in March of 2015. The ERG and Grow NJ phases of the project are expected to commence in January of 2015 and be completed in September of 2015. Below is a description of the phases, space and costs;

Phase Name	Square Footage	Cost in $ Thousands
1 A (non ERG/Grow)	16,375	$ 5,038
1 B	0	$ 8,604
2 A-1	13,685	$ 5,113
2 A-2	14,889	$ 6,824
2 B	24,226	$13,057
Total	69,175	$38,626
Total ERG/Grow	52,800	$33,598

AF anticipates projects that the new 52,800 square foot industrial facility will produce up to 1.8 million pounds of leafy greens per year in an environmentally controlled, safe and sanitary environment, as well as serving as the corporate and R&D headquarters which will be relocated from Ithaca, NY. Although co-locating the primary growing/processing facility and corporate

headquarters and R&D center with the initial showroom/pilot facility would offer certain operational advantages, the Newark facility requires extensive renovations to fulfill the requirements of the full operations. The total capital investment associated with occupancy of the 52,800 square foot facility is estimated to be approximately $33.6 million, consisting of $12 million in the base building and fit out and $12 million in AF's specialized equipment plus professional services, soft and financing costs. The project involves a complex and incentives-dependent capital stack. The tenant would create approximately 69 new and retain 9 existing full time jobs with a blended median wages in excess of $53,000 before benefits, for a total annual payroll in excess of $3.8 million.

The Applicant proposes to satisfy the green building requirements through the BPU's Pay-for-Performance program.

Project Ownership

The Applicant is owned 70% by GS Makers Village Investor, LLC (which is ultimately owned by Goldman Sachs Bank USA) and 30% owned by RBH 212 Rome LLC. The latter is owned 50/50 by the Prudential Foundation and RBH Capital 212, LLC. Ron Beit-Halachmy effectively holds 15% interest in the Applicant and is also a 4.61% owner of the seller of the property, RBH Group Partners I, LP. See the confidential memorandum for additional detail on the resources of the key partners in the project.

Project Uses

Uses (thousands)	*ERG Eligible Amount*	*Total Amount*
Land	$ 2,431,052	$ 2,431,052
Construction	$ 16,155,244	$16,155,244
Professional Services	$ 1,611,309	$ 1,611,309
Financing & Soft Costs	$ 3,117,076	$ 3,923,984
Contingency	$ 29,744	$ 29,744
Developer Fee	$ 0	$ 976,999
TOTAL USES	**$ 23,344,425**	**$25,128,332**

Above budget excludes $8,469,283 of costs that are being paid by the tenant as part of their $19.3 million total budget. Ineligible costs in formulating the basis of ERG eligible costs includes developer fees ($976,999), marketing ($15,266), reserves ($345,420) and soft costs above the 20% cap ($446,222). The construction cost figure includes a 5% contingency.

Project Sources

Sources (thousands)	*Amount*
Senior loan from Goldman	$ 3,216,504
Senior loan EB 5	$ 7,046,845
Repayment of LP equity	($ 1,000,598)
Grow & ERG monetization	$ 4,721,903
Angel Investment	$ 800,000

Equity:	
New Market Tax Credit	$ 8,907,385
Contribution by Applicant	$ 1,436,293
TOTAL SOURCES	**$ 25,128,332**

Note that equity to the entire project including the showroom is $2.3 million of which $1.4 million is attributable to the ERG/Grow project. The $1 million in repayment of LP equity noted above is paid to the owners outside the ERG/Grow portion of the project and additionally the financial model reflects $631,064 in equity that is repaid to the partners within the first 3 years resulting in actual cash equity of $805,229 in the ERG/Grow project. The New Market Tax Credit contribution of $8.9 million can be counted as equity enabling the Applicant to meet the 20% equity contribution that is required by the ERG program.

The Applicant provided a term sheet from Goldman Sachs Bank USA for the senior loan to the project as well as a term sheet from Mason Investments, LTD for the EB 5 funding (which includes the monetization of the ERG and Grow). The new markets tax credits are to be provided by National Community Fund I, LLC as well as Goldman Sachs. There is approximately $13 million in new markets related funding that still needs to be sourced in conjunction with phase 2 B. The Applicant is in the process of seeking an angel investment to complete the funding sources.

The project sources and uses above reflect the project with the ERG and Grow NJ (as assigned by AF to MV) subsidies included. The project gap is calculated based on the Equity Internal Rate of Return identified in the gap analysis which is discussed below.

Gap Analysis

EDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this project. Staff analyzed the pro forma and projections of the project and compared the returns with and without the ERG over 11 years (one year to build and 10 years of cash flow).

Without ERG	**With ERG**
Equity IRR 8.38%	Equity IRR 10.63%

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 10.63% which is moderately below the Hurdle Rate Model provided by EDA's contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 14.77% for an industrial project located in Newark.**

Net Positive Benefit Analysis

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

Net Benefit Analysis (which includes the ERG and the Grow NJ incentives) 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 aggregates $11.9 million and includes the one-time tax benefits. The following taxes were included in the Net Positive Benefit calculation:

1] 100% of the incremental gross income tax;
2] 100% of the incremental one-time tax generated from the Project's construction;
3] 100% of the incremental indirect tax revenues from spending and earnings;
4] 100% of the projected utility taxes generated by AF.

This analysis assumes that there are no incremental sales taxes or corporate business taxes with approximately $45,000 in annual incremental real estate taxes generated for purposes of determining the net benefits. The net positive benefit analysis includes 78 total full time jobs (69 are deemed new) projected by the Applicant and 11 construction jobs as estimated through the Authority's net benefit analysis model.

The present value of this figure is reduced by the present value of all local and state grants, including the ERG and Grow NJ awards and the clean energy grant to the project, resulting in the present value of the Net Positive Benefits to the State of approximately $2.0 million. The ERG project anticipates reimbursement solely from the utility taxes generated by the tenant over the next 20 years.

Other Statutory Criteria

In order to be eligible for the program, under NJSA 19:31-4.6(b), the Authority is required to consider the following items:

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, be 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 incentive grant agreement.

A review of the draft lease with AF along with the pro forma analysis performed by BLS Investment Strategies concluded that the various financial and operating projections and plans are reasonable. The proposed site has the opportunity to be developed into a corporate headquarters, research and development center and home to an innovative technology company seeking to establish an aeroponic farm which is akin to a green processing facility in the urban aid municipality of Newark.

The financial analysis indicates a rate of return that is considered within the acceptable market range given the risks associated with this project as noted previously in this memo. Based on the expected generation of approximately $1.6 million in annual incremental new electric and gas spending over the 20 year period and a 75% rebate of the eligible taxes associated with the level of anticipated spending (over and above the energy generated by the CHP facility to be installed on site and owned by AF), there are adequate funds to support the reimbursement of taxes to the Applicant as outlined in the analysis. The current estimation of reimbursements under the ERG

would commence in year 2016 with full payout by year 20. Per the project financial returns described earlier and to obtain the funding necessary to complete the improvements within the project, there is a demonstrated need for the redevelopment incentive grant agreement.

The Project appears to be economically feasible based on the financial strength and track record of the Applicant and their partners as well as the income derived from the proposed tenant who also has provided supporting documentation for the anticipated demand associated with their product line.

The Project has an anticipated IRR of 8.38% without the ERG and 10.63% with the ERG. As further explained previously, the applicant represents that the ERG incentive grant is needed for the viability of the Project. The IRR for the project over the full 20 year period is approximately 14.6% which is slightly below the JLL hurdle rate model for this type business located in Newark.

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 Newark, an urban aid municipality. Newark is number 554 out of 566 municipalities per the ranking of distress in New Jersey. Unemployment in Newark is 11.4% as of August 2014 as compared to 6.6% in New Jersey and 5.9% in the US. The site is a depressed census tract that is eligible for new markets tax credit funding. For many decades, Newark has combated a negative perception stemming from crime and safety statistics, which has caused a "cycle of disinvestment." Newark's local officials are actively working to alter this perception by offering creative incentives to spur commercial development and to retain existing businesses. Newark has a handful of prominent corporations that have built their headquarters in the area and have reinvested into the city. The rehabilitation of the underutilized property will improve the social distress by building upon the city's broader redevelopment goals and social objectives. The project will generate incremental real estate, personal income tax and utility tax revenues.

The project supported by the Ironbound community, represented by the Ironbound Community Corporation (ICC), which for the past several years has expressed interest in repositioning certain industrial buildings in the area to take advantage of new, sustainable forms of processing. The ICC is interested in attracting and retaining "green" processing to increase local employment and also to promote economic development. In 2012, the ICC undertook a market and feasibility study for the former Ballantine Brewery complex located on Ferry Street a few blocks away from the project site. That study recommended that the community strive to develop the site into a mixed-use green jobs center that focuses on attracting and retaining sustainable light industrial businesses that generate less trucking in the neighborhood, while also creating more jobs and more street-level pedestrian activity. Among other uses, it recommended repurposing the site for food processing and also to house a farmers market. The planning process undertaken for the Ballantine property clearly demonstrates the priorities of the Ironbound community for this area of the City. Similar community goals and objectives for the Ironbound are reflected in both the Master Plan for the City of Newark and the Newark Riverfront Public Access and Redevelopment Plan, both of which were adopted in 2012. The project site is located directly adjacent to the boundary of the Riverfront

Redevelopment Plan area. Issues of pedestrian access, preservation of open space, and economic development that consists of low-intensity, non-nuisance processing are all emphasized in the many plans the City of Newark has undertaken in the past few years. In light of this planning context, the Applicant's vision for redevelopment of the project site builds upon the goals and objectives of the community and the City of Newark's sustainable processing initiatives. The location of AF within "Makers Village" will bring environmentally safe, entrepreneurial and green processor into the Ironbound, satisfying unmet needs identified through years of local planning and market analysis.

Recommendation

Authority staff has reviewed MV's application and finds that it is consistent with eligibility requirements of the Act. The NJ Treasury has reviewed the application and has 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 the ERG 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.

Delivery of a commitment letter from the Authority to the Applicant for the ERG award shall be subject to the receipt of tax clearance certificates for the Applicant from the NJ Division of Taxation. Closing of the ERG Agreement and the reimbursement of any taxes is contingent upon the Applicant meeting the following conditions regarding the Project within twelve months of approval:

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

Reimbursement shall commence upon:

1. Completion of construction of all phases of the Project and issuance of a permanent or temporary certificate of occupancy for each phase and Authority approval of a Project Cost Statement; and
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 the State Economic Redevelopment and Growth Incentive Grant Agreement and any assignment agreements necessary

to effectuate this transaction.

Total Eligible Project Costs: $23,344,425

Eligible Taxes for Reimbursement: Sales and other eligible taxes not to exceed $2,214,192 over 20 years.

Recommended Grant: 9.48% of actual costs, not to exceed **$2,214,192 to be paid over a maximum period of 20 years.**

Timothy Lizura
President and Chief Operating Officer

Prepared by: Michael A. Conte

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

APPLICANT: Just Greens, LLC dba Aerofarms P39142

PROJECT LOCATION: 212 Rome Street Newark City Essex County

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

APPLICANT BACKGROUND:
Just Greens LLC dba Aerofarms is an aeroponic grower of leafy greens. Aeroponics is a cutting-edge type of hydroponic technology that grows plants in a mist. The aeroponic mist efficiently provides roots with the nutrients, hydration, and oxygen needed to grow. Compared to soil-based methods, aeroponics consumes significantly less water due to the aeroponic system's direct application of nutrients to the roots. This method coupled with the use of LED lighting, instead of sunlight, allows the company to grow leafy greens indoors on a year-round basis without the use of soil or pesticides. The applicant has demonstrated the financial ability to undertake the project.

