NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

February 24, 2014

MINUTES OF THE MEETING

Members of the Authority present: Al Koeppe, Chairman; Melissa Orsen representing the Executive Branch; Robert Romano representing the State Treasurer; Christopher Hughes representing the Commissioner of the Department of Banking and Insurance; Fred Zavaglia representing the Commissioner of the Department of Labor and Workforce Development; Public Members: Brian Nelson, Fred B. Dumont, and Elliot M. Kosoffsky, Second Alternate Public Member.

Present via conference call: Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Public Members: Joseph McNamara, Vice Chairman; Marjorie Perry, Charles Sarlo, Ray Burke, First Alternate Public Member; Harold Imperatore, Third Alternate Public Member, and Rodney Sadler, Non-Voting Member.

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

Absent: Public Members Larry Downes, and Jerry Langer.

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

Pursuant to the Internal Revenue Code of 1986, Mr. Lizura 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, Mr. Lizura 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

LOANS/GRANTS/GUARANTEES

CAMDEN ECONOMIC RECOVERY BOARD

ITEM: Camden Redevelopment Agency Grants:
1) Neighborhood & Redevelopment Planning Grant I – P15686
2) Planning Grant Phase II – P16904
3) Tire and Battery Remediation – P20266
4) Mixed Site Acquisition – P20265
5) Cooper Plaza Acquisitions – P20263
6) Central Waterfront & Temporary Parking – P16137

REQUEST: To approve the amended scopes of work, reallocations of funding and extensions of the subject grants to the Camden Redevelopment Agency (CRA).

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Mr. Nelson recused himself because his firm has involvement with some of the projects

INCENTIVE PROGRAMS

ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM

ITEM: Amendment to Green Building Standards - Residential Economic Redevelopment and Growth Grant Program Residential Projects P#38868

REQUEST: To approve proposed amendments to the green building standards to allow Residential ERG projects receiving affordable housing subsidies from NJHMFA or DCA to utilize NJHMFA green building standards.

MOTION TO APPROVE: Mr. Zavaglia **SECOND:** Ms. Orsen **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

ITEM: Broadway Associates 2010 LLC
Residential Economic Redevelopment and Growth Grant Program
P#38768

REQUEST: To approve the application of Broadway Associates 2010 LLC for a Camden, Camden County 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 $13,491,661.

MOTION TO APPROVE: Mr. Zavaglia **SECOND:** Mr. Nelson **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Washington Street University Housing Urban Renewal Associates, LLC Residential Economic Redevelopment and Growth Grant Program P#38859

REQUEST: To approve the application of Washington Street University Housing Urban Renewal Associates, LLC for a Newark, Essex County 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 $23,142,465.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

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

Ms. Perry left and rejoined the call.

GROW NEW JERSEY ASSISTANCE PROGRAM

PROJECT: Dietz & Watson & Black Bear Distribution **APPL.#38992**
LOCATION: Delanco Twp/Burlington
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Mr. Zavaglia **SECOND:** Mr. Kosoffsky **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

PROJECT: Dietz & Watson & Black Bear Distribution **APPL.#38992**
LOCATION: Delanco Twp/Burlington
ANNUAL GRANT AWARD: $3,085,500, 10 year term
MOTION TO APPROVE: Mr. Nelson **SECOND:** Mr. Hughes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

Ms. Orsen recused herself because her brother represents the applicant.

Ms. Orsen left and re-entered the meeting.

BOARD MEMORANDUMS

ITEM: Amendment to Stronger NJ Business Loan Program
REQUEST: To approve an amendment to the Stronger NJ Business Loan Program to allow applicants to define their unmet need period as any 12 month period between October 29, 2012 and December 31, 2014.
MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. Hughes **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: Thunderball Marketing, Inc. – P#38604
REQUEST: To approve the modification of the Authority's approval to enter into a subordination agreement with Bank Hapoalim to include a 180 day standstill provision after declaration of an Event of Default by the Authority.
MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Mr. Zavaglia **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

REAL ESTATE

ITEM: Interim Parking Improvements and Increase to Langan Engineering Contract/ Former Riverfront State Prison Site Rehabilitation Project Camden, NJ

The above project was withheld from consideration.

OFFICE OF RECOVERY

ITEM: Stronger NJ Neighborhood and Community Revitalization Program (NCR) – Streetscape Revitalization Program
Round One Results
REQUEST: To inform the Board of Round One results and to approve the recommendation to reject three (3) application that were deemed non-conforming or that scored below the minimum threshold score of 55.
MOTION TO APPROVE: Mr. Nelson **SECOND:** Mr. Kosoffsky **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

Ms. Zavaglia left and re-entered the meeting.

ITEM: Stronger NJ Neighborhood and Community Revitalization Program – Evaluative Criteria for Applications under the Development and Public Improvement Project Category

REQUEST: To approve the Evaluation Process and the attached Scoring Criteria to be used to award the remaining available balance of $47.5 million of funding under the Stronger NJ Neighborhood and Community Revitalization Program, Development and Public Improvement Project component.

MOTION TO APPROVE: Mr. Kosoffsky **SECOND:** Ms. Orsen **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT:10

Mr. Sarlo recused himself because he is familiar with some the applications being submitted.

AUTHORITY MATTERS

ITEM: Appointment of Assistant Secretaries to the Board; Real Estate committee

REQUEST: To approve 1) the appointment of Rich LoCascio and Erin Gold as Assistant Secretaries to the Board; and 2) the appointment of Fred Dumont to the Real Estate committee.

MOTION TO APPROVE: Ms. Orsen **SECOND:** Mr. Kosoffsky **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PUBLIC COMMENT

Mr. Adam Gorden, attorney for Fair Share Housing Center commented on the distribution of Sandy recovery funding. He expressed concern that the funds may not go to the most impacted communities and asked when the scoring criteria for the NCR Development and Public Improvement Projects would be available. Chairman Koeppe stated that the approved scoring would be provided to him following the meeting.

Mr. Christopher Paladino, President of DEVCO, thanked the Board for its approval of the Washington Street project and for holding a special meeting.

There being no further business, on a motion by Ms. Orsen, and seconded by Mr. Kosoffsky, the meeting was adjourned at 1:05pm.

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

Kim Ehrlich, Sr. Governance & Outreach Officer, EDA
Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
Chief Executive Officer

DATE: February 24, 2014

SUBJECT: Agenda for the Special Board Meeting of the Authority February 24, 2014

Notice of Public Meeting

Roll Call

Loans/Grants/Guarantees

Incentive Programs

Board Memorandums

Real Estate

Office of Recovery

Authority Matters

Public Comment

Adjournment

LOANS/GRANTS/GUARANTEES

CAMDEN ECONOMIC RECOVERY BOARD

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

TO: Members of the Authority

FROM: Tim Lizura
President and Chief Operating Office

DATE: February 24, 2014

SUBJECT: Camden Redevelopment Agency grants:

1) Neighborhood & Redevelopment Planning Grant I – P15686
2) Planning Grant Phase II – P16904
3) Tire and Battery Remediation – P20266
4) Mixed Site Acquisition – P20265
5) Cooper Plaza Acquisitions – P20263
6) Central Waterfront & Temporary Parking – P16137

The Members of the Authority are asked to approve the amended scopes of work, reallocations of funding and extensions of the subject grants to the Camden Redevelopment Agency (CRA).

Background:

Over the years of the Camden Economic Recovery Board (ERB), the CRA has played a vital role in working to redevelop the various neighborhoods and meet the needs of the economic recovery of the City of Camden. During this period ERB has funded a total of 20 CRA managed projects totaling approximately $35 million. Over time the Members have approved amended scopes of work, reallocations of funds and extensions to many of the projects. The above list contains the remaining CRA managed projects. CRA and EDA staff have worked together on the requests presented here analyzing the work yet to be done and the timelines needed to complete the remaining project. The following represents the highlights of each of these projects.

1) Neighborhood and Redevelopment Planning Grant I – P15686

On March 23, 2004 the Members approved a $641,250 grant to help fund a portion of 7 neighborhood plans and 14 redevelopment plans for the City of Camden. The 7 neighborhood plans to be completed included: Centerville, Fairview, Liberty Park, Morgan Village, Parkside, North Camden and Whitman Park. The 14 redevelopment plans included Bergen Square, Cooper Plaza, Central Waterfront, Downtown Camden, Gateway, Lanning Square, Liberty Park, Marlton, Morgan Village, North Camden, Rosedale, Stockton II, Waterfront South and Whitman Park.

On January 23, 2007, the Members approved a modification to increase the grant amount to $723,947 to fund an additional redevelopment plan for the Dudley neighborhood, a portion for a Camden Historic Survey and for additional staff time needed to update certain plans. The Members have previously approved several extensions of the term of the grant with the final approved extension being May 19, 2013.

