NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

DATE: February 11, 2014

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

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Bond Projects

Loans/Grants/Guarantees

Office of Recovery

Edison Innovation Fund

Incentive Programs

Board Memorandums

Real Estate

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
January 14, 2014

MINUTES OF THE MEETING

Members of the Authority present: State Treasurer Andrew Sidamon–Eristoff; Fred Zavaglia representing the Commissioner of the Department of Labor and Workforce Development; Commissioner Kenneth Kobylowski of the Department of Banking and Insurance; Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Public Members: Joseph McNamara, Vice Chairman; Larry Downes, Charles Sarlo, Brian Nelson, Fred B. Dumont, Ray Burke, First Alternate Public Member; Elliot M. Kosoffsky, Second Alternate Public Member; and Harold Imperatore, Third Alternate Public Member.

Present via conference call: Melissa Orsen representing the Executive Branch; and Public Member Marjorie Perry.

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

Absent: Al Koeppe, Chairman; Public Member Jerry Langer, and Rodney Sadler, Non-Voting Member.

Vice Chairman McNamara 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 December 10, 2013 meeting minutes. A motion was made to approve the minutes by Mr. Kosoffsky, seconded by Mr. Downes, and was approved by the 12 voting members present.

Commissioner Kenneth Kobylowski abstained because he was not present during the meeting. Mr. Dumont abstained because he was not present during the meeting.

The next item of business was the approval of the December 10, 2013 executive session meeting minutes. A motion was made to approve the minutes by Mr. Downes, seconded by Mr. Kosoffsky, and was approved by the 11 voting members present.

Commissioner Kenneth Kobylowski abstained because he was not present during the meeting. Mr. Dumont abstained because he was not present during the meeting.

Mr. Nelson abstained because of his recusal during the executive session.

Ms. Brown read a proclamation thanking outgoing Board Member Rich Tolson for his commitment and many years of service to the EDA Board and to the Real Estate Committee.
MOTION TO APPROVE: Mr. Zavaglia **SECOND:** Mr. Kosoffsky **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 0

Vice Chairman McNamara also commented on Rich Tolson's tenure and stated that he will be missed for his dedication.

CEO Brown read Chairman Koeppe's emailed comments regarding Rich Tolson, and well as Mr. Tolson's response via email.

Ms. Brown introduced new Board Member Fred Dumont, a Hamilton resident and the business manager of Heat and Frost Insulators and Asbestos Workers Local 89.

Mr. Dumont thanked the EDA for the introductory meeting on Monday, and advised that he would abstain from voting today to in order to become more acclimated to the EDA board.

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

BOND PROJECTS

ITEM: 2013 Carryforward Request
REQUEST: To approve the filing of the IRS Form 8328 by the President/Chief Operating Officer carrying forward unused 2013 Private Activity Bond Cap to be determined and approved by the State Treasurer for certain eligible exempt facility activities.
MOTION TO APPROVE: Mr. Downes **SECOND:** Commissioner Kobylowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

PROJECT: CA Newark 66-78 MA Urban Renewal LLC **APPL.#38387**
LOCATION: Newark City/Essex
PROCEEDS FOR: Acquisition and renovation of a charter school
FINANCING: $8,000,000 Taxable Qualified School Construction Bond
MOTION TO APPROVE: Mr. Zavaglia **SECOND:** Mr. Imperatore **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

Ms. Perry recused herself because she is familiar with the project.

PROJECT: MPT Facility, Inc. **APPL.#38389**
LOCATION: Newark City/Essex
PROCEEDS FOR: Land acquisition and construction of charter school
FINANCING: $35,000,000 Taxable Qualified School Construction Bond
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Imperatore **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

Ms. Perry recused herself because she is familiar with the project.

PROJECT: Kingston Educational Holdings 1, Inc. (or an affiliate) **APPL.#38412**
LOCATION: Newark City/Essex
PROCEEDS FOR: Land acquisition, demolition of existing building, and construction of a charter school
FINANCING: $40,000,000 Taxable Qualified School Construction Bond
MOTION TO APPROVE: Commissioner Kobylowski **SECOND:** Mr. Kosoffsky **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

Ms. Perry recused herself because she is familiar with the project.

PRELIMINARY BOND RESOLUTIONS

PROJECT: Cooper Lanning Square Renaissance School Facilities, Inc. **APPL.#38339**
LOCATION: Camden/Camden
PROCEEDS FOR: Acquisition and construction for the renaissance school project in two phases
FINANCING: N/A
MOTION TO APPROVE: Mr. Zavaglia **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

LOANS/GRANTS/GUARANTEES

LOCAL DEVELOPMENT FINANCING FUND

PROJECT: 5903 Westside Ave, LLC **APPL.#38743**
LOCATION: North Bergen/Hudson
PROCEEDS FOR: Acquisition of existing building
FINANCING: 12.8%, $2,000,000 Authority participation in a $15.6 million Band of America term loan
MOTION TO APPROVE: Commissioner Kobylowski **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

FOR INFORMATION ONLY: Summary of Funding Status for the Petroleum Underground Storage Tank Program and Hazardous Discharge Site Remediation Fund Programs.

ITEM: Summary of Petroleum UST Remediation, Upgrade & Closure Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. Burke **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PROJECT: Estate of Alice Hagetter **APPL.#38464**
LOCATION: Manchester/Ocean
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $242,982 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: Rick's Service Center, Inc. **APPL.#38576**
LOCATION: Middlesex Borough/Middlesex
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $600,461 Petroleum UST Remediation, Upgrade and Closure Fund Grant

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

HAZARDOUS DISCHARGE SITE REMEDIATION FUND

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

INCENTIVE PROGRAMS

GROW NEW JERSEY ASSISTANCE PROGRAM

ITEM: Amendments to Green Building Standards Policy – Economic Redevelopment and Growth Program and Grow New Jersey Assistance Program
REQUEST: To approve the policy on how staff will apply standards for certain construction-related projects receiving tax incentives under the enhanced ERG and Grow NJ programs, as authorized by the Economic Opportunity Act of 2013
MOTION TO APPROVE: Mr. Zavaglia **SECOND:** Commissioner Kobylowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

PROJECT: Ardagh Glass Inc. **APPL.#38835**
LOCATION: Salem/Salem
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. Nelson **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

PROJECT: Ardagh Glass Inc. **APPL.#38835**
LOCATION: Salem/Salem
TOTAL AWARD: $2,010,000, 10 year term
MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PROJECT: Forbes Media LLC & Forbes Media Holdings LLC **APPL.#38727**
LOCATION: Jersey City/Hudson
ANNUAL GRANT AWARD: $2,712,500, 10 year term
MOTION TO APPROVE: Commissioner Kobylowski **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

Ms. Perry left the call at this time.

PROJECT: LiDestri Foods, Inc. and Pennsauken Packing Company, LLC **PL.#38764**
LOCATION: Pennsauken/Camden
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Mr. Nelson **SECOND:** Mr. Zavaglia **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

PROJECT: LiDestri Foods, Inc. and Pennsauken Packing Company, LLC **PL.#38764**
LOCATION: Pennsauken/Camden
TOTAL AWARD: $624,750, 10 year term
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Kosoffsky **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PROJECT: Stericycle, Inc. **APPL.#38819**
LOCATION: Woodbridge/Middlesex
ANNUAL GRANT AWARD: $294,000, 10 year term
MOTION TO APPROVE: Mr. Burke **SECOND:** Mr. Kosoffsky **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PROJECT: Vintage Pharmaceuticals, LLC dba Qualitest **APPL.#38815**
LOCATION: Cranbury/Middlesex
ANNUAL GRANT AWARD: $97,297, 10 year term
MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. Downes **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PROJECT: Wenner Bread Products, Inc. **APPL.#38770**
LOCATION: New Brunswick/Middlesex
ANNUAL GRANT AWARD: $3,036,000, 10 year term
MOTION TO APPROVE: Mr. Zavaglia **SECOND:** Mr. Imperatore **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

URBAN TRANSIT HUB TAX CREDIT PROGRAM

ITEM: Four Corners Millennium Project Urban Renewal Entity, LLC
Urban Transit Hub Tax Credit Program
P#37918

REQUEST: To approve the Urban Transit Hub Tax Credit program application for Four Corners Millennium Project Urban Renewal Entity, LLC for a recommended award not to exceed $33,000,000 or $3,300,000 annually for 10 years

MOTION TO APPROVE: Mr. Nelson **SECOND:** Mr. Downes **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM

ITEM: Four Corners Millennium Project Urban Renewal Entity, LLC
Residential Economic Redevelopment and Growth Grant Program
P#37974

REQUEST: To approve the application of Four Corners Millennium Project Urban Renewal Entity, LLC for a Newark, Essex County primarily residential project for the issuance of tax credits pursuant to the Residential Economic Redevelopment and Growth Grant Program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 for an award not to exceed $19,454,586.

MOTION TO APPROVE: Mr. Zavaglia **SECOND:** Mr. Downes **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

BOARD MEMORANDUMS

ITEM: Amendment to the Stronger NJ Business Loan Program

REQUEST: To approve an amendment to the Stronger NJ Business Loan Program to (1) allow the use of historical financial statements post 2011 when approving loans under delegated authority and (2) clarify the eligibility criteria for home based businesses and declare that future amendments of home based business criteria to be consistent with the Stronger NJ Grant Program

MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Imperatore **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

FOR INFORMATION ONLY: Summary of the projects approved under Delegated Authority in December 2013:

New Jersey Business Growth Fund: Loumis Realty Company LLC (P38786)

Premier Lender Program: Gelles Holdings, LLC (P38683)/Acme Gear Co., Inc. (38685); Patel Family 2012 TR Agreement Nirjana P Patel TTEE (P38722); Six Partners, LLC (P38723)/Forman Industries, Inc. (P38818)

Small Business Fund Program: Faris Corp. dba Auto Spa of Westfield (P38813); John Richard Hamada (P38630)

Stronger NJ Loan Program: Donovan's Reef, Inc. (P38634 & P38724); Topco, Inc. and Genesis Lighting, Inc. (P38629)

New Jersey Business Growth Fund – Modification: Monte's Five Columbia Road Property, LLC and Byram Electrical Labs, Inc.(P38739); Wolfe-Den, LLC (P38725)

FOR INFORMATION ONLY: Delegated Authority Approvals for 4th Quarter 2013 for post-closing actions

FOR INFORMATION ONLY: Delegated Authority Approvals for Incentives Modifications

REAL ESTATE

FOR INFORMATION ONLY: Real Estate Division Delegated Authority for Leases, CCIT Grants, and Right of Entry/Licenses for Fourth Quarter 2013

PUBLIC COMMENT

There was no comment from the public.

There being no further business, on a motion Mr. Kosoffsky, and seconded by Mr. Zavaglia, 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, Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele A. Brown
Chief Executive Officer

DATE: February 11, 2014

RE: Chief Executive Officer's Report to the Board

EDA SEES THIRD CONSECUTIVE MONTH IN SIGNIFICANT APPROVALS UNDER NEW GROW NJ PROGRAM

Five Grow NJ projects will be presented to the Board in February, marking the third straight month of significant activity under the Economic Opportunity Act of 2013. These projects will result in significant job creation, retention and capital investment in areas throughout the state including: Burlington, Hudson, Gloucester, Middlesex and Camden counties. As a result of today's expected Board action, these areas are collectively slated to receive more than $62 million in incentives leveraging nearly $157 million in capital investment to the state. The projects are set to create approximately 725 new jobs, nearly 100 construction jobs, and retain 728 jobs at risk of leaving New Jersey.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY (FMERA) UPDATE

A little over a year from when the Fort Monmouth Economic Revitalization Authority (FMERA) issued a Request for Offers to Purchase (RFOTP) for Howard Commons the FMERA Board approved a Purchase and Sale Agreement and Redevelopment Agreement with HovWest Land Acquisition, LLC for Howard Commons in Eatontown at its January meeting. The Board also approved entering into exclusive negotiations with Kiely Realty Group, LLC for Russel Hall in Oceanport.

Howard Commons is a 63.67-acre parcel on Pinebrook Road in the former Fort's Charles Wood Area. The property includes 486 townhouse units constructed by the Army and a 3,853-square-foot general purpose building. HovWest, an affiliate of Hovnanian Enterprises, plans to demolish the existing buildings and construct 275 two- and three-bedroom for-sale townhomes, 20 percent of which will be reserved as affordable housing. The company's proposal includes retail development on the corner of Hope and Pinebrook Roads, and over 20 acres of open space and public recreational amenities.

The next FMERA board meeting is Wednesday, February 19, 2014 at 7 pm and will be held at the FMERA Office in the former Fort library.

NEIGHBORHOOD AND COMMUNITY REVITALIZATION PROGRAM UPDATE

The "Streetscape" component of the NCR program will provide $10 million for "Main Street" revitalization programs to assist in the rebuilding and to support the recovery of economic activity in commercial corridors in impacted towns and cities throughout the State, This financial assistance will support improvements such as, streetscapes, lighting, sidewalks, façade enhancements, code-related and other physical upgrades to commercial areas in a minimum amount of $125,000 and a maximum amount of $1.5 million per project.

Four Streetscape projects from Round One have been approved by the EDA under delegated authority and will now move on for required inspections. The deadline to apply for the first $5 million round of funding was December 6th. Any remaining projects from Round One that reached the scoring threshold have been rolled into Round Two, (which deadlined January 21st), for consideration.

The four projects selected are:

- Keansburg – a revamp of Main Street and Carr Avenue to reconstruct roadways, build sidewalks and make the downtown safer for pedestrians, with repairs and improvements to the drainage systems greatly improving the economic vitality of the area;

- Asbury Park – enhancement the town's historic waterfront that would significantly enhance public safety and the attractiveness of the entire boardwalk area;

- Sea Isle City – development of the beach to bay corridor, in particular the downtown business district to help the city recover from impacts of the storm;

- Highlands – a project that will replace old and cracked sidewalks and curbs, install pedestrian-scale street lights, bike racks, and install benches and trash receptacles to support the community at large.

Streetscape applications are reviewed and approved on rolling basis, based on the following criteria:

- Sandy Impacted Communities - Projects located in one of the nine (9) most impacted counties (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union) receive priority scoring and consideration.

- Readiness to Proceed and Succeed – Projects with earlier completion dates are given priority scoring to ensure that all awarded funds are disbursed by December 31, 2015.

- Low or Moderate Income (LMI) Communities - Projects will be prioritized based on their location in a LMI community as defined by HUD. Should the NJEDA be in the position of considering more than one project that meets the program requirements and insufficient funding to assist all, NJEDA will consider primarily the community in which the project is located with the greater impact from Superstorm Sandy as the basis for determining which project to fund.

- Experience - Applicant's experience on successfully completing projects of similar size and scope.

- Adherence with Plan – Documentation that the project improvements are integral to implementing a comprehensive revitalization strategy or plan.

- Extent to which the project will enhance the neighborhood and community at large as documented in the submission package

CLOSED PROJECTS IN JANUARY 2013

In January, the EDA has closed financing and incentives totaling more than $8 million for projects that are expected to support the creation of more than 190 new jobs, the support of more than 50 existing jobs and involve total public/private investment of more than $37 million in New Jersey's economy.

The following businesses were assisted in January:

Wolfe-Den, L.L.C. which closed on a $275,643.75 NJ Business Growth Fund loan with a 25% EDA guarantee of outstanding principal not to exceed $68,910.94 to purchase commercial property in Upper Township in Cape May County.

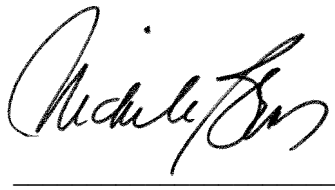
MSST Fidelco Properties LLC, which closed on a $5,620.161 ERG to acquire and renovate six properties in Newark encompassing 106,000 square feet of rental space within a half block of the Prudential Center and close proximity to mass transit. The proposed space will feature 11 commercial units and 72 residential units.

Vish LLC, which closed on a $121,012 BEIP grant to acquire a larger facility in North Brunswick. Vish LLC, a leading processor of plastic recyclable materials in the Northeast, chose NJ over a comparable site in Bangor, PA. The assistance will allow the company to accommodate growth at a 100,000 square foot facility in North Brunswick.

Theorem, Inc., a digital marketing company founded in 2001, closed on a $1,405,250 BEIP grant to keep up with its significant growth pattern, planning to create 100 jobs focused on business development, technical account management, software development, and key sales and support functions. Theorem, whose clients consist of Microsoft, Epsilon, Hearst, Yahoo and Edmunds, will move to a larger facility in Chatham in Morris County to accommodate the expansion.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees or exhibitors at 18 events in January. These included: the New Jersey Economic Leadership Forum in Somerset; BC2 Economic Opportunity Act Luncheon in Mount Laurel; CCSNJ's Meet the Policymakers in Voorhees; NJTC Technology Forecast in Princeton; and, NAIOP NJ's Annual meeting in Short Hills.



BOND RESOLUTIONS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

SUBJECT: NJEDA/School Facilities Construction Notes

DATE: February 11, 2014

SUMMARY OF PROPOSED FINANCING

The Authority is currently being asked to approve the issuance of one or more series of the 2014 School Facilities Construction Refunding Notes (the "2014 Refunding Notes") and various related actions described below. The 2014 Refunding Notes (to be issued in an amount not to exceed $75 million) will be used to (i) refund or pay the principal of and/or interest on a portion of certain currently outstanding School Facilities Construction Bonds ("Prior Obligations"); and (ii) pay the costs of issuance of the 2014 Refunding Notes. The 2014 Refunding Notes will be issued to Bank of America, N.A. pursuant to a bank loan agreement to be entered into between the Authority and Bank of America, N.A. (the "Agreement") and the Authority's obligations thereunder will be secured by the State Contract and the Agreement.

BACKGROUND

Since April 2001, the Authority has issued prior series of tax-exempt and taxable School Facilities Construction Bonds and Notes in the aggregate principal amount of $9,023,954,000 for new money projects under the Educational Facilities Construction and Financing Act, L. 2000, c. 72, as amended and supplemented by L. 2007, c. 137 and L. 2008, c. 39 (the "Act"). Additionally, the Authority has issued prior series of refunding bonds in the aggregate principal amount of $9,010,845,000 that restructured and refunded a portion of several Series of tax-exempt and taxable bonds and a series of tax-exempt notes, previously issued under the Act.

PLAN OF FINANCE

In conjunction with the State's overall management of the School Facilities Construction Bond Program, the Authority is issuing the 2014 Refunding Notes to refund or pay all or a portion of the March 1, 2014 principal and/or interest payments on one or more Series of Prior Obligations. A list of such Prior Obligations can be found in the attached Appendix A. The transaction is expected to close on or about February 20, 2014.

This transaction is expected to preserve budgetary savings available from a potential future issuance of Refunding Notes and/or Bonds as part of a proposed comprehensive plan of finance (the "Comprehensive Plan"). For a more detailed explanation of the currently proposed Comprehensive Plan, please see the attached Appendix B from Bank of America, N.A. as bank loan provider.

The components of the Comprehensive Plan other than the 2014 Refunding Notes will be presented to the Board at a future meeting. Due to time constraints, the Comprehensive Plan cannot be implemented prior to March 1, 2014, the date on which principal and interest is due and payable on certain of the Authority's Prior Obligations. Payment of principal and interest on the 2014 Refunding Notes can be made from amounts already appropriated by the State Legislature in accordance with the State Contract, and such payment is not dependent upon the implementation of any other component of the Comprehensive Plan.

APPROVAL REQUEST

The Members are requested to approve the adoption of the Thirty-First Supplemental School Facilities Construction Bond Resolution (the "Thirty-First Supplemental Resolution") authorizing the issuance of one or more series of 2014 Refunding Notes in an amount not to exceed $75 million. The 2014 Refunding Notes will be issued for the purposes described above under the headings "Summary of the Proposed Financing" and "Plan of Finance." The 2014 Refunding Notes will be secured by the State Contract with the State Treasurer (as amended by Amendment No.1 to the State Contract dated April 22, 2010, to implement the funding provisions of the 2008 Amendment to the Act). Payments for debt service on the 2014 Refunding Notes are subject to appropriation by the State Legislature for this purpose, and the required appropriations have been made.

This transaction involves entry into a bank loan agreement with Bank of America, N.A. as the bank loan provider and purchaser of the 2014 Refunding Notes (without delivery of a preliminary or final official statement) and the State will not be providing its typical public disclosure (commonly referred to as "Appendix I") regarding financial and other information relating to the State.

The 2014 Refunding Notes will be issued as fixed rate taxable notes, and subject to the following parameters, all as determined by an Authorized Officer of the Authority, in consultation with the State Treasurer, Office of Public Finance, Attorney General's Office and Bond Counsel:

(i) The final maturity of any 2014 Refunding Notes shall not be later than June 15, 2014;
(ii) The stated rate of interest on any 2014 Refunding Notes shall not exceed two percent (2%) per annum; and
(iii) The maximum rate payable on any 2014 Refunding Notes will not exceed 12%.

As described herein, the board is being asked to approve the form of a bank loan agreement to be entered into with Bank of America, N.A. The bank loan agreement, in addition to setting the terms of the bank loan's principal and interest payments, requires the Authority to pay increasing rates of interest if the credit ratings on the outstanding parity debt previously issued under the School Facilities Construction Bond Resolution decline to A3/A-/A- and for each rating category below that level.

The Board is being asked to approve certain actions of, and delegation of actions to, an Authorized Officer with information provided by the State Treasurer, Bond Counsel, and the State Attorney General and in consultation with, the Office of Public Finance, Bond Counsel and the Attorney General's Office, as applicable, and as approved by the State Treasurer, which actions are more fully set forth in the Thirty-First

Supplemental Resolution, which is incorporated herein by reference, and will be memorialized in one or more Series Certificates, and may include, without limitation:

- To determine the date of issuance and delivery, the maturity date, the principal amount, the interest rate provisions and the redemption provisions of each series of 2014 Refunding Notes in accordance with the parameters set forth above; and

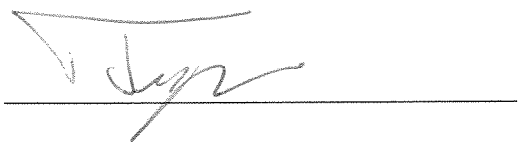
- To negotiate, execute, deliver and perform the Bank Loan Agreement.

In exercising the Authority's discretion to approve specific transactions authorized under the Thirty-First Supplemental Resolution, it is anticipated that the Authorized Officers of the Authority will make decisions on behalf of the Authority in consultation with the Treasurer. The Board will be updated upon completion of the transaction.

Professionals for the 2014 Refunding Notes were selected in compliance with Executive Order No. 26 (Whitman 1994). Wolff & Samson PC was selected as Bond Counsel through a competitive RFP/RFQ process performed by the Attorney General's Office on behalf of Treasury for State appropriation backed transactions. Through Treasury's competitive RFP/RFQ process the following professionals were chosen: Bank of America, N.A. as bank loan provider and U.S. Bank National Association as Trustee, Paying Agent, Registrar, and Escrow Agent. The Thirty-First Supplemental Resolution will also authorize Authority staff to take all necessary actions incidental to the issuance of the 2014 Refunding Notes subject to the State Treasurer's approval.

RECOMMENDATION

Based upon the above description, and subject to the criteria set forth above, the Members are requested to: (i) approve the adoption of the Thirty-First Supplemental Resolution authorizing the issuance of the 2014 Refunding Notes in the total aggregate principal amount not to exceed $75 million as well as other matters in connection with the issuance and sale thereof and otherwise described above as well as the entry into a bank loan agreement; (ii) approve the several actions and delegation of actions to an Authorized Officer as may be necessary or advisable in order to issue the 2014 Refunding Notes and to undertake the other transactions described in (i) above on terms which are in the best interest of the State; (iii) authorize the use of the aforementioned professionals; and (iv) authorize Authority staff to take all necessary actions incidental to the issuance of the 2014 Refunding Notes; subject to final review and approval of all terms and documentation by Bond Counsel and the Attorney General's Office.



Prepared by: Teresa Wells

Appendix A – List of Prior Obligations

School Facilities Construction Bonds	Original Par Amount	Dated Date
2004 Series I	$250,000,000	8/31/2004
2004 Series J4	116,750,000	8/31/2004
2004 Series J5	116,750,000	8/31/2004
2005 Series K	700,000,000	1/27/2005
2005 Series L	150,000,000	4/6/2005
2005 Series N	677,465,000	5/23/2005
2005 Series O	750,000,000	10/4/2005
2005 Series P	175,000,000	12/15/2005
2005 Series Q1	59,375,000	12/21/2005
2005 Series Q2	59,360,000	12/21/2005
2006 Series S	100,000,000	11/2/2006
2007 Series U	300,000,000	10/4/2007
2008 Series W	455,940,000	4/30/2008
2008 Series Y	200,000,000	6/3/2008
2009 Series Z	175,000,000	1/29/2009
2009 Series AA	183,670,000	6/4/2009
2009 Series BB	200,000,000	8/20/2009
2010 Series CC-1	104,115,000	5/17/2010
2010 Series CC-2	48,910,000	5/17/2010
2010 Series DD-1	667,420,000	5/17/2010
2010 Series DD-2	35,740,000	5/17/2010
2011 Series EE	777,260,000	1/20/2011
2011 Series FF	123,220,000	1/20/2011
2011 Series GG	498,035,000	2/22/2011
2011 Series HH	63,530,000	2/22/2011
2012 Series II	407,135,000	5/2/2012
2012 Series JJ	34,950,000	5/2/2012
2012 Series KK	136,880,000	10/3/2012
2012 Series MM	24,365,000	10/3/2012
2013 Series NN	1,629,710,000	1/31/2013
2013 Series OO	243,270,000	1/31/2013

Appendix B – Summary of Comprehensive Plan

Overview

The New Jersey Economic Development Authority (the "NJEDA") currently has over $8.6 billion of bonds (the "Bonds") outstanding in connection with its School Facilities Construction Bond Program. Historically, this debt has been structured with multiple payment dates within the State's fiscal year – with principal coming due on September 1, December 15, March 1 and June 15. The principal payments that occur early in the State's fiscal year have come to present a challenge to the State and a key concern among rating agencies with regards to cashflow planning and liquidity within the fiscal year. As the State typically manages its intra-fiscal year liquidity in part through the issuance of Tax & Revenue Anticipation Notes ("TRANs"), any State debt service occurring early in the fiscal year – prior to the receipt of significant tax revenues – places additional burden on the State to generate liquidity, and increases reliance on its TRANs borrowing program at an incremental cost to taxpayers.

Through the proposed plan of finance, as further described below, the NJEDA and the State will shift approximately $1.5 billion of School Facilities Construction Bond Program debt service within fiscal years 2015-2018 to June 15 due dates, closer to the end of the State's fiscal year. This will substantially reduce the amount of interim financing required to make debt service payments earlier in the year, and ease cashflow planning for the State by better aligning its liabilities with its General Fund receipts, which will address a key rating agency concern. Additionally, by executing this transaction in the relatively strong bank loan market, the NJEDA and the State can realize gross and present value savings and budgetary savings in fiscal years 2014 and 2015 with no extension of final maturity on its debt. As the loan and capital markets change daily, based upon market conditions at the time of execution, some or all of the proposed plan of finance may be implemented in the capital (bond) markets. Execution of a bank loan also produces several strategic benefits for the State, creating a new method of capital funding available at times that capital (bond) market financings may not be viable or desirable, and creating additional flexibility and competition across lenders and debt products available to the State.

Plan of Finance

It is expected that the final structure for this plan of finance will be determined sometime after the Governor's Fiscal Year 2015 Budget Message (the "Budget Message") and will be further refined based upon market conditions at the time of implementation. As of January 21, 2014, one example of this plan of finance contemplates two fixed rate bank loans that are funded on the closing date: (i) a $568 million tax-exempt, fixed rate, funded bank loan amortizing in State Fiscal Year's 2018 through 2028 with an average life of 7.5 years; and (ii) a $349 million taxable, fixed rate funded bank loan amortizing in the State's Fiscal Years 2016 to 2018, with an average life of 3.0 years. The proposed plan of finance also contemplates two fixed rate bank revolving facilities: (i) a $199 million maximum annual draw tax-exempt revolving facility; and (ii) a $130 million maximum annual draw taxable revolving facility. If market conditions shift, all or a portion of the transaction may be executed in the capital (bond) markets. An on-going comparison of the bank and bond markets will be made prior to execution. Under current market conditions, the plan of finance is structured to produce the following economic benefits:

- Intra-fiscal year cashflow relief in each of fiscal years 2015-2018
- Net present value savings

- FY 2014 and 2015 budgetary savings in an amount to be determined in accordance with the Budget Message
- No gross dissavings or extension of final maturity

Capital (Bond) Markets vs. Bank Markets

As a result of improving economic conditions and a "tapering" of the quantitative easing policies implemented by the Federal Reserve, fixed income capital (bond) market yields have increased to levels well above the unprecedented lows experienced over the past three years. While interest rates have come off of the highs experienced during the summer of 2013, the municipal market continues to underperform due to lingering credit concerns and the migration of assets from municipal bond funds to other asset classes.

In sharp contrast to capital (bond) markets, projections of ultra-low federal funds rates through 2016, substantial bank lending capacity and renewed focus on growing high-quality loan portfolios has kept bank loan rates low for high-grade credits. This disparity between bank and capital funding markets creates a potential significant opportunity for issuers to capture substantially lower rates, favorable terms and additional ancillary benefits by using bank financings to execute refunding transactions in whole or in part.

Summary

In summary, the proposed transaction will be structured to achieve significant intra-fiscal year relief by shifting a portion of the fixed rate School Facilities Construction Bond Program debt service to the end of fiscal years 2015 – 2018, which will address a key rating agency concern by better aligning liabilities with General Fund receipts. Under current market conditions, the financing would also produce a number of economic and strategic benefits for the NJEDA and the State, including:

- Intra-fiscal year cashflow relief in each of fiscal years 2015-2018
- Net present value savings
- FY 2014 and 2015 budgetary savings in an amount to be determined in accordance with the Budget Message
- No gross dissavings or extension of final maturity

OFFICE OF RECOVERY

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

APPLICANT: Formica Brothers LLC P38858

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

PROJECT LOCATION 2310 Arctic Ave Atlantic City (T) Atlantic

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

APPLICANT BACKGROUND:

Formica Brothers LLC, dba Formica Brothers Bakery ("FFB" or the "Company") was founded in 1919. The Company hand crafts and bakes over 200 types of breads daily (over 45,000 pieces of fresh bread), including customized breads. FFB has over 300 corporate accounts in Southern New Jersey, and the bread can be found in a variety of fine dining restaurants, including Ruth Chris Steakhouse, Wolfgang Puck American Grill, Gallagher's Steakhouse, The Palm, Old Homestead Steakhouse, Congress Hall, and Knife & Fork, among others. The Company also supplies local businesses, schools, and markets.

Superstorm Sandy flooded the Company's main bakery location at 2310 Arctic Avenue, and the storage facility located at 20 North Mississippi Avenue sustained roof damage. As a result, the company is seeking a working capital loan for the purchase of inventory, and for other working capital expenses, such as payroll and rent.

APPROVAL REQUEST:

The proceeds of this loan will be used to reimburse the Company for working capital expenses incurred.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: $2,239,459

TERMS OF LOAN: 0% interest for the first 24 months, followed by 96 months of interest payments based on the 5-year US Treasury rate, set at closing. 10-year term with a principal moratorium during the first 18 months followed by 102 months of equal principal payments.