The applicant's landlord has applied for an ERG grant (P39141) to be presented concurrently at the December 9th board meeting as well. While this project is primarily a farming operation, the mechanization of the process the applicant has developed enabled staff to conclude it will be an industrial operation.

MATERIAL FACTOR/NET BENEFIT:
Aerofarms is seeking to establish the largest aeroponic farm in the world which would also serve as the company's headquarters and R&D center. The produce would be packaged on site and shipped to customers, such as supermarkets and schools throughout the regional market. Aerofarms has targeted sites in both Newark, New Jersey and Philadelphia, Pennsylvania to accommodate its plan. The applicant has requested an award under the Grow NJ program to provide an incentive to locate the project here. Should the company choose New Jersey, it would create 69 new full-time jobs at the roughly 52,800 sq ft facility where it could produce up to 1.8 million pounds of leafy greens per year.

The location analysis accepted by the Authority shows New Jersey to be the less expensive option but the cost differential over 15 years on an NPV basis is ($265,818). As essentially this is a break even cost differential, the management of Aerofarms has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by David Rosenberg, the CEO of Aerofarms, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $2M over the 20 year period required by the Statute.

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

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

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)

Industrial - Rehabilitation Projects	**$ 20**
Industrial - New Construction Projects	$ 60
Non-Industrial – Rehabilitation Projects	$ 40
Non-Industrial – New Construction Projects	$120

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

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

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

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

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

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	$1,056,000	$19,252,253
New Jobs	35	69
Retained Jobs	50	0

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

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of $5,000 per year for projects located in a designated Urban Transit Hub Municipality	Newark City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		
Deep Poverty Pocket or Choice Neighborhood	An increase of $1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood	212 Rome Street in Newark is located in a Deep Poverty Pocket
Capital Investment in Excess of Minimum (non-Mega)	An increase of $1,000 per job for each additional amount of capital investment that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of $3,000	The proposed capital investment of $19,252,253 is 1,723% above the minimum capital investment resulting in an increase of $3,000 per year.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for Retained Full-Time Jobs. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	The Retained Full-Time Jobs will receive the lesser of: - **½ of the Grant Calculation for New Full-Time Jobs (1/2 * $9,500 = $4,750)** or - The eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($19,252,253 / 10 / (69 + 0) = $27,901) In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts

Grant Calculation

BASE GRANT PER EMPLOYEE:		
Urban Transit HUB Municipality		$5,000
INCREASES PER EMPLOYEE:		
Deep Poverty Pocket:	$1,500	
Capital Investment in Excess of Minimum (non-Mega):	$3,000	
INCREASE PER EMPLOYEE:		$4,500
PER EMPLOYEE LIMIT:		
Urban Transit HUB	$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$9,500
AWARD:		
New Jobs:	69 Jobs X $9,500 X 100% =	$655,500
Retained Jobs:	0 Jobs X $9,500 X 50% =	$ 0,000
	Total:	**$655,500**
ANNUAL LIMITS:		
Urban Transit HUB	$10,000,000	
TOTAL ANNUAL AWARD		**$655,500**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 19,252,253
NEW FULL-TIME JOBS:	69
RETAINED FULL-TIME JOBS:	0
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	$ 11,898,158
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 2,028,966*
TOTAL AMOUNT OF AWARD:	$ 6,555,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 53,572
SIZE OF PROJECT LOCATION:	52,800 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	6

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

* The net benefit model also takes into account a $1,100,000 clean energy grant and the ERG grant in the amount of $2,214,192.

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. The applicant will maintain the 9 current positions it has within the State for the duration of the Grow NJ award. The number of new positions that are subject to this Grow NJ award will only be counted above and beyond the first 9 positions employed by the applicant at the project site.

APPROVAL REQUEST:

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

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

GROW NEW JERSEY ASSISTANCE PROGAM (GROW NJ)

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

APPLICANT: Cooper Health System P40148

PROJECT LOCATION: 1 Federal Street Camden City Camden County

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

APPLICANT BACKGROUND:
The Cooper Health System is a leading provider of health services to Southern New Jersey and had been a vital institution in Camden for 137 years. Cooper provides a comprehensive network of services that include prevention and wellness, primary and specialty physician services, health care, ambulatory and diagnostic treatment services, currently serving more than a million patients a year. Cooper University Health Care has more than 700 physicians in more than 75 specialties and 4,530 full-time employees. Cooper has also expanded its footprint in the city with the construction of a state-of-the-art medical tower, creation of a new medical school and efforts to rehabilitate nearby residential properties. The applicant has demonstrated the financial ability to undertake the project.

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

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

Staff reviewed the project and finds support for management's assertion that the award of tax credits is a material factor in the company's decision to locate in Camden. If Cooper chooses the Camden option, it expects to consolidate back-office operations from several locations in Cherry Hill and Mt. Laurel, NJ into one location in Camden; specifically 123,578 sq. ft. in the L3 building. The main alternative option is to relocate to Philadelphia, PA. This relocation will result in the retention of 353 full-time employees and creation of 19 full-time employees. The company has applied for an award of tax credits under the new Grow New Jersey program to provide an incentive to relocate and expand in New Jersey. It is estimated that the project would have a net benefit to the State of $66.6 million over the 35 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 353 New Jersey jobs listed in the application are at risk of being located outside the State. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the award of the Grow New Jersey tax credits is a material factor in the applicant's decision to make a capital investment and locate in Camden.

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

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

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

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

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

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

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

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

Eligibility	**Minimum Requirement**	**Proposed by Applicant**
Capital Investment	$3,295,413	$9,130,000
New Jobs	19	19
Retained Jobs	27	353

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

Base Grant	**Requirement**	**Proposed by Applicant**
Garden State Growth Zone	Base award of $5,000 per year for projects located in a Garden State Growth Zone	Camden is a Garden State Growth Zone.
Increase(s) Criteria		
Deep Poverty Pocket or Choice Neighborhood	An increase of $1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood	1 Federal Street is located in a Deep Poverty Pocket.
Transit Oriented Development	An increase of $2,000 per job for a project locating in a Transit Oriented Development	1 Federal Street is located in a Transit Oriented Development by virtue of being within 1 mile (GSGZ project) of the midpoint of a New Jersey Transit Corporation light rail

		station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of $250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500	The proposed median salary of $49,305 exceeds the Garden State Growth Zone median salary by 57.99% resulting in an increase of $250 per year.
Large Number of New/Retained Full-Time Jobs	An increase of $500 per job for 251-400 new or retained jobs, $750 per job for 401-600 new or retained jobs, $1,000 for 601-800 new or retained jobs, $1,250 for 801-1,000 new or retained jobs and $1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 372 Full-Time Jobs at the project location resulting in an increase of $500.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Health business.
2007 Revit. Index>465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem	An increase of $1,000 per job for locating in a municipality with a 2007 Revitalization Index greater than 465	Camden City has a 2007 Revitalization Index of 566

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	**The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.**
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	The Retained Full-Time Jobs will receive the lesser of:

	- ½ of the Grant Calculation for New Full-Time or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:		
Garden State Growth Zone		$5,000
INCREASES:		
Deep Poverty Pocket:	$1,500	
Transit Oriented Development:	$2,000	
Jobs with Salary in Excess of County/GSGZ Average:	$ 250	
Large Number of New/Retained F/T Jobs:	$ 500	
Targeted Industry (Health):	$ 500	
2007 Revit. Index>465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem:	$1,000	
INCREASE PER EMPLOYEE:		$5,750
PER EMPLOYEE LIMIT:		
Garden State Growth Zone	$15,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$10,750
AWARD:		
New Jobs:	19 Jobs X $10,750 X 100% =	$ 204,250
Retained Jobs:	353 Jobs X $10,750 X 100% =	$3,794,750
	Total:	**$3,999,000**
ANNUAL LIMITS:		
Garden State Growth Zone and MRERA	$35,000,000	
TOTAL ANNUAL AWARD		**$3,999,000**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 9,130,000
NEW FULL-TIME JOBS:	19
RETAINED FULL-TIME JOBS:	353

GROSS BENEFIT TO THE STATE (OVER 35 YEARS, PRIOR TO AWARD):	$106,582,404
NET BENEFIT TO THE STATE (OVER 35 YEARS, NET OF AWARD):	$ 66,592,404
TOTAL AMOUNT OF AWARD:	$ 39,990,000
TERM:	10 years
MEDIAN WAGES:	$ 49,305
SIZE OF PROJECT LOCATION:	123,578 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	4,646

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

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the award of the Grow New Jersey tax credits is a material factor in the applicant's decision to make a capital investment and locate in Camden; 2) approve the proposed Grow New Jersey grant to encourage Cooper Health System to locate in Camden. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

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

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

APPLICANT: Direct Energy GP, LLC P40027

PROJECT LOCATION: 194 Wood Ave. Woodbridge Township Middlesex County

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

APPLICANT BACKGROUND:

Direct Energy GP, LLC is one of North America's largest competitive energy suppliers of electricity, natural gas and related services. It is supporting the development of tomorrow's energy markets today by delivering choice in a variety of retail electric and natural gas products to home and business owners. It is active in midstream, supply and trading, and downstream delivery (electricity and natural gas). Employing approximately 6,000 employees, Direct Energy strives to be a stable, long-term partner to the millions of customers in both Canada and the United States. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

The applicant submitted an economic analysis demonstrating the cost differential between locating this project in Woodbridge, NJ and Houston, Texas. The company would lease 50,648 sf. of office space in New Jersey or lease 65,592 sf. of office space in Texas relocating 276 employees. While it would be more expensive to relocate its operations in Texas initially, it expects the annual savings to make this project location the less expensive option in the long run.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Direct Energy GP, LLC has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by John Schultz, the CEO of Direct Energy GP, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $97.1M over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 276 New Jersey jobs listed in the application are at risk of being located outside the State on or before April 1, 2015 upon the epiration of its existing lease. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

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

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

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)
Industrial - Rehabilitation Projects	$ 20

Industrial - New Construction Projects	$ 60
Non-Industrial – Rehabilitation Projects	**$ 40**
Non-Industrial – New Construction Projects	$120

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

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

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

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

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

Eligibility	**Minimum Requirement**	**Proposed by Applicant**
Capital Investment	$2,025,920	$5,483,460
New Jobs	25	115
Retained Jobs	35	276

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

Base Grant	**Requirement**	**Proposed by Applicant**
Distressed Municipality	Base award of $4,000 per year for projects located in a designated Distressed Municipality	Woodbridge Township is a designated Distressed Municipality
Increase(s) Criteria		
Jobs with Salary in Excess of County/GSGZ Average	An increase of $250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500	The proposed median salary of $100,092 exceeds the County median salary by 73% resulting in an increase of $500 per year.
Large Number of New/Retained Full-Time Jobs	An increase of $500 per job for 251-400 new or retained jobs, $750 per job for 401-600 new or retained jobs, $1,000	The applicant is proposing to create/retain 391 Full-Time Jobs at the project location resulting in an increase of

	for 601-800 new or retained jobs, $1,250 for 801-1,000 new or retained jobs and $1,500 for more than 1,000 new or retained jobs	$500.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is an Energy business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	The Retained Full-Time Jobs will receive the lesser of: - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $5,500 = $2,750) or - **The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($5,483,460 / 10 / (115 + 276) = $1,402)** In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:
Distressed Municipality $4,000

INCREASES PER EMPLOYEE:

Jobs with Salary in Excess of County/GSGZ Average:	$	500
Large Number of New/Retained F/T Jobs:	$	500
Targeted Industry (Energy):	$	500

INCREASE PER EMPLOYEE: $1,500

PER EMPLOYEE LIMIT:
Distressed Municipality $11,000

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

AWARD:

New Jobs:	115 Jobs X $5,500 X 100% =	$632,500
Retained Jobs:	276 Jobs X $1,402 X 100% =	$386,952
	Total:	**$1,019,452**

ANNUAL LIMITS:
Distressed Municipality $ 8,000,000

TOTAL ANNUAL AWARD **$1,019,452**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 5,483,460
NEW FULL-TIME JOBS:	115
RETAINED FULL-TIME JOBS:	276
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	$ 107,316,997
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 97,122,477
TOTAL AMOUNT OF AWARD	$ 10,194,520
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 100,092
SIZE OF PROJECT LOCATION:	50,648 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	301

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

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before April 1, 2015; 2) approve the proposed Grow New Jersey grant to encourage Direct Energy GP, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: P. Ceppi **APPROVAL OFFICER**: J. Horezga

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

APPLICANT: GGB, LLC P39591

PROJECT LOCATION: 1414 & 1450 Metropolitan Ave West Deptford Gloucester County

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

APPLICANT BACKGROUND:
GGB, LLC, commonly known as GGB Bearing Technology, manufactures self-lubricating and pre-lubricated plain bearings for various industries and applications. The applicant's origins date back to 1877 when Olin Garlock invented a system for sealing piston rods in industrial steam engines in Palmyra, NY. The company's bearings were used on one of NASA's most recent Mars Rover, the Curiosity, enabling it to operate in extreme Martian conditions.