Update:
Even though North Camden continues to be a priority for the City, current planning needs have shifted in support of activities for the City of Camden South Camden neighborhoods, including Whitman Park. ERB funds will be used to leverage a $30 million implementation grant opportunity issued by HUD in which ERB funds will be allocated for an area in need of redevelopment study and redevelopment plan for Whitman Park. To date, $490,216 in ERB funds has been disbursed to fund the completion of 11 of the plans. There is a remaining grant balance of $233,729.

Request:
The Members are asked to approve the extension of the term of the grant retroactively from May 19, 2013 to September 30, 2015. The Members are also asked to approve a reallocation in the amount of $107,290 of the remaining funds which will be used to fund the North Camden Waterfront Redevelopment Study and Plan, the North Camden Residential Redevelopment and Study Plan and the Whitman Park Study and Plan in order to meet the City's current redevelopment planning needs.

2) **Planning Grant Phase II – P16904**

On November 22, 2005, the Members approved a $445,050 planning grant to the CRA to prepare 5 neighborhood plans, a City-wide Housing Production Strategy, a City-wide Industrial Site Inventory, and develop a Project Decision Model.

Update:
Originally, CRA planned to produce five neighborhoods plans for the Gateway, Bergen Square, Central Waterfront, Cooper Plaza, and Marlton neighborhoods at a cost of approximately $75,000 per plan. Delays in advancing these plans resulted due to changes in administration and from various lawsuits filed related to several previously approved plans.

The City's planning priorities are the preparation of area in need of redevelopment study and redevelopment plan for the Bergen Square and Morgan Village neighborhoods. A redevelopment plan for Bergen Square is significant as this study area borders Cooper/Lanning where redevelopment activity spearheaded in part by the educational and medical institutions will be fast paced over the course of the next two years. Similarly, the Morgan Village study area in South Camden borders Liberty Park, Centerville and Whitman Park and this area will be one of two remaining areas in South Camden that is without a redevelopment plan.

Activities completed under this grant include Redevelopment Legal Plan Review (Cramer Hill Redevelopment Plan), a Citywide Replacement Housing Strategy Report, Industrial Sites Inventory and a Management Contract with the Fels Institute. To date, $190,000 in ERB funds have been disbursed. There is a remaining available grant balance of $254,550.

Request:
The Members are asked to approve the extension of the term of the grant retroactively from December 31, 2010 to June 30, 2015. The Members are also asked to approve a modification of the scope of work and the reallocation of $195, 600 of the remaining funding in the amount of $254,550 for the preparation of the redevelopment studies plans for Bergen Square ($100,000) and Morgan Village ($95,600).

3) **Tire and Battery Remediation – P20266**

On February 11, 2008, the Members approved a $700,000 non-recoverable infrastructure grant to the CRA to support the environmental remediation work plan for the former Tire & Battery site located at 1350 Admiral Wilson Boulevard, which is in the Gateway Redevelopment Area of the City of Camden.

Update:
The Project Development Agreement between the CRA, the City of Camden, Camden County and New Jersey Economic Development Authority (EDA) obligated the CRA to acquire and remediate the Site. In addition to the ERB grant, the CRA obtained two New Jersey Hazardous Discharge Site Remediation Fund (HDSRF) grants and three US Environmental Protection (EPA) Brownfield Cleanup Grants to fund the remediation. To date eleven underground storage tanks were emptied and removed, contaminated "hot spots" were excavated and a clean fill cap was constructed. A No Further Action (NFA) for soils was issued by the New Jersey Department of Environmental Protection (DEP) on August 31, 2010.

The CRA has an on-going obligation to monitor the contaminated ground water associated with the site. Recently, CRA entered into a professional services contract in the amount of $135,000 with Langan Engineering (Langan) to complete the ground water monitoring. It is anticipated that the monitoring will be completed by December 31, 2014. To date, $224,854 in ERB funds has been disbursed. There is a remaining available grant balance of $475,146.

Request:
The Members are asked to approve an extension of the term of the grant retroactively from March 31, 2013 to March 31, 2015 to allow for the performance and close-out of these professional services.

4) **Mixed Site Acquisition – P20265**

In March 2008, the Members approved a $1,561,975 recoverable infrastructure grant to the Camden Redevelopment Agency ("CRA") to fund the acquisition of 137 vacant lots and buildings within the City of Camden.

On February 22, 2010, the Members approved an extension to the term of the recoverable grant to March 31, 2011 to allow CRA sufficient time to complete the acquisition of vacant properties within the City of Camden.

In 2009, CRA was awarded an $11.9 MM Neighborhood Stabilization Program 2 (NSP2) Grant from the Housing & Urban Development. CRA began implementation of the NSP2 program in March of 2010; which was subject to an expenditure deadline of February 2013. Cooper Plaza is a designated HUD target area under the NSP2 program. Eligible NSP2 activities included the costs associated with the acquisition, demolition, improvement, and maintenance of vacant tax foreclosure properties land banked for future redevelopment purposes.

Update:
CRA has acquired 48 through Tax Lien Finance Corporation (TLFC) foreclosures. CRA acquired an additional 14 in TLFC foreclosures in Cramer Hill in December 2013. With the use of the federal Neighborhood Stabilization Program 2 (NSP2) grant funds, which it was awarded in 2009, CRA also acquired 69 additional vacant properties in Lanning Square. These activities will total 133 properties acquisitions in Lanning Square. To date, $852,475 in ERB funds has been disbursed. There is an available grant balance of $709,500.

Request:
The Members are asked to approve an extension to the term of the recoverable grant retroactively from March 31, 2011 to June 30, 2015 in order to allow sufficient time to complete the entire acquisition project. The Members are also asked to approve a change in the scope of the project, allowing up to $60,111 to be used for boarding up vacant structures, maintaining vacant lots (clearance of debris and mowing), and demolition of unsafe and blighted structures. Additionally, CRA requests the use of funds to acquire up to 17 City owned and 51 privately owned vacant properties.

5) **Cooper Plaza Acquisitions – P20263**

On March 28, 2005, the Members approved a $1,532,950 recoverable infrastructure grant to cover the acquisition of 161 vacant lots and buildings within the Cooper Plaza neighborhood in the City of Camden.

On April 6, 2010, the term of the infrastructure grant was extended to June 30, 2011 through delegated authority.

In 2009, CRA was awarded an $11.9 MM Neighborhood Stabilization Program 2 (NSP2) Grant from the Housing & Urban Development. CRA began implementation of the NSP2 program in March of 2010; which was subject to an expenditure deadline of February 2013. Cooper Plaza is a designated HUD target area under the NSP2 program. Eligible NSP2 activities included the costs associated with the acquisition, demolition, improvement, and maintenance of vacant tax foreclosure properties land banked for future redevelopment purposes.

Update:
As of December 2013, CRA has acquired 99 TLFC foreclosures in Cooper Plaza. With the use of NSP2 funds, CRA also acquired 22 additional vacant properties in Cooper Plaza. These activities total 121 properties in Cooper Plaza. To date, $757,606 in ERB funds have been disbursed. There is an available grant balance of $775,344.

Request:
The Members are asked to approve an extension of the grant retroactively from June 30, 2011 until June 30, 2015 and also approve a change in the scope of the project, allowing up to $31,447 to be used for boarding up vacant structures, maintenance of vacant lots (clearance of debris and mowing), and demolition of unsafe and blighted structures. Additionally, CRA requests the use of funds to acquire up to 21 City owned and 31 privately owned vacant properties and a grant extension of three years to complete the entire acquisition project.

6) **Central Waterfront & Temporary Parking – P16137**

On September 20, 2004, ERB approved a $3,910,500 recoverable grant to fund the construction of temporary parking facilities in the Central Waterfront neighborhood. The scope of the project included the development of 154 properties. The scope also included the relocation of residents, demolition of structures, and the construction/improvement of 1,500 temporary parking spaces to support the parking requirement for waterfront entertainment center activities (Susquehanna Bank Center). ERB approved a modification to the scope on December 21, 2004, defining the boundaries of the project to an 8 block area.

On October 3, 2006, ERB approved an increase in the amount of the recoverable grant from $3,910,500 to $5,000,000, supporting an increase in costs for acquisition, relocation, and demolition costs.

On May 12, 2010, the term of the grant was retroactively extended from November 30, 2009 to November 30, 2010 through delegated authority.

On June 19, 2012, the term of the grant was retroactively extended from November 30, 2010 to December 31, 2012 through delegated authority.

Update:
Five properties remain to be acquired within the approved budget and the requested extension period. The structures on these properties were demolished and lot improvements were completed. The estimated budget necessary to complete the acquisition of these five (5) properties is $376,131.79. To date $4,916,423 in ERB funds have been disbursed. There is an available grant balance of $83,577.

Request:
The Members of the Authority are asked to approve an extension to the term of the $5,000,000 recoverable grant to the CRA Central Waterfront Parking Project retroactively from November 30, 2010 to June 30, 2015 in order to allow the CRA to acquire five remaining properties and complete the Project.

Disbursement of Funds:
All disbursements of funds for the above presented projects will be subject to the EDA's receipt and satisfactory review of related invoices, contracts for services, fee schedules and reports detailing the scopes of work and related time schedules.