PROJECT COSTS:

Working capital	$2,570,772
TOTAL COSTS	$2,570,772

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

DEVELOPMENT OFFICER: D. Ubinger **APPROVAL OFFICER:** H. O'Connell

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

APPLICANT: Susan Wagner Designs Limited Liability Company P38777

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

PROJECT LOCATION: 527 Bay Ave. Point Pleasant Beach Borough Ocean

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

APPLICANT BACKGROUND:

Susan Wagner Designs Limited Liability Company, dba SW Design Studio ("Design Studio") began operation in 2010 and became a limited liability company under the laws of the State of New Jersey in 2012. The company is located in Point Pleasant Beach, NJ. The business suffered significant damage from Superstorm Sandy, including loss of most of its inventory. As a result of the storm, the business was shuttered from November 2012 through most of January 2013. Design Studio is a retail shop open by appointment only selling bridal, prom, evening and communion dresses, and accessories. In addition to carrying various bridal lines including Pronovias Barcelona, Susan Wagner, the proprietor, designs and makes a line of dresses for her clients.

APPROVAL REQUEST:

A 10-year term loan of $48,602 to finance working capital costs under the Stronger NJ Business Loan program
is requested.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: $48,602

TERMS OF LOAN: 24 months of 0% interest followed by 96 months of interest payments based on the 5 year US Treasury rate. During the first 18 months of the loan no principal payments are due followed by 102 months of principal payments in an amount adequate to fully amortize the loan. $24,511 of the Loan will be forgivable after 12 months.

PROJECT COSTS:

Working capital	$48,602
TOTAL COSTS	$48,602

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

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

STRONGER NJ BUSINESS LOAN PROGRAM

SCHEDULE A

Applicant	Loan Amount	Rate and Terms
Formica Brothers LLC	$2,239,459	0% interest for the first 24 months, followed by 96 months of interest payments based on the 5-year US Treasury rate, set at closing. 10-year term with a principal moratorium during the first 18 months followed by 102 months of equal principal payments.
Susan Wagner	$48,602	Ten (10) year fully amortizing term with a principal moratorium during the first 18 months of the loan. The initial fixed rate of interest for the first two (2) years of the Loan shall be 0%. Thereafter, the Interest Rate shall be fixed for the remaining eight (8) years of the Loan. "Interest Rate" shall mean the average of five-year US Treasury rate as published by the Federal Reserve the week prior to closing of the Loan. $24,531 of the Loan will be forgivable after 12 months.

DRAFT

EDISON INNOVATION VC GROWTH FUND PROGRAM

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

APPLICANT: AetherPal Inc. P38874

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

PROJECT LOCATION: 1 Cragwood Road South Plainfield Borough (N) Middlesex

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

APPLICANT BACKGROUND:

AetherPal, Inc . ("AI" or "the Company") was formed as a wholly-owned subsidiary of W2BI, Inc. in 2009. W2BI was formed by Ron Parmar in 1997 as a software developer for the wireless telecommunications industry. W2BI's software was designed to automate testing of mobile devices. W2BI was sold to Advantest Corporation in 2013 for $10 million; however, AI was spun out prior to the acquisition. AI has developed a software platform that enables remote access to mobile devices. The technology was developed to assist mobile carriers and device manufacturers in resolving issues with "smart" mobile devices. The Company is located in South Plainfield with 18 employees. AI is seeking a $1 million loan to support growth capital needs.

APPROVAL REQUEST:

Approval is requested for a $1 million loan under the Edison Innovation VC Growth Fund Program as proposed.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: $1,000,000

TERMS OF LOAN: 4.2% fixed rate with a 12-month interest-only period followed by a 48-month term and amortization.

PROJECT COSTS:

Working capital	$1,000,000
TOTAL COSTS	$1,000,000

JOBS: At Application 18 Within 2 years 33 Maintained 0 Construction 0

DEVELOPMENT OFFICER: K. Hashmi **APPROVAL OFFICER:** S. Brady

LOANS/GRANTS/GUARANTEES

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: February 11, 2014

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

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

UST Residential Grant:

Estate of Clara Levine	$ 126,385

Prepared by: Kathy Junghans

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

APPLICANT: Estate of Clara Levine P38690

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

PROJECT LOCATION: 82 Jersey Ave. Edison Township (N) Middlesex

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

APPLICANT BACKGROUND:

In May 2013, Clara Levine, who has since passed away, received a grant in the amount of $4,980 under P38031 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform extensive soil remediation along with site restoration. The applicant is requesting grant funding in the amount of $126,385 to perform the approved scope of work at the project site for a total funding to date of $131,365.

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 NJDEP oversight fee of $12,639 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: $126,385

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade,Closure,Remediation	$126,385
NJDEP oversight cost	$12,639
EDA administrative cost	$250
TOTAL COSTS	$139,274

APPROVAL OFFICER: K. Junghans

PETROLEUM UNDERGROUND STORAGE TANK REMEDIATION UPGRADE AND CLOSURE FUND

LOANS AND/OR GRANTS

SCHEDULE A

Applicant and/or Nominee	Project Number	Site	Grant Amount	Loan Terms
Estate of Clara Levine	**P38690**	**82 Jersey Ave. Edison Township Middlesex County**	**$126,385**	**No Interest; No Repayment**

DRAFT

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: February 11, 2014

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

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

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

Below is a summary of the Delegated Authority approvals processed by Finance & Development for the period January 01, 2013 to January 31, 2013

Summary:

	# of Grants	$ Amount
Leaking tank grants awarded	23	$395,394
Non-leaking tank grants awarded	0	$0

Applicant	Description	Grant Amount	Awarded to Date
Bargar, David (P37817)	Supplemental grant for upgrade, closure and remediation	$4,865	$42,806
Brennan, Daniel (P37891)	Initial grant for upgrade, closure and remediation	$7,375	$7,375
Callahan, Matthew (P37866)	Initial grant for upgrade, closure and remediation	$4,641	$4,641
Chernes, Terence (P37879)	Initial grant for upgrade, closure and remediation	$4,373	$4,373
Cholewa, Joyce (P37898)	Initial grant for upgrade, closure and remediation	$29,200	$29,200
Church of the Messiah, The (P37651)	Supplemental grant for upgrade, closure and remediation	$34,723	$63,053
Curry, Emery (P37869)	Initial grant for upgrade, closure and remediation	$21,491	$21,491
Franco, Joseph J. (P37816)	Supplemental grant for upgrade, closure and remediation	$69,991	$99,502
Hall, Daniel (P37743)	Supplemental grant for upgrade, closure and remediation	$7,322	$12,832
Juergensen, Ralph and	Initial grant for upgrade,	$10,775	$10,775

Applicant	Description	Grant Amount	Awarded to Date
Alicia (P34410)	closure and remediation		
Kaufmann, Kenneth and Josette (P37742)	Supplemental grant for upgrade, closure and remediation	$1,184	$24,364
Kleinschmidt, Robert and Patricia (P37873)	Initial grant for upgrade, closure and remediation	$18,268	$18,268
Kogan, Sandra (P37863)	Initial grant for upgrade, closure and remediation	$16,171	$16,171
Law, Robert (P37771)	Supplemental grant for upgrade, closure and remediation	$13,902	$35,606
LeVan, Kathryn (P37845)	Initial grant for upgrade, closure and remediation	$14,256	$14,256
Marshall, Lillian (P33918)	Supplemental grant for upgrade, closure and remediation	$1,604	$8,317
Myslinski, Jenna (P37868)	Initial grant for upgrade, closure and remediation	$17,203	$17,203
Ohl, Karen and Henry (P37859)	Initial grant for upgrade, closure and remediation	$24,376	$24,376
Paul's Car Care Center of Fort Lee, Inc. (P37539)	Supplemental grant for upgrade, closure and remediation	$47,222	$297,222*
Perkins, Joanne (P37897)	Initial grant for upgrade, closure and remediation	$18,474	$18,474
Shahwan, Josef K. and Janet J. (P37810)	Supplemental grant for upgrade, closure and remediation	$10,233	$34,837
Updike, James and Denise (P37809)	Supplemental grant for upgrade, closure and remediation	$12,225	$21,585
Voznek, Edith (P37818)	Supplemental grant for upgrade, closure and remediation	$5,520	$13,570
23 Grants	**Total Delegated Authority funding for Leaking applications.**	**$395,394**	

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

Timothy Lizura

Prepared by: Kathy Junghans, Finance Officer

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: February 11, 2014

SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

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

Commercial Grant:		
Jersey City Redevelopment Agency	$	203,435
Municipal Grant:		
Marlboro Township	$	102,179
Total HAZ funding for February 2014	**$**	**305,614**

Prepared by: Kathy Junghans

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

APPLICANT: Jersey City Redevelopment Agency (City Chemical Corporation) P38741

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

PROJECT LOCATION: 100 Hoboken Ave. Jersey City (T/UA) Hudson

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

APPLICANT BACKGROUND:

In January 2002, Jersey City Redevelopment Agency (JCRA) received a grant in the amount of $185,699 under P10397 to perform Site Investigation (SI) at the City Chemical Corporation project site. The project site, identified as Block 6001, Lot 40 is a former hazardous waste storage facility which has potential environmental areas of concern (AOCs). Jersey City Redevelopment Agency currently owns the project site and has satisfied proof of site control. The applicant now has renewed interest in developing the site as more funding is now available. It is the applicant's intent upon completion of the environmental investigation activities to redevelop the project site for mixed use.

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

APPROVAL REQUEST:

The Jersey City Redevelopment Agency is now requesting supplemental grant funding to perform additional RI activities required by NJDEP in the amount of $203,435 at the City Chemical Corporation project site for total funding to date of $389,134.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT $203,435

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	$203,435
EDA administrative cost	$500
TOTAL COSTS	$203,935

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Marlboro Township (Municipal Park Complex) P38666

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

PROJECT LOCATION: Wyncrest Road Marlboro Township (N) Monmouth

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

APPLICANT BACKGROUND:

The project site, identified as Block 253, Lot 36 is a park which has potential environmental areas of concern (AOC). The Township of Marlboro currently owns the project site and has satisfied Proof of Site Control. It is the Township's intent, upon completion of the environmental investigation activities to redevelop the project site for mixed use.

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

APPROVAL REQUEST:

The Township of Marlboro is requesting grant funding to perform (RI) in the amount of $102,179 at the Municipal Park Complex project site.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT $102,179

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	$102,179
EDA administrative cost	$500
TOTAL COSTS	$102,679

APPROVAL OFFICER: K. Junghans

HAZARDOUS DISCHARGE SITE REMEDIATION FUND

MUNICIPAL GRANT PROGRAM

Applicant and/or Nominee	*Project Number*	*Site Name and Address*	*Grant Amount*
Jersey City Redevelopment Agency (City Chemical Corporation)	*P38741*	*100 Hoboken Avenue Jersey City Hudson County*	*$203,435*
Marlboro Township (Municipal Park Complex	*P38666*	*Wyncrest Road Marlboro Township Monmouth County*	*$102,179*

DRAFT

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: February 11, 2014

SUBJECT: Hazardous Discharge Site Remediation Fund - Delegated Authority Approvals (For Informational Purposes Only)

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

Below is a summary of the Delegated Authority approval processed by staff during the month of January 2014.

Applicant	Description	Grant	Cumulative award to Date
1941 Holland Brook Properties, LLC P38562	25% Remedial Action matching grant	$ 5,583	
Robert Weingart P38640	25% Remedial Action matching grant	$ 8,805	
2 Grants	**Total Grant Funding for January 2014**	**$14,388**	

Timothy Lizura

Prepared by: Kathy Junghans

INCENTIVE PROGRAMS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM
INFORMATION ITEM

TO: Members of the Board

FROM: Timothy J. Lizura
Chief Operating Officer and President

DATE: February 11, 2014

RE: Higher Education Public-Private Partnership Program
Update to the Program Guidelines

Summary
In October 2009, the Members approved the application fee for the Higher Education Public-Private Partnership Program and received the program guidelines as an information item. The updated guidelines incorporate revisions due to the Act's amendment on several occasions.

Background
New Jersey Economic Stimulus Act of 2009 initially permitted state and county colleges ("colleges") to enter into public-private- partnerships "that permit [a] private entity to assume full financial and administrative responsibility for the on-campus construction, reconstruction, repair, alteration, improvement or extension of a building, structure, or facility" of the college so long as the college retains ownership of the land, and the project is 100% privately financed. As amended, the Act also permits a college to lease a revenue generating property to the private partner and in return the private partner becomes responsible to maintain and operate the leased facility and provides upfront financing or uses the revenue from the leased facility to provide structured financing to the college. At the end of the lease term, the leased property and the revenue reverts to the college. Other amendments to the Act include:

- Clarifying the project's real estate tax exemption under certain conditions
- Permitting certain public entities (e.g., local improvement authorities, the Authority), to own or lease the proposed project for the purpose of financing, and
- Extending the application deadline (August 1, 2015 or August 1, 2016, depending upon project type)

The proposed guidelines include now incorporate these amendments. I have attached the revised guidelines and a summary of the projects approved to date and their current status.

Timothy J. Lizura
Chief Operating Officer and President

Attachments
Prepared by: Juan Burgos

ATTACHMENT 1: REVISED PROGRAM GUIDELINES

HIGHER EDUCATION PUBLIC-PRIVATE PARTNERSHIPS
NEW JERSEY ECONOMIC STIMULUS ACT OF 2009 (AS AMENDED)

PROGRAM GUIDELINES

BACKGROUND

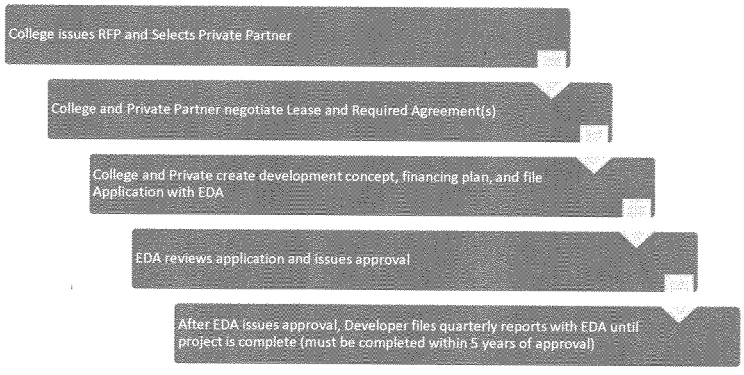
Enacted on July 28, 2009, New Jersey Economic Stimulus Act of 2009 permits a state or county college (hereinafter "college") to enter into a private-public partnership "that permits [a] private entity to assume full financial and administrative responsibility for the on-campus construction, reconstruction, repair, alteration, improvement or extension of a building, structure, or facility of the institution" so long as the college retains ownership of the land, and the project is 100% privately financed. N.J. Stat. 18A:64-85.a(1). In addition, the Act permits a partnership in which the college leases a revenue generating property to the private partner, the private partner becomes responsible to maintain and operate the leased facility, and the private partner provides upfront or structured financing to the college. N.J. Stat. 18A:64-85.a(2).

The Act requires that the Authority "review all completed applications, and request additional information as is needed to make a complete assessment of the project." N.J. Stat. 18A:64-85.f(3). A complete application must be submitted for approval by August 1, 2015, or August 1, 2016, depending upon the project type. N.J. Stat. 18A:64-85.f(1) and (2)(a).

THE PROCESS

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

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



THE APPLICATION

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

- a copy of the document or documents which constitute the public-private "partnership agreement" between the college and the private developer (a **fully negotiated** agreement between the parties subject to comments)

- the copy of the draft land lease or land agreement between the college and the private developer (a **fully negotiated** lease between the parties subject to comments)

- a project narrative that includes, but is not limited to the following:

    - a description and experience of the private developer and its team members
    - a full description of the project
    - a description of how the project will implement LEED and the Department of Community Affairs green building manual practices
    - a description of how the long term maintenance plan was developed and the assumptions used to create the plan
    - project schematics (site plan, floor plan and elevations)
    - description of any areas of environmental concerns that may impact the project budget or schedule
    - list of the permits and approvals required for the project and the status of the approvals (also include these on the project schedule)

- financial information, which shall include, but not be limited to the following:

    - a sources and uses statement
    - operating proforma coterminous with the financing of the project (i.e., debt and/or equity fully repaid) and/or disposition of the project.
    - evidence of legally binding financing commitments
    - evidence of the private developer's bonding capacity for the development and operation of the project as required by the Act, and
    - a long range maintenance plan

- a detailed project schedule, including all predevelopment, development, and place-in-service tasks and milestones (schedule cannot extend 5 years beyond the Authority's approval date)

- DPMC classifications as required

- evidence of how the partnership will fulfill the following obligations under the Act:

    - obtaining project labor agreements for the development and implementation of the long term maintenance plan
    - payment of the prevailing wage during the development and while implementing the long term maintenance plan

- issuance of the required bonds

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

APPLICATION REVIEW, APPROVAL, AND PROJECT MONITORING

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

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

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

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

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

APPLICATION AND MONITORING FEE

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

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

APPENDIX 1: SUMMARY CHART OF THE ACT'S REQUIREMENTS THAT SHOULD BE CONSIDERED WHEN ISSUING A REQUEST FOR PROPOSALS FOR A PRIVATE PARTNER

Higher Education Private Public Partnership
Request for Proposals Checklist

The following checklist summarizes the requirements of any project developed under the Act. The partnership between the institution of higher education and the private partner must ensure that these requirements are met for the duration of the project's development and operation. This checklist is provided as guidance to ensure that institutions of higher education solicit proposals that comply with the Act's requirements. These requirements are **IN ADDITION** to any other procurement requirements that the institution of higher education must adhere to when issuing Request for Proposals for the required services. **Colleges are strongly encouraged to consult the Authority early during project's initial feasibility stages (i.e., while the college is developing the project concept and request for proposals) to ensure that the project will meet the Act's requirements.**

Law Sec.	Statutory Language	Explanation
N.J. Stat. 18A:64-85.a(1)	A State college or county college may enter into a contract with a private entity, subject to subsection f. of this section, to be referred to as a public-private partnership agreement, that permits the private entity to assume full financial and administrative responsibility for the on-campus construction, reconstruction, repair, alteration, improvement or extension of a building, structure, or facility of the institution, provided that the project is financed in whole by the private entity and that the State or institution of higher education, as applicable, retains full ownership of the land upon which the project is completed.	College may enter into a private public partnership agreement if (1) the project is privately financed and (2) institution and/or the State retains ownership of the land.
N.J. Stat. 18A:64-85.a(2)	A public-private partnership agreement may include an agreement under which a State or county college leases to a private entity the operation of a dormitory or other revenue-producing facility to which the college holds title, in exchange for up-front or structured financing by the private entity for the construction of classrooms, laboratories, or other academic buildings. Under the lease agreement, the college shall continue to hold title to the facility, and the private entity shall be responsible for the management, operation, and maintenance of the facility. The private entity shall receive some or all, as per the agreement, of the revenue generated by the facility and shall operate the facility in accordance with college standards. A lease agreement shall not affect the status or employment rights of college employees who are assigned to, or provide services to, the	College may enter into a lease agreement (1) to lease revenue generating property to the partner; (2) partner must operate and maintain the leased facility; (3) partner provides upfront or "structured financing" to the college for the construction of a new academic facility; (4) existing employment rights of college employees assigned to provide services at the leased facility shall not be impacted; (5) at the end of the lease term, the leased facility reverts to the college.

Higher Education Private Public Partnership
Request for Proposals Checklist

The following checklist summarizes the requirements of any project developed under the Act. The partnership between the institution of higher education and the private partner must ensure that these requirements are met for the duration of the project's development and operation. This checklist is provided as guidance to ensure that institutions of higher education solicit proposals that comply with the Act's requirements. These requirements are **IN ADDITION** to any other procurement requirements that the institution of higher education must adhere to when issuing Request for Proposals for the required services. **Colleges are strongly encouraged to consult the Authority early during project's initial feasibility stages (i.e., while the college is developing the project concept and request for proposals) to ensure that the project will meet the Act's requirements.**

Law Sec.	Statutory Language	Explanation
	leased facility. At the end of the lease term, subsequent revenue generated by the facility, along with management, operation, and maintenance responsibility, shall revert to the college.	
N.J. Stat. 18A:64-85.b(1)	A private entity that assumes financial and administrative responsibility for a project is not be subject to the procurement and contracting requirements of all statutes applicable to the institution of higher education at which the project is completed, including, but not limited to, the "State College Contracts Law," and the "County College Contracts Law." For the purposes of facilitating the financing of a project pursuant to subsection a. of this section, a public entity may become the owner or lessee of the project or the lessee of the land, or both, may become the lessee of a dormitory or other revenue-producing facility to which the college holds title, may issue indebtedness in accordance with the public entity's enabling legislation and, notwithstanding any provision of law to the contrary, shall be empowered to enter into contracts with a private entity and its affiliates without being subject to the procurement and contracting requirements of any statute applicable to the public entity provided that the private entity has been selected by the institution of higher education pursuant to a solicitation of proposals or qualifications. For the purposes of this section, a public entity shall include the New Jersey Economic Development Authority, and any project undertaken pursuant to subsection a. of this section of which	The private partner is not subject to the institution of higher education's procurement and contracting laws/regulations, including, but not limited to State College Contracts Law or County College Contracts Law. For the purpose of financing, a public entity, including the Economic Development Authority, may become the owner or lessee of the project, or the lessee of the revenue producing college owned facility, the lessee of the land, issue debt, and not be subject to statutory procurement and contracting requirements applicable to the public entity so long as the college has selected the private partner through a solicitation of proposals or qualifications.

Higher Education Private Public Partnership
Request for Proposals Checklist

The following checklist summarizes the requirements of any project developed under the Act. The partnership between the institution of higher education and the private partner must ensure that these requirements are met for the duration of the project's development and operation. This checklist is provided as guidance to ensure that institutions of higher education solicit proposals that comply with the Act's requirements. These requirements are **IN ADDITION** to any other procurement requirements that the institution of higher education must adhere to when issuing Request for Proposals for the required services. **Colleges are strongly encouraged to consult the Authority early during project's initial feasibility stages (i.e., while the college is developing the project concept and request for proposals) to ensure that the project will meet the Act's requirements.**

Law Sec.	Statutory Language	Explanation
	the authority becomes the owner or lessee, or which is situated on land of which the authority becomes the lessee, shall be deemed a "project" under the "New Jersey Economic Development Authority Act."	
N.J. Stat. 18A:64-85.b(2)	As the carrying out of any project described pursuant to this section constitutes the performance of an essential public function, all projects predominantly used in furtherance of the educational purposes of the institution undertaken pursuant to this section, provided it is owned by or leased to a public entity, non-profit business entity, foreign or domestic, or a business entity wholly owned by such non-profit business entity, shall at all times be exempt from property taxation and special assessments of the State, or any municipality, or other political subdivision of the State and, notwithstanding the provisions of section 15 of P.L.1974, c.80 (C.34:1B-15), section 2 of P.L.1977, c.272 (C.54:4-2.2b), or any other section of law to the contrary, shall not be required to make payments in lieu of taxes. The land upon which the project is located shall also at all times be exempt from property taxation. Further, the project and land upon which the project is located shall not be subject to the provisions of section 1 of P.L.1984, c.176 (C.54:4-1.10) regarding the tax liability of private parties conducting for profit activities on tax exempt land, or section 1 of P.L.1949, c.177. (C.54:4-2.3) regarding the taxation of leasehold interests in exempt property that are held by	If the project is owned by or lease to a public entity, non-profit business entity or business entity that is wholly owned by a non-profit entity, the property shall be exempt from property taxation, any special assessments by the State or other political subdivision of the State. In addition, the land shall not be subject to taxation. The project shall also be exempt from tax for conducting private business on exempt land and for having leasehold interests on exempt land held by non-exempt parties.

Higher Education Private Public Partnership
Request for Proposals Checklist

The following checklist summarizes the requirements of any project developed under the Act. The partnership between the institution of higher education and the private partner must ensure that these requirements are met for the duration of the project's development and operation. This checklist is provided as guidance to ensure that institutions of higher education solicit proposals that comply with the Act's requirements. These requirements are **IN ADDITION** to any other procurement requirements that the institution of higher education must adhere to when issuing Request for Proposals for the required services. **Colleges are strongly encouraged to consult the Authority early during project's initial feasibility stages (i.e., while the college is developing the project concept and request for proposals) to ensure that the project will meet the Act's requirements.**

Law Sec.	Statutory Language	Explanation
	nonexempt parties	
N.J. Stat. 18A:64-85.c	Each worker employed in the construction, rehabilitation, or building maintenance services of facilities by a private entity that has entered into a public-private partnership agreement with a State or county college shall be paid no less than prevailing wage.	Each worker employed in the construction, rehabilitation or building services for the project shall be paid no less than prevailing wage.
N.J. Stat. 18A:64-85.d(1)	All construction projects under a public-private partnership agreement entered into pursuant to this section shall contain a project labor agreement.	Construction of the project must include a project labor agreement.
N.J. Stat. 18A:64-85.d(1)	general contractor, construction manager, design-build team, or subcontractor for a construction project proposed in accordance with this paragraph shall be registered pursuant to the provisions of P.L.1999, c.238 (C.34:11-44 56.48 et seq.), and shall be classified by the Division of Property Management and Construction to perform work on a public-private partnership higher education project	General contractor, construction manager, design-build team, or subcontractor shall be registered with and classified by DPMC to perform work on public-private partnership higher education projects
N.J. Stat. 18A:64-85.d(1)	All construction projects proposed in accordance with this paragraph . . .are encouraged to adhere to the Leadership in Energy and Environmental Design Green Building Rating System as adopted by the United States Green Building Council.	Partners are encouraged to adhere to LEED standards for the project.
N.J. Stat. 18A:64-85.d(2)	Where no public fund has been established for the financing of a public improvement, the chief financial officer of the public owner shall require the private entity for whom the public improvement is being made to post, or cause to be posted, a bond guaranteeing prompt payment of moneys due to the contractor, his or her subcontractors and to all persons	Private Partner must post a bond guaranteeing payment to the contractor, subcontractors and all persons supplying labor or materials to the project.

Higher Education Private Public Partnership
Request for Proposals Checklist

The following checklist summarizes the requirements of any project developed under the Act. The partnership between the institution of higher education and the private partner must ensure that these requirements are met for the duration of the project's development and operation. This checklist is provided as guidance to ensure that institutions of higher education solicit proposals that comply with the Act's requirements. These requirements are **IN ADDITION** to any other procurement requirements that the institution of higher education must adhere to when issuing Request for Proposals for the required services. **Colleges are strongly encouraged to consult the Authority early during project's initial feasibility stages (i.e., while the college is developing the project concept and request for proposals) to ensure that the project will meet the Act's requirements.**

Law Sec.	Statutory Language	Explanation
	furnishing labor or materials to the contractor or his or her subcontractors in the prosecution of the work on the public improvement	
N.J. Stat. 18A:64-85.f(1)	The projects are encouraged, when practicable, to adhere to the green building manual prepared by the Commissioner of Community Affairs pursuant to section 1 of 27 P.L.2007, c.132 (C.52:27D-130.6).	Partners are encouraged to adhere to the NJ green building manual for the project.
N.J. Stat. 18A:64-85.f(2)(b)	[Projects] shall contain a long-range maintenance plan and shall specify the expenditures that qualify as an appropriate investment in maintenance.	Projects require a long term maintenance plan outlining long term maintenance expense and capital improvements during the project's life under the partnership agreement
N.J. Stat. 18A:64-85.f(2)(b)	All contracts to implement a long-range maintenance plan pursuant to this paragraph shall contain a project labor agreement.	Implementation of long-range maintenance plan requires the payment of prevailing wage and must include a project labor agreement.
N.J. Stat. 18A:64-85.f(4)	Where no public fund has been established for the financing of a public improvement, the chief financial officer of the public owner shall require the private entity for whom the public improvement is being made to post, or cause to be posted, a bond guaranteeing prompt payment of moneys due to the contractor, his or her subcontractors and to all persons furnishing labor or materials to the contractor or his or her subcontractors in the prosecution of the work on the public improvement.	Private Partner must post a bond guaranteeing payment to the contractor, subcontractors and all persons supplying labor or materials to the project.

APPENDIX 2: APPLICATION CHECKLIST

Higher Education Private Public Partnership
Application Requirements
[One Original, submitted in 3 Ring Binder along with one CD with a copy of the application in PDF format]

1. Application Checklist

2. Payment of the Required Fee (the greater of .125% of the total development cost or $15,000)

3. Applicant Information

    a. Institution Name
    b. Primary Business Address
    c. Contact Person Title, Telephone, Email and Fax
    d. Tax ID Number
    e. Proposed Ownership Structure
    f. What, if any, Board of Trustees action is required to proceed with the project
    g. Certification

4. Private Partner Information

    Include a narrative [not to exceed 10 pages, single spaced, 12 point font] that addresses the following items:

    a. Development Experience (for all team members)
    b. Operation and Management Experience
    c. Financial Capacity

        i. Development
        ii. Operating
        iii. Bonding Capacity
        iv. Financial Controls

    d. List of Prior Similar Projects with Contact Information

5. Project Narrative

    Include a narrative [not to exceed 10 pages, single spaced, 12 point font] that addresses the following items:

    a. Project Description

i. Describe the Existing Conditions and Project Need (include a market analysis/study when appropriate, i.e., commercial retail, office projects).
ii. Describe the Proposed Uses (e.g., residential, commercial, educational, other)
iii. Describe how the project will attempt to incorporate LEED and the NJ DCA green building manual standards
iv. Describe:

1. The status of the college's long range facilities plan with the Commission of Higher Education
2. How the proposed project is consistent with the college's long range facilities plan

v. Describe any environmental conditions that may impact the project budget or schedule
vi. Provide a list of all the required permits and approvals necessary for the project and the current status of receiving such approvals (also include these items on the project schedule)
vii. Describe each party's role and responsibilities during the life of the project

b. Provide Schematics (site plan, elevations, floor plans)
c. Provide Draft Specifications

6. Project Schedule

Include a narrative [not to exceed 5 pages, single spaced, 12 point font] that addresses the following items:

a. Narrative

i. Describe Current Status
ii. Describe Major Milestones
iii. Describe Next Steps
iv. Describe how the project will meet the 5 year deadline (from date of approval), and any tactics or strategies that will be employed to mitigate schedule slippage

b. Provide a Detailed Schedule with Tasks and Major Milestones (Gantt Chart)

7. Financing

   Include a narrative [not to exceed 10 pages, single spaced, 12 point font] that addresses the following items:

   a. Narrative Describing Financing Structure
   b. Financing Commitments
   c. Budgets (see budget template)

      i. Sources and uses statement with explanatory notes
      ii. Operating proforma with explanatory notes

   d. Long Term Maintenance Plan

      i. Describe the process and assumptions used to develop the plan.
      ii. Describe how the plan complies with the Authority's long term maintenance guidelines created for the program.

EXHIBITS

A. Proof of site control, with legal description and survey or site plan (e.g., deed to existing land, lease, option or sale agreement for land to be acquired, survey of site, site plan with legal parcels delineated)
B. Proposed land lease and college's Board of Trustees resolution authorizing the lease
C. Proposed development or partnership agreement(s) that will create the partnership pursuant to the Act and college's Board of Trustees resolution authorizing the agreement(s) (see N.J. Stat. 18A:64-85.a(1) or (2))
D. Long Range Maintenance Plan
E. DPMC Registration
F. Proposed Project Labor Agreement(s)

ATTACHMENT 2: PROJECT APPROVAL UPDATE

Higher Education Public Private Partnership Program
Board Reviewed Projects to Date

College:	Montclair State University
Private Partner:	Capstone Companies
Project:	Dormitory and Dining Facility
Development Cost:	$245± million
Completion Date:	July 2011

Montclair State University issued a request for proposals/qualifications and engaged the Capstone Companies to develop a 567,000 SF facility that included a 1,978 bed student dormitory and a 25,000 SF student dining facility on approximately 5.8 acres; buildings will be LEED Silver certified. The dining facility seats 600 persons, and the dormitory includes various student amenities (e.g., multipurpose space, community kitchen, recreation and study spaces, television lounges, and outdoor courtyards). Each suite contains a full bathroom, closets, required furniture, space for one refrigerator and one microwave, and either one or two bedrooms, depending on the unit type. During the term of the financing, the private partner is responsible for the dormitory operations. The University sublets the dining facility to a food service provider that is responsible for the dining facility. At the end of the lease term, the University will take title to the improvements for nominal consideration.