The company operates 10 manufacturing facilities in the U.S., Germany, France, Brazil, Slovakia and China serving over 30,000 customers. Its products are used in tens of thousands of critical applications every day. From space vehicles to golf carts and virtually everything in between, the company offers the industry's most extensive range of high performance, maintenance-free bearing solutions for a multitude of applications. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
The applicant requires approximately 51,200 sf. of manufacturing space to accommodate its future growth. It is considering purchasing an existing facility located in West Deptford, NJ or purchasing industrial space in Philadelphia, PA. The current manufacturing site is leased until February 2017. The NJ location would provide a closer proximity to its sister manufacturing facility and North American Headquarters. However, the Philadelphia location would provide the applicant with a more cost effective option while still operating within the Mid-Atlantic region.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of GGB, LLC has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Stephen MacAdam, the CEO of GGB, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $12M million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 29 New Jersey jobs listed in the application are at risk of being located outside the State on or before January 1, 2015 due to the timing of the project. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

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

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

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

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

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

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

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

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

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	$682,667	$4,060,000
New Jobs	8	36
Retained Jobs	19	29

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

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of $3,000 per year for projects located in a designated Priority Area	West Deptford is a designated Priority Area.
Increase(s) Criteria		
Capital Investment in Excess of Minimum (non-Mega)	An increase of $1,000 per job for each additional amount of capital investment that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of $3,000	The proposed capital investment of $4,060,000 is 494% above the minimum capital investment resulting in an increase of $3,000 per year.
Targeted Industry	An increase of $500 per job	The applicant is a

	for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	Manufacturing business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	The Retained Full-Time Jobs will receive the lesser of: - **½ of the Grant Calculation for New Full-Time Jobs (1/2 * $6,500 = $3,250)** or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($4,060,000 / 10 / (36 + 29) = $6,246) In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:		
Priority Area		$3,000
INCREASES PER EMPLOYEE:		
Capital Investment in Excess of Minimum (non-Mega):	$ 3,000	
Targeted Industry (Manufacturing):	$ 500	
INCREASE PER EMPLOYEE:		$3,500
PER EMPLOYEE LIMIT:		
Priority Area	$10,500	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$6,500
AWARD:		
New Jobs:	36 Jobs X $6,500 X 100% =	$234,000
Retained Jobs:	29 Jobs X $6,500 X 50% =	$ 94,250
	Total:	**$328,250**
ANNUAL LIMITS:		
Priority Area (90% Withholding Limit)	$ 4,000,000/($106,031)	
TOTAL ANNUAL AWARD		**$328,250**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 4,060,000
NEW FULL-TIME JOBS:	36
RETAINED FULL-TIME JOBS:	29
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	$ 15,346,035
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 12,063,535
TOTAL AMOUNT OF AWARD (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	$ 3,282,500
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 62,829
SIZE OF PROJECT LOCATION:	51,200 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	276

PROJECT IS: (X) Expansion (X) Relocation

CONSTRUCTION: (X) Yes ( ) No

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before January 1, 2015; 2) approve the proposed Grow New Jersey grant to encourage GGB, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: P. Ceppi **APPROVAL OFFICER**: J. Horezga

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

APPLICANT: Physician and Tactical Healthcare Services, LLC and SPARHC, LLC P40037

PROJECT LOCATION: 7895 Browning Road Pennsauken Township Camden County

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

APPLICANT BACKGROUND:
Physician and Tactical Healthcare Services, LLC d/b/a PATHS, LLC was formed in 2000 to provide solutions for receivables management in the healthcare industry. The company offers a broad range of services, including billing, medical assistance eligibility and receivable solutions for hospitals, independent and hospital-based multi-specialty practices, nursing homes, behavioral health facilities and a variety of consultative services to assist the needs of its clients. In 2014, PATHS formed a company named SPARHC, LLC to provide comprehensive billing and accounts receivable outsourcing solutions for hospitals converting to new computer systems. PATHS has office locations in Allentown, PA, Newark, DE, Philadelphia, PA, and headquarters operations in Cherry Hill, NJ with a total of 160 full-time employees. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
With the expansion of its business model, PATHS is considering purchasing another facility in Pennsauken, NJ instead of expanding operations in its owned facility in Allentown, PA where existing office space is available. If the NJ site is selected, the company would relocate 40 full-time jobs from Cherry Hill and create an additional 40 full-time jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Physician and Tactical Healthcare Services, LLC and SPARHC, LLC has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Anthony J. Mackiewicz, the Managing Member of Physician and Tactical Healthcare Services, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $8.9 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 40 New Jersey jobs listed in the application are at risk of being located outside the State on or before January 1, 2015, the earliest date the applicant could start the new business model at a new location. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

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

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

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

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

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

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

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

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

Eligibility	**Minimum Requirement**	**Proposed by Applicant**
Capital Investment	$486,400	$973,900
New Jobs	19	40
Retained Jobs	27	40

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

Base Grant	**Requirement**	**Proposed by Applicant**
Distressed Municipality	Base award of $4,000 per year for projects located in a designated Distressed Municipality	Pennsauken Twp. is a designated Distressed Municipality
Increase(s) Criteria		
Deep Poverty Pocket or Choice Neighborhood	An increase of $1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood	7895 Browning Road is located in a Deep Poverty Pocket.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life	The applicant is a Health business.

	Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	
2007 Revit. Index>465 in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, Salem	An increase of $1,000 per job for locating in a municipality with a 2007 Revitalization Index greater than 465	Pennsauken Twp. has a 2007 Revitalization Index of 481.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	The Retained Full-Time Jobs will receive the lesser of: - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $5,500 = $2,750) or - **The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($973,900 / 10 / (40 + 40) = $1,217)** In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:
Distressed Municipality $4,000

INCREASES PER EMPLOYEE:
Deep Poverty Pocket: $1,500
Targeted Industry (Health): $ 500
2007 Revit. Index>465 in Atlantic, Burlington, Camden
Cape May, Cumberland, Gloucester, Ocean, Salem: $1,000

INCREASE PER EMPLOYEE: $3,000

PER EMPLOYEE LIMIT:
Distressed Municipality $11,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $7,000

AWARD:

New Jobs:	40 Jobs X $7,000 X 100% =	$280,000
Retained Jobs:	40 Jobs X $1,217 X 100% =	$ 48,680
	Total:	**$328,680**

ANNUAL LIMITS:
Distressed Municipality $ 8,000,000

TOTAL ANNUAL AWARD **$328,680**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 973,900
NEW FULL-TIME JOBS:	40
RETAINED FULL-TIME JOBS:	40

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	$12,200,489
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 8,913,689
TOTAL AMOUNT OF AWARD	$ 3,286,800
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 28,600
SIZE OF PROJECT LOCATION:	18,240 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	118

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

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before January 1, 2015; 2) approve the proposed Grow New Jersey grant to encourage Physician and Tactical Healthcare Services, LLC and SPARHC, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

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

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

APPLICANT: Radical Cosmetics, LLC P39996

PROJECT LOCATION: 14 Van Dyke Avenue New Brunswick City Middlesex County

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

APPLICANT BACKGROUND:
Radical Cosmetics, LLC was established in 2003 as a contract manufacturer of higher end beauty products. The company manufactures cosmetics for the prestige beauty markets of QVC, Sephora, major department stores and spas, targeting the higher end consumer. Over the past several years, Radical Cosmetics has added numerous products including a full line of skin care and hair products and has also added more services including private labeling and package sourcing. The company currently owns a manufacturing facility in Lake Worth, Florida. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Radical Cosmetics, LLC is evaluating relocating its manufacturing business from Florida to New Jersey to be closer to its customer and supplier bases and is considering leasing 36,000 sq. ft. in New Brunswick, NJ and creating 30 new full-time jobs in NJ. The alternative is to remain at its current location in Florida.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Radical Cosmetics, LLC has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Fenton Baijnath, the CEO of Radical Cosmetics, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $5.8 million over the 20 year period required by the Statute.

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

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

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

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

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

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

All other businesses/industries 35 / 50

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

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

Eligibility	**Minimum Requirement**	**Proposed by Applicant**
Capital Investment	$720,000	$850,000
New Jobs	10	30
Retained Jobs	25	0

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

Base Grant	**Requirement**	**Proposed by Applicant**
Urban Transit Hub Municipality	Base award of $5,000 per year for projects located in a designated Urban Transit Hub Municipality	New Brunswick City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		
Transit Oriented Development	An increase of $2,000 per job for a project locating in a Transit Oriented Development	14 Van Dyke Avenue is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	The Retained Full-Time Jobs will receive the lesser of: - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $7,500 = $3,750) or - **The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($850,000 / 10 / (30 + 0) = $2,833)** In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:		
Urban Transit HUB Municipality		$5,000
INCREASES PER EMPLOYEE:		
Transit Oriented Development:	$2,000	
Targeted Industry (Manufacturing):	$ 500	
INCREASE PER EMPLOYEE:		$2,500
PER EMPLOYEE LIMIT:		
Urban Transit HUB Municipality	$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$7,500
AWARD:		
New Jobs:	30 Jobs X $7,500 X 100% =	$225,000
Retained Jobs:	0 Jobs X $2,833 X 100% =	$0,000
	Total:	**$225,000**
ANNUAL LIMITS:		
Urban Transit HUB Municipality	$10,000,000	
TOTAL ANNUAL AWARD		**$225,000**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 850,000
NEW FULL-TIME JOBS:	30
RETAINED FULL-TIME JOBS:	0

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	$ 8,100,054
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 5,850,054
TOTAL AMOUNT OF AWARD	$ 2,250,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 30,000
SIZE OF PROJECT LOCATION:	36,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	0

PROJECT IS: (X) Expansion (X) Relocation

CONSTRUCTION: (X) Yes ( ) No

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

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

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

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before December 31, 2015; 2) approve the proposed Grow New Jersey grant to encourage Solvay USA Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

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

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

APPLICANT: Solvay USA Inc. P40024

PROJECT LOCATION: 504 Carnegie Center West Windsor Twp. Mercer County

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

APPLICANT BACKGROUND:
Solvay USA Inc., founded in 1863, is part of the international Solvay Group, with headquarters in Brussels, Belgium. The Group employs approximately 29,000 people in 55 countries. Solvay employs approximately 3,700 people at 40 production sites here in North America. It also operates several Research and Innovation Centers in the USA.