Recommendations:
Staff has reviewed the requests for all the above projects for consistency with the Act and Strategic Revitalization Plan adopted by the Board at its June 20, 2003 meeting the projects meet the eligibility and statutory requirements and will enhance the overall revitalization of Camden.

Project	Reallocation	Proposed New Use	Grant Ext.	Available Balance
Planning Grant I P15686	$107,290	$62,565 – Whitman Park $44,725 – North Camden	9/30/2015	$233,729
Planning Grant II P16904	$195,600	$100,000 – Bergen Sq. $95,600 – Morgan Village	6/30/2015	$254,550
Tire & Battery Remediation P20266	N/A	Allow sufficient time to complete the ground water monitoring and close out of professional services	3/31/2015	$475,146
Mixed Site Acquisitions P20265	N/A	Allow sufficient time to complete project and approve change of scope of work to allow up to $60,111 to be used for boarding up vacant structures, maintaining vacant lots and demolition of unsafe and blighted buildings	6/30/2015	$709,500
Cooper Plaza Acquisitions P20263	N/A	Allow sufficient time to complete the project and approve a change in the scope of work to allow up to $31,447 to be used for boarding up vacant structures, maintenance of vacant lot and demolition of unsafe and blighted buildings	6/30/2015	$775,334
Central Waterfront Parking Project P16137	N/A	Allow sufficient time to complete project by acquiring 5 additional properties	6/30/2015	$83,577

The Members of the ERB approved this requests for all the above projects at its meeting on January 30, 2014. Accordingly, the Members of the Authority are asked to approve the amended scopes of work, reallocations of funding and extensions of the subject grants to the Camden Redevelopment Agency (CRA).

Tim Lizura

Prepared by: V. Pepe

INCENTIVE PROGRAMS

ECONOMIC REDEVELOPMENT AND GROWTH (ERG) PROGRAM

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

ECONOMIC REDEVELOPMENT AND GROWTH (ERG) PROGRAM

Created by law in 2012, and substantially revised through P.L. 2013, c. 161, the intent of this program is to provide State incentive grants to a developer, or non-profit organization on behalf of a qualified developer, to capture new State incremental taxes derived from a project's development to address a financing gap, with $600 million authorized for qualified residential projects.

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

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

DATE: February 24, 2014

SUBJECT: Amendments to Green Building Standards - Economic Redevelopment and Growth Program Residential Projects

Request:

The Board is requested to approve amendments to standards approved at the January 14th, 2014 Board Meeting for certain construction-related projects receiving tax incentives under the expanded ERG program for residential projects, as authorized by the Economic Opportunity Act of 2013.

Background:

As the members are aware, the enabling acts for the ERG Program, UTHTC Program, and Grow NJ Program required the EDA to establish green building standards based on the New Jersey Green Building Manual, regarding the use of renewable energy, energy-efficient technology and non-renewable resources in order to reduce environmental degradation and encourage long-term cost reduction. At the January 14th 2014 meeting, the Board approved amendments to the green building standards effective for all ERG and Grow NJ projects approved after December 1, 2013.

The Economic Opportunity Act of 2013 also allows residential projects to be eligible for the ERG program. To be eligible for a Residential ERG, projects must be at least 51% residential. In reviewing the current Residential ERG pipeline to date, staff has recognized that many of the proposed projects are utilizing affordable housing subsidies offered by the NJHMFA and DCA. These projects are also required to conform to green building standards established by the NJHMFA. A review of these standards indicates that they address the use of renewable energy, energy-efficient technology and non-renewable resources in order to reduce environmental degradation and encourage long-term cost reduction, thus meeting the goals of the Economic Opportunity Act.

The standards required by the NJHMFA advance green policies, but also recognize the cost challenges unique to affordable housing. The NJHMFA NJ ENERGY STAR Homes Program utilizes the principles of the Pay for Performance and the Home Performance with Energy Star programs. As these standards have been specifically tailored to the requirements of affordable housing, staff recommends permitting residential ERG projects receiving affordable housing subsidies from NJHMFA or DCA to utilize the established NJHMFA standards for green building. EDA will require that the project submit documentation that it has met all applicable NJHMFA green building standards.

Recommendation:

The Members of the Board to approve the proposed amendments to the green building standards to allow Residential ERG projects receiving affordable housing subsidies from NJHMFA or DCA to utilize NJHMFA green building standards.

Prepared by: Kim Ehrlich

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: February 24, 2014

RE: **Broadway Associates 2010 LLC**
Residential Economic Redevelopment and Growth Grant Program ("RES ERG")
P # 38768

Request

The Members are asked to approve the application of Broadway Associates 2010 LLC (the "Applicant") for a Camden, Camden County residential project (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 $56,737,236 and of this amount $38,405,727 are eligible costs under the RES ERG program. The recommended amount of tax credits is not to exceed **$13,491,661** which represents 35.13% of the eligible project costs based on the budget submitted.

The Applicant is a single purpose entity that will be owned 99.99% by R4 BT Acquisitions LLC and 0.01% by RDI Broadway 2012 LLC, a single purpose entity wholly owned by Roizman Development Inc. ("RDI"), who will also act as the Developer of the Project.

Project Description

Broadway Townhouses is an existing scattered site development consisting of 156 residential buildings and one non-residential structure, providing 175 units of affordable housing in Camden, NJ. The development consists of 76 two-bedroom and 99 three-bedroom townhomes and row style apartments. These units were originally renovated in 1991 under the HUD Section 8 program, which provided a 15 year Section 8 contract on the entire project. The Project has been approved

by the Department of Housing and Urban Development ("HUD") for a new 20-year Section 8 contract as part of HUD's Rental Assistance Demonstration ("RAD") Program.

The townhomes front 22 Camden streets including: Baring, Beckett, Berkley, Cherry, Chestnut, Clinton, Clover, Line, Mt. Vernon, New, Newton, Pine, Ramona Gonzalez, South Broadway, South 3rd, South 4th, South 5th, South 6th, Spruce, Sycamore, Walnut and West Streets. The Applicant plans to rehabilitate the existing units through installation of new roofs, windows, HVAC systems, hot water heaters, insulation, drywall, appliances, lighting, kitchens, bathrooms, plumbing, electrical, flooring and security fences. The Project includes a relocation plan for current tenants to minimize any displacement of residents.

The Applicant has represented that the RES ERG is necessary to provide gap financing necessary to move the project forward. The Applicant anticipates construction to commence after approval of the ERG and will take approximately 18 months. Although a substantial portion of the project will be completed and certificates of occupancy obtained by July 2015, approximately 21 units are not expected to be completed until after 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, it is estimated that this Project will create approximately 50 construction jobs and maintain current jobs of existing employees at the Project site.

The Council of the City of Camden approved a resolution endorsing the project and a PILOT on the project on July 28, 2009. The NJHMFA requires the Project to participate in the New Jersey ENERGY STAR Homes Program, and the Applicant has agreed to comply by achieving Tier II compliance with a minimum 75 HERS. This will also satisfy the Authority's green building requirements as per the revised standards. The project meets the Affordable Housing standards under the RES ERG program as the Applicant is making 100% of the units affordable to families earning no more than 60% of the area median income level.

Project Ownership

The Applicant is a single purpose entity that will be owned 99.99% by R4 BT Acquisitions LLC and 0.01% by RDI Broadway 2012 LLC, a single purpose entity wholly owned by Roizman Development Inc. ("RDI"), who will also act as the Developer of the Project.

R4 BT Acquisitions LLC represents the investor/equity member of the Applicant, which will be owned by an affiliate of R4 Capital LLC ("R4"). R4 provides affordable housing tax credit investment and asset management for affordable housing and was formed in 2011 by executives with more than 25 years of experience in affordable housing investment.

RDI is based in Plymouth Meeting, PA and was founded in 1991. RDI primarily engages in investing in and developing multi-family rental real estate properties throughout the eastern United States. RDI is affiliated with S.H.N.I.R. Apartment Management Corp., which will provide

ongoing management support to the Project. An affiliate of RDI currently owns and operates the property. The Applicant has an option to purchase the property for $17.3 million.

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 Buildings	$ 17,321,000	$ 14,610,629
Construction & Site Improvements	20,590,474	13,823,402
Professional Services	1,561,625	1,561,625
Financing & Other Costs	6,822,747	5,570,058
Contingency	2,840,013	2,840,013
Development Fee	7,601,377	0
TOTAL USES	**$ 56,737,236**	**$ 38,405,727**

ERG eligible project costs exclude ineligible costs aggregating $18,331,509 which include the developer fee of $7,601,377, estimated costs related to units that will be completed after July 2015 in the amount of $6,767,072 and soft costs in excess of 20% cap in the amount of $1,252,689. In addition, although the purchase price for the property of $17,321,000 exceeds the as-is appraisal of the property of $9.1 million, the property has third-party mortgage liens of $14,610,629. As such, the Authority has included the payoff amount of $14,610,629 of the property's existing debt as the portion of the purchase price eligible under the ERG program. The remaining $2,710,371 is an ineligible cost of the Project.