College:	Montclair State University
Private Partner:	UMM Energy Partners, LLC
Project:	Combined Heat and Power Plant and Distribution System
Development Cost:	$92± million
Completion Date:	August 2013

Montclair State University issued a request for proposals/qualifications and selected UMM Energy Partners, LLC to develop a combined heating, cooling, and power plant and improvements to the related energy distribution system to serve the entire campus. The combined heat and power plant will provide the majority of the University's electricity, steam and partial chilled water needs. The project will consist of the construction of a new combined heating, cooling and power plant (18,000± SF) containing electric generation equipment, heat recovery steam generator, auxiliary boilers, steam driven chiller, chilled water and steam distribution tie-ins, and the related improvements to the steam and cooling distribution system throughout the campus. During the term of the financing, UMM Energy is responsible for the maintenance and operations of the CHP plant and distribution system. At the end of lease term, the University has the right to either take title to the improvements for fair market value, have the partner abandon the plant in place, or have the partner salvage and remove the plant.

Higher Education Public Private Partnership Program
Board Reviewed Projects to Date

College:	The College of New Jersey
Private Partner:	PRC Group, LLC
Project:	College Town Center
Development Cost:	$56± million
Completion Date:	Summer 2015

The College of New Jersey issued a request for propel/qualifications to develop a Town Center on its campus, and selected the PRC group. The proposed Town Center will include 137 apartments (410± beds) and 78,000± SF of ground floor commercial retail on approximately 12.5 acres. The development will include seven to ten buildings and two main parking areas, with six of the buildings including two to three residential floors over ground floor retail. Currently there are plans to include a stand-alone bank and maintenance/management building on the north side of the development. The project will include 499± parking spaces for residents, employees, shoppers and visitors. The campus book store will be in the building that includes the bell tower which will serve as focal point of the development. At the end of the lease term, the College will take title to the improvements.

This project will be returning to for an amended approval in February 2014.

College:	Ramapo College
Private Partner:	National Energy Partners, LLC
Project:	4.5 Megawatt Solar Array and Roof Repairs
Development Cost:	$23± million
Completion Date:	June 2014

Ramapo College issued a request for proposal/qualifications for the development of 4.5 megawatt solar array selected National Energy Partners, LLC to develop and maintain the solar array. The College will enter into a power purchase agreement with the partner, beginning at a rate of 0.10 per kilowatt, increasing annually at a rate not to exceed 2.5%. In addition, National Energy Partners will pay the College approximately $2 million for roof replacements that were required for the solar installation. At the end of initial lease term, the College has the right to purchase the solar array or to renew the power purchase agreement for an additional five years. At the end of the five year renewal period, the College retains the right to take title to the improvements or have the private partner remove the solar array.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

RE: Higher Education Public Private Partnership Program
The College of New Jersey
"Campus Town" Development Amended Application

DATE: February 11, 2014

Summary

The Members are asked to approve The College of New Jersey's ("Applicant") amended application to develop 130 apartments, 82,519± SF of ground floor commercial retail (the "Project" or "Development") on approximately 13.219± acres of land on the Applicant's campus under the Higher Education Private Public Partnership Program (the "Program") established by P.L. 2009, c. 90 (the "Act"). The project's total development cost will be approximately $84.932 million. The Applicant currently owns the 13.219± acres. Under the Act, the "Authority shall review all completed applications" and "[n]o project shall be undertaken until final approval has been granted by the [A]uthority." N.J.S.A. 18A:64-85.f(3). The amended application is required because the Authority retains "the right to revoke approval if it determines that the project has deviated from the plan submitted." *Id.* Staff performed a substantive review of the amended application and supporting documentation in accordance with the Act and pursuant to the Authority's Higher Education Institution Public-Private Partnership Program Guidelines (the "Guidelines") and recommends approval of the Applicant's revised Project. The Authority's approval will be subject to the Applicant submitting additional items that are outlined below.

Background

Initial Approval

In April 2012, the Members approved the public-private partnership between the Applicant and the PRC Group, LLC ("PRC Group") for the Campus Town Development, which would include 137 apartments with 410 beds and 78,000 SF of ground floor retail space with an estimated

development cost of $56.370 million. For further reference, a copy of the April 2012 board memo is attached as Exhibit A. This memo will outline the development's changes that require further approval.

Application Timeliness
The original application was filed within the existing deadline. The project amendment does not have an application deadline. However, the project must be completed within five years of the Authority's final approval (i.e. the date Authority staff notify the Applicant that all the conditions of the Members' approval have been satisfied). Real Estate Division Staff has reviewed the amended application and considered the application complete.

Private Financing and Ownership of the Land
Staff has reviewed the amended application to confirm that the private partner continues to assume full financial responsibility for the construction of the Project and that the Applicant has no financial responsibility for the Project's construction. The Applicant currently owns the 13.219± acres of land that will be leased to a PRC Group controlled entity for the development. As required by the Act, the Applicant will continue to own the land during the entire lease term.

Project Description
A. Residential Units.
The initial application included the following residential unit mix:

Apartments	Units	Avg Unit SF	Beds	Ann. Unit Rent
Efficiencies & 1 Bedrooms	23	437	23	$11,900
2 Bedroom	33	720	66	$21,800
3 Bedroom	3	1024	9	$31,500
4 Bedroom	78	1242	312	$39,600
	137		**410**	

The amended application reduces the number of apartments to 130, eliminates 3 bedroom units, changes the mix of the 1, 2 and 4 bedroom units, and increases the annual unit rent:

Apartments	Units	Avg Unit SF	Beds	Ann. Unit Rent
Efficiencies & 1 Bedrooms	8	450	8	$13,087
2 Bedroom	25	798	50	$24,012
3 Bedroom	0	0	0	$0
4 Bedroom	97	1227	388	$43,697
	130		**446**	

B. Commercial Space

The following table summarizes the proposed changes in the retail component detailing the proposed changes in tenants, square feet, and rental rates and other charges:

Tenant	Initial SF	Initial Rent	Initial CAM	Total Rent	Revised SF	Revised Rent	Revised CAM	Revised Total
7-11	0	$0.00	$0.00	$0	2,784	$31.00	$1.00	$89,088
Florist	1,067	$20.00	$0.00	$21,340	2,108	$23.00	$1.00	$50,592
Restaurant	2,814	$21.00	$0.00	$59,094	3,808	$23.00	$1.00	$91,392
Ice Cream	1,552	$22.00	$0.00	$34,144	2,196	$21.00	$1.00	$48,312
Dry Cleaner	0	$0.00	$0.00	$0	950	$23.00	$1.00	$22,800
Print / Copy	2,814	$19.00	$0.00	$53,466	2,304	$23.00	$1.00	$55,296
Hair / Spa	1,552	$21.00	$0.00	$32,592	1,525	$30.00	$1.00	$47,275
Art / Framing	986	$20.00	$0.00	$19,720	713	$23.00	$1.00	$17,112
Optical	1,067	$20.00	$0.00	$21,340	1,445	$23.00	$1.00	$34,680
Hoagies / Subs	1,232	$22.00	$0.00	$27,104	1,385	$21.00	$1.00	$30,470
Mariachi Mex.	0	$0.00	$0.00	$0	1,444	$24.00	$1.00	$36,100
Sushi	1,552	$22.00	$0.00	$34,144	1,602	$20.00	$1.00	$33,642
Smoothies	0	$0.00	$0.00	$0	1,556	$23.00	$1.00	$37,344
Fitness Center	11,000	$17.00	$0.00	$187,000	11,500	$17.00	$0.00	$195,500
Brew Pub	11,092	$25.00	$0.00	$277,300	10,601	$20.00	$1.00	$222,621
Pizzeria	0	$0.00	$0.00	$0	3,500	$25.00	$1.00	$91,000
TBD	4,243	$21.00	$0.00	$89,103	876	$25.00	$1.00	$22,776
Game Store	0	$0.00	$0.00	$0	1,500	$25.00	$1.00	$39,000
Health Food	2,218	$21.00	$0.00	$46,578	2,500	$25.00	$1.00	$65,000
Cell Phone	1,552	$22.00	$0.00	$34,144	2,000	$25.00	$1.00	$52,000
Sporting Goods	1,552	$19.00	$0.00	$29,488	2,500	$25.00	$1.00	$65,000
Barnes & Noble	14,500	$20.00	$0.00	$290,000	14,600	$23.00	$0.00	$335,800
Pad Site	3,000	$22.00	$0.00	$66,000	4,500	$27.78	$0.00	$125,000
Police Substation	0	$0.00	$0.00	$0	433	$0.00	$0.00	$0
Maint. Building	0	$0.00	$0.00	$0	1,800	$0.00	$0.00	$0
Leasing Office	0	$0.00	$0.00	$0	1,280	$0.00	$0.00	$0
Breezway (#6)	0	$0.00	$0.00	$0	972	$0.00	$0.00	$0
Pharmacy	14,207	$22.00	$0.00	$312,554	0	$0.00	$0.00	$0
	78,000			$1,635,111	82,382			$1,807,800

Besides moving the clock tower to a plaza closer to the center of the cluster of seven mixed use buildings (residential over ground floor commercial), adding an roadway between 2 buildings, and reconfiguring the building elevations for the new residential and commercial mix, there were no major changes to the building or site plan. Staff concludes that the amended plan remains

consistent with the program guidelines, including smart growth and green building principles, and that the proposed project plan and design are feasible.

Summary of the Partnership Document
The role, responsibilities, and benefits of each party will be amended as follows:

- **Applicant**.

    - **Applicable Rent Increase.** Commencing in the third Lease Year, in addition to Basic Rent, Applicant will receive an additional $25,000 annually, which shall increase by $25,000 each following lease year (e.g., Year 3 = $25,000, Year 4 = $50,000, Year 6 = $75,000).

    - **Supplemental Rent**. To the extent that "Percentage Rent exceeds the annual weighted average of the Applicable Rent Increase, the Percentage Rent will be paid. The calculation of Percentage Rent and the weighted average of the Applicable Rent Increase are described below::

        - "Percentage Rent" equals the "Tenant's Gross Rental Receipts" (excluding the bookstore) multiplied by following percentage schedule:

Lease Year	Applicable %
Years 1 through 7	0%
Years 8 through 14	1%
Years 15 through 24	2%
Years 25 to end of Lease	3%

        - The Weighted Average of the Applicable Rent Increase for the Lease Year. The lease provides the following example: "Assuming the anniversary of the Rent Commencement Date is June 1, if the Applicable Increase for the first 5 months of the Lease Year from January 1 through May 31 is the annual rate of $75,000, and the applicable Increase Rent for the remaining seven months of the Lease Year from June 1 to December 31 is at the applicable annual rate of $100,000, then the weighted average Applicable Increase Rent for such Lease Year is $89,583.33." The weighted average is calculated as follows: $75,000/12 x 5 + $100,000/12 x 7 = $89,583.33.

    The Supplemental Rent, if any, will equal the amount that exceeds $89,583.33.

- **Restrictions.** The Applicant has agreed to the following development and use restrictions:

  - *Food Service and Other Commercial Activities.*

    - *Existing Facilities.* Excluding the existing food service and limited retail store on campus, the Applicant will not develop, operate or encourage the operation of any food service or other commercial facilities on the Applicant's campus or on property owned or controlled by the Applicant within a 5 mile radius of the Applicant's campus (the "College Area"). However, the applicant may reconfigure or expand existing food venues and may replace the existing campus retail store with a facility not to exceed 2,400 SF, so long as the target market of the existing venues does not expand beyond the Applicant's students, faculty and staff. The Applicant may continue to serve food and beverages at special events, training, recreational and educational programs, receptions and other miscellaneous programs.

    - *New Facility Construction.* So long as Applicant's new facilities within the College Area do not violate the Lease, Applicant may incorporate new food service venues that are similar to the current food service venues on campus.

    - *Expansions.* If the Applicant acquires, operates or affiliates with "certain existing non-profit institutions," Applicant may construct, establish, operate, re-configure, and expand food and/or beverage service venues that are limited to serve attendees, employees, and staff of the non-profit institution.

    - *"Branded" Food*[1] *Sales.* Applicant may sell branded food on campus so long as it is incorporated within the offerings of the Applicant's food service vendor(s). Branded food sales shall not have a separate entrance. However, Applicant may not offer branded foods that are competitor or comparable to branded foods that have existing leases in the Project's retail space or are in negotiations to lease in the Project's retail space.

    - *Hotel or Conference Center.* Except for the property at 2600 Pennington Road, Applicant may not permit a hotel or conference center to have a separate liquor license or special concessionaire permit.

[1] The Lease defines "Branded" as "an international, national or regional franchise or 'chain' restaurant.'"

- *Student Housing*. The Applicant agrees that it will not permit the construction of new student housing if as a result of the new housing there will be less than 2,000 un-housed juniors and seniors on campus.

- *Other Public Private Partnerships*. Any other entity that enters into a public private partnership with the Applicant will be bound by the above listed restrictions.

- **Project Owner**. Under the Lease, the Project's Owner's responsibilities will be amended to include:

  - *Sub-Master Lease*. The Project Owner may master lease the facility to a non-profit entity to satisfy the real estate tax exemption requirements under the Act.

  - *Security*. The Project Owner will provide the following security:

    - *Payment of Contractors and Suppliers*. The Project Owner will provide $1 million irrevocable letter of credit, or such greater amount required by the Authority, to ensure payment of contractors and suppliers

    - *Demolition*. The Project Owner will provide a $1 million irrevocable letter of credit to demolish the Project if the Lease is due to a material default by the Project Owner. This obligation will terminate after the Project Owner spends or incurs $20 million of development costs.

    - *Completion Guaranty*. The personal guarantee of Robert M. Kaye as security for the Project's completion.''

  - *Rental of Residential Units*. For the first four years of the Lease, the Project Owner must rent the residential units to students, faculty, staff, emeriti faculty, retired staff, guests, attendees at college authorized events and programs of the Applicant, and members of the onsite residential property management staff ("College Affiliated Occupants"). On the fifth anniversary of the Rent Commencement Date, if the Project Owner cannot maintain a 90% occupancy level by renting to College Affiliated Occupants, the Project Owner may rent to persons other than College Affiliated Occupants so long as: a. the Applicant has either: (i) committed to provide housing for over 65% of the enrolled full-time undergraduate students for the following fall semester; or (ii) enrollment falls below 6,000 students; or (iii) the Applicant operates as a institute for higher education for less than 8 months per calendar year; AND b. by March 15th of such year for the fall semester of the following academic year, after accepting every prospective qualified College Affiliated occupant, the Project Owner is unable to achieve at least 90% occupancy for the residential units determined on an individual bed basis; and unless the

Applicant can refer enough qualified College Affiliated occupants to the Project Owner to achieve 90% occupancy by May 1st of such year for the fall semester for the following academic year, the Project Owner will be permitted to rent to non-College Affiliated occupants so long as the rent is 90% of the average mean price of the market rent for comparable apartments in the Ewing Township and Applicant's area; and the non-College Affiliated Occupants are segregated from College Affiliated Occupants (i.e., have separate buildings or separate building floors, and separate laundry facilities [if provided outside the unit]).

- *Financing.* The Project Owner will obtain estimated financing as follows:

Equity	
Expenses Incurred to Date	$3,324,369
Internal Transaction Costs	$2,217,657
Deferred Development Fee	$2,623,388
Deferred Management Fee	$3,070,323
Passive Investor	$2,500,000
PRC Group/Mr. Kaye Cash	$9,642,510
Total Equity	**$23,378,247**
ERG Incentive	**$9,053,973**
Initial Construction Loan	**$52,500,000**
Total Financing	**$84,932,220**

Partner's Experience and Qualifications
The Partner has made the following additions and/or changes to the development team:

A. Biggins Lacey Shapiro & Company
Biggins Lacey Shapiro & Company (BLS) has than 25 years of experience in crafting and pursuing innovative incentive strategies to facilitate economic development. BLS is known for its success in providing a full range of services required to plan and execute incentives transactions, from initial evaluation of potential inducements, through the structuring of final transactions, negotiation of documentation, and the administration and claiming of benefits. BLS has prepared the ERG application for the Project Owner.

B. Turner Construction Company
Turner Construction Company will be the general contractor for the project. Turner has $9 Billion in annual construction revenue and a DPMC classification for general construction in the aggregate of $999.9 Million and a bonding capacity of $6.5 Billion.

C. Capstone Companies, LLC

The Project Owner intends to contract with The Capstone Companies LLC ("Capstone") to manage the student housing operations of the Project. Capstone is based in Birmingham, Alabama and has extensive experience managing student housing communities. Capstone is also serving as the student housing consultant and prepared the student housing market analysis.

Project Financing and Feasibility

Due to increases in labor, materials, and the reconfiguration of the residential and commercial spaces, the project costs have increased. The chart below compares the initial and proposed uses:

	Initial Project		Amended Project		Differences	
TOTAL USES	**% of Proj**	**Amount**	**% of Proj**	**Amount**	**% of Proj**	**Diff Amount**
Acquisition	0.7%	$378,500	1%	$833,500	0.31%	$455,000
Improvements	86.7%	$48,900,218	77%	$65,658,864	9.44%	$16,758,646
Professional Services	2.5%	$1,437,000	11%	$9,073,980	8.13%	$7,636,980
Financing and Other Costs	4.7%	$2,625,873	7%	$5,638,531	1.98%	$3,012,658
Contingency	0.9%	$520,000	1%	$1,103,957	0.38%	$583,957
Development Fee	4.5%	$2,508,958	3%	$2,623,388	1.36%	$114,430
TOTAL	**100%**	**$56,370,549**	**100%**	**$84,932,220**	**0.00%**	**$28,561,671**

The new lenders, a consortium of banks, have reduced the available loan from 85% of project costs to approximately 62% of project costs, which created the need to increase the Project Owner's equity and apply for an ERG incentive. The chart below compares the intial and proposed sources:

	Initial Project		Amended Project		Differences	
TOTAL SOURCES	**% of Project**	**Amount**	**% of Project**	**Amount**	**% of Project**	**Diff Amount**
Equity	15.09%	$8,505,877	27.53%	$23,378,247	12.44%	$14,872,370
Loan	84.91%	$47,864,673	61.81%	$52,500,000	-23.10%	$4,635,327
ERG Incentive	0.00%	$0	10.66%	$9,053,973	10.66%	$9,053,973
TOTAL	**100.00%**	**$56,370,550**	**100.00%**	**$84,932,220**	**0.00%**	**$28,561,670**

The consortium of banks are using the provided vacancy (2% for residential; 8% for commercial) and estimated loan rates and amortization (4.75% with 30 year amortization) for the first 13 years, and for the refinancing in Year 14 of operations (6.5% with a 20 year amortization). The new loan terms fall within the current underwriting conditions which include lower loan to value and higher debt service coverage requirements for projects of this type.

Capstone Companies and Fameco Real Estate, L.P. (now CBRE, Inc.), have confirmed that they stand by their 2011 and 2012 market conclusions regarding housing and commercial real estate need and rental rates. Capstone previously concluded that there exists an initial need for between 400 and 600 beds. The revised project of 446 beds falls within this range. In addition, CBRE had previously concluded the commercial rental rates between $17 SF and $20 SF would be

competitive; CBRE now believes that the revised rental are within current market conditions because new commercial leases have been signed for up to $23 SF.

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

Long-Range Maintenance Plan
The Applicant submitted a revised long-range maintenance plan which included standards for the calculation of funds for replacement over the useful of the project, detail for the initial calculation of need for replacement funds (e.g., estimated items, useful life, replacement costs, quantity and total costs), estimated the total amount required, and provided a schedule for use of the replacement reserve over the life of the Project. The Project Owner will pay for long-range maintenance items from the reserve required by the Lease, retained earnings, and refinancing proceeds; staff concludes that the Project Owner has sufficient capital to meet the Project's capital replacement needs during the Lease term. The plan submitted complies with industry standards for replacement reserve accounts and capital maintenance plans and the long-range maintenance guidelines prepared by the Authority's consultant and adopted by the Authority. Accordingly, staff concludes that Applicant has submitted an adequate revised long-range maintenance plan for the Project.

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

Recommendation
Subject to the Authority approving the Project's ERG incentive application, Staff recommends that the Board give final approval of the amended application subject to the following conditions being met to the satisfaction of appropriate staff (e.g., Chief Executive Officer, President and Chief Operating, or Director of the Real Estate Division):

- Providing a copy of the executed Lease, with attachments (excluding the plans and specifications)
- Submitting, in final form, the development and operating budget (substantially the same as the documents reviewed by the Authority)
- Submitting, in final form, project labor agreements for the construction and contracts to implement the long range maintenance plan, which to the greatest extent possible enhances employment opportunities for individuals residing in the county of the project's location

- Submitting, in final and satisfactory form, posted bonds guaranteeing prompt payment of moneys due to the contractor (and/or subcontractors)
- Submitting a copy of the financial commitments for the Project (construction loan, permanent loan, ERG incentive), with terms substantially similar to those provided in the amended Application
- Submitting other items (such as final forms of financial documents) that the Applicant must provide in order to obtain the Authority's final approval.

Recommendation

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

Timothy J. Lizura
President and Chief Operating Officer

Attachment: Exhibit A
Prepared by: Juan Burgos

EXHIBIT A:

Background

The Authority's Scope of Review

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

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

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

Within the Act's deadline of February 1, 2012, the Applicant submitted a complete application for the Project with adequate exhibits and supporting documentation which included an adequate form of the Ground Lease which serves as the partnership agreement for this Project. As required by the Act, Real Estate Division Staff deemed the application complete on February 2nd.

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

Project Description

In September 2010, The Applicant issued a request for qualifications and proposals to select a private partner to design, develop, construct, manage, and operate a Campus Town Center on its campus. Four parties responded to the RFP, and a result of the process, the Applicant selected the PRC Group of Companies ("PRC Group" or "Group"), through a single purpose entity – PRC Campus Centers, LLC ("Project Owner"), to own, design, develop, construct, manage and operate the Development. On January 24, 2012, the Applicant's Board of Trustees ("Trustees")

approved the partnership document, the Ground Lease ("Lease"), between the Applicant and the Project Owner.

The 12.5± acres proposed for the Development are immediately south of the Applicant's main campus entrance off of Route 31 (Pennington Road). The lot is bound by Pennington Road to the West, Metzger Drive to the East, and a single residential home to the South.

The Proposed development will include the following apartments and possible initial retail components:

Apartments	Units	Avg Unit SF	Beds	Ann. Unit Rent
Eff. & 1 Bedroom	23	412	23	$11,900
2 Bedroom	33	720	66	$21,800
3 Bedroom	3	1024	9	$31,500
4 Bedroom	78	1242	312	$39,600
	137		**410**	

Proposed Retail	SF	Rent	Ann. Rent
Health Food / Vitamins	2,218	$21 SF NNN	$46,578
Florist	1,067	$20 SF NNN	$21,340
Restaurant	2,814	$21 SF NNN	$59,094
Hair / Spa	1,552	$21 SF NNN	$32,592
Hoagies / Subs	1,232	$22 SF NNN	$27,104
Art / Framing	986	$20 SF NNN	$19,720
Optical	1,067	$20 SF NNN	$21,340
Print / Copy	2,814	$19 SF NNN	$53,466
Sushi	1,552	$22 SF NNN	$34,144
Fitness Center	11,000	$17 SF NNN	$187,000
Ice Cream / Yogurt	1,552	$22 SF NNN	$34,144
Sporting Goods	1,552	$19 SF NNN	$29,488
Brew Pub	11,092	$25 SF NNN	$277,300
Cell Phone	1,552	$22 SF NNN	$34,144
Pharmacy	14,207	$22 SF NNN	$312,554
Bookstore	14,500	$20 SF NNN	$290,000
Bank	3,000	$22 SF NNN	$66,000
TBD	4,243	$21 SF NNN	$89,103
	78,000		**$1,635,111.00**

The Project will include seven to ten buildings and two main parking areas. Six of the buildings will be mixed use (two to three residential floors over ground floor retail). These buildings will create the "town center." Two of the buildings may have an exclusive retail use (currently proposed as a bank and maintenance facility). Parking, approximately 499 spaces, will be

included at both ends of the Project with two additional lots near the proposed bank and maintenance building. A bell tower, incorporated into the building that will include the college bookstore, will serve as a focal point for the Project, as a "marker" for the Development from Route 31, and as a plaza for open air seating and events. The Project will also include direct access to Pennington Road with a traffic signal. The Project Owner estimates that the Development will create 325 construction jobs and 150 permanent jobs (residential and commercial combined).

In accordance with the Guidelines, staff reviewed the Applicant's description of the Project and its design. The Development's design and planning incorporates current smart growth (e.g., town center with a pedestrian friendly streetscape) and green building (i.e., LEED Silver standard incorporated into the design) principles. Staff concludes that the Applicant has proposed a feasible project plan and design.

Summary of the Partnership Document
Each party's role, responsibilities and benefits in the transaction are summarized below:

- **Applicant**. The Applicant will lease approximately 12.5± acres to the Project Owner for the Development. The Lease will have a term of 50 years, starting on the "date of the Lease," and terminating on the 50th anniversary of the initial final or temporary certificate of occupancy for the residential or retail component, whichever occurs first. The Applicant owns 6± acres, and according to the terms of the State House Commission approval provided in December 2011, it will receive title to 6.5± acres from the State. The Applicant will receive rent as follows:

    - **Basic Rent**. Commencing on the first day of the twenty-fifth calendar month after receipt of the Initial Certificate of Occupancy or the Outside Completion Date (5 years from Authority's approval), Applicant will receive $400,000 annually, payable in monthly installments ($33,333.33 per month) in advance.

    - **Supplemental Rent**. In addition to Basic Rent, the Applicant shall receive the greater of $25,000 annually, increasing by $25,000 each subsequent year ("Applicable Minimum Amount"), or "Percentage Rent" of the "Tenant's Gross Rental Receipts" (excluding the bookstore) based on the following percentage schedule:

Lease Year	Applicable %
Years 1 through 7	0%
Years 8 through 14	1%
Years 15 through 24	2%
Years 25 to end of Lease	3%

The Applicant will be responsible for the following items during the Lease term:

1. *Access and Infrastructure Improvement Rights.* The Applicant reserves access right to the leased premises for maintenance, repairs, and installation of infrastructure improvements to benefit the Applicant's campus.
2. *Marketing.* The Applicant will assist the Project Owner in marketing the Project so long as the marketing is in "accordance with legal restrictions and the [Applicant's] policies and . . . do[es] not negatively impact the [Applicant's] credit or student housing program."
3. *Financial Aid Used for Rent.* If directed by the student, and to the extent permitted by law, the Applicant "will use commercially reasonable efforts to direct financial aid funds of such student that are in the [Applicant's] control to the [Project Owner] for the purpose of making rental payments." When financial aid is granted, and directed by the student, the Applicant and Project Owner will cooperate to establish a schedule for the rental payments.
4. *Sidewalk Clearance.* For sidewalks outside but adjoining the lease premises, the Applicant, in accordance with its campus wide protocol for sidewalk maintenance, will clear the sidewalks of snow, ice, dirt and rubbish.
5. *Non-Exclusive Easement.* The Applicant will grant the Project Owner a "non-exclusive easement" through and under the Applicant's campus for vehicle and pedestrian traffic to the Development. The Applicant also grants the Project Owner a non-exclusive easement to clear sidewalks adjoining but outside the leased premises of snow, ice, dirt and rubbish more frequently than the Applicant's maintenance program.
6. *Consent to Changes or Alterations of the Final Plans.* Provide consent (not to be unreasonably withheld) for changes or alterations of the Project's final plans, subject to the conditions included in the Lease.
7. *Right of Entry.* The Applicant retains the right of entry onto the leased premises, with reasonable notice, for the purpose of inspection and to perform any repairs or perform work due to the Project Owner's default under the Lease.
8. *Applicant's Representative.* The Applicant will appoint a representative to represent the Applicant's interest during the Project's construction.
9. *Transfers.* As between the Applicant and the Project Owner, the Applicant reserves the right to "at any time and from time to time, sell, assign, mortgage, encumber or otherwise transfer all or any part of its right, title, and interest with respect to the [leased] Premise, including its fee interest in the Land."
10. *Environmental Remediation.* For hazardous materials "on or under the land" on the commencement day of the Lease, the Applicant will reimburse the Project Owner up to $500,000 for the removal of such hazardous materials. The reimbursement will occur from the following sources: (a) an escrow established between the Applicant and the Project Owner in the amount of $100,000; (b) any insurance recovery the Applicant receives from its

environmental insurer: and/or (c) a 100% credit for any rents due Applicant until the Project Owner is paid in full.

11. *Disposition.* Without additional compensation to the Project Owner, at the end of the term, the Applicant shall be entitled to receive all the tenant improvements, which shall also include "fixtures and equipment that are necessary for the operation of the building systems or common areas" of the leased premises.

During the term of the Lease, the Applicant will not have an obligation to:

- Provide residential life or student programming for the students living in the Development;
- Take any recourse for nonpayment of rent against any student living in the Development;
- Restrict any of the Applicant's on-campus development based on the Project's performance (excluding the bookstore, which is included in the Development);
- Alter its existing rental rates to support the Project's "performance/feasibility"; or
- Maintain the Applicant's current or historic rent levels or growth rates in the Applicant's student housing.

- **Project Owner**. Under the Lease, the Project's Owner's responsibilities include:

1. *Special Purpose Entity.* The Project Owner will be a special purpose entity (either a limited liability company or corporation), with the sole purpose of developing, constructing, owning, operating and maintaining the Project, without the ability to engage in any other business activity, acquire or own any other assets, and/or own subsidiary or make any investments in any other entity or person.
2. *Rent and Additional Impositions.* The Project Owner will pay Base and Supplemental Rent, and additional impositions (e.g., real taxes) as required by the Lease.
3. *Construction of Improvements.* The Project Owner will be responsible for constructing the improvements as required by the Lease.
4. *Construction Schedule.* The Project must complete construction of the Development according to the schedule attached to the Lease, or at the latest, within 5 years of the Authority's approval.
5. *Construction Completion Guaranty and Letter of Credit.* The Project Owner may provide the following security for the construction of the Project: a. personal guaranty of the Project's Owner's sole owner, Robert M. Kaye, in the amount of $1 million, and b. irrevocable letter of credit in the amount of

$1 million. The letter credit may only be drawn upon by the Applicant if there is a default under Mr. Kaye's personal guarantee. The funds may be used to restore the leased premises to its original condition in the event the Project is started but not completed. The Project Owner will provide bonding required by the Act and any funding source.