Solvay serves diversified markets, and its products and technologies are found in countless industrial processes and consumer items, including automotive parts, tires and fuel systems, consumer electronics, oilfield and refining operations, home and personal care products and food flavorings, leavenings, fragrances and agricultural products. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Solvay is evaluating a relocation of its Cranbury location to either Houston, TX or a new location in West Windsor, NJ. Its main headquarters is currently in Houston and would provide cost reducing synergies if it should relocate there. The NJ location provides better access to international travel and proximity to its largest research and development facility in Bristol, PA. The company would lease 100,000 sf. of office space at either location.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Solvay USA, Inc. has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Michael Lacey, the CEO of Solvay USA, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $122.8M million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 359 New Jersey jobs listed in the application are at risk of being located outside the State on or before December 31, 2015 when its current lease ends. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

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

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

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

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

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

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

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

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

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	$4,000,000	$10,283,547
New Jobs	10	35
Retained Jobs	25	359

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

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of $3,000 per year for projects located in a designated Priority Area	West Windsor Twp. is a designated Priority Area
Increase(s) Criteria		
Jobs with Salary in Excess of County/GSGZ Average	An increase of $250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500	The proposed median salary of $106,000 exceeds the County median salary by 88% resulting in an increase of $500 per year.
Large Number of New/Retained Full-Time Jobs	An increase of $500 per job for 251-400 new or retained jobs, $750 per job for 401-600	The applicant is proposing to create/retain 394 Full-Time Jobs at the project location

	new or retained jobs, $1,000 for 601-800 new or retained jobs, $1,250 for 801-1,000 new or retained jobs and $1,500 for more than 1,000 new or retained jobs	resulting in an increase of $500.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	The Retained Full-Time Jobs will receive the lesser of: - **½ of the Grant Calculation for New Full-Time Jobs (1/2 * $4,500 = $2,250) or** - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($10,283,547 / 10 / (35 + 359) = $2,610) In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:

Priority Area		$3,000

INCREASES PER EMPLOYEE:

Jobs with Salary in Excess of County/GSGZ Average:	$ 500	
Large Number of New/Retained F/T Jobs:	$ 500	
Targeted Industry (Manufacturing):	$ 500	
INCREASE PER EMPLOYEE:		$1,500

PER EMPLOYEE LIMIT:

Priority Area	$10,500	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$4,500

AWARD:

New Jobs:	35 Jobs X $4,500 X 100% =	$157,500
Retained Jobs:	359 Jobs X $4,500 X 50% =	$807,750
	Total:	**$965,250**

ANNUAL LIMITS:

Priority Area (Est. 90% Withholding Limit) $ 4,000,000/($1,509,886)

TOTAL ANNUAL AWARD **$965,250**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 10,283,547
NEW FULL-TIME JOBS:	35
RETAINED FULL-TIME JOBS:	359
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	$ 132,505,520
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 122,853,020
TOTAL AMOUNT OF AWARD (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	$ 9,652,500
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 106,000
SIZE OF PROJECT LOCATION:	100,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	359

PROJECT IS: (X) Expansion (X) Relocation

CONSTRUCTION: (X) Yes ( ) No

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before December 31, 2015; 2) approve the proposed Grow New Jersey grant to encourage Solvay USA Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

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

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

APPLICANT: Subaru of America, Inc. P40170

PROJECT LOCATION: B1459-L9, 14, 15, 16, 17 (Block with building)
B1463-L1 (Parking Lot) Camden City Camden County

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

APPLICANT BACKGROUND:
Subaru of America, Inc. ("SOA" or "Subaru"), founded in 1968, is the wholly-owned U.S. subsidiary of Fuji Heavy Industries, Ltd. and is responsible for all marketing, sales, distribution and servicing of the Subaru brand in the U.S. The company sells some of the most popular cars in the U.S. and has grown rapidly in the past three decades. To support its U.S. efforts, the company has 15 regional and zone offices across the country and five distribution centers. SOA's corporate headquarters is currently split between three locations, two in Cherry Hill and one in Pennsauken, NJ, where it houses a combined 500 full-time employees and 100 contract employees.

SOA is seeking a new corporate headquarters to relocate the existing 500 full-time employees from plus create an additional 100 new jobs. To accommodate its headquarters consolidation and its projected growth, Subaru has determined that it will require approximately 220,000 to 250,000 sq. ft. The company focused its search in the Philadelphia and South Jersey areas to accomplish this goal.

In addition, if SOA were to locate in Camden, it would pursue a plan to create a state-of-the-art campus that would include Subaru's Service Engineering Center ("SEC"). The new 70,755 sq. ft. SEC would house SOA technical training activities and some of SOA's planning and parts engineering, and would operate as the service center for most of the SOA owned company cars. The applicant has demonstrated the financial ability to undertake the project.

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

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

Staff reviewed the project and finds support for management's assertion that the award of tax credits is a material factor in the company's decision to locate in Camden. If Subaru chooses the Camden option, the company would establish a new corporate headquarters as well as a service/training center in Camden. SOA is evaluating a number of alternative location scenarios including relocating the headquarters to Philadelphia, PA.

This project represents a significant positive step forward for Camden's redevelopment efforts, bringing a corporate headquarters for a major global company, as well as its training and engineering center to the city. It is estimated that the project would have a net benefit to the State of $168 million over the 35 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 500 New Jersey jobs listed in the application are at risk of being relocated to Pennsylvania. This certification has allowed staff to make a finding that the award of the Grow New Jersey tax credits is a material factor in the applicant's decision to make a capital investment and locate in Camden.

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

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

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

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

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

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

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

As a Non-Industrial – New Construction Project for all other businesses/industries in Camden County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	**Minimum Requirement**	**Proposed by Applicant**
Capital Investment	$25,660,400	$117,832,868
New Jobs	19	100
Retained Jobs	27	500

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation. Projects located in Camden are eligible to receive per employee as a tax credit the total amount of capital investment for the project divided by the number of employees, subject to the following limits, provided that the project represents a net positive benefit to the State:

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

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

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $ 117,832,868
NEW FULL-TIME JOBS: 100
RETAINED FULL-TIME JOBS: 500

GROSS BENEFIT TO THE STATE (OVER 35 YEARS, PRIOR TO AWARD): $285,775,281
NET BENEFIT TO THE STATE (OVER 35 YEARS, NET OF AWARD): $167,942,413
TOTAL AMOUNT OF AWARD: $117,832,868
TERM: 10 years
MEDIAN WAGES: $ 87,500
SIZE OF PROJECT LOCATION: 320,755 sq. ft.
STATEWIDE BASE EMPLOYMENT: 532
PROJECT IS: ( ) Expansion (X) Relocation
CONSTRUCTION: (X) Yes ( ) No

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.

5. Within twelve months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:
The Members of the Authority are asked to: 1) concur with the finding by staff that the award of the Grow New Jersey tax credits is a material factor in the applicant's decision to make a capital investment and locate in Camden; 2) approve the proposed Grow New Jersey grant to encourage Subaru of America, Inc. to locate in Camden. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

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

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

APPLICANT: York Risk Services Group, Inc. P40141

PROJECT LOCATION: 379 Interpace Hwy Parsippany Morris County

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

APPLICANT BACKGROUND:

York Risk Services Group, Inc. is a premier provider of insurance, risk management, alternative risk, pool administration and claims management solutions to clients across hundreds of industries. It is ranked nationally as the number 3 third-party administrator based on annual revenue. The company offers claims management, a comprehensive suite of integrated managed care services and risk management services. In late 2013, York Risk Service Group acquired Ohio-based CareWorks Family of Companies. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

York Risk Services Group has submitted an economic analysis comparing leasing 37,615 sf. of office space in Parsippany, NJ to leasing 33,687 sf. of office space in Dublin, OH. If the Ohio option is pursued, it would move its headquarters from Parsippany to office space that is closer to the headquarters of its newly acquired subsidiary, CareWorks Family of Companies. The company notes that it currently has significant operations in OH that are in addition to its recently acquired subsidiary.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of York Risk Services Group, Inc. has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Richard Taketa, the CEO of York Risk Services Group, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $41.1M million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 123 New Jersey jobs listed in the application are at risk of being located outside the State on or before April 1, 2015 coinciding with the proposed lease start date for Ohio. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

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

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

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)

Industrial - Rehabilitation Projects	$ 20
Industrial - New Construction Projects	$ 60
Non-Industrial – Rehabilitation Projects	**$ 40**
Non-Industrial – New Construction Projects	$120

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

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

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

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

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

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	$1,504,600	$2,204,600
New Jobs	25	44
Retained Jobs	35	123

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

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of $3,000 per year for projects located in a designated Priority Area	Parsippany is a designated Priority Area
Increase(s) Criteria		
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Finance business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	The Retained Full-Time Jobs will receive the lesser of: - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $3,500 = $1,750) or - **The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($2,204,600 / 10 / (44 + 123) = $1,320)** In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:
Priority Area $3,000

INCREASES PER EMPLOYEE:
Targeted Industry (Finance): $ 500

INCREASE PER EMPLOYEE: $ 500

PER EMPLOYEE LIMIT:
Priority Area $10,500

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $3,500

AWARD:

New Jobs:	44 Jobs X $3,500 X 100% =	$154,000
Retained Jobs:	123 Jobs X $1,320 X 100% =	$162,360
	Total:	**$316,360**

ANNUAL LIMITS:
Priority Area (Est. 90% Withholding Limit) $ 4,000,000/($435,701)

TOTAL ANNUAL AWARD **$316,360**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 2,204,600
NEW FULL-TIME JOBS:	44
RETAINED FULL-TIME JOBS:	123
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	$ 44,276,958
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 41,113,358
TOTAL AMOUNT OF AWARD (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	$ 3,163,600
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 58,250
SIZE OF PROJECT LOCATION:	37,615 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	219

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

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before April 1, 2015; 2) approve the proposed Grow New Jersey grant to encourage York Risk Services Group, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: D. Ubinger **APPROVAL OFFICER**: J. Horezga

GROW NEW JERSEY ASSISTANCE PROGRAM - MODIFICATIONS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: December 9, 2014

SUBJECT: Grow New Jersey modification request for Pollaro Custom Furniture, Inc.
P39849

MODIFICATION REQUEST

The Board approved Pollaro Custom Furniture, Inc. for a $2,600,000 Grow New Jersey Grant Award on October 14, 2014. Since then, the company did additional due diligence on the project site and determined that the amount of environmental work anticipated to be completed was more than twice as much as originally anticipated (over $2,000,000). As such, Pollaro sought another project site and located an acceptable facility that is also in Hillside. The Board is requested to modify the project site under the previously approved award to the newly identified location at 480 Mundet Place in Hillside.

BACKGROUND:

Founded in 1988 and currently based in Union, New Jersey, Pollaro Custom Furniture, Inc. is a creator of museum quality custom furniture for diverse applications, including interiors for luxury homes, distinctive yachts, corporate suites, boutique hotels and upscale retailers. Frank Pollaro and his team, composed of master craftsmen and cabinetmakers, primarily supply architects, interior designers and residential clients with all forms and styles of hand-made furniture, cabinetry or architectural woodwork. Pollaro's handcrafted chairs, dining tables and richly paneled libraries have been placed in worldwide destinations, mainly in the Middle East, Europe and the Far East. With 25 employees, Pollaro Custom Furniture, Inc. is occupying 15,600 sf of space (including 600 sf of storage space) in Union, New Jersey. The company needs a single, larger space and is considering relocation to an owned facility. The applicant has demonstrated the financial ability to undertake the project.

MODIFICATION:

Pollaro Custom Furniture, Inc. was approved for a $2,600,000 Grow New Jersey Grant Award on October 14, 2014. Upon discovering the environmental remediation work on the original approved site was more than double the amount anticipated, the applicant sought and found another suitable facility. The new facility is also in Hillside and is located at 480 Mundet Place, Hillside, NJ.