Sources of Financing	*Amount*
Low Income Housing Tax Credit Equity	$ 18,282,421
ERG Tax Credit Equity	7,447,397
FHA 221 (d)(4) Loan	16,675,000
Assumed DCA Mortgage	8,756,110
Equity (Deferred Developer Fee)	2,865,937
Seller Note	2,710,371
Total	**$ 56,737,236**

The Applicant has received a mortgage commitment in the amount of $26.34 million from the New Jersey Housing and Mortgage Financing Agency ("NJHMFA") for short-term construction financing from their Conduit Bond Program. In addition, the NJHMFA has issued a letter to the Applicant indicating potential eligibility for up to approximately $18.9 million in allocated Low Income Housing Tax Credits from the State's volume cap. Of note, as part of its approval, NJHMFA reviews and approves the development fee of the Project including requiring a portion of the fee to be deferred.

As part of its permanent financing structure, the Applicant has received a term sheet from R4 Capital LLC to provide the Low Income Housing Tax Credit equity and RES ERG Tax Credit equity. In addition, the Applicant has received a term sheet from Love Funding Corporation for the FHA 221 (d)(4) loan. An FHA 221 (d)(4) loan provides debt financing for substantial rehabilitation of affordable housing and is approved by HUD and insured by FHA. As part of the acquisition of the property, the Applicant will assume the outstanding principal and interest related to a Note and Mortgage held by the New Jersey Department of Community Affairs ("DCA") dated December 19, 1989, and DCA has consented to such assignment. In addition, the current owner of the property will hold a seller note in the amount of $2,710,371.

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 (7.74%)	Equity IRR 13.75%

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 13.75%. 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 15.19% for a residential project in Camden.**

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.

Broadway Townhomes has been operated by an affiliate of the Applicant for approximately 23 years with positive cash flow and with no issues within the community. The Project will increase the desirability of Broadway Townhomes and will encourage more development around the units, which is positive for the State and the City of Camden. Post-completion, the project is anticipated to operate with sufficient cash flow for the foreseeable future in conjunction with the Applicant's Section 8 contract. However, without the state credit equity, the Applicant represents that the Project is not feasible due to the initial funding gap.

The Authority is in receipt of a Market Feasibility Analysis on the Project prepared by Real Property Research Group, a third party consultant who issued their determination of current and future market conditions with an updated effective date of January 11, 2013. The study demonstrates the continued market demand for the Project and supports the financial assumptions included in the Project proforma.

The Project has an anticipated IRR of (7.74%) without the RES ERG and 13.75% 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 Project is located in Camden, NJ, an area that has struggled economically and socially due to a declining employment base, lack of outside investment and poor schools. This area is marked by vacant lots and run-down homes, and the Project can be a catalyst for changing such conditions and serve as a stabilizing factor to help to expand the stability of the Central Business District. Ultimately, the expansion of the stability associated with the Camden Central Business District will facilitate greater investor interest in Camden and enable the City to attract new capital and businesses.

The Act encourages redevelopment projects in areas that are not defined as transit villages and encourages the maintenance and expansion of jobs in blighted areas and the provision of quality housing to residents of these areas. It was specifically determined that projects located in Camden, Trenton, Passaic City and Paterson would be part of the Garden State Growth Zone and have special incentives available to encourage development in these areas. As such, saving 175 units of quality housing in Camden, while at the same time upgrading these facilities to provide better living conditions and also creating and maintaining jobs specifically advances the goals set forth by the legislature. Additionally, this would be in keeping with the City's Consolidated Plan and will help to reduce overall vacancy rates in Camden by stabilizing the overall neighborhood.

The Project is within one-half mile of the Camden Central Business ("CBD") District. The Camden CBD is the most developed area of Camden and includes Rowan University, Cooper University Hospital, courthouses, and the waterfront recreation center, which features Campbell's Field, the Aquarium and the Susquehanna Center. A considerable amount of money has been invested in these areas, and additional capital is anticipated to be invested in order to improve the main bus station. Additionally there has been private commercial development started in a neighboring area to the Camden CBD, which will result in the first new Supermarket in Camden in decades. Based on the proximity of the project to the CBD, the Project will serve as a stabilizing factor for a neighborhood

strategically located next to the CBD. As such, it is in keeping with the development strategy and will be a direct catalyst to the expansion of this strategy, as well as for the creation/retention of jobs and increased safety of the neighborhood.

During the construction period of the Project, the Applicant estimates that 50 temporary construction jobs will be created, and existing jobs at the Project site will continue to be maintained.

Recommendation

Authority staff has reviewed the Broadway Associates 2010 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 are contingent upon the Applicant meeting the following conditions:

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

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

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

4. Eligible costs related to property acquisition shall be no greater than the lesser of: (a) $14,610,629, (b) the sum of the Balanced Housing Loan assumed by the Project plus the outstanding balance of the senior mortgage on the property as of the date of acquisition, or (c) the purchase price.

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 Eligible Project Costs: $38,405,727

Eligible Tax Credits and Recommended Award: Not to exceed $13,491,661 which equates to 35.13% of eligible project costs over 10 years.

Timothy Lizura

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 24, 2014

RE: **Washington Street University Housing Urban Renewal Associates, LLC**
Residential Economic Redevelopment and Growth Grant Program ("RES ERG")
P # 38859

Request

The Members are asked to approve the application of Washington Street University Housing Urban Renewal Associates, LLC (the "Applicant") for a Newark, Essex County primarily residential project (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 $94,860,000 and of this amount $77,141,550 are eligible costs under the RES ERG program. The recommended amount of tax credits is not to exceed **$23,142,465** which represents 30% of the eligible project costs based on the budget submitted.

The Applicant is a single purpose entity wholly owned by New Brunswick Development Corporation ("Devco").

Project Description

The Project consists of the $94.86 million rehabilitation and reuse of 15 Washington Street in Newark, NJ into student apartments for Rutgers University ("Rutgers") graduate and undergraduate students as well as non-residential uses for Rutgers. The Project will consist of the following components:

- ***Residential*** - The current building plan consists of approximately 211,000 square feet or 346 beds of student housing, including 73 studio units, 42 1-bedroom units, 42 2-bedroom units, 13 3-bedroom units and 27 4-bedroom units with a 20% allocation for affordable units, with

individual rents over a one year lease term ranging from $802 to $1,182 per month, with assumed annual increases after year 1.

- ***Non-residential*** – The Project will also include approximately 52,000 square feet of office and other non-student residential space, including common space for student use as well as academic space for the Rutgers' Chancellor and residence life staff.

The building is a 21 story, 263,000 square foot structure on approximately 1 acre of land within the James Street Commons Historic District, one block from the New Jersey Transit Newark Broad Street Train Station. It was originally completed in 1930 for American Insurance Company and was later donated to Rutgers, was used as its law school from 1978 to 1999 and has remained vacant since 1999. Although some asbestos removal has been performed on the property, this Project will include removal of any remaining asbestos, as well as lead paint and three fuel oil tanks in the basement of the building.

In accordance with the City of Newark's initiative to retain and celebrate the city's storied past, the Project will be restored to reflect its original form and style. The building's façade and structure will be fully restored as part of the Project. The grand hall on the ground floor will be renovated to its original stature and will provide an important gathering area for students, faculty, staff and members of the broader Newark community. The Project has received its necessary approvals from the Newark Landmarks and Historic Preservation Commission. The City's planning board approval is pending.

Insufficient economics have stalled Rutgers' ability to move forward with this project. Rutgers' public-private partnership with the Applicant allows the Project to move forward with the addition of private equity in the Project as well as access to RES ERG incentives to bridge the funding gap in the Project. The Applicant has represented that the RES ERG is necessary to enable the necessary return to be achieved and to fulfill its funding gap. Significant added costs of this Project include costs related to the reuse of the building and costs required to preserve the building's exterior in accordance with the requirements of the City's Landmarks and Historic Preservation Commission.

The Applicant anticipates construction to commence in April of 2014 with temporary certificate of occupancy obtained in July 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 200 construction jobs. The Applicant has received a letter of support from the Mayor of Newark and intends to meet green building requirements through pay for performance as set forth in the NJBPU Green Building Manual.

Project Ownership

The Applicant is wholly owned by New Brunswick Development Corporation ("Devco"). Washington Street University Housing Development Associates LLC ("the Developer") is a special purpose entity that will act as the Developer of the Project through a Development Services

Agreement with the Applicant. The Developer is owned 50% by Devco and 50% by Pennrose Properties LLC ("Pennrose"). Rutgers has granted Devco an option to purchase the property at a nominal value and the Rutgers' Board of Governors approved a resolution authorizing the Project, including the ownership and financing structure ("Rutgers Resolution"). The Applicant will be responsible for renovation of the Project. Rutgers will own a portion of the Project funded with Higher Education Facilities Trust Fund proceeds as well as proceeds from bonds issued by Rutgers in July 2013. The Applicant will own the remaining Project and enter into a master lease agreement with Rutgers, which will be a General Obligation of Rutgers, granting Rutgers the ability to operate the building and manage the student housing. Rutgers will maintain an option to repurchase the Project from the Applicant no later than fifteen years after the completion of the Project in an amount sufficient to repay the debt outstanding at the time the option is exercised.