6. *Green Building*. The Lease requires that the Project will be designed and constructed "in such a manner so that, if an application were made to the LEED green building certification program . . . sufficient points associated with design and construction [along] with additional points associated with the LEED standards governing all other aspects of the Project [, the Development] would have accumulated enough [points to receive] LEED silver certification."
7. *Rental of Residential Units*. For the first seven years of the Lease, the Project Owner must rent the residential units to students, faculty, staff, emeriti faculty, and retired staff of the Applicant ("College Affiliated Occupants"). In the event the Project Owner cannot maintain occupancy levels by renting to College Affiliated Occupants, on the eighth anniversary of the Lease Commencement Date, the Project Owner may rent to persons other than College Affiliated Occupants so long as: a. the Project Owner notifies the Applicant by August 20th of each academic year; b. the non-college Affiliated Occupants meet the selection criteria outlined in the Lease; c. the Applicant can review the proposed non-college Affiliated Occupant's application to ensure that the proposed tenant meets the standard of the Lease; d. the rent for the non-College Affiliated units are comparable to rents in the surrounding Ewing Township/Applicant's area; and e. the non-College Affiliated Occupants are segregated from College Affiliated Occupants (i.e., separate buildings or floors, separate laundry facilities).
8. *Rental of Non-Residential Space*. The Project Owner may rent the non-residential space for any use that is not a disallowed use under the Lease (the Lease includes 40 excluded uses).
9. *Repair and Maintenance of Leased Premises and Improvements*. The Project Owner will be responsible for maintaining the leased premises and the leasehold improvements.
10. *Security*. In coordination with the Applicant, the Project Owner will provide security on the leased premises.
11. *Financing*. The Project Owner will obtain estimated financing as follows:
    a. $8.506 million in equity
    b. $47.865 million construction/permanent loan (4.25% interest, 15 year term, 30 year amortization).

Partner's Experience and Qualifications
The Guidelines call for an assessment of the experience and qualifications of the development partner.

The PRC Group of Companies
Established by Robert M. Kaye, the PRC Group of Companies (the "PRC Group" or "Group") has extensive experience in commercial and residential development, construction and management.

In business for more than 50 years, the following chart summarizes some of PRC's projects:

Units	Role	Units	TDC
Apartments	Own & Manage	1,949 Units	$101,150,000
Condos & Townhomes	Joint Venture; Manage	318 Units	$50,005,000
Apartments	Construction Only	48 Units	$19,440,000
Office Buildings	Own & Manage	339,200 SF	$34,270,000
Office Warehouse	Own & Manage	84,000 SF	$6,700,000
Commercial	Own & Manage	4,200 SF	$840,000
			$212,405,000

The Group provides full real estate services; it can own, develop, construct and manage the real estate projects that the Group undertakes. In this instance, the PRC Group will create a single purpose entity to own the leasehold improvements and it will provide management services to the Development. In addition, if PRC Construction Co., Inc. receives the required state certifications, the Group may also construct the Project. In the alternative, the Project Owner may engage a qualified independent general contractor to construct the leasehold improvements. The Project Owner has interviewed six general contractor candidates and has reduced the possible selection to two finalists.

Hillier Architectural Group and Feinberg & Associates, P.C.
These two firms have extensive experience in commercial, residential and institutional design for a variety of clients. In addition, Feinberg & Associates has provided services in planning and designing two "town centers" – Washington Town Center, Robbinsville (550 residential units over 100,000 SF of retail and office space); Livingston Towne Center, Livingston (24 condominiums, 156 space garage, 25,000 SF retail).

Maser Consulting P.A.
With extensive experience in site planning, infrastructure and right of way design/engineering, Maser Consulting is providing the required engineering services for the site and required right of way design improvements on Route 31.

Fameco Real Estate, LP
A licensed real estate broker in New Jersey, the firm has experience in retail leasing, marketing and management. The firm has extensive relationships for the type of retail uses targeted for the

Development. Fameco will provide real estate marketing and brokerage leasing services to the Project.

The Capstone Companies, LLC
This firm has extensive student housing experience and it develops, owns and manages student housing for its own account.[1] The PRC Group has engaged Capstone to provide advice regarding the student housing market and the design and amenities needed in student housing facilities.

Staff concludes that the Project's development team has sufficient experience to own, develop, construct, operate and maintain the Development.

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

Uses	% Project	Amount
Acquisition	0.67%	$378,500
Improvements	86.75%	$48,900,218
Professional Services	2.55%	$1,437,000
Financing Fees	0.55%	$311,120
Financing and Other Costs	4.11%	$2,314,753
Contingency	0.92%	$520,000
Development Fee	4.45%	$2,508,958
Total Uses	**100.00%**	**$56,370,549**

Sources	% Project	Amount
Project Owner Equity	15.09%	$8,505,877
Loan	84.91%	$47,864,673
Total Sources	**100.00%**	**$56,370,550**

The submitted proforma included a low vacancy rate for the student housing units (2%) and a low interest rate for the initial permanent loan after construction completion (4.25%). However, if the vacancy is increased to 5%, and the loan interest rate to 5.5%, the Project generates sufficient cash flow to meet a debt service coverage ratio of 1.25 with a loan to value of 85% (the Project's Owner's assumption). Real Estate staff has assumed that an 85% loan to value first mortgage and an interest rate of 5.5% (or below) can be negotiated in the market. To support these assumptions, Staff notes that the Applicant provided a letter from HFF, a national real estate financing brokerage and advisory services firm; HFF is assisting the Project Owner with placing the debt for this transaction. HFF believes the permanent interest rate will be approximately 4.25% because there is lack of student housing and retail in the immediate area.

[1] In May 2010, the Members approved the Montclair State University dorm project under this program. Capstone is the developer and manager of the dorm.

HFF is using the 2% vacancy rate for student housing in performing its due diligence for the transaction and believes the rate is supported by the existing market conditions.

In the event that the Project's lender requires a lower loan to value ratio, greater debt service coverage ratio, or a higher interest rate, the Project Owner may have to increase its equity contribution and/or consider an alternative loan structure. Staff recognizes that mixed-use projects that the Members have approved under other programs have assumed higher interest rates than what is proposed for this Development.[2] Evidence of the loan terms received for the Project will be a condition of the final approval.

The Applicant commissioned a mixed used development study which was prepared by Jones Lang LaSalle ("JLL") in 2010. This report concluded that the Applicant has a population of approximately 3,340 students that could possibly use campus housing. Many of the students not living in existing campus dorms live in apartments within 5 miles of the Applicant's campus. Off campus rents for a 2 bedroom apartment averaged $1,195 month or $14,340 annually ($597.50 per bed per month or $7,170 per bed annually). At the time of the JLL report, the Applicant's room charges were ($3,619 per semester or $7,238 per year). Based on an updated analysis of student housing, prepared by HFF, current market conditions show that the off-campus rents are $828 per month (excluding electricity and furnishings), and current on-campus average rents are $1,130 per room per month (including mandatory meal plans). The proposed rent per bed for the Development, $1,132 per month, is comparable to the existing on campus rent for a unit that will provide greater amenities and features (no shared bedrooms, private or semi-private bath, full kitchens, central living/eating quarters, private washer and dryers and separate HVAC controls) than the existing on-campus dorm unit.

In 2011, Capstone performed an evaluation of the Applicant's student housing needs and concluded that there is an immediate need for an additional 400 beds, and that a project of up to 600 beds could be viable. The Applicant proposes a Project that will provide 410 beds, which is within the range of immediate need outlined by Capstone.

In 2010, JLL found that the closest retail venue to serve the Applicant's campus is on Olden Avenue which has a variety of mixed uses (local shops, car dealerships, strip malls) and is approximately 2 miles away from the campus. In addition, the venue is not pedestrian friendly. JLL surveyed the existing conditions for rents and commercial uses in the surrounding market and found that the rents averaged $17 SF NNN for strip mall space and $12 SF NNN for stand-alone space. The report proposed two alternative retail mixes for the Development between 105,000 and 109,000 SF.

In 2011, Fameco updated the rental rate survey and concluded that rents are between $17 and $20 SF, depending upon the use. A majority of the proposed rents for the retail in this

[2] For instance, the New Brunswick Transit Village project included a 6.6% interest rate on part of its permanent loan and the Teachers Village in Newark included a 7% rate on its loan. The Members approved these projects under the Urban Transit Hub Tax Credit Program (the Teacher's Village was also approved under the Economic Recovery and Redevelopment Growth Grant Program).

Development fall within this range. In addition, the Development includes 78,000 SF of retail, which is within the square footage proposed by JLL. Based on the information provided by the Applicant, and the reports prepared by JLL, Capstone and Fameco, the Real Estate Division staff concludes that there is a need for the mixed use development.

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

Long-Range Maintenance Plan

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

Project Schedule

The Applicant has provided a schedule to complete the Development by August 2013. In addition, the Lease requires substantial completion of the Project by no later than the fifth anniversary of approval of the Project by the Authority. These periods comply with the requirement of the Act that projects be completed within 5 years of the Authority's approval date.

NJ Green Building Manual and LEED Standards

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

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

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

Although the Project Owner has not selected a general contractor at this time (this was not a requirement of the RFP issued by the Applicant), the PRC Group and the Applicant recognize their obligation to comply with Act's requirements regarding DPMC classification, prevailing wage, the project labor agreement, and bonding.

Recommendation
Staff recommends that the Board give final approval of the application subject to the following conditions being met to the satisfaction of appropriate staff (e.g., Chief Executive Officer, Senior Vice President of Finance and Development, or the Managing Director of Finance and Development for the Real Estate Division):

- Completing the site acquisition from the State
- Providing a copy of the recorded deed from the State to the Applicant
- Providing a copy of the executed Lease, with attachments (excluding the plans and specifications)
- Submitting, in final form, the development and operating budget (substantially the same as the documents reviewed by the Authority)
- Submitting, in final form, project labor agreements for the construction and contracts to implement the long range maintenance plan, which to the greatest extent possible enhances employment opportunities for individuals residing in the county of the project's location
- Submitting, in final and satisfactory form, posted bonds guaranteeing prompt payment of moneys due to the contractor (and/or subcontractors)
- Submitting a copy of the financial commitment for the Project (construction and permanent loan), with terms substantially similar to those provided in the Application
- Providing evidence of a contractor's DPMC classification equivalent to the Project's construction costs.
- Submitting other items (such as final forms of financial documents) that the Applicant must provide in order to obtain the Authority's final approval.

Recommendation

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

Caren S. Franzini
Chief Executive Officer

Attachment
Prepared by: Juan Burgos

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

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

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

Staff Review:

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

Amount of award based upon:

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

Qualified Residential Projects:

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

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: February 11, 2014

RE: **PRC Campus Centers, LLC**
Residential Economic Redevelopment and Growth Grant Program ("RES ERG")
P # 38868

Request

The Members are asked to approve the application of PRC Campus Centers, LLC (the "Applicant") for a Township of Ewing, Mercer County primarily residential project referred to as Campus Town Development (the "Project") for the issuance of tax credits pursuant to the RES ERG program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 ("Act").

The total costs of the Project are estimated to be $84,932,220 and of this amount $78,838,509 are eligible costs under the RES ERG program. The recommended amount of tax credits is not to exceed **$15,767,702** which represents 20% of the eligible project costs based on the budget submitted.

The Applicant is a single purpose entity owned 90% by Robert M. Kaye and 10% by Michael R. Armellino.

Project Description

The $84.9 million Project includes the construction of 9 low-rise buildings to create a 241,000 square foot mixed use development on the campus of The College of New Jersey ("TCNJ"). The Project is located on approximately 13 acres between Pennington Avenue and Metzger Drive and will consist of housing for undergraduate students at TCNJ as well as retail uses. TCNJ currently owns the Project site and plans to enter into a 50-year ground lease (the "Ground Lease") with the Applicant. The Project will consist of the following components:

- ***Student Housing/Residential*** - The current building plan consists of approximately 202,000 square feet of student housing or 130 units with 446 beds, including eight 1-bedroom units, 25 2-bedroom units, and 97 4-bedroom units, with individual rents ranging from $910 to $1,090 per month, with assumed annual increases after year 1. Under the proposed Ground Lease, the Applicant is restricted to lease units only to college affiliated occupants for the first four years of the Lease, however, thereafter; the Applicant may lease units to non-college affiliated occupants depending on factors such as student demand and TCNJ enrollment.

- ***Retail and Other*** – The Project will include approximately 82,000 square feet of retail and other space, consisting of approximately 23 units of ground level retail below the student housing, with rents ranging from $17 to $31 per square foot. This space is also anticipated to include a police substation, a maintenance building, a leasing office and a public breezeway.

The Project also includes approximately 500 spaces of surface parking with 60% allocated to student housing and 40% to retail uses. Of note, although NJSA 19:31-4.3(a) (3) requires residential applicants to reserve at least 20% of residential units for occupancy by low or moderate income households, it has been determined that such requirement does not apply to student housing projects. The Applicant has agreed to comply with affordable housing requirements in the event that the Applicant leases to non-college affiliated occupants as provided in the Ground Lease.

On April 10, 2012, the Authority had approved the public-private partnership between the Applicant and TCNJ under the Higher Education Private Public Partnership Program, which at the time anticipated a $56.37 million Project. Concurrently with this approval, the Members are being requested to approve the modified Project as reflected herein under the Program. Since the time of the April 2012 approval, anticipated Project costs have increased due to increases in labor, materials and the reconfiguration of the residential and commercial spaces, as well as a reduction in loan capacity from 85% of costs to approximately 62% of costs. As a result, there was a need to increase equity in the Project, resulting in a financing gap in the Project requiring a RES ERG incentive.

Given the affiliation with TCNJ, the Project is not subject to local approvals; however, the Applicant conducted a courtesy review with the Township of Ewing. NJ Department of Community Affairs has approved the site plan and will be responsible for the issuance of building permits. The Applicant anticipates construction to commence in the coming weeks with completion expected in July 2015. The application did not contain any information that contradicts the applicant's representation that the project will be completed within the stated timeframe.

Although applicants for the RES ERG program are not required to maintain certain employment levels, the Applicant estimates that this Project will create approximately 150 construction jobs and 325 permanent jobs. The Applicant has received a letter of support from the Mayor of the Township of Ewing, stating that the Project is one of the highest priorities for the Township. The Applicant intends to meet green building requirements as set forth in the NJBPU Green Building Manual by building to LEED Silver standards, with such building standards included as a requirement in the proposed Ground Lease with TCNJ. In addition, the Applicant has committed to comply with the Pay-for-Performance Program as per the NJBPU Green Building Manual.

Project Ownership

The Applicant is a single purpose for-profit entity owned 90% by Robert M. Kaye and 10% by Michael R. Armellino, a passive investor. Pursuant to the proposed Ground Lease with TCNJ, the Applicant, as the owner of the Project, will be responsible for the development, financing, construction, lease-up, maintenance and operation of the Project. In order to take advantage of the statutory property tax exemption available to non-profits, the Applicant intends to master sub-lease the Project to Campus Town Education Association Inc., a non-profit corporation to be established, and the Applicant has consented to a PILOT payment to the Township of Ewing.

The Applicant is a member of The PRC Group of Companies ("PRC"), formed in 1960 as a multi-faceted regional real estate owner, developer and services provider headquartered in West Long Branch, NJ with significant experience in residential and commercial real estate development. PRC has developed approximately 12 residential projects with more than 2,300 apartment and condominium units and representing approximately $170 million in investment. In addition, PRC has developed approximately 6 commercial projects with more than 420,000 square feet of office and warehouse space representing approximately $87 million in investment.

The Applicant intends to contract with The Capstone Companies LLC ("Capstone") to manage the student housing operations of the Project. Capstone is based in Birmingham, Alabama and has extensive experience managing student housing communities.

Specific financial information on the Applicant and owners are included in the Confidential Memorandum on Financial Analysis, which follows this analysis.

Project Uses and Sources

The Applicant proposes the following uses of funds for the Project:

Uses	*Total Project Costs*	*RES ERG Eligible Amount*
Acquisition of Land and Building	$ 833,500	$ 833,500
Construction & Site Improvements	65,158,864	65,158,864
Professional Services	5,620,323	2,550,000
Financing & Other Costs	9,592,188	9,192,188
Contingency	1,103,957	1,103,957
Development Fee	2,623,388	0
TOTAL USES	**$ 84,932,220**	**$ 78,838,509**

ERG eligible project costs exclude ineligible costs aggregating $6,093,711, including deferred developer fee of $2,623,388, deferred construction management fees to the Applicant of $3,070,323 and marketing and promotion expenses of $400,000.

The Applicant proposes the following sources of funds for the Project:

Sources of Financing	*Amount*

Senior Debt	$ 52,500,000
ERG Financing	9,053,973
Equity - Deferred Developer Fee/Construction Management Fee	5,693,711
Equity – Cash	17,684,536
Total	**$ 84,932,220**

The Applicant has received a term sheet from M&T Bank to provide $27.5 million of senior debt and to act as sole lead arranger on the remaining portion of a $52.5 million five-year construction facility. The Applicant intends to monetize the RES ERG tax credits through a loan to be collateralized by a 10-year forward purchase contract with a credit worthy NJ taxpayer, and the Applicant has been in active discussions regarding such financing. If the Applicant is unsuccessful in monetizing the RES ERG tax credits to fund construction, the Applicant intends to provide additional equity to the Project until the tax credits can be monetized.

The Applicant has provided detail evidencing approximately $6.1 million in pre-development costs incurred by the Applicant to date. Based on the Confidential Memorandum of Financial Analysis, the Applicant has demonstrated the capacity to provide the remaining cash equity of $11.5 million as well as the $9.1 million in upfront ERG financing, if necessary to bridge the Project until RES ERG tax credits can be monetized.

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 10 years.

Without RES ERG	**With RES ERG**
Equity IRR 8.58%	Equity IRR 14.92%

The Project's economics suggest that the RES ERG benefit will have a material effect on the applicant's decision and ability to advance the Project. **With the benefit of the RES ERG, the Equity IRR is 14.92%. This return is below the rate per the Hurdle Rate Model provided by our contracted consultant, Jones Lang Lasalle which indicates a maximum IRR of 17.36% for this type of project in the Township of Ewing.**

Of note, the Applicant's equity in determining the IRR above was assumed to be $23.4 million, which includes cash equity of $17.7 million and deferred fees of $5.7 million. If the Applicant is unable to monetize the RES ERG tax credits to fund construction, the Applicant's equity would increase to $32.5 million and then the Applicant would realize proceeds from the tax credits over the 10 year award period, which would result in a slightly lower IRR of 13.89%.

The Project qualifies under the RES ERG program as a qualified residential project located within a qualifying ERG incentive area. After approval of this Project, the total RES ERG tax credits approved for qualified residential projects located within an ERG incentive area will be $15,767,702, leaving $9,232,298 of the $25 million allocation remaining.

Other Statutory Criteria

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

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

The Project appears to be economically feasible based on the financial strength and prior experience of the Applicant and based on feasibility studies commissioned by the Applicant and TCNJ. TCNJ commissioned a mixed use development study which was prepared by Jones Lang LaSalle in 2010. This report supports the demand for student housing and retail uses as well as the Applicant's proforma assumptions. In 2011 Capstone performed an evaluation of TCNJ's student housing needs, which supported the demand for the Project. In 2011, Fameco performed a rental rate survey to further support that there is a need for the proposed Project. Capstone and Fameco have confirmed that they continue to support their conclusions regarding housing and commercial real estate need and rental rates.

The Project has an anticipated IRR of 8.58% without the RES ERG and 14.92% with the RES ERG. The RES ERG incentive grant is needed for the viability of the Project and to encourage the Applicant to undertake the capital investment which is required to complete the proposed development.

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

The development is part of an EDA approved Higher Education Private Public Partnership to meet the need for quality student housing on the campus of TCNJ. The Project resulted from the Applicant's successful response to TCNJ's RFP for student housing developers to complete this critical project. TCNJ does not border a business district and as such, retail amenities are not readily available to the TCNJ community. The nearest business district is nearly two miles from the campus, is not easily accessible by pedestrians and does not offer an integrated college town center. In recognition of the need for retail amenities, TCNJ specifically commissioned the JLL feasibility report in 2010, which also demonstrates the housing need as well. In addition, the Township will benefit from a PILOT that exceeds current property taxes on the Project site.

During the construction period of the Project, 150 temporary construction jobs and 325 permanent jobs will be created. The job creation associated with this Project will provide important employment as well as housing opportunities for students and staff at TCNJ.

Recommendation

Authority staff has reviewed the PRC Campus Centers LLC application and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue a commitment letter to the Applicant. Issuance of the RES ERG tax credits is contingent upon the Applicant meeting the following conditions:

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

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

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

Tax Credits shall be issued upon:

1. Completion of construction and issuance of a certificate of occupancy (no later than July 28, 2015; and

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

3. Evidence that the Applicant has complied with NJSA 19:31-4.3(a) (3), which requires a reserve of at least 20% of residential units for occupancy by low or moderate income households, in the event that the Applicant leases to non-college affiliated occupants.

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: $78,838,509

Eligible Tax Credits and Recommended Award: Not to exceed $15,767,702 which equates to 20% of eligible project costs over 10 years.

Timothy Lizura
President and Chief Operating Officer

Prepared by: Christine Caruso

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: February 11, 2014

RE: **Paterson Commons II Urban Renewal Associates, LLC**
Residential Economic Redevelopment and Growth Grant Program ("RES ERG")
P#38816

Request

The Members are asked to approve the application of Paterson Commons II Urban Renewal Associates, LLC (the "Applicant" or "PC") for a Paterson, Passaic County primarily residential project for the issuance of tax credits pursuant to the RES ERG program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 ("Act").

The total costs of the project are estimated to be $28,955,854 and of this amount $24,256,330 are eligible costs under the RES ERG program. The project has an eligible cost basis of $19,584,860 when all federal, state and local funding sources are deducted. The recommended amount of tax credits is not to exceed **$7,833,944,** which represents 40% of the eligible cost basis based on the budget submitted.

The sponsor and developer of the project is The Alpert Group, LLC ("Alpert"). Alpert is 99% owned by Joseph Alpert and 1% owned by his spouse Susan. The Applicant is a single purpose entity owned 0.01% by Alpert as the Managing Member and 99.99% by an Investor Member. The Investor Member is represented by Enterprise Community Investment, Inc., which will arrange and manage the required equity investor in the proposed project.

Project Description

The project address is 66 Gray Street and currently is comprised of two vacant, former industrial buildings on 1.68 acres. These structures are both four stories, have an aggregate 140,000 square feet of gross space, and will be completely rehabilitated.

The proposed project is the second and final phase of a development by Alpert, which currently consists of a high school of 20,000 square feet with 300 students and a residential rental apartment building with 39 units, both of which were completed in 2004. The cost of phase one was $9.1 million and funding was obtained from conventional sources along with Historic Tax Credits, Home Funds from the City of Paterson and Downtown Living from DCA. The latter funding program is no longer available.

The proposed project encompasses two buildings containing primarily residential rentals with common area along with a minor portion for retail with associated surface parking (across the street in a lot currently owned by an Alpert related entity and provided at no charge to the users). The following chart summarizes the project, which aggregates 102,000 square feet of rentable space:

Description	Units	Square Feet	Income (Stabilized)
Residential	99	92,000	$13.26 per SF
Retail	n/a	10,000	$14.00 SF Net Rent
Parking	41	n/a	n/a

An entity related to Alpert acquired the land and buildings in 1999 for $2.5 million and is conducting an internal sale to the Applicant for this project. Alpert was awarded funding from the Downtown Living Initiative Living Program for the project many years ago but this was subsequently withdrawn when the site was evaluated for condemnation for redevelopment as a school.

Insufficient funding sources and economics have stalled the ability to move this project forward and the Applicant has represented that the RES ERG is required to enable an adequate return to be achieved. The Applicant anticipates renovations to commence in June of 2014 with temporary certificate of occupancy obtained in June of 2015. The application did not contain any information that contradicts the applicant's representation that the project will be completed within the stated timeframe.

Although applicants for the RES ERG program are not required to maintain certain employment levels, it is estimated that this project will create approximately two hundred construction jobs and seven new full time jobs from the residential, retail and parking components.

The Applicant has received a letter of support from the Mayor of Paterson. Green building requirements are expected to be met through sustainable design standards as set forth in the NJBPU Green Building Manual via pay for performance. The project meets the Affordable Housing standards under the RES ERG program as the Applicant is making 100% of the residential units affordable to families earning no more than 60% of the Passaic County median income. This also complies with the HMFA guidelines as funding is being requested from this agency.

Project Ownership

The Applicant is 99.99% owned by an Investor Member syndicated by Enterprise Community Investment, Inc. ("Enterprise"). Enterprise is one of the leading providers of Low-Income Housing Tax Credit (LIHTC) equity in the country. Founded in 1984 with headquarters in Maryland, they

have built sound partnerships with community stakeholders – investors, developers, community based organizations and government – to address affordable housing needs. Through the LIHTC program, they have financed over $9 billion in capital for the creation or preservation of 950 affordable housing developments, encompassing over 2,000 homes. Enterprise seeks out strong real estate investments that provide solid returns and risk-protection for investors to meet their mission to create affordable homes and build better communities. Enterprise partners with many of the top corporations in the country to raise much-needed capital for affordable housing. Enterprise's fund portfolio is one of the largest in the industry, with over $9 billion in more than 120 national multi-investor and single investor funds. Enterprise works with developers of all types – nonprofits, for-profits and joint ventures – to finance new construction, rehabilitation and mixed-use developments... Enterprise's partners benefit from:

- Local delivery: Tax Credit Syndication group accessible through regional offices

- Experience: A proven track record for acquiring and structuring LIHTC investments

- Underwriting strength: A solid portfolio as each transaction by working at the deal level, including identifying and managing risk

- Mission-based partners: Focus on deals that serve people with the highest needs in underserved communities.

The Alpert Group, LLC which has a 0.01% ownership in the project is the developer and sponsor. Alpert is a third generation, family owned and operated full-service real estate management and development company with over forty years of experience. Alpert currently manages 22 projects with ownership in 14 projects aggregating over 800 affordable housing units. Alpert has developed over 2,000 units in new construction and adaptive reuse housing since its founding. Alpert's specific expertise lies in rental housing, workforce housing, senior citizen apartments and housing persons with special needs and disabilities. Alpert has extensive experience with Federal, State and municipal affordable housing programs including HOME, HUD Section 8 and NJHMFA. Alpert's projects are located in New Jersey, New York and Connecticut.

Specific financial information on the Applicant and owners are included in the confidential memorandum, which follows this analysis.

Project Uses

The Applicant proposes the following uses for the project:

Uses	*Total Project Costs*	*RES ERG Eligible Amount*
Acquisition of Land and Building	$ 2,500,000	$ 2,500,000
Construction & Site Improvements	$ 17,625,000	$ 17,625,000
Professional Services	$ 595,000	$ 595,000
Contingency	$ 1,862,500	$ 1,862,500
Financing & Other Costs	$ 1,344,480	$ 1,344,480
Soft Costs	$ 1,563,874	$ 329,350

Development Fee	$ 3,465,000	$ 0
TOTAL USES	**$ 28,955,854**	**$ 24,256,330**

ERG eligible project costs exclude ineligible costs aggregating $4.7 million, which include the developer fee as well as $1,234,524 in other ineligible costs under the RES ERG.

Sources of Financing	***Amount***
Senior Debt HMFA	$ 5,280,000
Historic Tax Credits	$ 4,671,470
Low Income Housing Tax Credits	$ 8,166,870
RES ERG	$ 5,875,458
Seller Subordinated Note	$ 2,537,260
Non Deferred Developer Fee	$ 1,834,500
Equity (deferred developer fee)	$ 1,630,500
Total Sources	**$ 28,955,854**

Historic tax credits constitute federal grants to the project and are subtracted from the eligible project costs to arrive at a basis of $19,584,860. The RES ERG cap for this project is 40% (due to factors including; location in a Garden State Growth Zone, location being in a transit hub and, the residential units are affordable), which results in maximum credits of $7,833,944.

The Applicant anticipates a declaration of intent from NJHMFA to issue a conduit bond of up to $15.43 million with a second mortgage note of $10.15 million for 12 months at 2.4% interest only and a first mortgage note of $5.28 million for a total term of 31 years with interest only for 12 months followed by a 30 year permanent amortization at a 6.6% fixed interest rate. The second mortgage serves as interim funding until the various tax credit sources are available.

Enterprise has provided a term sheet to syndicate the equity to acquire the Low Income Housing Tax Credits and Historic Tax Credits, which is presumed to come from TD Bank who has provided a term sheet to provide a these funds. TD Bank has also verbally agreed to purchase the RES ERG tax credits. The purchase amount will be required to conform to the ERG program rules which prohibit the sale or assignment of any amount of a tax credit for consideration received by the developer of less than 75 percent of the transferred credit amount, as determined at present value.

Equity is the portion of the developer fee paid to Alpert which is deferred and repaid post stabilization. Alpert is also providing a subordinated soft loan to the project as they own the property via a related entity who is selling the property to the Applicant. It is noted that the LIHTC and HTC's count as equity towards the amount of equity in the project thereby enabling the Applicant to meet the 20% equity requirement under the RES ERG program.

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 a period of 16 years. The term includes one year of construction and 15 years of cash flow, which corresponds to the time

when the project is permitted to be sold or converted from affordable housing per the federal subsidies being utilized.

Without RES ERG	With RES ERG
Equity IRR 1.22%	Equity IRR 14.56%

The project's economics suggest that the RES ERG benefit will have a material effect on the applicant's decision and ability to advance the project. **With the benefit of the RES ERG, the Equity IRR is 14.56% for the project. This return is below the rate per the Hurdle Rate Model provided by our contracted consultant, Jones Lang Lasalle, which indicates a maximum IRR of 15.11% for a primarily residential project in Paterson.**

Other Statutory Criteria

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

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

The project appears to be economically feasible based on the financial strength and prior experience of the Applicant. The progress made with the zoning and other necessary approvals is indicative of the developer's desire to move the project forward. The project is sponsored by a development firm, which owns and manages a modest portfolio of mixed use properties and when combined with the investor member partner, they exhibit adequate resources to complete the project.

The Authority is in receipt of a Market Study on the proposed project by a third party consultant for NJHMFA who issued their determination of current and future market conditions with an updated effective date of April 26, 2012. Note that the Authority awaits receipt of the current as is appraisal on the land and building. This information will then be incorporated into the project costs and as a result, the amount of the requested incentive may be adjusted downward.

The project has an anticipated IRR of 1.22% without the RES ERG and 14.56% with the RES ERG which is below the maximum per the JLL Hurdle Rate Model in Paterson. The RES ERG tax credits are needed for the viability of the project and to encourage the Applicant to undertake the capital investment, which is required to complete the proposed development.

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

The project conforms to the City of Paterson's master plan, is located in a smart growth area, is in an area in need of rehabilitation and is a transit hub by virtue of the site being located within a half mile

of the NJ Transit Main Street rail station. The project is consistent with the key provisions under state planning goals required by the New Jersey State Development and Redevelopment Plan as private investment will create new living and employment opportunities along with rehabilitation of presently vacant and underutilized buildings. The increase in real estate taxes and positive impact expected on adjacent properties are attributes of the Project.

The City of Paterson ranks third in New Jersey in terms of population at approximately 145,000 in 2012. The unemployment rate in October of 2013 was 13.7%, which is well above the State of New Jersey unemployment rate of 8.1% in October of 2013 which is the lowest level since March of 2009. Recent median household income of Paterson was $40,235 which is dramatically below the average for the state of $71,000. There are over 10,000 households in Paterson whose income levels qualify for admittance to the proposed project. Paterson is also one of the nine cities that are eligible for the former urban transit hub tax credit program as well as one of the four cities deemed Garden State Growth Zones ("GSGZ") by the Economic Opportunity Act of 2013, which is indicative of the level of support needed to be made available to encourage development in the municipality. GSGZ are the New Jersey cities with the lowest median family income based on the 2009 American Community Survey from the US Census. Paterson is also a distressed municipality with a ranking of 555 out of 566 municipalities per 2007 Municipality Revitalization Index per a report published by the New Jersey Department of Community Affairs. A distressed municipality is defined as a municipality that is qualified to receive assistance under the Municipal Urban Aid Program, a municipality under supervision of Local Finance Board, a municipality identified by the Department of Community Affairs to be facing serious fiscal distress, a Schools Development Authority district, or a municipality in which a major rail station is located.

The municipal support letter indicates that the project is vital to the redevelopment of the 21st Avenue corridor in the City of Paterson and will provide needed housing for the community.