The site previously approved consisted of 87,515 sq. ft. in an existing building at 1239 Central Avenue in Hillside, NJ. The company planned to house its entire operations at that building. To do so, the company proposed making a capital investment of $3,485,000 to acquire and renovate the facility for industrial use while creating 20 full-time jobs and retaining 25 full-time jobs. The alternative was to purchase a 57,970 sq. ft. facility in Hickory, North Carolina. The location analysis at the time of approval showed New Jersey to be the more expensive option. Moreover, at the October 14 meeting, the Board made a factual finding that the 25 New Jersey jobs listed in the application were at risk of being located outside the State on or before April 1, 2016.

The applicant still plans to house its entire operations at the new building and still proposes to create 20 full-time jobs and retain 25 full-time jobs. The new building's size, 54,000 sq. ft., is a reduction in size versus the previously identified building. The applicant's proposed capital investment is now $3,720,000 which is a slight increase versus the original capital investment of $3,485,000.

MATERIAL FACTOR/NET BENEFIT:

As described in the October Board memorandum, Pollaro Custom Furniture, Inc. is considering Hillside, New Jersey or Hickory, North Carolina to relocate and expand its operations. The company's relocation/expansion plans will result in the creation of 20 new positions and the retention of 25 existing jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Pollaro Custom Furniture, Inc. has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Frank V. Pollaro, the CEO of Pollaro Custom Furniture, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $31 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

Staff has reviewed the changes described above and notes that none of the new facts affect staff's prior recommendation of or the Board's factual finding that the 25 New Jersey jobs listed in the application are at risk of being located outside the State on or before April 1, 2016.

ELIGIBILITY AND GRANT CALCULATION:

The only change to the eligibility requirements is the increased capital investment. The number of retained jobs, at 25, remains the same.

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

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

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

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

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

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

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

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

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	$1,080,000	$3,700,000
New Jobs	10	20
Retained Jobs	25	25

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation. The project at the new site remains eligible for the Base Award and Increases previously approved (other than the bonus for substantial environmental remediation), and for which the CEO certified that but for the $2,600,000 Grow New Jersey award, the creation and/or retention of jobs would not occur:

Base Grant	Requirement	Proposed by Applicant
Distressed Municipality	Base award of $4,000 per year for projects located in a	Hillside Township is a designated Distressed

	designated Distressed Municipality	Municipality
Increase(s) Criteria		
Capital Investment in Excess of Minimum (non-Mega)	An increase of $1,000 per job for each additional amount of capital investment that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of $3,000	The proposed capital investment of $3,700,000 is 242.6% above the minimum capital investment resulting in an increase of $3,000 per year.
Jobs with Salary in Excess of County/GSGZ Average	An increase of $250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500	The proposed median salary of $80,000 exceeds the County median salary by 62% resulting in an increase of $250 per year.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.

Grant Calculation

BASE GRANT PER EMPLOYEE:
Distressed Municipality $4,000

INCREASES PER EMPLOYEE:
Capital Investment in Excess of Minimum (non-Mega): $3,000
Jobs with Salary in Excess of County/GSGZ Average: $ 250
Targeted Industry (Manufacturing): $ 500

INCREASE PER EMPLOYEE: $3,750

PER EMPLOYEE LIMIT:
Distressed Municipality $11,000

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

AWARD:

New Jobs:	20 Jobs X $7,750 X 100% =	$155,000
Retained Jobs:	25 Jobs X $7,750 X 50% =	$ 96,875
	Total:	**$251,875**

ANNUAL LIMITS:
Distressed Municipality $8,000,000

TOTAL ANNUAL AWARD **$251,875**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 3,485,000
NEW FULL-TIME JOBS:	20
RETAINED FULL-TIME JOBS:	25
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	$ 33,553,951
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 31,035,201
TOTAL AMOUNT OF AWARD	$ 2,518,750
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 80,000
SIZE OF PROJECT LOCATION:	54,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	25

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

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.

2. Applicant will make an eligible capital investment of no less than the Statutory minimum after initial board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve months following initial approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

RECOMMENDATION:

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

Prepared by: J. Rosenfeld

BOARD MEMORANDUMS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: December 9, 2014

SUBJECT: Incentives Delegations – Brownfields Reimbursement Program

Request:

Expand delegations to staff under the Brownfields Reimbursement Program to assign and transfer existing grant agreements.

It is expressly understood all other terms and conditions approved under the original Brownsfield Reimbursement agreements will remain unchanged, and that all applicants requesting these approvals will be subject to a cap on their grants (not to exceed 75% of the original fair estimates of costs) and be required to complete the remediation within the timelines established by the NJ Department of Environmental Protection's ("NJDEP") Site Remediation Reform Act ("SRRA").

Approval of these delegations will provide efficiency for our customers while ensuring that appropriate oversight and signing authority for these projects.

Background:

Beginning in July 2003, the members' approval has been sought to delegate signing authority to staff on a certain financing and incentive transactions to create efficiencies for our customers and to provide fluidity to our business.

Since 2013, the delegations have been reviewed semi annually to insure that delegations approved by the members continue to align with business objectives. It is during those review periods that the members are asked to consider refinements/changes and/or new delegations to support the ongoing needs of our customers.

Expand Existing Delegations:

Delegate authority to staff [Level 3: SVP or Managing Director] to approve the transfer and assignment of existing Brownfields grant agreements in exchange for capping the amount of the grant and imposing time limits to complete the remediation consistent with the guidelines adopted under the NJDEP's LSRP program.

In 2012, SRRA set forth sweeping changes to the way in which sites are remediated in New Jersey. SRRA established the affirmative obligation for responsible parties to remediate contaminated sites in a timely manner and created a category of remediation professionals known as Licensed Site Remediation professionals (LSRP). NJDEP established mandatory remediation timeframes for the completion of key phases of site remediation. Violations of these timeframes would result in fines, administrative orders, and judicial orders.

Projects that are subject to enforcement actions to compel remediating parties to complete the remediation including fines, administrative order, and judicial orders shall not be eligible to receive a reimbursement until NJDEP has indicated that the project is in compliance.

Recommendation:

Consent to expand existing delegations for the Brownfields Reimbursement Program to provide efficiency for our customers while ensuring that appropriate oversight and signing authority under these delegations protects our management of these accounts.

These actions will continue to be reported to the Members quarterly.

Prepared by: Lisa Petrizzi & Lisa Coane

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Board

FROM: Timothy Lizura, President and Chief Operating Officer

DATE: December 9, 2014

SUBJECTS: New Markets Tax Credit ("NMTC") $29,500,000 Loan Pool 2 ("Loan Pool 2")
NJUSB Investment Fund II, LLC ("Fund") $20,296,000 NJEDA Loan (P17043)

Request:
Consent to the actions below to wind-up Loan Pool 2:

- Transfer all Loan Pool 2 assets ("NMTC Loans") from NJCDE-3 to NJEDA in satisfaction of the $20,296,000 NJEDA loan made to the Fund;

- Authorize a one-time payment of $253,000 (1% of outstanding loan balances) to NJEDA to compensate for continued servicing of the NMTC Loans and potential credit losses;

In addition, the Members are requested to authorize NJEDA's CEO and President and COO, or designee, to execute documents and agreements needed to finalize the wind-up of Loan Pool 2, including but not limited to the transfer of the NMTC Loans, any loan servicing agreement, and the dissolution of NJCDE-3 and the Fund.

Background:
In 2004, the U.S. government awarded a $125 million New Markets Tax Credit allocation to NJCDE, an affiliate of the NJ Economic Development Authority, to promote economic development in low-income communities throughout New Jersey. NMTCs may be used as a credit against federal income taxes over 7 years in exchange for making qualifying capital investments in low income areas.

On July 10, 2007, the Members approved a sub-allocation of $29,500,000 in NMTCs to create a loan pool for commercial projects administered by NJEDA ("Loan Pool 2"). Under the NMTC structure, U.S. Bancorp Community Development Corporation ("USBCDC") provided an equity investment of $9,204,000 in return for the NMTCs, and NJEDA loaned $20,296,000 to NJUSB Investment Fund II, LLC (the "Fund"). In turn the Fund advanced loan and tax credit equity proceeds to NJCDE-3, a special purpose entity, to create a $29.5 million loan pool. At the time, the individual loan projects were not known, and NJEDA, as managing member of NJCDE-3, was required to provide a guarantee to USBCDC in the event of recapture of tax credits (plus interest and penalties) triggered by certain specific events during the 7 year NMTC compliance period. The liability under this recapture guarantee was limited to $19 million.

From September 2007 through September 2008, NJCDE-3 funded four projects with loans totaling $29,500,000 (NMTC Loans). The payment terms on these loans were interest only for at least 7 years to meet NMTC community investment requirements with balloon payments due at maturity. It was anticipated that all borrowers would refinance their transactions through conventional debt when due.

The table below summarizes the NMTC Loans:

Borrower	Project	Amount	Maturity	Status
Journal Square Properties, LLC , Jersey City,	Renovate Office Building	$4,200,000	10/1/2014	Paid-in-full*
Southview, LLC, Paterson	New sub-acute nursing facility	$4,277,500	9/1/2015	Current
Danic Two, LLC, (Atalanta foods) Elizabeth	Expanded Warehouse	$5,500,000	9/1/2015	Current
MEPT Journal Square Urban Renewal, Jersey City	New mixed use/commercial project	$15,522,500	10/1/2018	Current
	Total	$29,500,000		

*prepaid within the timeframe permitted in NMTCs regulations. Cash is held in reserve for payment of the NJEDA loan.

Update:

The seven year NMTC compliance period ended on September 27, 2014, and USBCDC exercised its right under the transaction documents to exit the NMTC structure. As a result, USBCDC no longer has any ownership interest in the Fund and its involvement in Loan Pool 2 has terminated. NJCDE-3 is now wholly owned by the Fund, which in turn is wholly owned by NJCDE.

In order to repay EDA's $20,296,000 loan made to the Fund, NJCDE-3 will assign all assets to NJEDA in satisfaction of the original. NJEDA will then be responsible for the servicing of the assigned loans. Given current commercial property values and commercial lending standards that limit borrowers' ability to refinance project debt, staff anticipates the need to extend and/or restructure these loans as they come due.

In conjunction with this loan assignment and servicing transfer, NJCDE-3 will pay a fee to NJEDA of $253,000 to compensate NJEDA for ongoing servicing that was not anticipated at the time the NMTC Loans were originally approved, as well as the potential for credit losses and collection expenses. The one-time fee is based on 1% of the loan balances to be serviced, which is comparable to the annual service charges by Colson, servicer of U.S. Small Business

Administration loans.

Once these transactions are completed, the Fund and NJCDE-3 will be dissolved, as there is no longer a purpose for these entities.

Recommendation:
Consent to the wind-up of Loan Pool 2 following the conclusion of the NMTC program's compliance period in September 2014, which includes agreement to the following:

- Assignment by NJCDE-3 of all assets to NJEDA in satisfaction of the $20,296,000 loan made to the Fund.

- Payment of a one-time loan fee of $253,000 to NJEDA for unanticipated ongoing servicing of the NMTC Loans and potential credit losses;

- Authorize NJEDA CEO and President and COO, or designee, to execute any and all documents and agreements needed to finalize the wind-up of NMTC Loan Pool 2.

Prepared by: D. Weick

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Board

FROM: Timothy Lizura, President and Chief Operating Officer

DATE: December 9, 2014

SUBJECT: New Markets Tax Credit ("NMTC") Loan Restructures

Request:
This memorandum is to request the Member's concurrence to the restructure guidelines for maturing NMTC loans discussed below.

Background:
In 2004, the U.S. government awarded a $125 million New Markets Tax Credit allocation to New Jersey Community Development Entity (NJCDE), an affiliate of NJEDA, to promote economic development in low-income communities throughout New Jersey. NMTCs may be used as a credit against federal income taxes over 7 years in return for qualifying capital investments in low income areas.