Devco was established in 1976 as a non-profit development company to initiate redevelopment projects and to serve as the vehicle for public and private investment in the City of New Brunswick. Devco has overseen and managed over $2 billion of redevelopment activity. Devco has been involved in four other similar residential mixed use projects within the past ten years: the ongoing $297 million College Avenue Redevelopment project (also a public-private partnership with Rutgers), the $143 million Gateway Transit Village project, the $88 million University of Medicine and Dentistry Housing project and the $55 million Rockoff Hall University Apartments project.

Pennrose is a multifamily development and property management company founded in Pennsylvania in 1981. They have significant experience and expertise in complex, multi-phase urban and suburban development including mixed-use development for both market rate and mixed income communities. They have developed and managed more than 150 communities and more than 10,000 units of housing.

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

Project Uses and Sources

The Applicant proposes the following uses for the Project:

Uses	*Total Project Costs*	*RES ERG Eligible Amount*
Acquisition of Land and Building	$ 13,860,000	$ 11,725,073
Construction & Site Improvements	$ 69,874,806	$ 61,854,137
Professional Services	$ 3,412,900	$ 2,527,525
Financing & Other Costs	$ 4,735,697	$ 1,034,815
Development Fee	$ 2,976,597	$ 0
TOTAL USES	**$ 94,860,000**	**$ 77,141,550**

ERG eligible project costs exclude ineligible costs aggregating $17,718,450 million which include costs funded with HEFT funds in the amount of $10.75 million. Other ineligible costs include developer fee of $2,976,597, Rutgers' project administration expenses in the amount of $930,186, developer overhead in the amount of $1,488,298 and $2,306,842 in other ineligible costs under the RES ERG, a portion of which ($733,475) will be funded by HEFT funds.

Sources of Financing	*Amount*
Senior Bonds	$ 40,735,000
ERG Bonds	$ 16,875,000
Equity – Cash	$ 2,200,000
Equity – Property	$ 13,300,000
HEFT Grant	$ 10,750,000
Rutgers Condo Purchase	$ 11,000,000
Total	**$ 94,860,000**

The Rutgers Board adopted a resolution on February 15, 2012 approving the Project and approving certain financing to be provided by Rutgers. The Rutgers Board approved the allocation of $10,750,000 in Higher Education Facilities Trust Fund grant proceeds and $11 million in Rutgers bond proceeds towards financing the Project. In addition, the Rutgers Board approved that its payment obligations will be a General Obligation of Rutgers. The Applicant has received a letter from Citigroup Global Markets Inc. stating interest and confidence in underwriting up to $65 million of tax-exempt revenue bonds for the Project. This bond issuance would include senior bonds, which would be sized to approximately $40.7 million, an amount that can be supported by Project cash flows. The bond issuance would also include ERG bonds, which would be sized to approximately $16.9 million, an amount that can be supported by cash flows from the annual sale of RES ERG tax credits. The general obligation of Rutgers under the Master Lease will allow the bonds to be issued with Rutgers' Aa3 credit rating. This will reduce the financing costs of the Project, however, the general obligation does not allow for the issuance of additional debt in excess of the amount that can be supported by the projected cash flows from the Project.

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 N/A	Equity IRR (1.74%)

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 (1.74%), however without the benefit of the RES ERG, cash flow from the Project is insufficient to meet debt service requirements. 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 17.83% for this type of project in Newark.**

The Authority has noted that projected returns from the Project are negligible due to the Master Lease structure described above. The equity IRR consists primarily of a 12% return on the cash equity component which, when blended with the negative return on property contributed to the Project, results in a negative overall equity IRR.

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 the Developer. The progress made with the necessary approvals is indicative of the Applicant's desire to move the Project forward. The Authority is in receipt of a Market Study prepared in July 2013 and updated in January 2014 by Brailsford & Dunlavey, which indicates that the Project is feasible and demonstrates the demand for graduate housing for Rutgers' students.

The Applicant has represented that the Project is contingent upon receipt of the RES ERG award due to the added costs of renovating a historic building for a new use. Based on the funding gap, 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 New Jersey Strategic Plan for development and redevelopment places a high importance on improving economic growth as well as fostering the intersection of higher education and industry. The Project provides new housing opportunities for university students in urban clusters that will facilitate future intersections of higher education and industry, helping to foster innovation, workforce development and economic growth.

The City of Newark faces many challenges that result from its current economic and business conditions. The Newark Master Plan identifies Newark's concentration of institutions of higher education as an important component in advancing the City's redevelopment goals. The Plan seeks to transform isolated, commuter campuses which are home to over 50,000 students, faculty and administrators, among six colleges and universities, into campuses that are urban, livable and provide a "college-town" atmosphere. Offering additional student housing options is an essential component to reach these goals. The Master Plan hopes that a more active, vibrant and residential student population will help to drive the economy by helping to support current and future retail, restaurants and other establishments.

During the construction period of the Project, the Applicant estimates that approximately 200 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.

Recommendation

Authority staff has reviewed the Washington Street University Housing 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. Issuance of the RES ERG tax credits are contingent upon the Applicant meeting the following conditions:

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

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

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

Tax Credits shall be issued upon:

1. Completion of construction and issuance of a certificate of occupancy (no later than July 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 Eligible Project Costs: $77,141,550

Eligible Tax Credits and Recommended Award: Not to exceed $23,142,465 which equates to 30% of eligible project costs over 10 years.

Timothy Lizura
President and Chief Operating Officer

Prepared by: Christine Caruso

GROW NEW JERSEY ASSISTANCE PROGAM (GROW NJ)

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

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

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

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

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

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

- Demonstrate that: the qualified business facility is constructed to certain minimum environmental / sustainability standards; the proposed capital investment and resultant retention and creation of eligible positions will yield a net positive benefit equaling at least 110% of requested tax credit allocation amount prior to taking into account the value of requested tax credit, and shall be based on benefits generated during the first 20 years following project completion (30 years for mega project or project in GSGZ and, for GSGZ-Camden, 35 years and equal to 100% of requested allocation); and, the award of tax credits will be a material factor in the business's decision to create or retain the minimum number of full-time jobs (if the site was acquired within 24 months prior to project application, the business shall provide evidence relating to viable alternatives to 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: Dietz & Watson, Inc. & Black Bear Distribution, LLC P38992

PROJECT LOCATION: 1000 Coopertown Road Delanco Twp. Burlington County

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

APPLICANT BACKGROUND:
Dietz & Watson, Inc. ("D&W"), established in 1940, is a manufacturer and distributor of deli meats, franks, sausages and artisan cheese throughout the United States and abroad. A family run business, in its third generation of Dietz grandchildren, maintains its corporate headquarters and manufacturing facilities in Philadelphia, PA, as well as facilities in Maryland and South Carolina, employing over 1,000 employees. Black Bear Distribution, LLC, established in 2007 and a related entity, operates a third party logistics cold storage warehouse and provided contract labor to D&W to pick, pack and distribute all of D&W's products. The applicant has demonstrated the financial ability to undertake the project.

In September 2013, the company had a fire that destroyed a warehouse/distribution facility in Delanco, Burlington County. To continue operations, D&W temporarily leased space in Vineland and relocated the majority of its staff and operations to its manufacturing and headquarters facilities in Philadelphia.

In 2006 and 2007, Dietz & Watson and Black Bear Distribution were approved for BEIP grants to construct the warehouse facility in Delanco and relocate certain operations from Philadelphia. The company has reached an agreement with the Authority to terminate the existing grants upon approval of the GROW NJ grant award.

MATERIAL FACTOR/NET BENEFIT:
D&W is looking to re-establish its distribution center which it lost to the fire. D&W intends to reconstruct a cold storage building of 160,000 sq. ft., in which D&W and Black Bear Distribution will manage its inventory. D&W will also be constructing a 25,000 sq. ft. building for its corporate offices and expand its project to add a 16,000 sq. ft. garage, which will include fleet maintenance, truck wash and fueling island. The alternative is to remain in Philadelphia and expand by constructing a warehouse adjacent to the current headquarters and manufacturing facilities. The project would create 213 new jobs to the State and retain 135 jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Dietz & Watson, Inc. & Black Bear Distribution, LLC has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification that states that the application has been reviewed and the information submitted and representations contained therein are accurate 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 $124 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 135 New Jersey jobs listed in the application are at risk of being located outside the State on or before March 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 March 1, 2015; 2) approve the proposed Grow New Jersey grant to encourage Dietz & Watson, Inc. & Black Bear Distribution, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

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:		
Mega Project		$5,000
INCREASES:		
Large Number of New/Retained F/T Jobs:	$500	
Targeted Industry (Manufacturing):	$500	
Mega/GSGZ Ind. Project w/Cap. Inv. In Excess of Min:	$5,000	
INCREASE PER EMPLOYEE:		$6,000
PER EMPLOYEE LIMIT:		
Mega Project	$15,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$11,000

AWARD:

New Jobs:	213 Jobs X $11,000 X 100% =	$2,343,000
Retained Jobs:	135 Jobs X $11,000 X 50% =	$ 742,500
	Total:	**$3,085,500**

ANNUAL LIMITS:		
Mega Project	$30,000,000	
TOTAL ANNUAL AWARD		**$3,085,500**

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 $8,040,000.