The project is located within an Area in Need of Rehabilitation as defined by the local redevelopment and housing law. Preliminary site plan approval was granted to the project in October of 2013. Existing vacant and dilapidated buildings are to be rehabilitated while preserving their historic appearance. The project has received a No Further Action determination letter from NJDEP.

The project is projected to create approximately three new, full-time, permanent jobs for the residential component plus another four retail related positions. During the construction period of the project, two hundred temporary construction jobs will be created. The job creation associated with this project will provide important employment as well as housing opportunities for surrounding communities, and the project will generate an estimated $50,000 in incremental new real estate tax revenue for Paterson on an annual basis.

Recommendation

Authority staff has reviewed the Paterson Commons II Urban Renewal Associates, LLC application and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue a commitment letter to the Applicant. The commitment is to be conditioned up receipt of the following:

1. As is appraisal to determine the value of the land and building in this project.

Upon receipt of the above information, if the value is below $2.5 million then there will be a downward adjustment in the amount of the RES ERG.

Issuance of the RES ERG tax credits is contingent upon PC meeting the following conditions:

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

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

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

Tax Credits shall be issued upon:

1. Completion of construction and issuance of a certificate of occupancy (no later than July 28, 2015; 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 Project Cost Basis: $19,584,860

Eligible Tax Credits and Recommended Award: Not to exceed $7,833,944, which equates to 40% of project cost basis over 10 years.

Timothy Lizura

Prepared by: Michael A. Conte

GROW NEW JERSEY ASSISTANCE PROGRAM

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

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

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

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

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

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

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

Staff Review:

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

Amount of award based upon:

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

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

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

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

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

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

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

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

APPLICANT: Liscio's Italian Bakery, Inc. P38834

PROJECT LOCATION: 600 Ellis Street Glassboro Borough Gloucester County

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

APPLICANT BACKGROUND:
Founded in 1993 and headquartered in Glassboro, New Jersey, Liscio's Italian Bakery, Inc. is primarily a regional wholesale bakery. The company bakes hoagie breads, rolls, pastry and cakes. The bread and roll products are sold and shipped from New Jersey to Pennsylvania, Maryland, and as far south as Florida. A portion of its hoagie breads are par-baked and finished at sub/hoagie stores. Increasing regional demand and efficiencies of scale are calling for a major expansion. At its current 30,000 sf bread/roll plant, the company's production capacity and operations are challenged with space and logistics constraints. To that end, the company needs to relocate to a larger facility in order to grow and improve its efficiencies. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
The company has outgrown its current plant in Glassboro and is looking for a larger space to expand and to accommodate future growth. It is considering either Glassboro, New Jersey or Boothwyn, Pennsylvania, the latter being less expensive. The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Liscio's Bakery has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate 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 approximately $25 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 176 New Jersey jobs listed in the application are at risk of being located outside the State by the 3rd Quarter of 2014. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

APPROVAL REQUEST:
The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey by the 3rd Quarter of 2014; 2) approve the proposed Grow New Jersey grant to encourage Liscio's Italian Bakery, 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.

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.

Grant Calculation

BASE GRANT PER EMPLOYEE:			
Distressed Municipality			$4,000
INCREASES:			
Capital Investment in Excess of Minimum (non-Mega):			$3,000
Targeted Industry (Manufacturing):			$ 500
2007 Revit. Index>465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem:			$1,000
INCREASE PER EMPLOYEE:			$4,500
PER EMPLOYEE LIMIT:			
Distressed Municipality		$11,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:			$8,500
AWARD:			
	New Jobs:	71 Jobs X $8,500 X 100% =	$603,500
	Retained Jobs:	176 Jobs X $8,500 X 50% =	$748,000
		Total:	**$1,351,500**
ANNUAL LIMITS:			
Distressed Municipality		$ 8,000,000	
TOTAL ANNUAL AWARD			**$1,351,500**

The Grow New Jersey Statute has established a minimum threshold for Capital Investment based on the type of business, whether the project location is a new or existing facility, the square footage of the project location, and the location of the project. Based upon these criteria, the minimum capital investment for this project is $1,431,520.

The Grow New Jersey Statute has established a minimum threshold for both New Full-Time Job creation and Retained Full-Time Jobs. Each applicant is required to meet EITHER the minimum New Full-Time Job requirement OR the minimum Retained Full-Time Job requirement. The minimum thresholds are based on the type of business and the project location. Based upon these criteria, the minimum New Full-Time Job number is 8 or the minimum Retained Full-Time Job number is 19.

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$10,455,000
NEW FULL-TIME JOBS:	71
RETAINED FULL-TIME JOBS:	176
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$24,780,536
TOTAL AMOUNT OF AWARD:	$13,515,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$33,943
SIZE OF PROJECT LOCATION:	107,364 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	216

PROJECT IS: (X) Expansion (X) Relocation

CONSTRUCTION: (X) Yes ( ) No

DEVELOPMENT OFFICER: Justin Kenyon **APPROVAL OFFICER**: David Sucsuz

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

APPLICANT: Sandoz Inc. P38870

PROJECT LOCATION: 100 College Road West Plainsboro Township Middlesex County

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

APPLICANT BACKGROUND:
Sandoz Inc., which is located in Princeton, New Jersey, manufactures and markets leading innovative generic prescription drugs used to treat a number of diseases and conditions including central nervous system disorders, cardiovascular diseases, respiratory disorders, cancer, and arthritis. The company is an affiliate of Novartis AG, a world leader in pharmaceuticals and consumer health. The applicant has demonstrated the financial ability to undertake the project.

Sandoz previously received Authority assistance in 2002 with the award of a BEIP grant which was subsequently terminated in 2005. Sandoz's parent company, Novartis AG, has been the recipient of Authority assistance on several occasions including a BEIP in 2004 as well as BRRAG and STX awards in 2005. All of these grants are currently in good standing.

MATERIAL FACTOR/NET BENEFIT:
Sandoz has a lease on its current space in Princeton that expires in 2014. As a result, the company is re-evaluating its real estate strategy and is considering relocating nearby, either in Plainsboro, New Jersey or Feasterville, Pennsylvania. If the company chooses the New Jersey option, it would require a capital investment of $15,200,000 in the leased facility. The project would result in the retention of 292 existing full-time employees in New Jersey as well as the addition of 70 new jobs at the project site.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Sandoz has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate 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 $147.1 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 292 New Jersey jobs listed in the application are at risk of being located outside the State on or before July 1, 2014. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

APPROVAL REQUEST:
The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before July 1, 2014; 2) approve the proposed Grow New Jersey grant to encourage Sandoz 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.

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.

Grant Calculation

BASE GRANT PER EMPLOYEE:		
Priority Area		$3,000
INCREASES:		
Jobs with Salary in Excess of County/GSGZ Average:	$ 250	
Large Number of New/Retained F/T Jobs:	$ 500	
Targeted Industry (Life Sciences):	$ 500	
INCREASE PER EMPLOYEE:		$1,250
PER EMPLOYEE LIMIT:		
Priority Area	$10,500	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$4,250
AWARD:		
New Jobs:	70 Jobs X $4,250 X 100% =	$297,500
Retained Jobs:	292 Jobs X $4,250 X 50% =	$620,500
	Total:	**$918,000**
ANNUAL LIMITS:		
Priority Area (90% Witholding Limit)	$ 4,000,000/($1,746,962)	
TOTAL ANNUAL AWARD		**$918,000**

The Grow New Jersey Statute has established a minimum threshold for Capital Investment based on the type of business, whether the project location is a new or existing facility, the square footage of the project location, and the location of the project. Based upon these criteria, the minimum capital investment for this project is $6,164,000.

The Grow New Jersey Statute has established a minimum threshold for both New Full-Time Job creation and Retained Full-Time Jobs. Each applicant is required to meet EITHER the minimum New Full-Time Job requirement OR the minimum Retained Full-Time Job requirement. The minimum thresholds are based on the type of business and the project location. Based upon these criteria, the minimum New Full-Time Job number is 25 or the minimum Retained Full-Time Job number is 35.

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 15,200,000
NEW FULL-TIME JOBS:	70
RETAINED FULL-TIME JOBS:	292

NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$147,111,255
TOTAL AMOUNT OF AWARD:	$ 9,180,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 83,119
SIZE OF PROJECT LOCATION:	154,100 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	292

PROJECT IS: ( ) Expansion (X) Relocation

CONSTRUCTION: ( ) Yes ( ) No

DEVELOPMENT OFFICER: P. Ceppi **APPROVAL OFFICER**: K. McCullough

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

APPLICANT: Stoncor Group Incorporated P38902

PROJECT LOCATION: 1665 John Tipton Boulevard Pennsauken Camden County

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

APPLICANT BACKGROUND:
Stoncor Group Incorporated ("Stoncor"), trading as Stonhard, is a global leader in manufacturing and installing seamless floors and wall and lining systems; all made of high performance epoxy and urethane. The products are used in healthcare facilities requiring sterile environments as well as industrial and commercial environments. The applicant has sales operations in 25 countries and manufacturing facilities in Maple Shade, New Jersey, Ft. Wayne, Indiana, Belgium and Portugal. Stoncor's global headquarters is in Maple Shade. The applicant is a wholly owned subsidiary of RPM International Inc., a public multinational holding company, with subsidiaries that manufacture and market high-performance coatings, sealants and specialty chemicals primarily for maintenance and improvement. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Stoncor is seeking a Grow New Jersey grant to support retaining 85 jobs and creating 75 new jobs in an effort to expand manufacturing capacity and increase operating efficiency. At present, Stoncor is occupying 3 leased properties in Maple Shade and Pennsauken, totaling 87,500 s. f. In addition, Stoncor owns a 47,600 s. f. building in Maple Shade that functions as its corporate headquarters and as a manufacturing facility. The leases have been extended a number of times and now expire in December 2014. The applicant also has 2 facilities in Ft. Wayne, Indiana. Under consideration is acquiring a 132,223 s. f. building in Pennsauken, which has been empty for several years, or exercising a lease-purchase option on its 11.5 acre manufacturing-distribution campus in Ft. Wayne and building a new 90,000 s. f. manufacturing facility. All activity in the leased facilities will be moved to either the new facility in Pennsauken or Ft. Wayne. The corporate headquarters will remain in Maple Shade. Project costs are estimated to exceed $11.2 million.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Stoncor has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate 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 $25.2 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 85 New Jersey jobs listed in the application are at risk of being located outside the State on or before January 1, 2015. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

APPROVAL REQUEST:
The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before January 1, 2015; 2) approve the proposed Grow New Jersey grant to encourage Stoncor 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.

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.

Grant Calculation

BASE GRANT PER EMPLOYEE:		
Distressed Municipality		$4,000
INCREASES:		
Capital Investment in Excess of Minimum (non-Mega):	$3,000	
Targeted Industry (Manufacturing):	$ 500	
2007 Revit. Index>465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem:	$1,000	
INCREASE PER EMPLOYEE:		$4,500
PER EMPLOYEE LIMIT:		
Distressed Municipality	$11,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		**$8,500**
AWARD:		
New Jobs:	75 Jobs X $8,500 X 100% =	$637,500
Retained Jobs:	85 Jobs X $8,500 X 50% =	$361,250
	Total:	**$998,750**
ANNUAL LIMITS:		
Distressed Municipality	$ 8,000,000	
TOTAL ANNUAL AWARD		**$998,750**

The Grow New Jersey Statute has established a minimum threshold for Capital Investment based on the type of business, whether the project location is a new or existing facility, the square footage of the project location, and the location of the project. Based upon these criteria, the minimum capital investment for this project is $1,762,973.

The Grow New Jersey Statute has established a minimum threshold for both New Full-Time Job creation and Retained Full-Time Jobs. Each applicant is required to meet EITHER the minimum New Full-Time Job requirement OR the minimum Retained Full-Time Job requirement. The minimum thresholds are based on the type of business and the project location. Based upon these criteria, the minimum New Full-Time Job number is 8 or the minimum Retained Full-Time Job number is 19.

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$11,200,483
NEW FULL-TIME JOBS:	75
RETAINED FULL-TIME JOBS:	85

NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$25,246,541
TOTAL AMOUNT OF AWARD:	$ 9,987,500
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 38,000
SIZE OF PROJECT LOCATION:	132,223 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	250

PROJECT IS: (X) Expansion ( ) Relocation

CONSTRUCTION: (X) Yes ( ) No

DEVELOPMENT OFFICER: J.Kenyon **APPROVAL OFFICER**: M.Krug

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

APPLICANT: TR US Inc. P38872

PROJECT LOCATION: 121 River Street Hoboken City Hudson County

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

APPLICANT BACKGROUND:
TR US Inc. is a subsidiary of Thomson Reuters, a multi-national media and information firm. The company provides intelligent information through a synthesis of human intelligence, industry experience, and technology which enables the leaders of the world's businesses to make decisions. The company is organized into four business units: Financial & Risk, Legal, Tax & Accounting, and Intellectual Property & Science. Thomson Reuters is headquartered in New York and is listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol TRI. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Thomson Reuters is currently in the midst of reviewing the company's real estate strategy. Management is seeking to find a new home for as many as 450 of the company's employees mostly in its Tax & Accounting business unit. Thomson Reuters Tax & Accounting is a leading global provider of integrated tax compliance and accounting software and services for professionals in accounting firms, corporations, law firms and government. The company currently leases a floor at 121 River Street in Hoboken where it houses 183 employees. Under consideration, is leasing an additional two floors of the building and relocating 450 employees from out of state to Hoboken. The applicant has requested a grant term of 7 years and a commitment duration of 10.5 years which would be coterminous with the proposed lease term at the Hoboken facility. If the company does not move forward with this plan, those 450 employees would be absorbed into its Carrollton, Texas site which is the headquarters of the Tax & Accounting business unit and currently has a high vacancy rate.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of TR US 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 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 $123.0 million over the 20 year period required by the Statute.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage TR US 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.

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.

Grant Calculation

BASE GRANT PER EMPLOYEE:		
Urban Transit HUB		$5,000
INCREASES:		
Transit Oriented Development:	$2,000	
Jobs with Salary in Excess of County/GSGZ Average:	$ 500	
Large Number of New/Retained F/T Jobs:	$ 750	
INCREASE PER EMPLOYEE:		$3,250
PER EMPLOYEE LIMIT:		
Urban Transit HUB	$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$8,250

AWARD:

New Jobs:	450 Jobs X $8,250 X 100% =	$3,712,500
Retained Jobs:	0 Jobs X $8,250 X 50% =	$ 0,000
	Total:	**$3,712,500**

ANNUAL LIMITS:		
Urban Transit HUB	$10,000,000	
TOTAL ANNUAL AWARD		**$3,712,500**

The Grow New Jersey Statute has established a minimum threshold for Capital Investment based on the type of business, whether the project location is a new or existing facility, the square footage of the project location, and the location of the project. Based upon these criteria, the minimum capital investment for this project is $2,849,760.

The Grow New Jersey Statute has established a minimum threshold for both New Full-Time Job creation and Retained Full-Time Jobs. Each applicant is required to meet EITHER the minimum New Full-Time Job requirement OR the minimum Retained Full-Time Job requirement. The minimum thresholds are based on the type of business and the project location. Based upon these criteria, the minimum New Full-Time Job number is 35 or the minimum Retained Full-Time Job number is 50.

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 3,700,000
NEW FULL-TIME JOBS:	450
RETAINED FULL-TIME JOBS:	0
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$122,969,357
TOTAL AMOUNT OF AWARD:	$ 25,987,500
ELIGIBILITY PERIOD:	7 years
MEDIAN WAGES:	$ 90,090
SIZE OF PROJECT LOCATION:	71,244 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	318

PROJECT IS: ( ) Expansion (X) Relocation

CONSTRUCTION: (X) Yes ( ) No

DEVELOPMENT OFFICER: P. Ceppi **APPROVAL OFFICER**: K. McCullough

BOARD MEMORANDUMS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: February 11, 2013

SUBJECT: **Housing and Neighborhood Development Services, Inc. or Nominee, LP**
P 38478

Request

This memo is to request revisions to the existing current language in the Authority's standard form of intercreditor agreement. Also requested for approval is an extension of the closing date of the direct loan from December 31, 2013 to April 30, 2014.

Background

Housing and Neighborhood Development Services, Inc. ("HANDS") is a 501 (c)(3) not-for-profit organization established in 1986 to provide affordable housing to help stabilize neighborhoods and promote economic opportunity in New Jersey. HANDS is a chartered organization of the Neighbor Works America, certified by the State of New Jersey Department of Community Affairs and the City of East Orange as a Community Housing Development Organization. Revenues are generated mainly through grants and contributions from Federal, State and local government entities, corporations, financial institutions and foundations. The majority of HANDS houses are subsidized through the State of New Jersey and the County of Essex. The organization operates out of leased space in Orange and employs seven people full-time.

HANDS or a Nominee subsidiary entity was approved by the Members of the Authority on August 13, 2013 for a loan from the Fund for Community Economic Development in the amount of $581,250 to refinance existing acquisition and renovation debts associated with five properties in Orange as well a sixth building which contains a cell tower leased by T-Mobile. Four properties were rehabilitated in 2003 and 2004 with one currently being renovated with expected completion by June of 2014. The existing debt on the properties is comprised of 2 loans maturing in January of 2014 as well as line of credit borrowings from New Jersey Community Capital. In addition to the EDA, funding from Prudential Insurance Company of America's (via their community development arm known as the Prudential Foundation) and Wells Fargo Regional Community Development Corporation will be providing $1,743,750 and $100,000 respectively towards this Project. The project consists of 25,961 square feet of space of which 32% is residential with eleven commercial tenants and six residential units.

The loan did not close on or prior to December 31, 2013 as stipulated in EDA's commitment letter and has expired. The reason for this delay was the timing of Prudential's loan approval and continued negotiations regarding the intercreditor language.

The EDA commitment letter and the intercreditor agreement state that the Authority is subordinate in lien position only. The board approval does not make any specific representation about subordination in payment. Given the majority of projects with EDA loan assistance consist of participations with commercial banks, this is generally acceptable. Therefore, for participation loans, with regard to a payment made that was insufficient to make the senior lender and EDA whole, the payments would be shared based on the percentage each lender had in the transaction. In a direct loan scenario, such as with HANDS, documentation would state that any payment would need to first satisfy the senior lender and thereafter payments could come to the EDA as subordinate lender. Upon consultation with the DAG's office it was determined that board approval was required for EDA to stipulate subordination of payment in this project.

The justification for the EDA to agree to this is due primarily to:

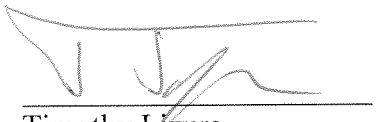
1] the customer is a not for profit organization whose mission is community development oriented projects in urban communities that the Authority has previously provided and seeks to continue to support through access to capital,

2] the realization that without the Authority funding as well as the funding from a non-traditional partner source, Prudential Foundation, this project would not be able to be completed and

3] by virtue of this action, there is no material change in the collectability or risk to the Authority.

Recommendation

Approve the modification of this project as presented including extending the closing date to April 30, 2014. All other terms and conditions of the August 13, 2013 approval will remain unchanged.



Timothy Lizura

Prepared by Michael A. Conte

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Tim J. Lizura
President and Chief Operating Officer

DATE: February 11, 2014

SUBJECT: Kontos Foods, Inc.
Paterson City, Passaic County, NJ
$8.7 Million Tax Exempt Stand-alone Bond (P34499) (the "Bond")

Request:
Consent to extending the interest only period and the maturity date by two years on the Series D Bond to allow the Company additional time to complete the project. The Series D Bond's rate reset periods and project completion date covenant will likewise be extended.

Background:
Kontos Foods, Inc. is a manufacturer of authentic hand stretched flatbread founded in 1987.

Since 2000, EDA has provided other tax-exempt bond assistance and an LDFF loan; all of which has been paid in full.

In January, 2011 the Members approved an $8,960,000 tax-exempt Bond purchased by TD Bank for the acquisition and renovation of its leased 60,000 sf building, the acquisition and renovation of a nearby 25,000 sf building, and the financing of equipment and machinery. This Bond is a conduit financing for which the Authority has no credit exposure.

The Bond consists of four bond series. Series A and B were issued in the aggregate principal amount of $5.7 million for the purpose of financing the real estate costs and cost of issuance; Series C and D were issued in the aggregate principal amount of $3.2 million to fund the equipment and machinery costs. Series A - C bonds were fully drawn at closing. The $2.4 million Series D bond is for the purchase and installation of equipment and was structured to be drawn as needed. Due to delays and expansion of the project, none of the Series D bond proceeds has yet been drawn.

In March, 2012, the Members approved modifying the Series A, B, and C series bonds, extending the interest only period and maturity date due to unexpected delays in obtaining permits for the site, and delays in the construction start date and equipment installation,. The borrower did not request an amendment to the Series D bonds because no advances were drawn and the project was expected to be completed by 2014

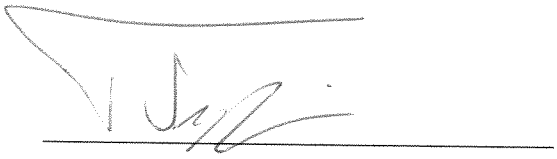
However, the final phase of the project was delayed by flooding from Superstorm Sandy and the purchase of a third building in order to further expand their business by adding a third flatbread

manufacturing line. The borrower plans on using the series D bond proceeds to purchase and install new equipment, which is estimated to take up to 24 months to complete. The borrower did not apply for Superstorm Sandy assistance because the company was unaware of the programs' existence.

Currently, the Borrower and Bank are requesting the Members' consent to modifications of Series D bond needed to permit additional time to complete the project. The Bank and Borrower have agreed to extend the Bonds' interest only period from April 1, 2014 to April 1, 2016 and maturity date from April 1, 2024 to April 1, 2026 and modify rate reset and project completion date provisions. All other terms of the Bonds remain unchanged.

Wolff & Samson, Bond Counsel, has reviewed this request and has opined that the tax-exempt status of the Bonds will not be adversely affected as a result of this modification. The project is also being presented at the February Board Meeting for a public hearing.

Recommendation:
Consent to the modification of the interest only period, rate reset periods, project completion date, as well as extension of the maturity date of the Series D bonds as described above.



Prepared By: Lori Zagarella

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: February 11, 2014

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

The following project was approved under Delegated Authority in January 2014:

Premier Lender Program:

1) Kenner Court Associates, LLC & 100 Riverdale Road, LLC (P38817), located in Riverdale Borough, Morris County, are real estate holding companies that were formed to purchase the project property. The operating company, Electronic Visions Systems, Inc. was founded in 1994 as a precision sheet metal fabricator whose services include punching, laser cutting, welding, shearing, engineering, forming and inspection. JPMorgan Chase approved a $6,150,000 term loan with a $1,250,000 (20.3%) Authority participation under the Premier Lender Program. Currently, the Company has 250 employees and plans to create 25 additional jobs within two years.

Stronger NJ Loan Program:

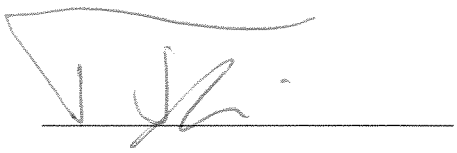
1) American Maritime Services of New Jersey, Inc. (P38489), located in Woodbridge Township, Middlesex County, was incorporated in the State of New Jersey in 1991 as Integrated Industries Corp. that supplies intermodal services including container/chassis maintenance and repair, storage and depot services, trucking and equipment sales. The Company suffered damages during Superstorm Sandy from flooding and had to replace over $1.4 million of equipment and rolling stock and was closed for three weeks. The Company was approved for a $1,798,374 term loan to finance working capital expenditures under the Stronger NJ Business Loan Program

2) Royal Baking Corp. dba Leonard Novelty Bakery (P38578), located in Moonachie Borough, Bergen County, was formed in 1959 as a commercial bakery of fresh and frozen products. The Company was approved for a $1,979,500 ten year term loan under the Stronger NJ Business Loan Program to reimburse the Company for working capital expenses including the purchase of inventory, payroll and rent. Currently, the Company has 50 employees and plans to create 70 new positions within the next two years.

Stronger NJ Loan Program - Modification:

1) American Maritime Services of New Jersey, Inc. (P38489) was approved on January 7, 2014 for a $1,798,374 working capital loan under the Stronger NJ Business Loan program for damage caused by Superstorm Sandy. The Company, incorporated in 1991, has been doing business as Integrated Industries Corp. to supply intermodal services including chassis maintenance and repair, storage and depot services. Since the approval, it was determined that certain working capital expenditures are ineligible under HUD. Therefore, the approval was reduced from $1,798,374 to $1,533,547. All other terms and conditions of the original approval remain unchanged.

2) Topco, Inc. (P38629) was approved on December 30, 2013 for a, $878,085 working capital loan under the Stronger NJ Business Loan Program for damage caused by Superstorm Sandy. The Company, formerly known as East Side Metal, has been operating since 1895, as a manufacturer of stamped metal produces with a focus on the lighting industry. The Company requested a loan increase from $878,085 to $928,085 and that Genesis Lighting, Inc. be removed as co-borrower. 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/Chief Operating Officer

DATE: February 11, 2014

RE: FMERA Purchase & Sale Agreement and Redevelopment Agreement with HovWest Land Acquisition, LLC

Summary

The Members are asked to consent to the Fort Monmouth Economic Revitalization Authority ("FMERA") entering into a redevelopment agreement with HovWest Land Acquisition, LLC ("HovWest") for the project described within FMERA's Purchase & Sale and Redevelopment Agreement with HovWest for the Howard Commons site in the Eatontown section of the former Fort Monmouth.

Background

FMERA was created by P.L. 2010, c. 51 ("the Act") to carry out the coordinated and comprehensive redevelopment and revitalization of Fort Monmouth. The Act designates the Authority as a designated redeveloper for any property acquired by or conveyed to FMERA and authorizes FMERA to enter into redeveloper agreements with the New Jersey Economic Development Authority ("Authority") for the redevelopment of the Fort, while also allowing FMERA to enter into redevelopment agreements directly with private developers.

FMERA executed a Memorandum of Agreement ("MOA") with the Army as of June 25, 2012 that enabled the Army to formally accept FMERA's Economic Development Conveyance ("EDC") application and begin the process of conveying Phase One properties to FMERA for redevelopment. Howard Commons is located within the Fort's Phase One area.

FMERA issued a Request for Offers to Purchase ("RFOTP") in connection with the planned redevelopment of the Howard Commons site in Eatontown on December 14, 2012. Howard Commons is a 63.67-acre tract on Pinebrook Road in the Fort's Charles Wood Area. The property is currently improved with 486 townhouse units constructed by the Army in 1953, along with a 3,853 sf general purpose building. The Army phased out the use of the townhouses over the past 10 years, with the last families vacating the property prior to the Fort's 2011 closure.

The Fort Monmouth Reuse and Redevelopment Plan ("Reuse Plan") calls for the demolition of the existing improvements due to their age, condition, density and design, and their replacement with 275 dwelling units and approximately 15,000 sf of ancillary retail/commercial space.

The RFOTP for Howard Commons was publically advertised, calling for respondents to submit proposals compliant with the Reuse Plan and FMERA's proposed Land Use Rules. Respondents submitting a compliant proposal could also opt to submit one or more non-compliant, alternate proposals that, in the proposer's judgment, constituted a higher and better use of the property. FMERA, however, would be under no obligation to consider non-compliant proposals, and any non-compliant proposal selected by FMERA would potentially require an amendment to the Reuse Plan. The RFOTP was advertised in the Asbury Park Press and the Star Ledger, and posted to the FMERA, New Jersey Economic Development Authority and New Jersey State Business Portal websites. The response date for offers to purchase Howard Commons was January 28, 2013, 45 days after the issuance of the RFOTP.

FMERA received proposals from six development entities: American Properties at Monmouth, LLC; BNE Real Estate Group/Sterling Properties Joint Venture; Fieldstone Associates, LP; HovWest; Somerset Development, LLC; and US Home Corporation, a wholly owned subsidiary of Lennar Corporation. Five of the six respondents provided compliant proposals; American Properties was deemed to be non-responsive because it proposed detached single-family homes, which are not permitted in Howard Commons under the Reuse Plan or proposed Land Use Rules. Fieldstone, Lennar and Somerset also elected to submit one or more alternate proposals. The proposals were distributed to five evaluators, including a representative of the Army, who scored the proposals independently, according to criteria and weightings contained in the RFOTP and FMERA's Sales Rules.

The evaluation team submitted their scores for compilation and met on February 21 and 22, 2013. The team reviewed the scoring and agreed that the HovWest proposal was compliant with the Reuse Plan and warranted the highest score. Of the five compliant proposals received, HovWest also submitted the highest price proposal. HovWest is an affiliate of Hovnanian Enterprises ("Hovnanian"), which is publicly-traded on the NYSE. Founded in 1959, Hovnanian is one of the nation's largest homebuilders, with $1.49 billion in total revenue and 172 communities in active development at year-end 2012. HovWest proposes to demolish the existing improvements and construct 275 two- and three-bedroom for-sale townhomes on the Howard Commons site, of which 20% would be reserved as affordable housing. Consistent with the Reuse Plan, the development would include retail development on the corner of Hope and Pinebrook Roads, and 20.4 acres of open space and public recreational amenities. A copy of HovWest's conceptual site plan is attached.

As part of its process to adopt Land Use Rules, FMERA staff and our planning consultant determined in May that a change to the Fort's permitted principal land uses was warranted that would affect the Howard Commons site. Specifically, to eliminate any inconsistency between the Reuse Plan and the proposed Land Use Rules, staff recommended revising the proposed Land Use Rules to allow townhouses consisting of attached single units at a minimum of four units per structure within the Howard Commons Project Area. By letter dated May 23, 2013, FMERA

staff invited the five compliant proposers to submit any modifications to their proposals because of this contemplated Land Use Rules change. Three of the proposers, Fieldstone Associates, Lennar and Somerset Development, submitted additional materials by the June 14, 2013 deadline. On June 25 the evaluation team reconvened, reviewed the modifications, and reconfirmed its earlier determination that HovWest submitted the highest-ranked proposal. The Board approved the final adoption of FMERA's Land Use Rules, including the revision affecting Howard Commons described above, at FMERA's June 10, 2013 Board meeting.

The FMERA Board authorized FMERA staff to enter into exclusive negotiations with HovWest at its July 2013 meeting, and extended the exclusive negotiations period at its November 2013 meeting. Staff is pleased to report that negotiations with HovWest have resulted in terms that were approved by the FMERA Board.

At its January 2014 meeting, the FMERA Board authorized the execution of a Purchase & Sale and Redevelopment Agreement ("PSA&RA") for the sale and redevelopment of Howard Commons with HovWest. HovWest will pay $7,225,000 for the property, reflecting the amount of its proposal. The purchaser will demolish the existing buildings in two phases: HovWest will apply for demolition permits for the east side of Pinebrook Road within 2 months of closing and complete demolition no later than 6 months thereafter, and it will apply for demolition permits for the west side of Pinebrook Road within 10 months of closing and complete that phase of demolition no later than 6 months thereafter. The purchaser will also be obligated to create 26 on-site full-time jobs in the commercial development on the property within 2 years of receiving a temporary or permanent certificate of occupancy. To the extent that HovWest fails to achieve 26 new jobs at the property, it will pay FMERA a penalty of $1,500 for each job not created, which the purchaser shall secure with a bond, letter of credit or promissory note acceptable to FMERA. In the event that HovWest does not complete the entire project within 7 years of closing, FMERA will have the option of repurchasing the uncompleted portions of the property for the greater of HovWest's initial purchase price plus its improvement costs or its then-current appraised value.