In 2005, the Members and NJCDE approved a sub-allocation of $42 million in NMTCs to create a loan pool for commercial projects administered by NJEDA ("Loan Pool 1"). In return for NMTCs, U.S. Bancorp Community Development Corporation (USBCDC) provided an equity investment of $11 million to a limited purpose entity managed by NJEDA which was supplemented by a NJEDA loan of $31 million due January 1, 2013.

In 2007, the Members and NJCDE approved another sub-allocation of $29,500,000 to create a second loan pool ("Loan Pool 2"). USBCDC provided an equity investment $9,204,000 to another limited purpose entity in exchange for the tax credits which was supplemented by a NJEDA loan of $20,296,000 due October 1, 2014.

Eight projects were funded under Loan Pools 1 and 2 for a total $71,500,000. Pursuant to NMTC regulations, the payment terms on these loans were interest only at 3% for at least the initial 7 years with balloon payments due at maturity. Originally, it was anticipated that all borrowers would refinance their transactions through conventional debt.

The following table summarizes the current status of the NMTC loan portfolio (ordered by maturity date):

Borrower	Project	Amount	Maturity	Loan Pool #
Steel Fab Realty, LLC, (Steel manufacturer), Edison	Equipment	$10,000,000 *	1/1/2014	1
Journal Square Properties, LLC , Jersey City,	Renovate Office Building	$4,200,000 *	10/1/2014	2
Goodmill, LLC, Millville	New Shopping Center,	$22,500,000	9/1/2015	1
Southview, LLC, Paterson	New sub-acute nursing facility	$4,277,500	9/1/2015	2
Danic Two, LLC, (Atalanta foods) Elizabeth	Expanded Warehouse	$5,500,000	9/1/2015	2
AC Beach, Atlantic City	New Hotel	$4,200,000	4/1/2016	1
Matrix East Front Street, Trenton	New Office Building	$5,300,000	7/1/2016	1
MEPT Journal Square Urban Renewal, Jersey City	New mixed use/commercial project	$15,522,500	10/1/2018	2
	Total	$71,500,000		

*Paid-in-full

In 2013, the Members and NJCDE approved the assignment of the $42,000,000 pool loans as satisfaction of the $31,000,000 NJEDA note due on January 1, 2013. The Members and NJCDE will be asked to approve a similar assignment of the assets of Loan Pool 2 ($29,500,000 in loans and cash) in satisfaction of the $20,296,000 NJEDA loan due October 1, 2014. As a result of the assignment, NJEDA is the direct lender to these projects and responsible for servicing the acquired loans.

Three of the existing borrowers have requested EDA to extend/restructure these loans as they come due. Staff also anticipates that other borrowers will make similar requests as their loans become due. Given a reduction in commercial property values and stricter commercial lending standards, the borrowers' ability to refinance project debt is limited.

Restructure Guidelines:

With a view to providing equitable treatment for the borrowers and managing EDA's credit exposure while preserving a portion of the EDA's annual interest income needed to support operations, staff has developed the following recommendation for restructuring NMTC loans. These are intended to be guidelines used in evaluating Borrower requests and negotiating the restructure and extension of the loans that are unable to repay at maturity. **As the credit exposure for each NMTC loans is significant to EDA, each restructure modification will be brought to the Members for their consideration and approval by the Board**.

Borrowers will be encouraged to work with a new or existing senior lender to refinance maturing NMTC and senior loans. If the borrower is not able to refinance the full amount owed, EDA will work with the Borrower to restructure the balance of the NMTC loan. Staff will also evaluate the

guarantor's liquidity and other assets reasonably available to repay the NMTC loan.

Eligibility:
Borrower has made 2 years of scheduled payments and the Borrower and senior lender has requested EDA to extend its loan.

Amount:
Staff will seek to reduce EDA's aggregate exposure while promoting the continued operation and financial stability the project. The targeted loan amount will be $3 million which is the maximum amount under the EDA Urban Plus loan program. However, initial repayment, if any, will be based on the amount of senior debt each project can obtain to refinance the NMTC loan, with subsequent principal payments as available.

Collateral:
Updated appraisals will be required at the borrower's expense. As market values have declined, and EDA is in subordinate collateral position, additional collateral will be sought to mitigate collateral risk if LTV is greater than 100%.

Terms:

1) Maturity extensions may be up to the term of the senior lender's loan, subject to 20 year maximum; NJEDA will also seek 5 year call options.
2) Amortization will be based on the project's cash flow (target DSCR of 1.2x or lower if acceptable to the senior lender); Interest only will be provided as needed.
3) Interest rate will be fixed for 5 years, and reset each 5th year anniversary, as follows:
    a. Initially, the lower of 5% (current NMTC default rate) or the interest rate on the senior lender's loan minus ½ of 1% (not less than 3%).
    b. The interest rate will increase by an additional 1% for each subsequent 5 year period.

Loan Fees: 1/4 of 1% of loan balance, payable at closing (ex. $7,500 on a $3,000,000 loan)

Restructuring NMTC loans will require the same credit underwriting and due diligence as new loan approvals, including financial analysis, collateral evaluation, property searches, and a fee is needed to compensate EDA for these costs. Under NJEDA Direct Loan program, borrowers pay commitment and closing fees totaling 1.75% of the loan amount. However, Borrowers who are unable to refinance their maturing NMTC loans are facing financial difficulties, and requiring them to pay the same fees structure on these large balance loans, could be a hardship. As a result, the lower loan fee is recommended as a concession to these borrowers.

Recommendation:
Concurrence with guidelines for management of maturing NMTC loans discussed above.

Prepared by: D. Weick

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: December 9, 2014

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

Request:
Consent to the following actions:

1. Advance a second round of funding for all retail fuel stations statewide and lower the minimum eligibility of gasoline capacity to18,000 gallons; and
2. Approve the attached form of the Sub-Grant Agreement between the New Jersey Office of Emergency Management ("NJOEM") and EDA for the allocation of funding for payment of administrative costs incurred by EDA (pre-application/pre-FEMA approval).

Background:
In December, 2013, the members approved the RFS program to assist owners/operators of retail fuel stations with enhancing operational resiliency during extensive power outages like those that occurred in the aftermath of Superstorm Sandy.

RFS was initially capitalized with approximately $7 million in Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program (HGMP) funding provided through NJOEM, the Grantee with EDA as sub-grantee, as administering the program. Funding under this program must be deployed by August, 2016.

Under the program guidelines, eligible fuel stations were required to sell both diesel and regular gasoline, except in very limited instances where a station did not sell diesel but was the only available retail fuel outlet within a quarter mile of an identified evacuation route. The original eligibility requirements were 30,000 - 35,000 gallons of gasoline capacity for quick connect grants of up to $15,000 and over 35,000 gallons of gasoline capacity for a permanent generator grants of up to $65,000.

To date, 62 applications for a total of $3.03 million have been approved by FEMA. The approved applicants are currently working on the installation of the permanent generator or quick connect at the respective project sites. An additional 86 applications for $1.59 million are

pending EDA review. Collectively, these approvals are anticipated to total $4.62 million which leaves approximately $2.38 million for a second funding round.

Changes to Program Guidelines:
In order to utilize the remaining FEMA HGMP Program funding, staff is proposing to open a second round of funding to all retail stations statewide with gasoline fuel storage capacity between 18,000 gallons and 35,000 gallons for quick connect grants up to $15,000 and to all stations with capacity of greater than 35,000 gallons for permanent generator grants up to $65,000.

Applications will be reviewed/approved on a first come/first serve basis and the application period will close on March 31, 2015, to provide ample time for applicants to apply, be approved and funded by the August 2016 deadline. Priority will be provided to stations located at or near a bridge or a tunnel and those stations that fuel county emergency vehicles.

The Program Guidelines will be amended to reflect the changes requested herein.

Funding Costs for Administrative Expenses:
In August, 2014, the members approved a sub-grant agreement between NJOEM and EDA which approved payment for EDA staff for project management servicing, including application approvals, project oversight, reporting, site inspections, etc.

NJOEM is now requesting that the EDA enter into a second state sub-grant agreement to authorize the payment of EDA servicing for advance assistance to applicants for pre-application/pre-FEMA approval services including program development, application development, public outreach, technical assistance, etc.

NJOEM is making a grant of up to $1 million to the NJEDA for advanced assistance services, although at this time EDA anticipates it will only incur $400,000. The terms of the payment for services are outlined in the State-Local Grant Agreement (attached for the members review).

Recommendation:
The Members are asked to consent to the following:

1) Advance a second round of funding for all retail fuel stations statewide with a minimum gasoline capacity of 18,000 gallons; and
2) Execute a second Sub-Grant agreement between NJOEM and EDA to compensate EDA for advance assistance servicing of this program.

Staff will provide a quarterly report to the board for informational purposes identifying the approvals as well as providing copies of the executed documents.

Prepared by: Lisa Petrizzi and Lisa Coane

STATE-LOCAL GRANT AGREEMENT
HAZARD MITIGATION GRANT PROGRAM (CDFA#97.039)
ADVANCE ASSISTANCE
FEMA-DR-4086-NJ-005-R

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

This agreement will be effect for the period beginning **August 25, 2014** and ending **August 25, 2015.**

1. Pursuant to the provisions of section 1104 of the Sandy Recovery and Improvement Act of 2013 Advance Assistance funding is made available in advance of incurring eligible costs to support the development of the Energy Allocation Initiative and Retail Fuel Station Initiative under the Hazard Mitigation Grant Program (HMGP) pursuant to the provisions of Section 404 of The Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended ("The Stafford Act").;

2. **The New Jersey Office of Emergency Management** has been designated as the Grantee to receive, administer, and disburse FEMA funds for Advance Assistance.

3. **The New Jersey Economic Development Authority** is the Sub-grantee and has agreed to utilize the Advance Assistance funds in accordance with the application submitted by the New Jersey Office of Emergency Management, which is incorporated herein by reference, setting forth a list of activities (here referred to as "the Project"). The Sub-grantee agrees that the sub-grant award will be utilized to hire staff to assist the Sub-grantee with program analysis and application development.

4. The Sub-grantee has the legal authority to accept Advanced Assistance funds and shall provide all necessary financial and managerial resources to meet the terms and conditions of receiving federal and state funds. The financial management system must comply with 44 Code of Federal Regulations (CFR) Part 13 and OMB Circular A-87. The Sub-Grantee shall adhere to 44 CFR Part 14 - Administration of Grants: Audits of State and Local Governments.

6. The Sub-grantee shall use the funds solely for the approved scope of work in the Project. Only those costs, which are allowable as defined in 44 CFR Part 13, Part 206 and OMB Circular A-87, will be paid:

   a. This Grant Agreement in the amount of **$1,000,000.00** ("Funds") will serve as the contract between the Grantee and the Sub-grantee for the purpose of the approved Project. This grant amount represents the total Federal share of the cost of the activities. The non-federal share required for HMGP will be captured through a global match.

   b. No costs claimed under Advance Assistance shall be duplicated in subsequent HMGP project applications or in the Statement Management Cost budget.

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

7. The Sub-grantee shall comply with all applicable state and local ordinances, laws, regulations, building codes and standards applicable to this Project.

8. The Sub-grantee has read, understands, and shall comply with the State of New Jersey Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, 44 CFR Part 14 - Administration of Grants: Audits of State and Local Governments, and OMB Circular A-133.

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

a.

January – March	Due April 15
April – June	Due July 15
July – September	Due October 15
October – December	Due January 15

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

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

10. PROJECT DESCRIPTION

The Sub-grantee shall hire staff to assist with the Retail Fuel Station Initiative in accordance with the Sub-grantee's contracting policies and procedures. Project description includes: program development, FEMA application development, public outreach, customer application development, customer application launch, customer application reviews, training, technical assistance, memorandum of understanding development and execution, program oversight, etc.