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 8 or the minimum Retained Full-Time Job number is 19.

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$40,840,000
NEW FULL-TIME JOBS:	213
RETAINED FULL-TIME JOBS:	135

NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 124,000,000
TOTAL AMOUNT OF AWARD:	$ 30,855,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	$ 40,000
SIZE OF PROJECT LOCATION:	201,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	New
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	135

PROJECT IS: (X) Expansion (X) Relocation
CONSTRUCTION: (X) Yes ( ) No
DEVELOPMENT OFFICER: J. Kenyon **APPROVAL OFFICER**: T. Wells

BOARD MEMORANDUMS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: February 24, 2014

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

Request

The Members are asked to approve an amendment to the Stronger NJ Business Loan Program to allow applicants to define their unmet need period as any 12 month period between October 29, 2012 and December 31, 2014.

Background

On 4/30/13, the Members approved the creation of the Stronger NJ Business Grant program and later on 6/11/13 approved the creation of the Stronger NJ Business Loan program, in response to Superstorm Sandy.

Change to Terms and Conditions of Working Capital

Applicants under the Stronger NJ Business Loan program who are requesting assistance for working capital purposes are required to identify in their application a one year period that will be used to determine their unmet need. The unmet need is defined as the difference between the businesses' revenues for that 12 month period and the sum of eligible working capital costs, renovation costs, and construction costs. If the difference between these items is less than zero, the applicant has demonstrated it has an unmet need. Ultimately, the costs in the unmet need period that have been deemed eligible will be the items loan proceeds are disbursed against. The applicant has the option to choose one of the following three 12 month periods when determining its unmet need:

1. October 29, 2012 (date of Superstorm Sandy) plus 12 months
2. Calendar year 2013
3. Calendar year 2014

Authority has received a number of applications in which the businesses' fiscal year is not based on a standard calendar fiscal year. In other words, the businesses' fiscal year may be 6/30 or 9/30 versus the typical 12/31 as dictated by the latter two options of the program. As such, the options currently provided under the program does not capture the full fiscal year of a business with a non 12/31 operating year. In other cases, the business regardless of its fiscal year has determined that a certain 12 month period comprised of both historical and prospective working capital costs to be reimbursed is the most impactful for its recovery. Again, the three options currently allowed do not provide this flexibility. As such, we are requesting that all applicants under the Stronger NJ Business Loan program be allowed to choose any 12 month period between October 29, 2012 and December 31, 2014 in which to define their unmet need period. We further request that in the event the EDA is granted permission by HUD to make working capital loans beyond the 12/31/14 deadline, EDA staff have the delegated authority to revise this policy to match the new deadline.

Recommendation

It is recommended that the Members approve the amendments to the Stronger NJ Business Loan Program as requested.

Timothy Lizura
President and Chief Operating Officer

Prepared by: David A. Lawyer

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: February 24, 2014

SUBJECT: Thunderball Marketing, Inc.
P38604
10 Cragwood Road
Woodbridge Township, Middlesex County

Modification Request:

Approval is requested to modify the Authority's approval to enter into a subordination agreement with Bank Hapoalim to include a 180-day standstill provision after declaration of an Event of Default by the Authority (the "Subordination Agreement").

Background:

On November 15, 2013, the Authority under the Stronger New Jersey Business Loan Program approved a $4,000,000 loan to Thunderball Marketing, Inc. (the "Project"). The Authority's loan is subordinate to all prior liens on the personal property of the Borrower and the real property of the guarantor, Leryna Realty, LLC. Project involves the direct financing of Thunderball's Unmet Need (Working Capital) arising from losses sustained during Superstorm Sandy in excess of $4 million.

Thunderball Marketing, Inc. ("Thunderball") is a distributor of consumer electronics in the following market segments; mobile and security (45%), DJ equipment and home audio (35%) and home video (25%). Major brands carried are Cerwin Vega, Clarion, JBL, JVC, Kenwood, Panasonic, Pioneer, Sanyo, Yamaha, among others. Sales are direct to "bricks and mortar" retailers and indirectly to consumers through online retailers. The Company is owned by Joe Levy, President; Nissim Levy; Ely Levy, Chairman; and Morris Nahmoud, all with 25% ownership.

Thunderball, and its affiliate, Leryna Realty, LLC (the "Obligors") and Bank Hapoalim (the "Bank") had entered into a $6,000,000 line of credit and a $3,000,000 commercial mortgage (the "Credit Facilities") prior to the Authority's approval of the Project. In the loan documentation for the Credit Facilities, Thunderball and its affiliates are prohibited from further encumbering themselves or granting a security

interest in their assets. Bank Hapoalim will not permit Thunderball to enter into the Project unless the Authority enters into a Subordination Agreement between Bank Hapoalim and the Authority.

The proposed Subordination Agreement will require of the Authority the following major provisions:

- Subordinate the priority of the collateral to Bank Hapoalim. November 15, 2013 Board approval contemplated the Authority's junior lien position in the business assets and real property of the Obligors. This is a subordination of the Authority's lien position only, not in right of payment to the Bank.

- A 180-day standstill period (the "Standstill Period") after notification to the Obligors by the Authority of an Event of Default. The purpose of the Standstill Period is to allow the Bank to restructure the Borrower's credit facilities. During the Standstill Period, the Authority will be prohibited from accelerating the maturity of its obligations, foreclosing against the assets of the Obligors and/or bringing any proceeding under any bankruptcy, insolvency or similar law ("Insolvency Event"). There will be no provision in the Subordination Agreement to prohibit the Authority from receiving and retaining regularly scheduled monthly payments of principal and interest, or from instituting the default interest rate as provided for in the Authority's Note. If during the Standstill Period, the Bank elects to accelerate the maturity of the obligations or commence foreclosure proceedings under both real property and the UCC, the Standstill Period will terminate immediately.

Recommendation:

Approval of the modification is recommended. The Stronger NJ Business Loan program contemplates the subordination of the Authority's lien position to all existing lenders and all future lenders, if so requested by the Borrower. The Authority will not be subordinating its right to payment. The proposed Standstill provision is not considered onerous to the Authority since its purpose is to allow the Bank sufficient time to restructure the obligations of the Obligors, which if successful will accrue to the benefit of the Authority. If the restructure is unsuccessful and the Bank decides to foreclose against the assets of the Obligors, the Standstill Agreement immediately is terminated, leaving the Authority in the same position that it would have been in the absence of a Standstill Agreement.

Prepared by: Ted Bossert, Credit Underwriter

OFFICE OF RECOVERY

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: February 24, 2014

RE: Stronger NJ Neighborhood & Community Revitalization Program (NCR) - Streetscape Revitalization Program Round One Results

Summary

Notification is being provided of the Round One recommendation to move four municipalities including Highlands, Asbury Park, Keansburg and Sea Isle City to the next phase of the approval process. The Board previously granted delegated authority to Real Estate Division staff to approve projects under the Streetscape Revitalization Program so that these projects may proceed to the next phase of review by the Department of Environmental Protection.

In addition, the Board is requested to reject the three (3) applications that were deemed non-conforming or that scored below the minimum threshold score of 55.

Background

As approved by the NJEDA Board on October 8 and November 15, 2013, the Real Estate Division announced a new Streetscape Revitalization Program, utilizing $10 Million of Community Development Block Grant – Disaster Recovery grant funds to support "Main Street" revitalization projects. This Program is part of the Stronger NJ Neighborhood and Community Revitalization and is intended to provide financial assistance to municipalities for streetscape related improvements. The deadline for receipt of applications for the Round One allocation of up to $5 Million was December 6, 2013.

Nineteen municipalities submitted a total of twenty applications in Round One, with grant requests valued at over $17 Million. The applications were reviewed by NJEDA Real Estate staff members and ranked according to the Board approved evaluation criteria. The four highest ranked projects will be undertaken by Highlands, Asbury Park, Keansburg and Sea Isle City. These four projects have a total grant amount not to exceed $4,863,920. The attached matrix summarizes the results of the Round One application evaluations. Municipalities that scored 55 points or above, but unfunded by the initial allocation in Round One, are eligible for consideration in any upcoming round(s) of funding.