Subject to FMERA's approval, HovWest may assign its development rights and obligations and deed the commercial tract to a qualified commercial developer for an anticipated price of $1,000,000. Upon assignment HovWest and the commercial assignee will each be responsible for obtaining approvals and meeting the development obligations of the PSA&RA for their respective sub-parcels.

In addition to purchaser's satisfactory completion of due diligence and other standard contingencies, the closing of title is contingent on HovWest obtaining all approvals necessary to develop the project, and receiving a final remediation document from either the New Jersey Department of Environmental Protection or purchaser's Licensed Site Remediation Professional. Closing is also subject to FMERA obtaining title from the Army with acceptable environmental covenants. The parties will endeavor to satisfy these contingencies within 18 months of purchaser's completion of due diligence. HovWest will have the option of extending this time period for an additional 6 months if it has not obtained approvals within the 18 month timeframe. If HovWest uses this approval extension period, then $50,000 of the purchaser's $1,083,750

deposit shall become non-refundable. An additional $100,000 of the deposit shall become non-refundable when HovWest receives non-appealable preliminary or final site plan or subdivision approval for the project. If HovWest defaults and FMERA terminates the PSA&RA, FMERA will retain $500,000 of the deposit monies as liquidated damages.

FMERA will convey the property to HovWest in as-is condition, but with clear title and subject to the Army's on-going obligations under CERCLA to address any pre-existing contamination that may exist on the property. If FMERA elects to remove a title encumbrance or remediate any contamination on the property to facilitate closing but then fails to do so prior to the scheduled closing, the purchaser may escrow a corresponding portion of FMERA's share of the net sale proceeds so purchaser may address the title or environmental issue.

The attached draft PSA&RA is in substantially final form. The final form of the document may be subject to revision, although the basic terms and conditions will remain consistent with its current form. The final terms of the PSA&RA will be subject to the approval of FMERA's Executive Director and the Attorney General's Office.

Based on the redevelopment provisions of the Purchase & Sale Agreement and Redevelopment Agreement between FMERA and HovWest, Authority staff concludes that a redevelopment agreement between FMERA and HovWest is sufficient and that it is not necessary for the Authority to enter into a redevelopment agreement with HovWest for its development of Howard Commons. In order to accommodate HovWest's redevelopment schedule, I am asking the Members to consent to FMERA entering into this particular redevelopment agreement with HovWest for development of Howard Commons.

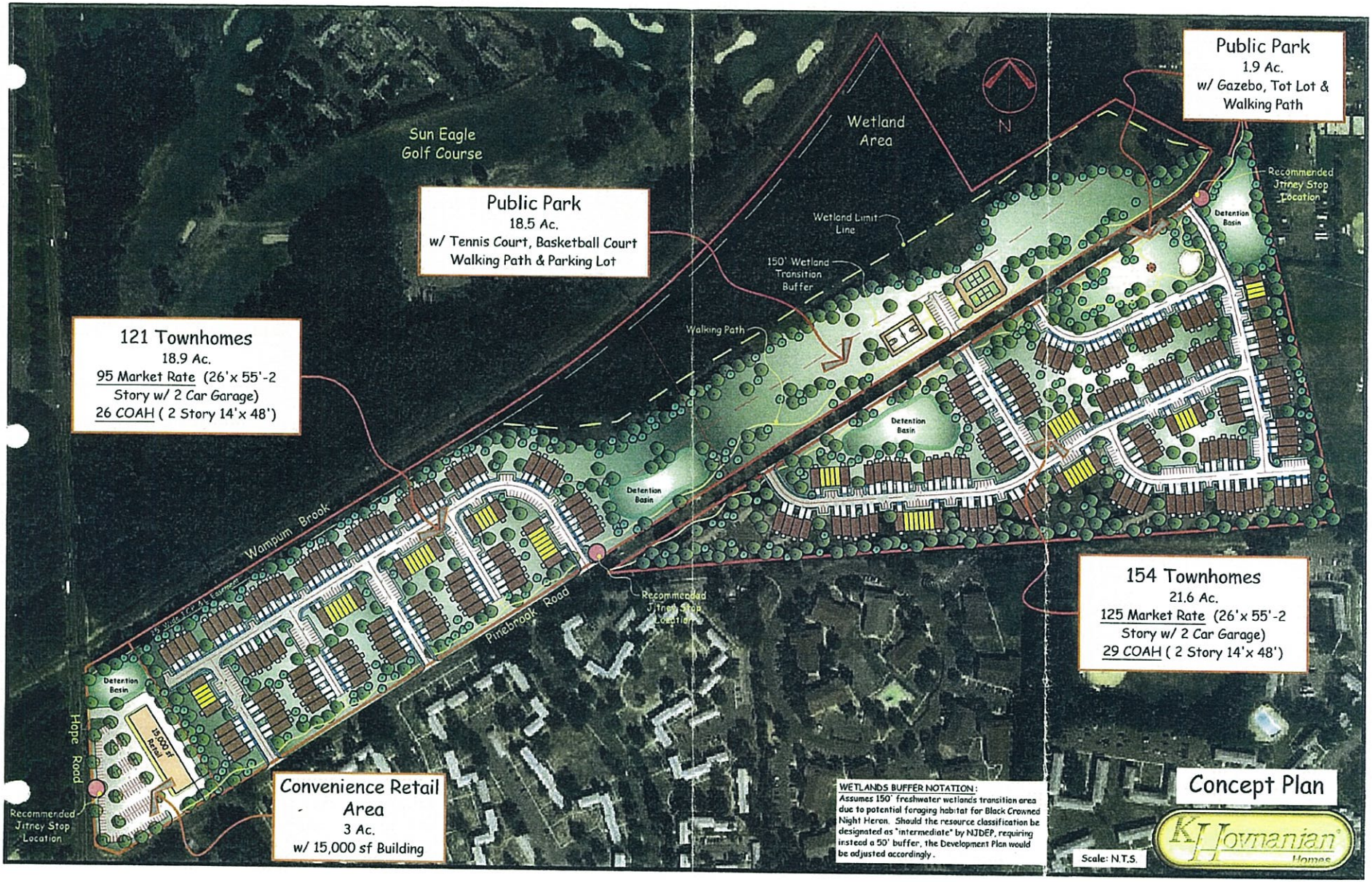
Recommendation

In summary, I am requesting that the Members consent to FMERA entering into a redevelopment agreement with HovWest Land Acquisition, LLC for redevelopment of Howard Commons in the Eatontown Section of the former Fort Monmouth property.

Timothy J. Lizura
President/Chief Operating Officer

Attachments: Concept Plan
Draft Purchase & Sale Agreement and Redevelopment Agreement

Prepared by: Donna T. Sullivan & David E. Nuse


Public Park
1.9 Ac.
w/ Gazebo, Tot Lot &
Walking Path
Sun Eagle
Golf Course
Wetland
Area
N
Recommended
Jitney Stop
Location
Public Park
18.5 Ac.
w/ Tennis Court, Basketball Court
Walking Path & Parking Lot
Wetland Limit
Line
150' Wetland
Transition
Buffer
Detention
Basin
121 Townhomes
18.9 Ac.
95 Market Rate (26'x 55'-2
Story w/ 2 Car Garage)
26 COAH (2 Story 14'x 48')
Walking Path
Detention
Basin
Wampum Brook
Detention
Basin
Recommended
Jitney Stop
Location
Pinebrook Road
154 Townhomes
21.6 Ac.
125 Market Rate (26'x 55'-2
Story w/ 2 Car Garage)
29 COAH (2 Story 14'x 48')
Detention
Basin
15,000 sf
Retail
Hope Road
Recommended
Jitney Stop
Location
Convenience Retail
Area
3 Ac.
w/ 15,000 sf Building
WETLANDS BUFFER NOTATION:
Assumes 150' freshwater wetlands transition area
due to potential foraging habitat for Black Crowned
Night Heron. Should the resource classification be
designated as "intermediate" by NJDEP, requiring
instead a 50' buffer, the Development Plan would
be adjusted accordingly.
Concept Plan
Scale: N.T.S.
KJ Jovnanian
Homes

PURCHASE AND SALE AGREEMENT

AND REDEVELOPMENT AGREEMENT

BETWEEN

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY

As Seller,

AND

HOVWEST LAND ACQUISITION, L.L.C.

As Purchaser

As of January__, 2014

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EXHIBIT LIST

A. Quitclaim Deed from Army to FMERA (Army Quitclaim Deed)

B. Exclusive Negotiation Agreement

C. Conceptual Plan

D. Survey & Description of Property

E. October 25, 2013 Escrow Agreement

F. Title Insurance Policy

G. Promissory Note

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PURCHASE AND SALE AGREEMENT AND REDEVELOPMENT AGREEMENT

This **PURCHASE AND SALE AGREEMENT AND REDEVELOPMENT AGREEMENT** ("Agreement") is made as of _____, 2014 ("Effective Date") between **Fort Monmouth Economic Revitalization Authority**, ("FMERA" or "Authority" or "Seller") a public body corporate and political constituted as an independent authority and instrumentality of the State of New Jersey, pursuant to P.L. 2010, c. 51, N.J.S.A. 52:27I-18 et seq., whose address is 502 Brewer Avenue, Oceanport, New Jersey 07757, referred to as the Seller, and **HovWest Land Acquisition, LLC**, ("HovWest" or "Purchaser") a limited liability company of the State of Delaware, whose address is 110 Fieldcrest Avenue, Edison, New Jersey 08837, referred to as the Purchaser. Seller and Purchaser are collectively referred to herein as the "Parties".

WITNESSETH:

WHEREAS, on behalf of the United States Secretary of Defense, the Office of Economic Adjustment recognizes the Seller as the local redevelopment authority for Fort Monmouth, located in the Boroughs of Oceanport, Eatontown and Tinton Falls, New Jersey;

WHEREAS, FMERA has publicly advertised a Request for Offers to Purchase ("RFOTP") land and Improvements located in the Charles Wood Area of Fort Monmouth known as Howard Commons, located within the Borough of Eatontown (the "Property" as further identified, described and defined herein) in accordance with FMERA's Rules for the Sale of Real and Personal Property, N.J.A.C. 19:31C-2.1 et seq.;

WHEREAS, there exists an Economic Development Conveyance Agreement ("EDC

Agreement"), between the United States Department of the Army ("Army") and FMERA which addresses the terms by which the Army shall transfer to Seller a portion of Fort Monmouth, which includes the Property;

WHEREAS, Seller is subject to the terms and conditions of the EDC Agreement;

WHEREAS, attached hereto as Exhibit A is the quitclaim deed by which the Army will convey the Property and other land and property in Fort Monmouth to FMERA (the "Army Quitclaim Deed");

WHEREAS, Seller and Purchaser have entered into an Exclusive Negotiation Agreement, dated August 28, 2013, (attached hereto as Exhibit B) for the purpose of exclusively negotiating the terms and conditions for the purchase and sale of the Property;

WHEREAS, Seller has extended the exclusive negotiating period until _____ in accordance with N.J.A.C. 19:31C-2.16;

WHEREAS, FMERA has adopted the Fort Monmouth Reuse and Redevelopment Plan, last amended August 2012, as same may be amended from time to time (the "Plan");

WHEREAS, the Purchaser submitted a conceptual plan for residential and commercial improvements, and public parks on January 28, 2013 which is attached hereto as Exhibit C and FMERA has confirmed that the proposed uses are consistent with the Plan;

WHEREAS, as of the Effective Date, Purchaser is the designated Redeveloper of the Property;

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, the Property subject to the terms and conditions set forth herein.

NOW THEREFORE, for good and valuable consideration, the mutual receipt and legal sufficiency of which the Parties hereby acknowledge, Seller and Purchaser hereby agree as

follows:

DEFINITIONS

For all purposes of this Agreement, the following terms shall have the respective meanings set forth below:

1. **Definitions**:

"Affiliate" means with respect to Purchaser, any other Person directly or indirectly controlling or controlled by, or under direct common Control with HovWest. For purposes of this definition the term "Control", (including the correlative meanings of the term "controlled by" and "under common control with" as used with respect to Purchaser, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management, operations and policies of the Purchaser, whether through the ownership of voting securities or by contract or otherwise.

"Affordable Home" shall mean a two story townhouse without a garage, but with one reserved parking space in close proximity to the Affordable Home, that meets the following requirements: (a) is reserved for occupancy by low or moderate income households in accordance with Affordable Housing Regulations; (b) has a restriction on the sales prices as determined in accordance with the Affordable Housing Regulations, (c) can only be sold to Qualified Purchasers and (d) contains the number of bedrooms as required by the Affordable Housing Regulations.

"Affordable Housing Fee" shall mean any fee which is imposed by any governmental entity or court or pursuant to any statute or regulation or court order or settlement to satisfy in whole or in part a governmental entity's obligations pursuant to Affordable Housing

Regulations, including, without limitation, contributions to a governmental entity's affordable housing trust fund, regional contribution agreements or otherwise.

"**Affordable Housing Regulations**" shall mean the requirements established pursuant to the Fair Housing Act (N.J.S.A. 52:27D-301 et seq.) and all other applicable laws, court decisions and regulations relating to the Fair Housing Act.

"**Agreement**" means this Purchase and Sale Agreement and Redevelopment Agreement dated above, as same may be amended, modified or supplemented from time to time by written instrument signed by the Parties.

"**All Approvals**" means all Non-Appealable Final Approvals, permits, decisions, reviews and agreements issued by municipal, county, state, federal and quasi-governmental authorities needed to obtain building permits for all of the residential units and commercial uses on the Property and related off-site improvements so as to allow the continuous development of the Project and which Approvals shall contain terms and conditions acceptable to Purchaser in its reasonable discretion, including but not limited to, the following Non-Appealable Final Approvals: (i) the mandatory conceptual review approval of the Project by FMERA which is required pursuant to N.J.A.C. 19:31C-3.20(c); (ii) preliminary and final subdivision approval that separates the Project components into residential areas, commercial areas, open space areas, streets, rights of way and easements; and (iii) preliminary and final site plan and subdivision approval for the residential and commercial uses on the Property, including the required review by FMERA in connection with "d" variances; (iv) a Final Remediation Document issued to HovWest by either the New Jersey Department of Environmental Protection ("NJDEP") or HovWest's licensed site remediation professional that documents that the Property has been remediated without the use of engineering controls or institutional controls and which document

includes a covenant not to sue pursuant to either N.J.S.A. 58:10B-13.1 or N.J.S.A. 58:10B-13.2. Each such approval shall be referred to as an "Approval." Seller acknowledges that it shall be reasonable for Purchaser to not accept an Approval if that Approval predicates development of the Project upon the payment of an Affordable Housing Fee in addition to Purchaser's obligation to construct Affordable Homes.

"**Approval Costs**" shall mean all costs and expenses including, without limitation, attorneys', consulting, engineering, and application fees associated with obtaining All Approvals.

"**Approval Extension Period**" means six (6) months from the end of the Initial Approval Period.

"**Approval Period**" means collectively the Initial Approval Period and the Approval Extension Period.

"**Army**" means the United States of America, acting by and through the Secretary of the Army and any division, department or agency thereof.

"**CERCLA**" means the Comprehensive Environmental Response and Liability Act of 1980 (P.L. 96-510) as amended.

"**CERCLA Covenants**" shall have the meaning ascribed in Section 21.

"**Closing**" shall mean the transfer of the Property from the Seller to the Purchaser and the transfer of the Purchase Price from the Purchaser to the Seller which shall occur upon the satisfaction of the Conditions Precedent to Closing set forth in Section 14.

"**Complete**", "**Completed**" or "**Completion**" means the issuance of a certificate of occupancy or temporary certificate of occupancy by the Municipality for a building to be occupied for residential or commercial use as part of the Project.

"**Conditions Precedent to Closing**" shall mean the obligations of the Purchaser and

Seller which are set forth in Section 14.

"Deposit" shall mean collectively the Initial Deposit and Second Deposit described in Section 5 herein.

"Discharge" pursuant to N.J.S.A. 58:10-23.11b, as same may be amended, means any intentional or unintentional action or omission resulting in the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of Hazardous Substances into the waters or onto the lands of the State, or into waters outside the jurisdiction of the State when damage may result to the lands, waters or natural resources within the jurisdiction of the State.

"Due Diligence Period" means the seventy five (75) day period commencing on the Effective Date of this Agreement and ending at 5:00 p.m. on the 75th day thereafter, during which the Purchaser, at its sole cost and expense may investigate the Property to determine whether the as-is condition of the Property is satisfactory to the Purchaser.

"EDC Agreement" shall mean the Agreement between the Army and FMERA dated June 25, 2012 which sets forth the terms by which the Army will convey portions of Fort Monmouth (including the Property) to FMERA and the terms under which FMERA will acquire same from the Army.

"Effective Date" shall mean the date set forth in the introductory paragraph of this Agreement.

"Environmental Laws" or **"Environmental Law"** shall mean each and every applicable federal, state, county or municipal environmental and/or health and safety statute, ordinance, rule, regulation, order, code, directive or requirement.

"Final Remediation Document" pursuant to N.J.S.A. 58:10-23.11b, as it may be amended, means a no further action letter ("NFA") issued by the NJDEP pursuant to N.J.S.A.

58:10B-1 et al., or a response action outcome ("RAO") issued by a licensed site remediation professional pursuant to N.J.S.A. 58:10C-14.

"Finding of Suitability to Transfer" or **"FOST"** means the document entitled "Draft Final Finding of Suitability to Transfer, (FOST), Fort Monmouth, New Jersey, Fort Monmouth, Charles Wood Area," dated August 2013 and prepared by the Army. The purpose of the FOST is to document the environmental suitability of certain parcels at Fort Monmouth for transfer to FMERA consistent with CERCLA Section 120(h) and Department of Defense Policy. In addition the FOST includes CERCLA Notice, Covenant and Access Provisions and other Deed Provisions and the Environmental Protection Provisions necessary to protect human health or the environment after transfer of certain parcels from the Army to FMERA.

"Force Majeure" shall mean the failure or delay of performance by Seller or Purchaser of any provision of the Agreement by reason of the following: labor disputes, strikes, picket lines, boycott efforts, war (whether or not declared), riots, moratorium regarding sewer, water or any other utilities, litigation filed against either Seller or Purchaser affecting the Property, acts of God, or materially adverse conditions affecting the real estate market and the Project or any individual phase of the Project as demonstrated by an independent market study prepared by a qualified economist or financial consultant selected by the Party seeking a delay in performance based upon materially adverse real estate market conditions and approved by the non-benefitting party which approval shall not be unreasonably withheld or delayed. In such cases, neither the Seller nor Purchaser shall be in default of this Agreement if the delay or failure to perform is by reason of the aforementioned events or conditions. Any extension of the timeframes for performance of obligations set forth in this Agreement for Force Majeure shall be contingent upon the Party claiming a Force Majeure notifying the other Party in writing within thirty (30)

days of the occurrence of the event resulting in the failure or delay of performance. The time of performance shall be extended for the period of the delay occurring as a result of the Force Majeure event; provided, however, that in no event shall the extension of the timeframe exceed eighteen (18) months in the aggregate for all Force Majeure or Tolling events.

"**Hazardous Substances**" means all substances set forth in N.J.A.C. 7:1E-1.7 as same may be amended from time to time.

"**Home**" shall mean a market-rate two story, three bedroom, for-sale townhouse with a two car garage and basement for which there are no restrictions or limitations on the sale price.

"**Improvements**" shall mean the buildings, fixtures and structures located on Property.

"**Initial Approval Period**" shall be 18 months from the end of the Due Diligence Period.

"**Municipality**" shall mean the Borough of Eatontown, in the County of Monmouth, State of New Jersey.

"**No Further Action Letter**" ("**NFA**") has the same meaning as set forth at N.J.S.A. 58:10B-1.

"**Non-Appealable Final Approval**" shall mean an Approval where the time to challenge or appeal the grant or denial of the Approval, or a term or condition of the Approval, before any administrative body or court of law has expired, and no challenge or appeal is pending. The term shall also mean an Approval decided after a challenge or appeal has been filed where the challenge or appeal has been decided in HovWest's favor, and all terms and conditions contained in the Approval are acceptable to the Purchaser in its reasonable discretion.

"**Person**" means an individual, partnership, limited liability company, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, government authority, or other entity of whatever nature.

"Preliminary Site Plan Approval" and "Preliminary Subdivision Approval" shall have the meanings set forth in N.J.S.A. 40:55D-1 et seq.

"Project" means a development on the Property consisting of (a) approximately 275 total residential units comprised of not less than 220 Homes; (b) Affordable Homes in a quantity not to exceed twenty (20%) percent of the total number of residential units in the Project that shall be marketed, sold and deed restricted as Affordable Homes to Qualified Purchasers; (c) up to 15,000 square feet of retail development at the corner of Hope and Pinebrook Roads that is estimated to generate approximately 26 on-site full-time jobs (the "Commercial Development"); and (d) approximately 20.4 acres of open space and public recreational amenities which may be completed in one or more phases. The Project is further described herein at Section 6 and depicted in the conceptual site plan attached hereto as Exhibit C.

"Property" means an approximately 64 acre parcel of real estate located in the Charles Wood Area of Fort Monmouth, located within the Borough of Eatontown and known as Howard Commons. The Property is further described in Section 3 and is also depicted in the boundary survey and the metes and bounds description that is attached hereto as Exhibit D.

"Purchaser" shall mean HovWest Land Acquisition, LLC, ("HovWest") a limited liability company of the State of Delaware, whose address is 110 Fieldcrest Avenue, Edison, New Jersey 08837 and its authorized assignees or successors.

"Purchase Price" is the price that the Purchaser shall pay the Seller for the Property. The Purchase Price shall be paid as described in Sections 4 and 5.

"Qualified Purchasers" shall mean those low and moderate income households who have been approved in advance and in writing by an administrative agent appointed under the Affordable Housing Regulations.

"**Response Action Outcome**" ("**RAO**") has the same meaning as set forth at N.J.S.A. 58:10-23.11b, as amended.

"**Seller's Broker**" shall have the meaning ascribed in Section 46.

"**Tolling**" shall mean a period of time during which all time frames and obligations of Purchaser or Seller as set forth in this Agreement are suspended in accordance with the terms of this Agreement and which suspension of time frames and obligations shall continue until the event causing the Tolling is resolved to the satisfaction of the Party seeking the benefit of a Tolling period. The Party seeking the benefit of a Tolling period must provide the other Party with notice of the happening of the Tolling event within thirty (30) days after the occurrence of the Tolling event.

2. **Purchase and Sale Agreement.** Subject to the terms and conditions set forth in this Agreement and the performance by the Parties of all of the obligations hereunder, the Seller agrees to sell and convey to Purchaser, and the Purchaser agrees to purchase and acquire from Seller, the Property. The Seller will sell and convey to the Purchaser the Property in its as-is condition, which consists of: (a) the land and all the buildings, other improvements and fixtures on the land; (b) all of the Seller's rights relating to the land; and (c) all personal property specifically included in this Agreement.

3. **The Property.** The Property is an approximately 64 acre parcel of land located in the Charles Wood Area of Fort Monmouth in the Borough of Eatontown situated along both sides of Pinebrook Road near the intersection of Pinebrook Road and Hope Road in the County of Monmouth (the "Property"). The Property is more fully described in the attached Exhibit D.

4. **The Purchase Price.** Subject to Section 30, the price that the Purchaser will pay the Seller for the Property is $7,225,000.

5. **Payment of the Purchase Price.** Subject to Section 30, the Purchaser will pay the purchase price as follows:

At the time of submission of its bid, Purchaser deposited an initial deposit of $361,250.00 (the "Initial Deposit") with the Seller and the Seller has transferred said Initial Deposit, with interest, to its counsel's Attorney Trust Account	$ 361,250
A second deposit of $722,500.00 was deposited with Seller by Purchaser upon the execution of the Exclusive Negotiations Agreement by the Parties (the "Second Deposit"), and the Authority has transferred said Second Deposit, with interest, to its counsel's Attorney Trust Account	$ 722,500
Balance to be paid at closing of title, by wire transfer, in cash or by certified check (subject to adjustment at closing)	$6,141,250
Total purchase price	**$7,225,000**

6. **Redevelopment Project, Job Creation & Capital Investment.**

a. Seller selected the Purchaser based upon the following factors which were material to Seller's selection of the Purchaser: i) Purchase Price; ii) as set forth in the planner's report contained in the Purchaser's Response to the RFOTP, it is estimated that approximately 26 on-site, full-time jobs will be created by the Commercial Development and approximately 21 indirect and off-site full-time jobs will be created by the Project; iii) the term of the Agreement;

iv) the proposed capital investment; v) Purchaser's financial capacity to meet the proposed terms of purchase and project completion; vi) the future use of the Property; vii) impact upon the Municipality, and vii) confirmation that the Purchaser's proposed use is consistent with the Plan. See N.J.A.C. 19:31C-2.14.

b. Purchaser represents that it is purchasing the Property with the intent to construct the Project, which includes the potential future assignment of the development rights to the Commercial Development within the Project to a Person, provided that the Purchaser obtains Seller's prior written to the assignment as required by Section 30.

c. The Project consists of a development on the Property consisting of (i) approximately 275 total residential units comprised of not less than 220 Homes; (ii) Affordable Homes in a quantity not to exceed twenty (20%) percent of the total number of residential units in the Project that shall be marketed, sold and deed restricted as Affordable Homes to Qualified Purchasers; (iii) 15,000 square feet of retail development on the corner of Hope and Pinebrook Roads that is estimated to generate approximately 26 on-site full-time jobs; and (iv) approximately 20.4 acres of open space and public recreational amenities. A copy of Purchaser's conceptual site plan of the Project is attached as Exhibit C.

d. The residential elements of the Project to be constructed by the Purchaser shall be sold and not retained by the Purchaser or any Affiliate of Purchaser to bona fide purchasers upon Completion of each housing unit. This provision shall survive Closing.

e. As set forth in the planner's report in Purchaser's Response to the RFOTP, it is anticipated but it cannot be guaranteed that the value of the Completed Project (inclusive of public and private infrastructure improvements and amenities that support the residential, commercial and open space elements) will be approximately $99 million.

f. Purchaser shall at its sole cost and expense diligently seek to obtain All Approvals within the Initial Approval Period. Notwithstanding the foregoing and anything to the contrary herein, the Seller acknowledges that it is Purchaser's intent to assign its development rights and obligations to the Commercial Development to an Approved Commercial Developer pursuant to the requirements of Section 30 and that Purchaser shall not be in default under this Agreement if Purchaser seeks and/or obtains Approvals for the residential portion of the Project only, it being the understanding of the Parties that after Seller approves the assignment to the Approved Commercial Developer that it shall be the obligation of the Approved Commercial Developer, not Purchaser, to seek Approvals for the Commercial Development within the Approval Period. If Purchaser is unable to obtain All Approvals within the Initial Approval Period, then Purchaser may terminate this Agreement, or upon written notice from the Purchaser to the Seller the term of this Agreement shall be extended for the Approval Extension Period. Not later than ten (10) days prior to the end of the Initial Approval Period, Purchaser shall deliver written notice to Seller to exercise its right to the Approval Extension Period. Purchaser shall have the right, but not the obligation, to exercise the Approval Extension Period. Failure of Purchaser to deliver such notice shall be deemed to be a default under this Agreement, and Seller shall proceed in accordance with the default provision provided herein. If Purchaser elects to extend the Initial Approval Period and Purchaser is unable to obtain All Approvals within the Approval Extension Period, then Purchaser or Seller may terminate this Agreement at the conclusion of the Approval Extension Period. Purchaser shall have the right, but not the obligation to undertake any litigation or administrative appeal to obtain All Approvals, including the right to litigate or appeal to the ultimate decision maker. If any Person, including but not limited to the Purchaser initiates litigation or otherwise appeals the grant, denial or revocation of any of All Approvals,

the time periods set forth herein shall be Tolled and suspended during the time of such litigation or appeal, provided that the Tolling period shall not be greater than eighteen (18) months in the aggregate for all Tolling or Force Majeure events. If Purchaser determines in its reasonable discretion that it is not likely that the Purchaser will obtain All Approvals within the Approval Period or any extension period resulting from a Tolling or Force Majeure event, then the Purchaser may terminate this Agreement upon thirty (30) days written notice to Seller. If any governmental agency imposes any condition on any Approval that predicates Purchaser's right to develop the Project upon the payment of an Affordable Housing Fee in addition to Purchaser's obligation to construct Affordable Homes as required by this Agreement, then Purchaser may terminate this Agreement upon thirty (30) days written notice to the Seller.

g. Subject to Force Majeure, Purchaser shall comply with the following Project schedule:

1.) Purchaser will commence the construction of the Project no later than three (3) months after Closing;

2.) Purchaser will submit an application to the Municipality for a demolition permit and any other applications needed to obtain all government permits needed to demolish the structures ("Demolition Permits") located on that portion of the Property that is to the south and east of Pinebrook Road ("Eastside of Property") no later than 60 days after Closing;

3.) Purchaser will complete demolition of the structures on the Eastside of the Property within six (6) months after receiving the Demolition Permits for the Eastside of the Property;

4.) Purchaser will submit applications for Demolition Permits for the structures located on that portion of the Property that is to the north and west of Pinebrook Road ("Westside

of Property") no later than ten (10) months after Closing;

5.) Purchaser will complete demolition of the structures on the Westside of the Property within six (6) months after receiving the Demolition Permits for the Westside of the Property; and

6.) Purchaser will Complete construction of the entire Project no later than seven (7) years from Closing.

7.) The provisions of this Section 6.g shall survive Closing.

h. Within thirty (30) days of receiving a written request from Seller, Purchaser and/or its approved assignee shall provide Seller with a report of the number of jobs (inclusive of construction jobs and jobs within the Commercial Development) created by the undertaking of the Project ("Jobs Report"). Seller shall not request the first Jobs Report sooner than twelve months after the date of Closing and Seller shall not request more than one Jobs Report per year until the obligation to provide the Jobs Report expires. To the extent Purchaser, or its approved assignee, fails to achieve 26 on-site full-time jobs in the Commercial Development at the Property within two years of issuance of the temporary certificate of occupancy or certificate of occupancy for the Commercial Development, then the Purchaser or its approved assignee shall be liable to pay to Seller $1500 for each on-site full-time job that is not created within the Commercial Development. This provision shall survive Closing. The obligation to provide a Jobs Report shall continue until the earlier of: (i) Purchaser, or its approved assignee, generating 26 on-site full-time jobs within the Commercial Development; or (ii) Purchaser, or its approved assignee, making a $1500 payment for each on-site full time job not created within two years of issuance of the temporary certificate of occupancy or certificate of occupancy for the Commercial Development.

i. Prior to Closing, Purchaser shall provide the Seller with a declaration of covenants and restrictions upon the Property for review and approval by the Seller. The declaration of covenants and restrictions shall run with the land and shall contain the following and which shall expire upon the issuance of a Certificate of Completion issued by Seller:

1.) The uses of the Property shall be limited to those uses permitted pursuant to the Plan.

2.) Purchaser, as the approved redeveloper, will commence and complete the Project within the period of time established in this Agreement; and

3.) Purchaser, as the approved redeveloper, will not sell, lease or transfer the Property, the Project or this Agreement prior to the Completion of the Project without the written consent of FMERA. Notwithstanding the foregoing, nothing herein shall preclude the Purchaser or its assignee (if approved pursuant to Section 30 herein) from engaging in retail tenant marketing and leasing activities in connection with the leasing of retail or commercial space within the Commercial Development.

Purchaser shall provide Seller with a copy of the recorded declaration of covenants and restrictions against the Property within six (6) months of Closing.

(j.) Purchaser agrees that as of the Effective Date, the current real estate market conditions do not constitute a materially adverse condition that would entitle Purchaser to declare Force Majeure and fail or delay to perform its obligations pursuant to this Agreement. Purchaser agrees that real estate market conditions must be worse than the conditions existing as of the Effective Date in order to warrant a claim for Force Majeure.