11. PERIOD OF PERFORMANCE EXTENSION

Should the Sub-grantee require a period of performance extension, a request must be submitted to NJOEM at least 60 days prior to August 25, 2015. This request must include a justification for the extension, including: a summary of all work completed and remaining; a statement demonstrating that all work can be completed within the extension period; a revised budget form (if applicable); copies of contracts between the Sub-grantee and third parties for work to be performed; copies of the contract of sale; and any other material supporting the extension.

--- Signatures follow on next page ---

HAZARD MITIGIATION GRANT PROGRAM (CFDA#97.039)
GRANT AGREEMENT

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

SUB-GRANTEE – NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

_____ _____
Date

_____ _____
Date

_____ _____
Date

GRANTEE

_____ _____
SFC Michael Gallagher Date
State Hazard Mitigation Officer
Office of Emergency Management

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Board

FROM: Timothy Lizura, President and Chief Operating Officer

DATE: December 9, 2014

SUBJECTS: Vineland Community Health and Education Center, LLC ("VCHEC")
$3,500,000 New Markets Tax Credit Allocation (P17484 and P19820)

Request:
Consent to the following actions needed to wind-up the NJCDE-2's sub-allocation of New Markets Tax Credits ("NMTC") to VCHEC:

- Central PA Financial Corp. and Albert Boscov ("Investors"), will exercise their put agreements to purchase their respective membership interests in Vineland New Markets Investment Fund, LLC ("Fund")
- The Fund's 99.99% interest in NJCDE-2 will be redeemed in exchange for the assignment of its $2.5 million loan ("Note A") and $1 million loan ("Note B") due from VCHEC.
- The Fund will satisfy its $2.5 million loan due to Enterprise Zone Development Corporation of Vineland and Millville ("EZDC") by assignment of Notes A and B;
- Dissolution of NJCDE-2 and Fund.

In addition, the Members are asked to authorize NJEDA's CEO and President and COO, or designee, to execute documents and agreements needed to finalize the wind-up of the NMTC allocation to VCHEC.

Background:
In 2004, the U.S. government awarded a $125 million New Markets Tax Credit allocation to NJCDE, an affiliate of the NJ Economic Development Authority, to promote economic development in low-income communities throughout New Jersey. NMTCs may be used as a credit against federal income taxes over 7 years in return for qualifying capital investments in low income areas.

In January 2007, the Members approved a sub-allocation of $3,500,000 in NMTCs to NJCDE-2 to fund a portion of the costs for a Demonstration School project in Vineland, NJ, including an adult learning center and community swimming pool. Under the NMTC structure, the Investors provided equity of $1,000,000 in return for the NMTCs, and EZDC loaned $2,500,000 to the Fund. In turn the Fund advanced loan and tax credit equity proceeds through Notes A and B to NJCDE-2, a special purpose entity, to fund the Demonstration School project. NJCDE serves as the (non-member) manager of the Fund.

In July 2007, NJEDA, as managing member of NJCDE-2, approved a guarantee in the event of

recapture of tax credits (plus interest and penalties) triggered by certain specific events during the 7 year NMTC compliance period.

The Adult Education Center provides programs including GED, ESL, computer training programs and career training programs. English as a Second Language classes are offered at night, and classes are usually full. The classes are free of charge to the US citizens and legal residents. There is also an Early Childhood Development Center on site.

In September 2014 the NMTC compliance period ended and the VCHEC project is eligible for exit from NMTC structure. Investors have requested the redemption of their interests in the Fund. Once redeemed, Investors will no longer have any ownership interest in the Fund and it will be wholly-owned by EZDC.

The Fund's 99.99% ownership in NJCDE-2, LLC will be redeemed in exchange for the assignment of the Notes A and B to the Fund. The Fund will then assign Notes A and B to EZDC to satisfy the $2.5 million loan that matured October 1, 2014 and is due and payable. EZDC will then become the direct lender to VCHEC and will service the Notes A and B. It is anticipated that Note B ($1 million), which represented Investors equity contribution to the project, will be forgiven by EZDC.

Once these transactions are completed, the Fund and NJCDE-2 will be dissolved, as there is no longer a purpose for these entities.

Recommendation:

Consent to wind-up the NJCDE-2's sub-allocation of New Markets Tax Credits ("NMTC") to VCHEC including:

- Central PA Financial Corp. and Albert Boscov ("Investors"), will exercise their put agreements to Vineland New Markets Investment Fund, LLC ("Fund") to purchase their respective membership interests.
- The Fund's 99.99% interest in NJCDE-2 will be redeemed in exchange for the assignment of its $2.5 million loan ("Note A") and $1 million loan ("Note B") due from VCHEC.
- The Fund will satisfy its $2.5 million loan due to Enterprise Zone Development Corporation of Vineland and Millville ("EZDC") by assignment of Notes A and B;
- Dissolution of NJCDE-2 and Fund

In addition the Members are recommended to authorize NJEDA's CEO and President and COO, or designee, to execute documents and agreements needed to finalize the wind-up of the NMTC allocation to VCHEC.

Prepared by: D. Weick

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: December 9, 2014

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

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

Small Business Fund Program:

1) MG Realty Holding, LLC (P40036), located in North Brunswick Township, Middlesex County, is a real estate holding company that was recently formed to own and operate the project property. The operating company, Forklift HQ, LLC, provides sales and service of forklifts, pallets, racking and other material handling equipment. The Company was approved for a $392,000 loan to purchase commercial real estate. The Company currently has twelve employees and plans to create two new positions within the next two years.

2) Upper Mountain Properties LLC (P39998), located in Rockaway Township, Morris County, is a real estate holding company formed to purchase a commercial property to be occupied by three related companies: B A Colella Heating & Cooling, LLC, C&C Electrical Enterprises LLC, and Knee Deep Plumbing and Heating LLC. B A Colella Heating & Cooling, LLC was formed in 2004 as an HVAC contractor, which primarily works on residential and small commercial jobs in Morris County. M&T Bank approved a $210,000 loan contingent upon a 35.7% ($75,000) Authority participation. Currently, the Company has ten employees and plans to create four new positions over the next two years.

New Jersey Business Growth Fund - Modification:

1) Atlantic Cardiac Realty LLC (P40056), located in Neptune Township, Monmouth County, is a real estate holding company formed to purchase a commercial property. The operating company, Atlantic Cardiology LLC, is a medical practice that specializes in Cardiology and has four office locations. Both companies are related through common ownership. PNC Bank approved a renewal of a $1,633,350 bank loan with a 57 month, 25% Authority guaranty of principal outstanding, not to exceed $408,338. Original loan proceeds were used to purchase real estate. All other terms and conditions of the original approval remain unchanged.

2) Placko Signs LLC (P40168), located in Clifton City, Passaic County, was formed in 2007 as a Sign-A-Rama franchise to sell and install signage and other advertising point-of-sale material. 681 Van Houten LLC is the real estate holding company that owns the project property. PNC Bank approved a renewal of a $293,632 bank loan with a 57 month, 25% Authority guarantee of principal outstanding, not to exceed $73,408. Original loan proceeds were used to purchase real estate. All other terms and conditions of the original approval remain unchanged.

3) Pollack Health and Wellness Center Inc. and Steven J. Pollack (P40143) are located in Beachwood Borough, Ocean County. Pollack Health and Wellness Center Inc. was formed in 1982 by Dr. Steven Pollack as a full service chiropractic center. PNC Bank approved a renewal of a $280,560 bank loan with a 25% Authority guaranty of principal outstanding, not to exceed $70,140. Original loan proceeds were used to refinance an existing mortgage. All other terms and conditions of the original approval remain unchanged.

Prepared by: D. Lawyer
DL/gvr

REAL ESTATE

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: December 9, 2014

RE: Health/Agriculture and Treasury Taxation Buildings (Trenton)
Bond Reimbursement Resolution

Summary

The Members are asked to approve a reimbursement resolution to allow the use of bond proceeds to permit the reimbursement of expenses for the Feasibility Study ("Study") that will be prepared for the renovation, demolition or replacement office space for the Health/Agriculture and Treasury Taxation buildings.

Background

Treasury through its Division of Property Management and Construction has requested that the Authority prepare a Study for the renovation, demolition or replacement of the Health/Agriculture and Treasury Taxation buildings ("the Project") with one of the possible alternatives including using a capital lease to underwrite lease revenue bonds that would be issued by the Authority. In June of this year, the Board approved the Memorandum of Understanding ("MOU") between the Authority and Treasury for the Study.

If upon completion of the Study Treasury approves renovation, demolition or development of replacement office space with lease revenue bonds as the Project and the Members authorize issuance of the bonds, Treasury requests the cost of the Study be reimbursed with bond proceeds. If bonds are issued for the Project, the resolution is necessary to permit reimbursement of expenses that were paid before the bonds are issued.

The attached reimbursement resolution is in substantially final form. The final form of resolution may be subject to revision, although the basic terms and conditions will remain consistent with the attachment. The final terms of the reimbursement resolution will be subject to the approval of the Chief Executive Officer, Chief Operating Officer/President, the Attorney General's Office, and bond counsel.

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Recommendation

In summary, I ask for the Members' approval of the reimbursement resolution.

Timothy J. Lizura
President and Chief Operating Officer

Attachment
Prepared by: Juan Burgos

RESOLUTION OF INTENT BY THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY PURSUANT TO TREASURY REGULATION 1.150-2 TO USE PROCEEDS OF TAX-EXEMPT BONDS FOR THE REIMBURSEMENT OF EXPENDITURES

Adopted December 9, 2014

WHEREAS, the New Jersey Economic Development Authority (the "Authority") is a public body corporate and politic, constituting a political subdivision and instrumentality of the State of New Jersey (the "State"), exercising public and essential governmental functions, and organized and existing under the New Jersey Economic Development Authority Law, L. 1972, c. 29, as amended (N.J.S.A. 26:2I-1, et seq., as amended) (the "Act"); and

WHEREAS, the Authority and the Division of Property Management and Construction ("DPMC") within the Department of Treasury, of the State of New Jersey have recently commissioned a feasibility study (the "Study") regarding the Health/Agriculture and Treasury Taxation Buildings in the City of Trenton, which Study will consider the occupancy alternatives for keeping the departments occupying these buildings in the City of Trenton and to provide recommendations to DPMC as to whether it would be more cost effective to demolish or renovate these buildings or to relocate their occupants to newly constructed or newly acquired buildings or a combination thereof (the "Projects"); and

WHEREAS, because it is contemplated that DPMC may ask the Authority to finance and reconstruct/construct the Projects, as it has in the past with other State office buildings, the Authority has expressed its willingness to provide up to $500,000 to pay for the consultants and services necessary to prepare the Study; and

WHEREAS, based upon the results of the Study, DPMC may request the Authority to authorize and issue one or more series of tax-exempt bonds to be secured with a lease or leases with the State, in an aggregate principal amount to be determined for the purpose of financing, inter alia, the costs of renovating and/or constructing one of more of the Projects (the Bonds"); and

WHEREAS, a portion of the costs of the Projects, including without limitation the Study, will be incurred or expended for the Projects prior to the issuance of the Bonds from funds of the State or the Authority; and

WHEREAS, the Authority intends that the Projects will ultimately be financed with tax-exempt financing.

NOW, THEREFORE, BE IT RESOLVED BY THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY AS FOLLOWS:

1. The Authority declares that (i) the Authority intends to refinance any interim financings or loans incurred by the State or the Authority in order to initially finance the Projects with the proceeds from the issuance of the Bonds, and (ii) the Authority intends to reimburse the State and the Authority a portion of costs of the Projects expended prior to the issuance of the Bonds with the proceeds of the Bonds.

2. The Project costs to be reimbursed with the proceeds of the Bonds will be "capital expenditures" as defined in Treasury Regulations Section 1.150-1(b), a cost of issuance for the Bonds or an expenditure described in Treasury Regulation Section 1.148-6(d)(3)(ii)(B).