MAILING ADDRESS: | PO BOX 990 | TRENTON, NJ 08625-0990

SHIPPING ADDRESS: | 36 WEST STATE STREET | TRENTON, NJ 08625 | 609.858.6700 | e-mail: njeda@njeda.com | www.njeda.com

Staff has conducted a review of the applications and supporting documentation and determined, based on the information provided, that the four projects meet the requirements outlined in the NCR Guide to Program Funding and also meet the requirements of the federal Housing & Urban Development's Community Development Block Grant Program under their Disaster Relief category (CDBG-DR) including the National Objective and Cost Reasonableness categories. In addition, the applicants have the experience and capacity to successfully complete the projects and the construction timeline provided demonstrates the ability of the projects to be completed and fully disbursed by December 31, 2015 as required under the NCR program.

If the four applicants meet all of the CDBG-DR requirements, including satisfactory environmental and historical reviews as required by CDBG-DG program rules, they will be deemed approved and will be required to execute a Subrecipient Agreement outlining the continuing obligations of the municipality.

As outlined on the evaluation matrix, there are numerous projects that met or exceeded the minimum threshold score of 55 or above. These projects, along with any new submissions received by the Round Two deadline, will be considered for funding in Round Two of the Program. This next round will include the balance of funds up to a total of $10 Million.

Notification letters have been sent to the four (4) applicants whose projects are proceeding to next phase of review by the Department of Environmental Protection. Notification letters have also been sent to the thirteen (13) applicants that were not selected to move forward from the first round of entries but scored at or above the 55 point threshold and will be considered for the next round of funding.

In accordance with the Program Guidelines, projects that scored below the minimum threshold of 55 points or that were deemed ineligible will not be considered in any further rounds of evaluation. As outlined on the attached evaluation matrix, Linden – Wood Avenue and Somers Point were deemed ineligible for failure the meet the minimum score; and Point Pleasant – Manasquan Intel was deemed non-conforming because the project site is not located in a 'Main Street' type area. The Point Pleasant – Manasquan Inlet project site is located at Block 175, Lots 26, 31 & 31. This area does not conform to the program requirement of being located in a 'Main Street' district, defined as a commercial, neighborhood retail, or mixed-use zoned area with a concentration of older or historic buildings within its boundaries. Based on the foregoing, the Board is requested to reject these three (3) applications as a final agency decision. The three (3) applicants deemed non-conforming or that scored below the minimum threshold will be notified of the Board's action and have the right to appeal.

Recommendation

The Board is requested to reject the three (3) applications that were deemed non-conforming or that scored below the minimum threshold score of 55.

Timothy J. Lizura
President/Chief Operating Officer

Attachment
Prepared by: Stephen Martorana

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

Evaluative Criteria	Weight in Points	Highlands	Asbury Park - Boardwalk Lighting	Keansburg - Revitalization & Storm Mitigation	Sea Isle City - Landis Ave	Atlantic City - Atlantic Ave	Belmar - Main St.	Margate	Oceanport - East Main Street	Union Beach	Brigantine	Monmouth Beach - Beach Road Façade	Little Egg Harbor - Town Center	Pleasantville - Main St.	Point Pleasant - Channel Drive	Ventnor - North Beach	Cape May - Convention Hall District	Belleville - Washington Ave & Main St.	Linden - Wood Ave (phase 4)	Somers Point	Point Pleasant** - Manasquan Inlet Redevelopment
Requested Amount		$1,500,000	$926,070	$1,437,956	$999,894	$1,085,000	$972,900	$377,069	$390,000	$113,708	$758,448	$245,000	$715,000	$474,214	$1,500,000	$800,000	$253,000	$1,500,000	$1,500,000	$500,000	$1,129,855	**$17,178,114**
Overall Project Cost		$1,800,000	$4,485,000	$1,622,965	$999,894	$4,485,000	$972,900	$377,069	$390,000	$1,137,078	$758,448	$245,000	$715,000	$474,214	$1,651,028	$800,000	$253,000	$1,674,000	$1,840,000	$1,056,000	$1,129,855	**$26,866,451**
1-A) Super Storm Sandy Impacted Community - The project is located in one of the nine (9) "most impacted" counties.	**10**	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10		
1-B) Super Storm Sandy Impacted Community - Level of Damage to Municipality.	**15**	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	0	10	10		
1-C) Super Storm Sandy Impacted Community - Level of Damage to Proposed Project Vicinity.	**10**	5	7	10	10	3	10	3	5	5	3	7	0	3	0	3	3	10	0	5		
2) Readiness to Proceed and Succeed - project with earlier completion dates will be given priority scoring in order to ensure that all awarded funds are disbursed by December 31, 2015.	**10**	7	8	5	7	6	7	7	7	10	5	7	7	3	3	5	3	5	3	3		
3) Low or Moderate Income Communities - Projects will be prioritized based on their location in a low or moderate income community as HUD defines low and moderate incomes by census tract.	**10**	10	10	10	0	10	0	5	0	10	5	0	5	10	10	5	10	8	10	10		
4) Experience - Applicant's experience in successfully completing projects of a similar size and scope.	**10**	10	7	5	7	7	7	7	10	7	5	7	5	5	7	5	5	5	5	3		
5) Adherence with Plan - Documentation that the project improvements are integral to implementing a comprehensive revitalization strategy or plan.	**10**	7	6	5	9	8	9	10	10	5	9	7	5	5	5	5	3	7	7	3		
6-A) Extent to which the project will enhance the neighborhood and community at large as documented in the submission package.	**15**	10	10	7	10	10	10	10	10	5	10	7	7	4	5	6	5	5	6	3		
6-B) Increase the resiliency of the surrounding community to rebound from future weather-related disasters.	**10**	5	5	8	5	3	3	4	3	3	3	3	5	3	3	3	3	5	3	3		
SUB-TOTAL	**100**	**79**	**78**	**75**	**73**	**72**	**71**	**71**	**70**	**70**	**65**	**63**	**59**	**58**	**58**	**57**	**57**	**55**	**54**	**50**	**	

** - Ineligible - Not in a "Main Street" type district

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Tim Lizura
President and Chief Operating Officer

DATE: February 24, 2014

RE: Stronger NJ Neighborhood and Community Revitalization Program – Evaluative Criteria for Applications under the Development and Public Improvement Project Category

SUMMARY

The Members are requested to approve the evaluation process outlined in this Memorandum and the attached Scoring Criteria to be used to award the remaining available balance of $47.5 million of funding under the Stronger NJ Neighborhood and Community Revitalization Program (NCR Program), Development and Public Improvement Project component (D&I).

BACKGROUND

On August 27, 2013, the Members approved the creation of the Stronger NJ Neighborhood and Community Revitalization Program (NCR Program) which was composed of three components – Community Development Financial Institution (CDFI) Funding, Streetscape Improvement Projects, and Development and Public Improvement Projects. Grant funding of $2.5 million under the CDFI component was fully committed through actions to approve five, $500,000 grants at the October and November 2013 Board meetings.

The $10 million Streetscape component offered grants to municipalities of up to $1.5 million to support Main Street revitalization projects including streetscapes, lighting, sidewalks, facade enhancements, code-related and other physical upgrades to commercial areas. To date, approximately $5 million of this funding has been allocated; the second round for the balance of the funding has been launched and is under review.

Development and Public Improvement Projects (D&I)

A total of $52.5 million was made available under the D&I component to four types of projects. Pursuant to the NCR Guide to Program Funds (NCR Guide), a summary of the project types and available funding is provided below.

D&I Project Types

1. Catalytic Projects – projects in commercial and/or industrial areas which will contribute to the economic development of the municipality where they are located. Projects can include construction of commercial or mixed-use buildings, parking and supporting infrastructure.

2. Transformative Neighborhood Projects – projects which have the same characteristics of Catalytic projects except they are located in primarily residential areas.

3. Recreation, Cultural and Park Land Amenities – projects which include planned physical improvements that have recreational or cultural uses, including but not limited to parks, recreational structures, boardwalks and esplanades, cultural and community facilities and supporting infrastructure.

4. Innovation Projects – projects with the same attributes as Catalytic projects, but may be of a smaller scale and involve technology business development, such as the creation of specialized laboratories and other research and development space.

D&I Funding

D&I projects are eligible for the assistance outlined below up to a maximum of $10 million of combined Grants and Loans per project. This includes the Stronger NJ Loan, if applicable, but does not include the Stronger NJ Grant.

1. Grants

   A. Up to $5 million for Recreation, Cultural and Park Land Amenities

   B. Up to $5 million for environmental investigation and remediation and associated predevelopment and development costs for Catalytic Projects, Innovation Projects, and Transformative Neighborhood Projects.

   C. Up to $10 million for demolition and clearance, and associated pre-development costs to State redevelopment agencies undertaking projects themselves.

2. Loans and Forgivable Loans

   A. Up to a maximum of $10 million for projects with projected income streams able to support debt service, with 25% of the loan forgiven upon

project completion and issuance of a permanent Certificate of Occupancy. If eligible for the Stronger NJ Loan Program, the Loan Program resources must be exhausted before NCR loan funding can be utilized.