(k.) The Parties agree to cooperate with regard to the placement of signage on the Property after the Effective Date, which signage will contain information reasonably

acceptable to both Parties regarding the Project. The Parties agree that the signage may be updated to include additional information as the Project progresses.

(l.) To the extent that Seller requests Purchaser to prepare renderings of the Project and to the extent that said requests are reasonable, Purchaser agrees to provide Seller with renderings of the Project so that Seller may use same for public presentations and to further market the Property and Fort Monmouth.

7. **Reversion to Seller.** (a) The quitclaim deed from Seller to Purchaser shall provide that if the timeframes in Section 6.g above have not been met, then Seller shall have the right of reversion of title, at Seller's sole option, to any subdivided lot (each lot subject to reversion is referred to as a "Lot Subject to Reversion") on which a Home, Affordable Home, or commercial structure is to be constructed on the Property and for which all of the following conditions shall apply i) Purchaser has not commenced construction, as evidenced by actual vertical construction,(not the issuance of a demolition permit) on any portion of the residential or retail structure that is to be attached to the structure that is to be constructed on the Lot Subject to Reversion; ii) Purchaser has not entered into a contract for sale to a bona fide purchaser of the Home or the Affordable Home as evidenced by a document executed by the Purchaser and its bona fide purchaser and said contract for sale has not been terminated; and iii) Purchaser has not obtained a certificate of occupancy or temporary certificate of occupancy from the Municipality for any portion of the residential or retail structure that is to be attached to the structure that is to be constructed on the Lot Subject to Reversion.

(b) Should Seller exercise this reverter option, Seller and Purchaser agree that (i) $1,000,000.00 is the value of all of the lots or lot that will be the subject of the Commercial

Development. Seller shall pay Purchaser $1,000,000.00 if all of the lots that comprise the Commercial Development becomes subject to this reverter option. If however the Commercial Development has been subdivided into lots and if one or more of those lots constitutes a Lot Subject to Reversion, then Seller shall pay the Purchaser a per square foot amount for the lot or lots that become subject to this reverter option based upon the overall value of $1,000,000 for the lots that comprise the Commercial Development. In addition, Seller shall pay the Purchaser the prorated amount of the costs of the improvements installed to benefit the Commercial Development (if any) incurred by the Purchaser, excluding any allocated overhead costs, profit, interest and carrying costs (i.e. property taxes, maintenance and property management expenses), or the appraised value of the improvements, whichever is greater; (ii) if the Lot Subject to Reversion is in the residential portion of the Project and no improvements have been made to that Lot, then the Purchaser shall be paid $28,296.00 for the Lot; or (iii) if the Lot Subject to Reversion is in the residential portion of the Project and improvements have been made to that Lot, then the Purchaser shall be paid $28,296.00 for the Lot plus the prorated amount of costs of the improvements installed to benefit said Lot (if any) incurred by Purchaser, excluding any allocated overhead costs, profit, interest and carrying costs (i.e. property taxes, maintenance and property management expenses), or the appraised value of the improvements, whichever is greater.

(c). Notwithstanding anything herein to the contrary, Seller agrees to provide Purchaser with ninety (90) days advance written notice of Seller's intent to exercise its right of reverter and the Purchaser shall have the opportunity to cure within said notice period.

(d) The Seller's right of reversion shall survive the Closing and/or termination of this Agreement, and shall run with the land on any portion of the Property that is subject to the

Seller's right of reversion pursuant to Section 7a. The quitclaim deed from Seller to Purchaser shall also include the following: (i) that Seller's right of reversion shall not apply to any portion of the Property that has been conveyed to the Municipality or to the Homeowners Association and (ii) that the right of reversion shall automatically and immediately terminate and be released for each and every portion of the Property, including each subdivided lot, upon the commencement of actual vertical construction, or the issuance of a certificate of occupancy or temporary certificate of occupancy by the Municipality for a Home, Affordable Home, or commercial building that is to be attached to the structure that is to be constructed on the Lot Subject to Reversion.

(e) Purchaser or its successors and assigns may request that the Seller execute a release evidencing the termination of Seller's right of reversion on any portion of the Property that has been Completed upon the presentation of (i) proof of Completion and (ii) a form of release that shall be recorded at the sole cost and expense of the Purchaser or its successors and assigns.

8. Job Security.

At Closing, Purchaser shall secure its obligation to create 26 on-site full-time jobs in the Commercial Development, through the posting of a bond, letter of credit, corporate guaranty, cash escrow or promissory note (which note shall be in the form attached at Exhibit G), in the amount of $39,000. The provisions of this Section 8 shall survive Closing, and shall be a continuing obligation of the Purchaser until two (2) years from the issuance of a temporary certificate of occupancy or certificate of occupancy for the Commercial Development at which time the Purchaser shall pay the penalty set forth in Section 6h for each job that is not created within the Commercial Development or be released of its obligation upon presentation of proof

of the creation of 26 on-site full-time jobs within the Commercial Development.

9. **Prevailing Wage**. Purchaser acknowledges its obligation pursuant to N.J.S.A. 52:27I-31 to comply with the New Jersey Prevailing Wage Act, P.L. 1963, c.150 (N.J.S.A. 34:11-56.25 et seq.,) which requires that each worker covered by said Act who is involved in the demolition or construction of the Project is paid not less than the prevailing wage rate for the worker's craft or trade, as determined by the Commissioner of Labor and Workforce Development pursuant to the Prevailing Wage Act. This prevailing wage obligation shall survive Closing and/or termination of this Agreement and shall continue until construction of the Project is Completed. Employees of Purchaser who are engaged in custom fabrication, whether at the Property or not, shall be paid not less than the prevailing wage rate for the worker's craft or trade, as determined by the Commissioner of Labor and Workforce Development pursuant to the Prevailing Wage Act.

10. **Purchaser Financially Able to Close**. The Purchaser represents that it has or will have sufficient cash available at Closing, and has a satisfactory credit rating to complete the purchase without financing. The Closing shall not be contingent upon the Purchaser or any other Person obtaining financing to pay the Purchase Price.

11. **Deposit Monies.**

a. All deposit monies (and interest accrued thereon) will be held by FMERA's attorney ("Escrow Agent") in its interest-bearing, Attorney Trust Account pursuant to the Escrow letter dated October 25, 2013 executed by the Purchaser and Seller (attached hereto as Exhibit E) until the date of Closing or as otherwise provided in this Agreement. At Closing, Purchaser shall receive a credit against the Purchase Price in the amount of the Deposit and all interest accrued thereon. If Purchaser terminates this Agreement in accordance with its terms, the Escrow Agent

shall refund the Deposit to Purchaser within three business days of receipt of Purchaser's notice. The Initial and Second Deposit shall be refundable upon termination of this Agreement pursuant to Sections 6, 11, 12, 13, 14, 16, 21 and 23.

b. Notwithstanding the foregoing, if the Purchaser utilizes the Approval Extension Period, then the Escrow Agent shall release $50,000.00 of the Deposit to the Seller. Upon release to Seller, the $50,000.00 shall be nonrefundable, but said amount shall be applied against the Purchase Price at Closing. Notwithstanding the foregoing, if the Closing does not occur as a result of a default by the Seller, then the Seller shall refund the released $50,000.00 to the Purchaser within three days of receiving notice from Purchaser.

c. Notwithstanding the foregoing, within ten (10) days after Purchaser has received non-appealable Preliminary or Final Site Plan Approval and Preliminary or Final Subdivision Approval for the Project, the Escrow Agent shall release $100,000.00 of the Deposit to Seller. Upon release to Seller, the $100,000.00 shall be nonrefundable, but said amount shall be applied against the Purchase Price at Closing. Notwithstanding the foregoing, if the Closing does not occur as a result of a default by the Seller, then the Seller shall refund the released $100,000.00 to Purchaser within three days of receiving notice from Purchaser.

d. In the event that the Agreement is terminated by the Seller because Purchaser defaults and said default is not cured within the time frames established herein, then the Escrow Agent shall pay the Seller $500,000.00 as liquidated damages and shall return the remainder of the Deposit and all accrued interest to the Purchaser.

12. Title and Survey Investigation.

a. Attached hereto as Exhibit F is a Title Insurance Policy Commitment No. XE1520 ("Title Commitment") that was issued by Chicago Title Insurance Company by and through Eastern Title Agency, Inc., ("Title Company") for the Purchaser. Seller agrees that prior to and as a Condition Precedent to Closing, Seller shall:

(i) Deliver title to the Property that is good, marketable, fee simple title, valid of record and insurable at regular rates; and

(ii) Satisfy, remove, discharge and/or cure to the reasonable satisfaction of Purchaser and the Title Company the following requirements and exceptions that are identified in the Title Commitment: 1) Schedule B – Section I, Requirements (a), (h), (i) and (j) and 2) Schedule B – Section II, Exceptions 1, 2, 4, 6, 7, 8, and 9. Purchaser agrees that the exceptions in Schedule B – Section II, Exceptions 1, 2 and 4 will be deemed satisfied by an Affidavit of Title from Seller certifying to the following: a) with regard to Exception 1, that to the best of the Seller's knowledge, there are no rights or claims of parties in possession of the Property that are not shown in the public record; b) with regard to Exception 2, that to the best of the Seller's knowledge, there are no easements or claims on the Property that are not shown in the public record; and c) with regard to Exception 4, that to the best of the Seller's knowledge, there are no liens on the Property that are not shown in the public record.

b. If Purchaser elects to obtain a survey, then no later than thirty (30) days from the end of the Due Diligence Period, Purchaser shall deliver to Seller a copy of Purchaser's survey together with a list of survey objections. Not later than ten (10) days after Seller receives Purchaser's

survey objections, Seller shall notify Purchaser which of the objections, if any, Seller shall cure prior to or at the Closing, including when and in what manner said items are to be cured. If Purchaser is dissatisfied with Seller's response or lack of response, Purchaser may either terminate this Agreement within 30 days of receipt of Seller's response (or within 30 days of Seller's failure to respond) or proceed under this Agreement. If Purchaser elects to proceed under this Agreement after Purchaser supplies an unsatisfactory response or no response, then Purchaser's election is deemed an acceptance of the survey objections by the Purchaser and Seller shall have no further obligation to cure the Purchaser's survey objections either prior to or at Closing.

c. Purchaser shall have the further right to order a run-down title examination(s) at any time prior to Closing, at Purchaser's cost and expense, and to submit to Seller any title and/or survey objections which may have arisen since the initial title and survey examination.

d. If Seller fails to meet the requirements of Paragraph 12.a, or if Seller has agreed to cure a survey objection pursuant to Paragraph 12.b and fails to do so, or if Purchaser has additional title and/or survey objections as a result of its run-down title examination pursuant to Paragraph 12.c and Seller fails to cure such objections, then Purchaser may: (i) delay Closing to a date mutually agreed upon by Seller and Purchaser so that Seller or Purchaser removes or cures such non-permitted exception at Seller's expense; (ii) close title and pay the Purchase Price with sufficient sums from the Purchase Price, as determined by the Title Company, being placed into escrow with the Escrow Agent, to be used by Purchaser to cure or clear such non-permitted exception at Seller's expense; or (iii) terminate this Agreement. In the event that the Purchaser elects to proceed in accordance with Paragraph 12.d (ii) the amount placed into escrow with the Escrow Agent to be used by Purchaser to cure or clear such non-permitted exception at Seller's expense

shall not exceed the Seller's share of the Purchase Price net of real estate commissions and homeless trust fund payments pursuant to the EDC Agreement; as such the maximum amount of money available to be place in escrow to cure or clear such non-permitted exceptions will never exceed 27% multiplied by the Purchase Price minus real estate commissions minus homeless trust fund payments.

e. From the date of this Agreement, Seller shall not permit any further encumbrance on the Property without Purchaser's prior written consent, which consent may be withheld for any reason.

13. Due Diligence Period.

a. Purchaser, its agents and Purchaser's prospective assignees, shall have the right, during the Due Diligence Period, and at all times during the term of this Agreement, to access the Property, to inspect the Property and to investigate all matters relating thereto, including, but not limited to, existing zoning requirements, the physical condition of the Property, the environmental condition of the Property and its environs, and any other matters Purchaser deems relevant to its decision to purchase the Property.

b. Purchaser may terminate this Agreement in its sole, absolute and unfettered discretion prior to 5 PM on the last day of the Due Diligence Period. Upon termination of this Agreement during the Due Diligence Period, the Deposit shall be promptly returned to Purchaser.

c. Purchaser, its agents and Purchaser's prospective assignees, shall provide Seller with proof of the following insurances prior to being provided access to the Property:

(i.) Comprehensive General Liability policy (including insurance with respect to owned or operated motor vehicles which may be provided under a separate policy) as broad as the standard coverage form currently in use in the State of New Jersey, which shall not be circumscribed by any

endorsements limiting the breadth of coverage. The policy shall include an additional insured endorsement (broad form) for contractual liability. Limits of liability shall be maintained at the level of Five Million ($5,000,000.00) Dollars, except automobile liability may be at a minimum of One Million ($1,000,000) Dollars, for each occurrence of bodily injury, death, and property damage liability. Seller shall be named an additional insured on this policy;

(ii.) Worker's Compensation applicable to the Laws of the State of New Jersey and Employer's Liability Insurance with limits of not less than One Hundred Thousand ($100,000) Dollars per occurrence for bodily injury liability and One Hundred Thousand ($100,000) Dollars occupational disease per employee with an aggregate limit of Five Hundred Thousand ($500,000) Dollars occupational disease;

Purchaser shall repair any damage caused by its investigations and shall restore the Property to substantially the same condition as existed immediately prior to such investigations. Purchaser hereby indemnifies and holds Seller harmless from any liability to the extent related to any negligent act or omission of Purchaser or Purchaser's agents or representatives in the performance of any and all activities conducted on the Property by Purchaser until Closing, unless such liability is the result of Seller's negligence or intentional acts or omissions.

14. <u>Conditions Precedent to Closing</u>.

a. The Closing is subject to and conditioned upon the following:

(i) The receipt by Purchaser of All Approvals within the timeframes set forth in Section 6. Despite anything to the contrary herein, Purchaser may elect to waive All Approvals or waive Approvals for the Commercial Development and close on the Property without said Approvals;

(ii) Receipt by Purchaser of a Final Remediation Document that demonstrates

that any area of concern or Hazardous Substance at the Property has been remediated in accordance with all applicable Environmental Laws without the use of Engineering Controls or Institutional Controls which document includes a covenant not to sue pursuant to either N.J.S.A. 58:10B-13.1 or N.J.S.A. 58:10B-13.2;

(iii) The receipt by Seller of an acceptable form of a declaration of covenants and restrictions upon the Property pursuant to Paragraph 6.i. for review and approval by the Seller prior to Closing.

(iv) Seller shall have performed all covenants, agreements and conditions required by this Agreement to be performed by Seller prior to or as of Closing and shall have cured all defaults;

(v) Seller shall have satisfied all conditions relating to the conveyance of fee simple marketable title insurable at regular rates in accordance with Section 12;

(vi) Purchaser has not terminated this Agreement in accordance with the terms set forth in this Agreement; and

(vii) Seller shall have acquired title to the Property from the Army via the Army Quitclaim Deed that is attached hereto at Exhibit A.

(viii) Taking such other action as may be required by FMERA to permit the sale and development of the Property as contemplated herein.

b. The Seller and Purchaser mutually agree as follows concerning the Conditions Precedent to Closing:

(i) Each Party shall use its best efforts to perform all conditions required by this Agreement diligently prior to or as of Closing and each Party shall have cured any of its respective defaults prior to Closing or at Closing; and

(ii) Either Party may waive the performance of a covenant or a condition by the other Party, or may waive the cure of the other Party's default at any time prior to Closing or at Closing.

15. Time and Place of Closing.

a. The Closing shall take place within thirty (30) days of satisfaction of the Conditions Precedent to Closing detailed in Section 14. The Closing will be held at the offices of Purchaser's counsel.

b. If any event constituting a Force Majeure is in effect at the time of the Closing, then the date for the Closing shall be Tolled and suspended for an equal number of days not to exceed eighteen (18) months in the aggregate for all Force Majeure or Tolling events.

c. Seller shall deliver the following documents at Closing in form and substance satisfactory to Purchaser and to Purchaser's Title Company: (1) quitclaim deed; (2) Affidavit of Title; (3) entity resolution; (4) paid receipt of Real Estate Broker; (5) tax and utility bills; (6) Certificate of Compliance with Section 1445 of the Internal Revenue code (FIRPTA), (7) Bill of Sale for any Personalty; (8) IRS Form 1099; and (9) a post-Closing adjustments letter whereby the parties agree to readjust the pro-rations should any error or mistake be discovered within twelve (12) months of Closing. Purchaser shall deliver the Purchase Price and a Title Closing Statement at Closing.

d. Subject to the potential apportionment of the Purchase Price described in Section 30e, at Closing, Purchaser shall pay the balance of the Purchase Price (after application of a credit for

the Deposit and all accrued interest) to the Seller. Purchaser shall make payment at Purchaser's option by either certified check or attorney trust account check or with the consent of Seller by wire transfer.

16. **Transfer of Ownership**. Upon receipt of payment of the balance of the Purchase Price at Closing, the Seller shall transfer ownership of the Property to the Purchaser via a properly executed quitclaim deed. The quitclaim deed shall be in a form reasonably acceptable to Purchaser and the Title Company. The quitclaim deed between the Parties shall include a metes and bounds description of the Property that, at Purchaser's election, shall be based upon either the boundary survey supplied and paid for by FMERA which is attached hereto as Exhibit D or the survey to be prepared by the Purchaser, at Purchaser's sole cost and expense. The quitclaim deed between the Purchaser and Seller shall be subject to all notices, CERCLA Covenants, covenants, access provisions, deed provisions and environmental protection provisions recorded upon the Property as set forth in the Army Quitclaim Deed attached at Exhibit A and any covenants and restrictions that must be recorded pursuant to the requirements of N.J.A.C. 19:31C-3.24.

17. **Personal Property and Fixtures**. Many items of property become so attached to a building or other real property that they become a part of it. These items are called fixtures. They include such items as fireplaces, patios and built-in shelving. All fixtures are INCLUDED in this sale unless they are listed below as being EXCLUDED. All personal property and fixtures are INCLUDED in this sale unless they are listed below as being EXCLUDED.

e. The following fixtures are EXCLUDED from this sale: **none.**

f. The following personal property is EXCLUDED from this sale: **none**.

18. **Physical Condition of the Property**. This Property is being sold "as is". The Seller does not make any claims or promises about the condition or value of any of the Property included in this sale. The Purchaser has inspected the Property and relies on this inspection and any rights, if any, which may be provided for elsewhere in this Agreement. Until Closing, the Seller agrees to maintain the grounds and secure but not maintain the buildings and improvements, as it is the intention of the Parties that the Purchaser shall demolish the buildings and improvements at Purchaser's expense. In the event that the Purchaser opts to demolish the buildings and improvements prior to Closing, the Parties shall enter into an agreement such as a Right of Entry, License or Use and Occupancy Agreement that sets forth the terms and conditions under which the Purchaser is authorized to enter the Property and demolish the buildings and improvements.

19. **Acknowledgment and Covenants Regarding FOST**. Purchaser and Seller agree and acknowledge that the Army is responsible for the environmental investigation and remediation of the Property, as required by applicable law. The Purchaser and Seller acknowledge that each has received the FOST. The Purchaser and Seller agree that to the extent that the notices, covenants, access provisions, deed provisions and environmental protection provisions concerning the Property found in the FOST are contained in the Army Quitclaim Deed, then such terms shall run with the land. Purchaser, its affiliates, assignees, corporate successors, heirs, devisees and personal representatives covenant and hold harmless the Seller, and shall make no claim against the Seller, its successors and assigns, whether based upon strict liability, negligence or otherwise, concerning noise, environmental, land use, pollution, vibrations, or any similar problems, for any

damage, direct or consequential, to any person or persons, or to property or otherwise, or for any other relief, which may arise from the condition of the Property or the fact that the Property is subject to the FOST and the Army Quitclaim Deed. This covenant shall survive Closing and/or termination of this Agreement and if the terms are included in the Army Quitclaim Deed, then such terms shall also run with the land and be binding upon the Purchaser and its successors and assigns.

20. **Risk of Loss**. Seller shall be responsible for all losses and damages to the Property by fire, windstorm, casualty or other cause, and for all damages or injuries to persons or property occurring thereon or relating thereto (except as may be caused by acts of the Purchaser or its officers, employees, agents, contractors, licensees or sub lessees) prior to Closing. Notwithstanding the foregoing, Seller shall have no obligation to repair, replace or demolish any portion of the Property that is damaged or destroyed prior to Closing, but Seller shall take reasonably appropriate measures to ensure that the Property is secure. Seller and Purchaser agree that any damage or destruction to the Property shall not otherwise affect the rights and responsibilities under this Agreement, and that Purchaser shall not be entitled to any offset against the Purchase Price for any damage or destruction to the buildings, structures fixtures or improvements located on, under or above the Property that might occur prior to Closing, as it is the intention of the Parties that the Purchaser shall demolish the buildings and the improvements at Purchaser's expense. The Risk of Loss shall only be transferred to the Purchaser in the event that the Purchaser undertakes the demolition of the buildings and improvements at the Purchaser's sole expense prior to Closing.

21. **Environmental Matters**. a. Purchaser and Seller acknowledge that pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Army will retain responsibility for any Army caused environmental contamination (other than mold, asbestos containing materials, lead-based paint and commercially-applied pesticides and termiticides) that may be present on the Property as of the date of the Army Quitclaim Deed. The Parties acknowledge that the quitclaim deed between Seller and the Purchaser shall contain certain covenants required by CERCLA (the "CERCLA Covenants") which covenants are contained in the Army Quitclaim Deed.

The Seller shall not bear any responsibility or liability to the Purchaser or its successors or assigns for the presence of mold, asbestos containing materials, lead-based paint or commercially applied pesticides and termiticides on the Property as of or after the Closing. Purchaser shall be solely responsible for the proper disposal of any mold, asbestos containing materials, lead-based paint or commercially applied pesticides encountered during the demolition of buildings and improvements on the Property.

b. If Seller receives notice from any Person at any time prior to the Closing that any Discharge of a Hazardous Substance has occurred on the Property which has not already been documented in the FOST, then Seller shall provide Purchaser with notice of the Discharge on the Property within three (3) days of receiving notice. Seller shall advise Purchaser within thirty (30) days of receiving the notice of Discharge whether Seller or the Army or other responsible third party shall remediate such Discharge and obtain a Final Remediation Document. If Seller advises Purchaser that neither the Seller nor the Army nor the other responsible third party shall remediate the Discharge and obtain a Final Remediation Document, then Purchaser shall have thirty (30) days from the receipt of this notice from the Purchaser to terminate this Agreement. If

Purchaser fails to terminate this Agreement within thirty days of receipt of notice from the Seller that neither the Seller nor the Army nor the other responsible third party shall remediate the Discharge, then the Purchaser shall have waived the right to terminate the Agreement due to the Discharge. If Purchaser waives the right to terminate the Agreement after receiving notice from the Seller that neither the Seller nor the Army nor the other responsible third party shall remediate the Discharge of a Hazardous Substance on the Property, then Purchaser shall not be entitled to a set off or reduction in Purchase Price at Closing.

c. If Seller or the Army or the other responsible third party agree to remediate the Property by delivering a Final Remediation Document and Seller or the Army or the other responsible third party subsequently fails to provide the Final Remediation Document prior to the date set for the Closing, then Purchaser may (1) terminate this Agreement and recover the Deposit, (2) delay Closing to a date reasonably specified by Purchaser to allow sufficient time for Seller or the Army or the other responsible third party to obtain the Final Remediation Document, or (3) in the event that the Seller has agreed to remediate the Property by delivering a Final Remediation Document and Seller subsequently fails to provide the Final Remediation Document prior to the date set for the Closing then the Purchaser may proceed to Closing and pay the Purchase Price; provided, however, that a sum equal to all or a portion of the proceeds due Seller at Closing, which shall be reasonably determined by Purchaser's and Seller's environmental consultant, shall be placed into escrow with the Escrow Agent, which shall be used by Purchaser to address or remediate such Discharge and obtain the Final Remediation Document. In the event that the Purchaser elects to proceed in accordance with Paragraph 21.c (3) the amount placed into escrow with the Escrow Agent to be used by Purchaser to address or remediate such Discharge and obtain a Final Remediation Document at Seller's expense shall not exceed the Seller's share of

the Purchase Price net of real estate commissions and homeless trust fund payments pursuant to the EDC Agreement; as such the maximum amount of money available to be placed in escrow to will never exceed 27% multiplied by the Purchase Price minus real estate commissioners minus homeless trust fund payments.

22. **Termination of Agreement**. If this Agreement is legally and rightfully terminated, the Purchaser and the Seller shall be free of liability to each other, except (subject to the terms of Section 11 herein) for the return of the Deposit with all accrued interest that may be owed and any obligations that specifically survive termination of the Agreement.

23. **Default by Seller.**

a. If Seller defaults under this Agreement, including if Seller shall be unable or fail to convey the Property in accordance with the terms of this Agreement, then Purchaser is entitled to recover Purchaser's compensatory damages (excluding consequential damages), including (i) the Deposit, (ii) Purchaser's Approval Costs, (iii) Purchaser's due diligence investigation costs, (iv) any escrows, fees or bonds posted with governmental entities and (v) any litigation costs incurred by Purchaser to recover Purchaser's compensatory damages including but not limited to attorneys' fees and costs. If Purchaser elects to terminate this Agreement because of Seller's default, then this Agreement shall be null and void and neither party shall have any further rights or obligations hereunder, except any rights or obligations that specifically survive the termination of this Agreement.

b. Purchaser acknowledges that the remedies set forth in this Section 23 are Purchaser's exclusive remedies in the event of any breach of or default under this Agreement by Seller or the

inability or unwillingness of Seller to consummate the Closing as provided in this Agreement.

c. Purchaser agrees that prior to declaring the Seller in default hereunder, Purchaser shall provide Seller with sixty (60) days advance written notice of such default and Seller shall have the right to cure such default within sixty (60) days of the receipt of written notice of default.

24. Default by Purchaser.

a. The following occurrences shall be a default by Purchaser of the terms of this Agreement:

(i) failure of Purchaser to observe and perform any covenant, condition, representation, warranty or agreement hereunder, and continuance of such failure for a period of sixty (60) days, after receipt of written notice from the Seller specifying the nature of such failure and requesting that such failure be remedied.

(ii) Purchaser shall have (a) applied for or consented to the appointment of a custodian, receiver, trustee or liquidator of all or a substantial part of its assets; or (b) a custodian shall have been legally appointed with or without consent of Purchaser; or (c) Purchaser has (1) has made a general assignment for the benefit of creditors, or (2) has filed a voluntary petition in bankruptcy or a petition or an answer seeking an arrangement with creditors or has taken advantage of any insolvency law; or (d) Purchaser has filed an answer admitting the material allegations of a petition in any bankruptcy or insolvency proceeding; or (e) a petition in bankruptcy shall have been filed against Purchaser, and shall not have been dismissed for a period of ninety (90) consecutive days; or (f) an Order for Relief shall have been entered with respect to or for the benefit of Purchaser, under the Bankruptcy Code; or (g) an Order, judgment or decree shall have been entered, without the application, approval or consent of Redeveloper, by any court of competent jurisdiction appointing a receiver, trustee, custodian or liquidator of

Purchaser, or a substantial part of its assets and such order, judgment or decree shall have continued unstayed and in effect for any period of ninety (90) consecutive days; or (h) Redeveloper shall have suspended the transaction of its usual business.

(iii) Purchaser has abandoned or substantially suspended any work on the Approvals such abandonment or suspension of work shall not be cured, ended or remedied within sixty (60) days after written demand by the Seller.

(iv) The Purchaser shall place on the Property any unauthorized encumbrance or lien on the Property prior to Closing, or shall suffer any levy or attachment to be made on the Property prior to Closing, or any materialmen's or mechanics' lien, or any other unauthorized encumbrance or lien to attach to the Property prior to Closing and the encumbrance or lien shall not have been removed or discharged satisfactorily to the Seller at the sole cost and expense of the Purchaser within sixty (60) days after written demand by the Seller to do so.

b. If an occurrence of default by Purchaser occurs or Purchaser fails or refuses to consummate the Closing (where no default by Seller has occurred under the Agreement and all Conditions Precedent to Closing have been satisfied), then Seller, as its sole and exclusive remedy, may terminate this Agreement by giving notice thereof to Purchaser. Upon any such termination, Seller shall retain as liquidated damages the portion of the Deposit stated in Section 11.d above and all accrued interest and neither party shall have any further rights or obligations hereunder, except any rights or obligations that specifically survive the termination of this Agreement.

c. Seller agrees that prior to declaring the Purchaser in default, Seller shall provide Purchaser with sixty (60) days advance written notice of such default and Purchaser shall have

the right to cure such default within sixty (60) of receipt of written notice of the default.

25. **Adjustments at Closing / Assessments for Municipal Improvements**.

a. The Purchaser and the Seller agree to adjust the following expenses as of the closing date: water charges, sewer charges, and taxes. The Purchaser or the Seller may require that any person with a valid claim or right affecting the Property be paid from the proceeds of this sale.

b. Certain municipal improvements, including, but not limited to, sidewalks and sewers, may result in the Municipality charging property owners to pay for the improvement. All unpaid charges (assessments) against the Property for work completed before the date of Closing will be paid by the Seller at or before Closing, unless such assessments resulted from action taken by the Municipality in connection with Purchaser's Approvals, then the Purchaser shall pay such assessments. If the improvement is not completed before the date of Closing then only the Purchaser will be responsible. If the improvement is completed at or before Closing, but the amount of the charge (assessment) has not been determined by the Municipality, the Seller will pay an estimated amount at Closing (unless such assessments resulted from action taken by the Municipality in connection with Purchaser's Approvals, then the Purchaser shall pay such assessments). When the amount of the charge is finally determined by the Municipality, the Seller will pay any deficiency to the Purchaser (if the estimate proves to have been too low), or the Purchaser will return any excess to the Seller (if the estimate proves to have been too high).

26. **Possession**. At Closing, the Purchaser will be given possession of the Property subject to the Army's right of access to the Property pursuant to the Army Quitclaim Deed. The delivery

of the quitclaim deed for the Property by Seller to Purchaser and possession of the Property from Seller to Purchaser and the acceptance of possession of the Property by Purchaser shall be deemed full performance by Seller of its obligations under this Agreement, except for any duties that expressly survive Closing as provided herein.

27. **Liens**. In the event that an objection to title consists of an unpaid lien of a defined amount attributable to Seller, Seller has the right to satisfy the lien from the sales proceeds.

28. **Assignment of Permits and Approvals**.

a. Seller agrees to cooperate with Purchaser in obtaining any required FMERA signatures or consents in connection with Purchaser's efforts to obtain the Approvals for the development of the Project on the Property and shall endeavor to obtain same from its Executive Director, within one week of presentation; from the FMERA Real Estate Committee, within 30 days from presentment; and from the FMERA board, within 45 days of presentment, subject to the Governor's 10-day veto period. Where required by law, FMERA will sign as owner or applicant on applications made by the Purchaser. Any delay beyond these time periods shall constitute an event entitling Purchaser to Tolling of the time periods set forth herein for performance by the Purchaser. At Closing Seller shall assign any permits or approvals related to the Project to the Purchaser.

b. Seller shall join Purchaser in filing and recording a subdivision plat or plats in the County Clerk's office, which facilitates the dedication of streets, rights-of-way, and any easements, to the extent reasonably necessary, prior to the Closing provided that the cost and expense for same is paid solely by the Purchaser. Immediately prior to Closing, Purchaser shall post the necessary

performance guarantees and inspection fees required to permit the filing of the subdivision plat with the County Clerk's Office.