3. The maximum principal amount of Bonds expected to be issued for the purposes of the Projects (exclusive of issuance costs, capitalized interest and reserve funds, if any) is to be determined. The maximum principal amount expected to be allocated from the foregoing obligations for reimbursement purposes is $1,000,000.

4. This Resolution is intended to be and hereby is a declaration of the Authority's official intent to reimburse any expenditure for costs of the Projects or to refinance any interim financings or loans incurred by the State or the Authority incurred and/or paid prior to the issuance of the Bonds in accordance with Treasury Regulation Section 1.150-2(e), and no reimbursement allocation will employ an abusive arbitrage device under Treasury Regulations Section 1.148-10 to avoid the arbitrage restrictions.

5. This Resolution shall take effect ten (10) days, exclusive of Saturdays, Sundays and public holidays, after delivery (and not including the day of delivery) to the Governor of the minutes of the meeting of the Authority at which this Resolution is adopted or such earlier time as the Governor signs a statement of approval in accordance with the Act.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

RE: Selection of Feasibility Study Consultant
Health/Agriculture and Taxation Buildings (Trenton)

DATE: December 9, 2014

Summary

I am requesting the Members approval of the selection of KSS Architects, an architectural/engineering firm to conduct a Feasibility Study for the Health/Agriculture and Taxation buildings in Trenton.

Background

In June 2014, the Board approved a Memorandum of Understanding ("MOU") with the Division of Property Management and Construction ("DPMC") to conduct a Feasibility Study for the Health/Agriculture and Taxation buildings in Trenton (collectively the "Project"), totaling about 440,000 SF of space. This Study will consider the occupancy alternatives for keeping these departments in Trenton, and provide a recommendation to DPMC as to whether it would be more cost effective to renovate these buildings or to relocate their occupants to newly constructed buildings, newly acquired buildings, or a combination thereof.

The MOU established a Feasibility Budget in the amount of $500,000. The budget will be funded by the Authority and covers the Authority's out-of-pocket pre-construction costs associated with preparing the Feasibility Study for the Project, including but not be limited to, architectural, engineering, planning, title, appraisal, environmental, and other development related services necessary to assess the existing facilities and alternate sites for the proposed Project. Because it is contemplated that DPMC may ask the Authority to finance and construct the recommended projects, as it has in the past with other State office buildings, the Authority is willing to provide up to $500,000 up front to pay for the consultants and services necessary to prepare the Study. The cost of this work will be paid from the Authority's unrestricted funds and was included in the Authority's annual budget. If DPMC decides to proceed with any of the options recommended in the completed Feasibility Study, the Authority will be reimbursed the cost of the Study from bond proceeds that will fund the renovation or construction. If DPMC decides not to proceed with any of the options, DPMC will reimburse the Authority one-half (1/2) of the cost of the Study.

Treasury has requested the Authority prepare this Feasibility Study that will build on the assumptions in the previously prepared Lammey & Giorgio facility assessment reports and to recommend the most cost effective solution for the relocation of the departments that currently occupy these spaces. The Study will include:

- An analysis of the current and future occupancy needs for the departments of Agriculture, Health and Taxation;

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- Site Analysis/conceptual design of alternative building locations;
- Investigation of the various occupancy alternatives (e.g., rehabilitate existing space, purchase existing space, new construction, or lease space);
- Financial analysis of the occupancy alternatives (e.g., development and operating budgets, and comparative analysis between the space option choices); and
- Recommendation of the most cost effective occupancy choices for the State.

It is anticipated that DPMC may request the Authority to issue bonds that will be supported by a State lease to finance the alternative(s) that are selected and to oversee the construction or renovation of the facilities.

In order to advance the development of this project, the Real Estate Division issued a publicly advertised Request for Qualifications (RFQ) for Architect/Engineering (A/E) services. This was designated as a Set-Aside bidding opportunity for Small Businesses. In response to the RFQ, Qualification Statements from seven (7) A/E firms were received. The firms were ranked in accordance with the Authority's policies and procedures and the recommended short list was approved by the Authority's Selection Committee and DPMC. The Real Estate Division issued a Request for Proposal (RFP) to the short list of the four (4) highest ranked A/E firms. The short listed A/E firms included: KSS Architects, SSP Architectural Group, JZA+D and Cornerstone Architectural Group.

The Selection Committee and DPMC are recommending that the Board approve the selection of the highest ranked firm for the A/E services. The evaluation was based upon a comparative ranking, with an emphasis on relevant experience, based on evaluation criteria set forth in the RFP. The A/E rankings ranged from a high of 28 to a low of 13 points, with the highest ranked firm being KSS Architects of Princeton, New Jersey, as shown on the attached technical proposal evaluation matrix.

The recommended A/E selection of KSS Architects is based upon the design fee of $255,400 plus a contingency of $35,000. KSS Architects fee proposal, as negotiated in accordance with the Authority's procurement procedures, is the lowest of the four proposed fees and was found to be fair and reasonable. Final approval of KSS Architects will be subject to receipt and approval of their compliance documentation.

Recommendation

In summary, I am requesting the Members' approval to enter into the Authority's standard form contract with KSS Architects for design services in the amount of $255,400 plus a contingency of $35,000. The remaining balance of the $500,000 may include other related feasibility services as noted above for these Trenton State office buildings, resulting in a contract amendment or change order, which will be subject to approval of the Attorney General's Office, the Chief Executive Officer and the President/Chief Operating Officer.

Timothy J. Lizura
President and Chief Operating Officer

Att.
Prepared by: Stephen Martorana

New Jersey Economic Development Authority
SUMMARY SHEET
TECHNICAL PROPOSAL EVALUATION
Project Name: Trenton Taxation Building (TTB) Health Agriculture Building (HAB) Feasibility Study

	1	2	3	4	5	6	7	8	
Firm Name	**Understanding** of the Project Requirements and Scope based on the firm's proposal	**Sub-Consultant** Experience with similar projects	**A/E Firm** key staff member experience with similar projects	The A/E Firm's **Project Approach** as presented in their proposal, all design/consulting disciplines and appropriate staffing are identified	The A/E Firm's experience in providing architectural **Programming** for projects of a similar size and/or complexity;	The Firm's Experience in preparing **feasibility studies, and design services** for office building projects of a similar size and/or complexity for governmental and corporate clients	**Independent Cost Estimator** capabilities and experience with preparing construction cost estimates for similar projects	The A/E Firm's staff capabilities and **LEED** Experience as identified in the firms project portfolio and staff resumes	TOTAL PTS. SCORE
Points Scoring	(1pts - 4pts)	(1pts - 4pts)	(1pts - 4pts)	(1pts - 4pts)	(1pts - 4pts)	(1pts - 4pts)	(1pts - 4pts)	(1pts - 4pts)	**32 pts. Max**
KSS	4	3	3	3	4	4	3	4	**28**
SSP Architectural Group	2	3	3	3	3	3	3	2	22
JZA+D	3	1	2	3	1	2	3	2	17
Cornerstone	1	3	2	1	2	1	1	2	13

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

RE: Premier Education Group
The Technology Centre of New Jersey

DATE: December 9, 2014

Summary

I am requesting the Members' approval to (1) enter into a ten year six month Lease Agreement between Premier Education Group ("Premier") and the NJ Economic Development Authority ("NJEDA") to lease a 36,500 square foot building at the Technology Centre of New Jersey ("Centre") known as "Tech VI"; and (2) direct NJEDA's property management firm to perform base building improvements to the Tech VI building at a cost not to exceed $500,000.

Background

At the March, July and August 1996 meetings, the Members approved a forty year ground lease with EQ At North Brunswick L.P. ("EQ") for a building shell on a two acre site at the Centre. EQ performed improvements to the building and leased it to Chubb Computer Services ("Chubb"). After several additional transactions during the years since then, the NJEDA has replaced EQ, leasing the ground from the Technology Centre of New Jersey, L.L.C ("LLC"), and subleasing the building to Chubb and subsequent entities.

The Tech VI building is a Class B office building constructed in the 1960s, and currently in fair condition. It was most recently occupied by Anthem Education Institute, Inc, which declared bankruptcy and sold its business to Premier in August, 2014. Premier has occupied the Tech VI building since September 1, 2014.

Premier is a privately owned career training organization with thirty campuses, primarily in the northeastern United States and Florida. Staff reviewed Premier's financial reports for 2012 and 2013, and found its cash flow sufficient to cover the proposed rent. It was determined that a security deposit approximately equal to two months' rent, or $90,000 will be adequate.

The 126 month lease term will begin retroactive to September 1, 2014, which is the date of Premier's occupancy of the Tech VI building. Rent, which was negotiated by the NJEDA's leasing brokerage firm, Jones Lang LaSalle, will begin to accrue at the rate of $15 NNN per square foot per annum at the beginning of the seventh month, or March 1, 2015, and will increase by 2.5% per year for the next nine years. The NJEDA will provide a Tenant Improvement Allowance ("TIA") of $25 per square foot, or $912,500, for Premier, using its own contractor(s), to improve the interior of the building. The sum of $40,000 will be deducted from

the TIA to be credited toward the security deposit. In addition, the NJEDA will perform base building improvements at a cost not to exceed $500,000. Premier will be offered 2-5 year renewal options at 95% of the then current fair market rent, all with 2.5% annual increases. A TIA of $5 per square foot will be provided during each renewal term.

After deduction of the leasing commission and the amortization of the TIA and the base building work at 5% per annum over the term of the lease, the net rent to the NJEDA will be approximately $10.81 per square foot per year.

Recommendation

In summary, I am requesting the Members' approval to (1) enter into a ten year six month Lease Agreement between Premier Education Services and the NJ Economic Development Authority to lease the 36,500 square foot building at the Technology Centre of New Jersey known as "Tech VI"; (2) direct the NJEDA's property management firm to perform base building improvements to the Tech VI building at a cost not to exceed $500,000; and (3) to execute any and all other documents to complete these transactions on final terms acceptable to the Authority's Chief Executive Officer and the Attorney General's Office.

Timothy J. Lizura
President/ Chief Operating Officer

Attachment
Prepared by: Christine Roberts

LANDLORD:	NJ Economic Development Authority
TENANT:	Premier Education Group ("Tenant")
BUILDING:	651 US Route One South Tech Six Building
LEASED PREMISES:	36,500 square foot building, plus basement
COMMENCEMENT:	Upon execution and delivery of a mutually satisfactory lease agreement.
TERM:	Ten years, six months beginning September 1, 2014.
RENT COMMENCEMENT:	March 1, 2015.
SECURITY DEPOSIT:	Approximately two month's rent, or $90,000. $50,000 will be in the form of a Letter of Credit; the remaining $40,000 will be a cash deduction from the Tenant Improvement Allowance.
BASE RENTAL RATES:	$15.00 per square foot, NNN, increased 2.5% per year
TAXES AND OPERATING EXPENSES (CAM):	Paid by Tenant.
TENANT IMPROVEMENT ALLOWANCE:	$25.00 per square foot
RENEWAL OPTIONS:	Two (2) five (5) year options at 95% of the then current fair market rent with six months notice, all with 2.5% annual increases. Tenant will receive a Tenant Improvement Allowance of $5 per square foot for each renewal.
BROKER:	A leasing commission of 7.5% of NNN rents for the ten year term will be paid to the NJEDA's Real Estate Broker, Jones Lang LaSalle. This commission is estimated at $470,000. For any renewal options, a commission will be due to the LLC's Real Estate Broker of record at the time the renewal option is exercised. **Tenant's Broker:** Tenant has retained CBRE, Inc. as its real estate broker for this transaction. By separate agreement, the LLC's Real Estate Broker will agree to pay real estate commissions owing to CBRE, Inc. in connection with this transaction.