29. **Parties Liable**. This Agreement is binding upon the Parties and all who succeed to their rights and responsibilities.

30. **Assignment**.

a. Seller shall have the right to assign this Agreement without the consent of Purchaser to the State of New Jersey or any division thereof.

b. Purchaser shall not have the right to assign this Agreement prior to Completion of the Project without first obtaining the express written consent of the Seller, which consent shall not be unreasonably withheld provided that (i) the assignee is approved by the State of New Jersey's Department of the Treasury Chapter 51 Review Unit for compliance with the State of New Jersey's laws governing political contributions; (ii) the assignee has demonstrated to the satisfaction of FMERA that the potential assignee has the financial ability to meet the funding requirements of the assignee's project; (iii) the assignee provides the Seller with an unqualified and unconditional acceptance of the terms and conditions of this Agreement including but not limited to the redevelopment obligations to the extent that they relate to the portion of the Property and Project being assigned; (iv) the assignment will not delay the Completion of the Project; (v) the assignee provides FMERA with satisfactory proof of the managerial experience and project experience of the assignee with projects of similar size and magnitude to the assignee's project; (vi) the assignee provides the Seller with a concept plan for the assignee's project and the concept plan complies with the requirements of the Plan and FMERA's land use

regulations; and (vii) if applicable to the assignee's portion of the Project, the assignee agrees to comply with any and all legally imposed affordable housing requirements, including but not limited to setting aside twenty (20%) percent of the housing units to be developed by the assignee for affordable housing.

c. The Parties agree that if Seller authorizes an assignment in accordance with the terms herein, then Seller shall enforce this Agreement against the assignee and Seller shall release Purchaser from any and all duties, obligations, claims and damages arising under this Agreement, provided that the assignee has unconditionally accepted the assignment of this Agreement. By way of example, if Seller approves Purchaser's assignment of the commercial portion of the Project to a commercial developer (the "Approved Commercial Developer"), then with regard to the commercial portion of the Project, Seller shall only enforce this Agreement against the Approved Commercial Developer.

d. Notwithstanding the foregoing, Purchaser shall have the right to assign this Agreement to an Affiliate of the Purchaser, such as an urban renewal entity created to undertake the Purchaser's Project without first obtaining the Seller's consent provided that the Affiliate or urban renewal entity is approved by the State of New Jersey's Department of the Treasury Chapter 51 Review Unit for compliance with the State of New Jersey's laws governing political contributions and the Affiliate or urban renewal entity provides the Seller with an unqualified and unconditional acceptance of the terms and conditions of this Agreement.

e. Despite anything to the contrary herein, if Seller approves Purchaser's assignment of the Commercial Development, then the following shall apply: i) the Purchase Price for the Commercial Development shall be $1,000,000.00; ii) the Purchase Price for the remainder of the Property shall be $6,225,000.00; (iii) $150,000.00 of the Deposit, plus a prorata share of accrued

interest shall be applied against the Purchase Price for the Commercial Development and (iv) $933,750.00 of the Deposit, plus a prorata share of accrued interest shall be applied against the remainder of the Property.

31. **Successors and Assigns**. This Agreement shall inure to the benefit of and shall bind the Parties and their successors and assigns.

32. **Entire Agreement**. It is understood and agreed that all understandings and agreements between the parties regarding purchase, sale and conveyance of the Property are merged in this Agreement which alone fully and completely expresses their agreement. This Agreement replaces and supersedes any previous agreements between the Purchaser and the Seller regarding the purchase, sale and conveyance of the Property. This Agreement can only be changed by an agreement in writing signed by both Purchaser and Seller. The Seller states that the Seller has not made any other Agreement to sell the Property to anyone else.

33. **Governing Law**.

a. This Agreement shall be governed by, interpreted under and construed and enforced in accordance with, the laws of the State of New Jersey without respect to any principles of conflict of law, both as to interpretation and performance. Seller and Purchaser waive any statutory or common law presumption which would serve to have this document construed in favor and against either party as the drafter.

b. The Seller and the Purchaser agree that any and all claims made or to be made against the Seller based in contract law, including but not limited to, claims and damages described in

Section 23(a) for all out of pocket costs and expenses, shall be governed by and subject to the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

34. **Partial Invalidity**. If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by Law.

35. **Headings**. The headings of the various Sections and Exhibits of this Agreement have been inserted only for the purposes of convenience, and are not part of this Agreement and shall not be deemed in any manner to modify, explain or restrict any of the provisions of this Agreement.

36. **No Partnership or Joint Venture**. Nothing contained in this Agreement will make or will be construed to make the parties hereto joint venture partners with each other, it being understood and agreed that the only relationship between Purchaser and Seller hereunder is that of seller and purchaser. Nor should anything in this Agreement render or be construed to render either of the parties hereto liable to the other for any third party debts or obligations due the other party.

37. **No Third-Party Rights or Benefits**. Nothing in this Agreement shall be construed as

creating any rights of enforcement against any person or entity that is not a party to this Agreement, nor any rights, interest or third-party beneficiary status for any entity or person other than Purchaser and Seller. This Agreement is not an obligation of the State of New Jersey or any political subdivision thereof (other than FMERA) nor shall the State or any political subdivision thereof (other than FMERA) be liable for any of the obligations under this Agreement. Nothing contained in this Agreement shall be deemed to pledge the general credit or taxing power of the state or any political subdivision thereof (other than FMERA).

38. **No Waiver**. No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other documents furnished in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege, or the exercise of any other right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

39. **Time Periods**. All time periods contained in this Agreement shall expire at 5:00 p.m. Eastern Time on the date performance is due and any performance after such time and any Notice received after such time shall be deemed to have occurred on the next business day. In the event that any date falls on a weekend or any other day which commercial banks in the State of New Jersey are closed or permitted to be closed, the date shall be deemed to extend to the next weekday.

40. **Publication**. Purchaser and Seller agree (i) to consult with and cooperate with each other on the content and timing of all press releases and other public announcements relating to the transactions contemplated by this Agreement and (ii) that any press release to be used with respect to the transactions contemplated hereby will be in the form agreed to by the parties. Purchaser shall not issue any announcement or statement without the express written approval of Seller as to the text of the announcement.

41. **Recording or Notice of Pendency**. Purchaser shall not record nor attempt to record this Agreement; however, Purchaser may record the following: a) a memorandum or "short form" of this Agreement, b) a Notice of Settlement or c) other reporting requirements under the Federal Securities Laws or other securities laws applicable to the Purchaser, provided that the documents that Purchaser proposes to record are provided to the Seller for review and approval, which shall not be unreasonably delayed or withheld, prior to recording. In the event Purchaser records this Agreement, or any of the documents referenced in 41 a, b or c above without having obtained the prior written consent of Seller thereto, then Purchaser shall be deemed in material incurable default under this Agreement and Seller shall be authorized without any notice whatsoever: (i) to terminate this Agreement and (ii) to take the Initial Deposit set forth in Section 5, including interest as liquidated damages, such damages being difficult, if not impossible to ascertain. This Section shall survive the termination of the Agreement.

42. **Authority Representations of Purchaser and Seller**. Purchaser and Seller hereby represent to each other on and as of the date of this Agreement and on and as of the transfer(s)

provided for herein, that each have full capacity, right, power and authority to execute, deliver and perform this Agreement, and all required action and approvals therefore have been duly taken and obtained. The individual(s) signing this Agreement and all other documents executed or to be executed pursuant hereto on behalf of Seller and Purchaser shall be duly authorized to sign the same on Purchaser's and Seller's behalf and to bind Seller and Purchaser thereto. This Agreement and all documents to be executed pursuant to Seller and Purchaser are and shall be binding upon and enforceable against Seller and Purchaser in accordance with their respective terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulations or ruling of any court or governmental authority, or conflict with, result in a breach of, or constitute a default under any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Purchase or Seller is bound.

43. **Lis Pendens**. Unless Seller defaults, Purchaser hereby waives any right or privilege to place a lis pendens upon the Property or any property owned or controlled by FMERA and, accordingly, notwithstanding anything contained herein to the contrary, Purchaser shall be liable for all damages, including, but not limited to Seller's costs of removing the lis pendens plus treble damages, for Purchaser's failure to comply with the terms hereof. This Section shall survive the termination of this Agreement.

44. **Political Campaign Contributions**.

44.1 For the purpose of this Section , the following shall be defined as follows:

(a) "Contribution" means a contribution reportable by a recipient under "The New Jersey Campaign Contributions and Expenditures Reporting Act" P.L. 1973, c. 83 (C.19:44A-1 et seq.), a contribution made to a legislative leadership committee, a contribution made to a municipal political party committee or a contribution made to a candidate committee or election fund of any candidate for or holder of the office of Lieutenant Governor. Currently, contributions in excess of $300 during a reporting period are deemed "reportable" under these laws.

(b) "Business Entity" means:

(i) a for-profit entity as follows:

A. in the case of a corporation: the corporation, any officer of the corporation, and any person or business entity that owns or controls 10% or more of the stock of corporation;

B. in the case of a general partnership: the partnership and any partner;

C. in the case of a limited partnership: the limited partnership and any partner;

D. in the case of a professional corporation: the professional corporation and any shareholder or officer;

E. in the case of a limited liability company: the limited liability company and any member;

F. in the case of a limited liability partnership: the limited liability partnership and any partner;

G. in the case of a sole proprietorship: the proprietor; and

H. in the case of any other form of entity organized under the laws of this

State or other state or foreign jurisdiction: the entity and any principal, officer, or partner thereof;

(ii) any subsidiary directly or indirectly controlled by the Business Entity;

(iii) any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the Business Entity, other than a candidate committee, election fund, or political party committee;

(iv) principals who own or control more than 10 percent of the profits or assets of a Business Entity or 10 percent of the stock in the case of a Business Entity that is a corporation for profit ("Principals"); and

(v) with respect to an individual who is included within the definition of Business Entity, the individual's spouse or civil union partner, and any child residing with the individual, provided, however, that, P.L. 2005, c. 51 shall not apply to a contribution made by such spouse, civil union partner, or child to a candidate for whom the contributor is entitled to vote or to a political party committee within whose jurisdiction the contributor resides unless such contribution is in violation of section 9 of P.L. 2005, c. 51 (C.19:44A-20.1 et seq.) ("Chapter 51").

(c) PL 2005, c. 51 — means Public Law 2005, chapter 51 (C. 19:44A-20.13 through C. 19:44A-20.25, inclusive) as expanded by Executive Order 117 (Gov. Corzine, September 24, 2008).

44.2 The terms, restrictions, requirements and prohibitions set forth in P.L. 2005, c. 51 are incorporated into this Agreement by reference as material terms of this Agreement with the same force and effect as if P.L. 2005, c. 51 were stated herein its entirety. Compliance with P.L. 2005, c. 51 by Purchaser shall be a material term of this Agreement.

44.3 Purchaser hereby certifies to the Authority that commencing on and after October 15, 2004, Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) has not solicited or made any Contribution of money, pledge of Contribution, including in-kind Contributions, that would bar a contract agreement between Purchaser and the Authority pursuant to P.L. 2005, c. 51. Purchaser hereby further certifies to the Authority that any and all certifications and disclosures delivered to the Authority by Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) are accurate, complete and reliable. The certifications made herein are intended to and shall be a material term of this Agreement and if the Treasurer of the State of New Jersey determines that any Contribution has been made in violation of P.L. 2005, c. 51, the Authority shall have the right to declare this Agreement to be in default.

44.4 Purchaser hereby covenants that Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) shall not knowingly solicit or make any Contributions of money, or pledge of a Contribution, including in-kind Contributions, to a candidate committee or election fund of any candidate or holder of the public office of Governor of New Jersey or to any New Jersey state or county political party committee prior to the expiration or earlier termination of this Agreement. The provisions of this Section 44.4 are intended to and shall be a material term of this Agreement and if the Treasurer of the State of New Jersey determines that any Contribution has been made by Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) in violation of P.L. 2005, c. 51, the Authority shall have the right to declare this Agreement to be in default.

44.5 In addition to any other Event of Default specified in this Agreement, the Authority shall

have the right to declare an event of default under this Agreement if: (i) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits a Contribution in violation of P.L. 2005, c. 51, (ii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) knowingly conceals or misrepresents a Contribution given or received; (iii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits Contributions through intermediaries for the purpose of concealing or misrepresenting the source of the Contribution; (iv) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits any Contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee; (v) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) engages or employs a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any Contribution, which if made or solicited by Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) directly would violate the restrictions of P.L. 2005, c. 51; (vi) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) funds Contributions made by third parties, including consultants, attorneys, family members, and employees; (vii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) engages in any exchange of Contributions to circumvent the intent of P.L. 2005, c. 51; (viii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business

Entity) directly or indirectly through or by any other person or means, does any act which would violate the restrictions of P.L. 2005, c. 51; or (ix) any material misrepresentation exists in any Political Campaign Contribution Certification and Disclosure which was delivered by Purchaser to the Authority in connection with this Agreement.

44.6 The Parties agree that on February 26, 2013 FMERA received confirmation from the Department of the Treasury's Chapter 51 Review Unit that Purchaser was approved for 2 year Chapter 51/EO117 certification. Purchaser hereby acknowledges and agrees that pursuant to P.L.2005, c. 51, Purchaser shall have a continuing obligation to report to the Office of the State Treasurer, Political Campaign Contribution Review Unit of any Contributions it makes during the term of this Agreement. If after the effective date of this Agreement and before the entire Purchase Price is paid to the Authority, any Contribution is made by Purchaser and the Treasurer of the State of New Jersey determines such Contribution to be a conflict of interest in violation of P.L. 2005, c. 51, the Authority shall have the right to declare this Agreement to be in default.

45. **Notices**: Any notices required to be given under this Agreement must be in writing and shall be addressed as follows:

to: Fort Monmouth Economic Revitalization Authority
502 Brewer Avenue
Oceanport, New Jersey 07757
Attention: Bruce Steadman, Executive Director

With a copy to:

DeCotiis, FitzPatrick & Cole, LLP
500 Frank W. Burr Boulevard, Suite 31
Teaneck, NJ 07666
Attention: Douglas F. Doyle, Esq.

and

to: HovWest Land Acquisition Inc.
110 Fieldcrest Avenue

Edison, New Jersey 08837
Attention: Jonathan Fisher, Senior Vice President

With a copy to:

HovWest Land Acquisition Inc.
110 Fieldcrest Avenue
Edison, New Jersey 08837
John F. Semple, Esq., Vice President & Division Counsel

All notices which must be given under this Agreement are to be given either by:

(1) personal service,

(2) certified mail, return receipt requested, addressed to the other party at their address specified above, or

(3) overnight delivery service, addressed to the other party at their address specified above (e.g. Federal Express, United Parcel Service, DHL, United State Postal Service Next Day Mail).

Either party may change the address to which notice must be provided pursuant to this Agreement by providing notice, in accordance with this provision, to the other party at that party's last-identified address, provided that such change of address shall not take effect until five (5) days following the date of such notice.

Each party authorizes the other to rely in connection with their respective rights and obligations under this Agreement upon approval by the parties named above or any person designated in substitution or addition hereto by notice, in writing, to the party so relying.

46. **Brokerage Commissions**. Seller and Purchaser represent to each other that each has had no dealings with any broker, salesperson or agent in connection with the sale of the Property, except for Seller's broker, Cushman & Wakefield ("Seller's Broker"). In no event shall Seller be responsible for any brokerage commission other than fees and commissions owing to Seller's Broker. The provisions of this Section shall survive Closing and/or any termination of this

Agreement.

47. **Counterparts**. This Agreement may be simultaneously executed in several counterparts, or with counterpart signature pages, and may be delivered by facsimile or electronic mail, it being understood that all such counterparts or counterpart signature pages, taken together, shall constitute one and the same instrument.

48. **Exhibits**. By execution of this Agreement, Purchaser acknowledges receipt of all Exhibits described in this Agreement, which have been delivered previously to Purchaser in a package separate from this Agreement.

49. **Recitals**. The Recitals are incorporated herein as if restated at length.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Draft - For Discussion Purposes Only

Wherefore the Seller and Purchaser have signed this Agreement as of the date first written above.

ATTEST:

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY, Seller

_____ By: _____

Bruce Steadman
Executive Director

ATTEST:

HOVWEST LAND ACQUISITION, LLC, Purchaser

_____ By: _____

Jonathan Fisher
Senior Vice President

DRAFT - FOR DISCUSSION PURPOSES ONLY

STATE OF NEW JERSEY)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ___ day of _____, 2013, by HovWest Land Acquisition, LLC., a limited liability company of the State of _____ authorized to do business in the State of New Jersey (the "Company"), by _____, its _____, on behalf of the Company.

_____

DRAFT - FOR DISCUSSION PURPOSES ONLY

STATE OF NEW JERSEY)
)
COUNTY OF MONMOUTH)

The foregoing instrument was acknowledged before me this _____ day of _____ 2013, by Fort Monmouth Economic Revitalization Authority, a public body corporate and political constituted as an independent authority and instrumentality of the State of New Jersey, pursuant to P.L. 2010, c. 51 (the "Company"), by Bruce Steadman, its Executive Director, on behalf of the Company.

_____

DRAFT - FOR DISCUSSION PURPOSES ONLY

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: February 11, 2014

RE: Real Estate Advisory Services Memorandum of Understanding with New Jersey Sports and Exposition Authority

Summary

The Members are requested to approve the attached Memorandum of Understanding (MOU), in substantially final form, between the EDA and the New Jersey Sports and Exposition Authority (SEA). The purpose of the MOU is to allow SEA to make use of real estate advisory services currently under contract with EDA to assist SEA in evaluating components of the American Dream @ Meadowlands project and the IZOD Center.

Background

In July 2011, the Members authorized the Authority to enter into a contract with Jones Lang LaSalle Americas, Inc. to provide real estate advisory services to assist the Authority in evaluating real estate projects and investments in connection with a range of development-related activities. The contract was for a term of 3 years, with an annual maximum of $200,000 per year, with two 1-year extension options that can be exercised at the Authority's sole discretion.

American Dream @ Meadowlands is a $2.2 billion redevelopment project located within the Meadowlands Sports Complex in East Rutherford Borough that will include the redevelopment of the stalled Xanadu site into a 3.3 million square foot mixed use development to include 2.1 million square feet of retail, 600,000 square feet of entertainment and the addition of 639,000 square feet of amusement facilities, including an amusement park and a water park. Ameream LLC and Meadow Amusement LLC, the developers of the project are currently in negotiations for a ground lease on the project site. On November 1, 2013, the NJEDA approved a $390 million Economic Redevelopment and Growth Grant as an incentive to fill the financing gap for the project that is anticipated to provide net positive benefits to the State of $487 million.

SEA is the current owner of certain parcels of land on which the project is located, and will soon be the owner of all the project land. It also owns and operates the IZOD Center. SEA is in need of assistance to determine a ground lease and profit participation structure for the existing, former Xanadu project and proposed new amusement and connector bridge components of the project, to evaluate alternative operational structures for the IZOD Center, and other similar services.

Recommendation

The Members are requested to approve the attached MOU, in substantially final form, between the EDA and SEA to allow SEA to make use of real estate advisory services currently under contract with EDA to assist SEA in evaluating components of the American Dream @ Meadowlands project and the IZOD Center. The final terms of the MOU will be subject to the approval of the Chief Executive Officer, President/Chief Operating Officer, the Attorney General's Office, and SEA.

Attachment – MOU

Prepared by: Gina Behnfeldt

MEMORANDUM OF UNDERSTANDING
between
NEW JERSEY SPORTS AND EXPOSITION AUTHORITY (SEA)
and
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (EDA)

This Memorandum of Understanding (MOU) dated the XX day of February, 2014, will confirm the mutual understanding and intention between the New Jersey Economic Development Authority (EDA) and the New Jersey Sports and Exposition Authority (SEA) regarding the performance of certain real estate consulting services. EDA and SEA are collectively referred to herein as the "Parties."

WHEREAS, EDA was created pursuant to N.J.S.A. 34:1B-1 et seq.;

WHEREAS, SEA was created pursuant to N.J.S.A. 5:10-1 et seq.;

WHEREAS, EDA has approved an Economic Redevelopment and Growth ("ERG") Grant to Ameream LLC, Meadow Amusement LLC and affiliates ("Ameream Affiliates") for the American Dream @ Meadowlands project ("American Dream Project") located in East Rutherford which is a 3.3 million square foot mixed use development to include 2.1 million square feet of retail, 600,000 square feet of entertainment and the addition of 639,000 square feet of amusement facilities, including an amusement park and a water park, and bridge over a connector road ("EDA American Dream ERG Approval");

WHEREAS, the EDA American Dream ERG Approval acknowledged that the SEA will take the lead, on behalf of various State entities, in overseeing the American Dream Project as a whole and that the execution of an ERG Grant agreement is subject to evidence of executed leases between the SEA and the Ameream Affiliates;

WHEREAS, SEA is in need of real estate advisory services to assist the SEA in determining a ground lease and profit participation structure American Dream Project to evaluate alternative operational structures for the IZOD Center, and other similar services (the "Work");

WHEREAS, EDA has expertise, and has consultants with expertise, in analyzing real estate projects;

WHEREAS, SEA is willing to pay EDA for any work performed by EDA's consultants to perform analysis on behalf of SEA related to the Work; and

WHEREAS, the Parties enter into this MOU as an inter-department governmental agreement pursuant to N.J.S.A. 52:14-1 et seq.,

NOW THEREFORE, in consideration of the promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

SECTION 1 - Jones Lang LaSalle Americas, Incorporated ("JLL")

The parties hereby agree that together SEA and EDA will seek advisory services from JLL for the Work.

SECTION 2 – EDA's Responsibilities

1. In general, EDA will work cooperatively with SEA to provide timely and efficient communication and delivery of documentation to SEA, as applicable, and to resolve any conflicts should they arise regarding the Scope of Work, payment for Work and any other matters that may arise in connection with this MOU.

2. EDA will work cooperatively with SEA to prepare in writing a full scope of the Work requested by SEA (the "Scope of Work"). The Scope of Work will state the tasks to be completed by EDA consultants.

3. EDA will obtain cost estimates for all tasks in the Scope of Work to be completed by its consultants and will provide such cost estimates to SEA for its review and consent.

4. If SEA consents to the Scope of Work and all consultant costs, EDA will authorize the Scope of Work to proceed.

5. Upon the presentation of invoices to EDA by a consultant for tasks required in the Scope of Work, EDA will forward to SEA for review and payment to EDA.

SECTION 3 – SEA's Responsibilities

1. In general, SEA will work cooperatively with EDA to provide timely and efficient communication and delivery of documentation to EDA, as applicable, and to resolve any conflicts should they arise regarding the scope of the Work, payment for Work and any other matters that may arise in connection with this MOU.

2. SEA will work cooperatively with EDA to define in writing the full Scope of the Work requested by SEA.

3. If SEA decides to proceed with the Scope of Work, including the cost estimates provided by EDA's consultants, SEA will provide written consent to EDA for the Scope of Work.

4. SEA will work cooperatively with EDA to support and facilitate the timely completion of the Scope of Work.

5. Within 10 business days of the presentation of an invoice by EDA, SEA will review, resolve with EDA any issues that may arise in connection with a presented invoice, and provide payment to EDA.

SECTION 4 – Miscellaneous

1. Any and all reports, studies and other work product produced in connection with the Work shall be jointly owned by EDA and SEA.

2. This MOU shall commence immediately upon execution by the Parties. Unless terminated earlier, this MOU shall terminate upon completion and payment for all tasks in the Scope of Work or the contract between EDA and any consultants specified in the Scope of Work expires, whichever comes first. Continuation of this MOU is subject to extensions of the contract between EDA and such consultants that may be exercised at EDA's sole discretion. Termination of this agreement shall not apply to unpaid balances for tasks already completed by EDA consultants under the Scope of Work.

3. The Parties may modify this MOU only by a writing signed by all of the Parties.

4. Any Party shall have the right to terminate this MOU upon written notice to the other Party. Upon termination, EDA shall make reasonable efforts not to incur any additional costs by its consultants in connection with the Scope of Work. Notwithstanding any such termination of this MOU, SEA shall continue to be responsible to pay EDA for all unpaid costs for tasks already completed by EDA consultants under the Scope of Work.

5. All notices and correspondence pertaining to this MOU should be provided,

if to SEA:
[CONTACT AND ADDRESS TO BE INSERTED]

if to EDA:
Timothy Lizura
President and Chief Operating Officer
EDA
PO Box 990
36 West State Street
Trenton, NJ 08625-0990

6. The recitals appearing at the beginning of this MOU are specifically incorporated herein by reference.

7. Titles and headings are included for convenience only and shall not be used to interpret the MOU.

8. This MOU is being entered into for the sole purpose of evidencing the mutual understanding and intention of the Parties. There are no third-party beneficiaries of the MOU.

The foregoing correctly reflects the Parties' understanding and intent.

IN WITNESS WHEREOF, the Parties have caused this MOU to be duly executed and delivered as of the date and year first above written and by so executing, represent and warrant they have the authority to do so.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

By: _____
[NAME AND TITLE TO BE INSERTED]

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Michele Brown
Chief Executive Officer

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

RE: Aviation Research & Technology Park
Stockton Aviation Research and Technology Park of New Jersey, Inc. as Co-Grantee to the $2.5 Million USEDA Public Works Grant

DATE: February 11, 2014

Summary

I am requesting that the Members approve the substitution of Stockton Aviation Research and Technology Park of New Jersey, Inc. ("Stockton ARTP") as a co-grantee with the Authority on the $2.5 million grant dated March 3, 2008, Investment No. 01-01-08559, from the United States Department of Commerce, Economic Development Administration ("USEDA"), under its Public Works Grant Program. Stockton ARTP will become lead co-grantee, replacing the South Jersey Economic Development District on the USEDA grant, and the Authority will remain the required governmental sponsor.

Background

In 2007, the Aviation Research Technology Park ("ARTP") completed the master plan study that the Authority partially funded with $50,000. ARTP's eleven-member board included five ex-officio public members representing the South Jersey Transportation Authority, the Casino Reinvestment Development Authority ("CRDA"), The Richard Stockton College of New Jersey, the County of Atlantic, and the New Jersey Economic Development Authority.

The master plan envisions the development of a technology park on approximately 58 acres adjacent to the Atlantic City International Airport and the Federal Aviation Administration's William J. Hughes Technical Center in Egg Harbor Township. The Technical Center has a workforce of 3,000 employees on its 5,000-acre campus. The tech park site is currently leased from the Federal Aviation Administration ("FAA") to the South Jersey Economic Development District ("SJEDD"), with ARTP providing marketing and management services for the life of the project. The original master plan provided for the development of approximately 12 building sites that would be leased to or developed by industries that complement the Technical Center's aviation mission; the current plan includes 7 buildings sites. When the park is complete it will generate an estimated 2,000 jobs. Development of the park required new infrastructure improvements on the 58 acres that included, but was not limited to, utility (e.g., water, sewer, gas electric, and communications) and road improvements to serve the building pad sites. The infrastructure improvements cost approximately $7.5 million.

In 2007, because the Public Works Grant Program required that a public state, county or local governmental entity serve as an application co-sponsor, SJEDD requested that the Authority serve as the public entity co-sponsor for the $2.5 million USEDA grant application for infrastructure improvements. In March 2008, USEDA awarded the infrastructure grant for the project to the Authority and SJEDD jointly, and in April 2008, the Members authorized the Authority to serve as USEDA co-grantee with SJEDD.

Since April 2008, SJEDD completed the infrastructure design, obtained the required approvals, bid the project, and, in 2011, completed most of the infrastructure improvements which included new infrastructure, roadway, sewer and water utilities for the park's development. During this period, SJEDD administered the grant and was responsible for complying with USEDA's requirements.

In July 2011, the Members approved adding ARTP to the grant agreement based on the mutual decision by ARTP and SJEDD, and with FAA's consent, that SJEDD no longer serve as lessee and Master Developer for the park. At that time, upon completion of the USEDA funded infrastructure, SJEDD would have assigned its leasehold interest in the land to ARTP. However, as required by USEDA, SJEDD would continue to be named co-grantee of the USEDA Public Works Grant. USEDA is no longer requiring that SJEDD remain as co-grantee on the grant.

Also in summer and fall of 2011, because the ARTP Board believed that a private sector master developer was needed to invest equity and bring development expertise to the project, ARTP issued a request for qualifications and proposal (RFQ/P) to select a development partner for the site. Through the RFQ/P process, ARTP selected New Vistas Corporation ("New Vistas") as the conditionally designated master development partner. ARTP and New Vistas have been in the process of negotiating the development agreement. The completion of this relationship is pending the FAA's approval to transfer the lease from SJEDD to Stockton ARTP.

Atlantic County, in 2012, stepped in to assist SJEDD with resolving some payment disputes with SJEDD's vendors for the infrastructure and other work SJEDD performed to construct the first building. In 2013, the County provided ±$326,920 and the USEDA released the balance of the grant, $250,000, to SJEDD to pay the outstanding balance to complete the work and closeout existing contracts.

In October 2012, Casino Reinvestment Development Authority ("CRDA") approved a $375,000 Resolution which would permit ARTP to purchase the architectural plans for the first building from SJEDD and pay for other program development costs including legal fees, transfer of the lease, and the development of the future relationship with The Richard Stockton College of New Jersey ("Stockton College"). In turn, SJEDD would use the proceeds from the sale of the architectural plans to pay off the leasehold mortgage held by Fulton Bank; this loan was used for the infrastructure improvements and work for the first building development.

Last year, ARTP and Stockton College finalized their relationship in which ARTP became an auxiliary organization of Stockton College, the articles of incorporation and bylaws were revised to comply with the applicable state laws, the board was reconstituted to comply with the revised

organizational documents, and ARTP was renamed Stockton Aviation Research and Technology Park of New Jersey, Inc. With respect to the USEDA grant, Stockton ARTP's responsibility will be limited to monitoring and reporting on post-construction grant compliance. The Authority will require Stockton ARTP to provide reports for its review prior to submission to USEDA. Stockton ARTP has professional staff to perform this role and will work to become lessee under the FAA lease.

As previously noted, the transfer of the lease from SJEDD to Stockton ARTP is still pending the approval of the FAA; upon approval of the lease transfer, CRDA will release the $375,000 to Stockton ARTP and Stockton ARTP will pay SJEDD the $326,000 for the plans. SJEDD will then pay off the leasehold mortgage held by Fulton Bank. Stockton ARTP anticipates that the FAA will approve the lease transfer before the end of this year.

The Authority's approval is required to substitute Stockton ARTP for SJEDD as co-grantee on the USEDA grant and will include the following conditions:

1. USEDA approves the substitution of Stockton ARTP for SJEDD on the grant agreement.
2. SJEDD provides documentation that demonstrates completion of infrastructure improvements as set out in the USEDA grant.
3. FAA transfers the lease from SJEDD to Stockton ARTP.
4. Stockton ARTP indemnifies and defends the Authority for Stockton ARTP's role in receiving and administering the grant funds.

Recommendation

In summary, I am requesting the Members' approval to substitute Stockton Aviation Research and Technology Park of New Jersey, Inc. for the South Jersey Economic Development District as co-grantee under the grant agreement for the $2.5 million USEDA Public Works Grant, under the conditions provided in this memo, and for the Chief Executive Officer or the President and Chief Operating Officer to execute the standard form of USEDA grant agreement and other documents necessary to complete the transaction, all in a form acceptable to the Authority's Chief Executive Officer, President and Chief Operating Officer, and the Attorney General's Office.

Timothy J. Lizura
President and Chief Operating Officer

Prepared by: Juan Burgos