B. Up to $5 million for infrastructure that is owned or upon completion will be owned by a municipality or public authority and associated predevelopment costs. Loans for these purposes will be forgiven 100% upon transfer of ownership to the municipality or public authority; or if already owned by a municipality or public authority, then upon completion of the infrastructure portion of the project.

D&I Status

The D&I component application process was launched on September 1, 2013 as outlined in a Memorandum to the Members on August 27, 2013. At the September 18, 2013 Board meeting, the members allocated $5 million to Seaside Heights and Seaside Park to aid in the demolition of the fire-damaged boardwalk. This left $47.5 million in available funding. During the initial six weeks, the Authority received 44 eligible Intake Forms totaling $140,654,846 in funding requests. In total, as of 2/24/2014, EDA has received over 80 Intake Forms for a total of over $230 million in funding requests. Due to this overwhelming response, the D&I component of the NCR Program is being closed and no new intake forms will be accepted as of 5:00 pm of the date of this memo.

Evaluation Process

The NCR Guide to Program Funds sets forth the Threshold Criteria and the Priority Criteria by which the D & I projects will be evaluated. The Threshold Criteria included, but were not limited to the requirement that the applicant demonstrate that disbursements made by EDA were capable of being completed by December 31, 2015, that the project meet a National Objective and that projects in the nine most impacted counties demonstrate either physical damage or contribution to the revitalization of an area damaged by the storm and that projects located outside of the nine counties demonstrate physical damage or a nexus to the storm pursuant to the Stafford Act, as defined by US Department of Housing & Urban Development's (HUD). The Priority Criteria indicated that the projects would be prioritized based on location in a LMI community, by the community with the greater impact from the storm and the economic impact of the project. Pursuant to the NCR Guide, for the first six weeks of the intake process, staff was required to only consider Intake Forms for projects located in Low or Moderate Income Areas (LMI), as defined by HUD.

Given the unanticipated demand for grant funding under the D&I category which far exceeds the availability of funds, staff recommends clarifying the Threshold and Priority Criteria. Staff proposes utilizing the following review and scoring process to evaluate projects after sending notice to the applicants of the review and scoring process, so that when they submit their applications, they can tailor their proposals accordingly. Further, because of the overwhelming response to the program and the Authority's desire to distribute the funds to as many impacted municipalities as possible, staff recommends asking the public applicants in a municipality to work together to prioritize all projects that they have submitted within the NCR Program, including Streetscape, with the

understanding that EDA will not award more than two projects to all public applicants in any single municipality. Working with Authority staff, an evaluation committee composed of at least three Authority staff members will conduct the described review. The scoring criteria (attached) are based on the NCR Guide, as well as HUD requirements for disaster relief funding. Determinations will be based on information provided on the Intake Form, in the application package that the applicant will submit, and any supplements requested by EDA.

Pursuant to the NCR Guide, the process below will be used first to evaluate projects submitted during the initial six-week period that are located in a LMI census tract or that meet a National Objective of LMI Area Benefit or LMI Employment, as defined by HUD. It should be noted that only LMI census tract was referenced in the NCR guide, but since that time staff has learned that there are several ways to meet the LMI National Objective and we are recommending that any project that meet this objective be included in the first six week review. (Chapter 3, Meeting a National Objective, of the Guide to National Objectives and Eligible Activities for State CDBG Programs, along with the HUD Federal Register Notice dated March 5, 2013 are posted to EDA's website under the NCR Program.) If these projects are not able to fully utilize the $47.5 million, the process next describes how the remainder of projects will be evaluated and how funding will be allocated.

It is anticipated that the review of the initial group of 44 projects, including declinations, will be brought to the May meeting.

1. The initial 44 projects totaling $140,654,846 in funding request will be asked in writing to supplement their intake form with an application package and to provide any additional documentation requested by the EDA. Public applicants in municipalities with more than two projects in the NCR Program, including Streetscape, being undertaken by public entities will be asked to prioritize projects.

2. If any project does not respond by the deadline provided in the written request for information, or provides a substantively deficient response, this project(s) will be removed from consideration and will not be scored. However, the Authority may seek clarifying information regarding any project after the deadline.

3. The responsive projects will be reviewed for eligibility for the Stronger NJ Loan Program, and if they can be funded by the Loan Program, they will be removed from the D&I process.

4. The remaining projects will be reviewed by the evaluation committee according to the Threshold Criteria in the attached Scoring Criteria. Projects must meet all Threshold Criteria. If one or more criteria are <u>not</u> met, the project will be removed from consideration and will not be scored.

5. Projects which meet the Threshold Criteria will then be scored according to the Evaluation Criteria.

6. Those projects scoring 65 or above will be ranked according to their scores from highest to lowest and will proceed to the full evaluation process set forth at #7 below. It should be noted that not all members of the evaluation committee will score each project, but at least one member of staff who is not on the evaluation committee will oversee the process to ensure consistency of review. Also, members of the evaluation committee may draw on the expertise of staff, especially with respect to HUD related matters, to assist them in their scoring. Projects with insufficient scores will be removed from this initial determination process and ranked with the third group of projects referenced in #13 below.

7. Starting with the projects that are scored the highest and until the funds are exhausted, staff will undertake a full review according to HUD Community Development Block Grant Disaster Recovery funding requirements, the NCR Guide and other technical criteria including but not limited to duplication of benefits analysis, unmet need determination, cost reasonableness, Davis Bacon labor requirements, debarment, and US Small Business Administration Small Business Definition, as applicable. Projects anticipated to receive NCR loans and/or forgivable loans will undergo an applicable underwriting analysis according to the NCR Guide. Also according to the Guide and for applicable projects, an Internal Rate of Return (IRR) analysis will be conducted, which may lead to a reduction in project funding.

8. Funding will be allocated to projects according to their rank until either the funds are exhausted or all projects with the minimum score are funded, whichever comes first. Any needed tiebreaking procedures (described below) will be performed and adjusted in the allocation of funding.

9. Any ties that affect a project's ability to be funded will be resolved by consideration of whether the tied projects meet a LMI National Objective. If the tie persists, the projects will be considered for their location in a Superstorm Sandy Impacted Community. If the tie persists, the criterion of Leverage will be considered.

10. If insufficient funding is available to fully fund all eligible projects, the last project may be offered partial funding, at the Authority's sole discretion. If the project declines the funding, the Authority will proceed down the ranking of projects receiving the minimum score or higher, offering the funding until it is taken. De minimis funding determined at the Authority's sole discretion may not be offered.

11. The projects recommended for funding according to the process described above and the declinations will be brought to the Authority Board for consideration. If authorized by the Board, projects that do not require environmental review by DEP will considered approved. Those that do so require will be authorized to proceed with necessary environmental review and other needed steps to receive a final approval.

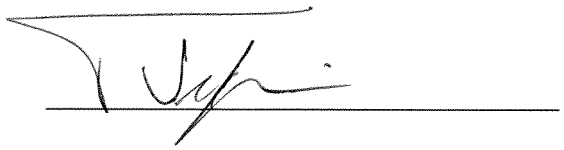
12. If, after all applicable review steps above are followed, funding is still available, a second stage of review will be conducted for the remaining projects that are either

non-LMI or were submitted after the first six weeks, using the same process described above, only without the mandatory LMI requirement.

13. If, after all the above steps have been taken, there is still funding left over, the projects that scored lower than 65 will be considered to receive funding from highest ranked to lowest until funds are exhausted. Tie breaking, partial funding and other issues that may arise related to funds allocation will be resolved according to the process described above.

RECOMMENDATION

The Members are requested to approve the evaluation process outlined in this Memorandum and the attached Scoring Criteria to be used to award the remaining available balance of $47.5 million of funding under the NCR D&I category.



Attachment – Scoring Criteria

Prepared by: Margaret Piliere & Gina Behnfeldt

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

NEIGHBORHOOD & COMMUNITY REVITALIZATION PROGRAM (NCR) DEVELOPMENT AND PUBLIC IMPROVEMENT PROJECTS

SCORING CRITERIA

PROJECT: _____

MUNCIPALITY: _____

EVALUATOR: _____

THRESHOLD CRITERIA

Threshold Criteria – all criteria must be able to be checked to proceed with evaluation. If one or more cannot be checked, project will be removed from consideration and will not be scored.	**Check**
Location – project is located in one of the nine (9) most impacted counties as delineated in the HUD Federal Register Notice of March 5, 2013, (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union), project was physically damaged by the storm, or has a nexus to the storm pursuant to the Stafford Act.	
Coastal Barrier Resource Area – project is not located in a Coastal Barrier Resource Area, according to the Coastal Barrier Resources Act of 1982.	
Applicant Type – project is an eligible entity according to NCR Guide (for-profit developer; non-profit developer; other eligible non-profit; municipal, county or state redevelopment agency; municipality or county government).	
Project Category – project meets definition of one of four project category types according to NCR Guide (Catalytic; Transformative Neighborhood; Recreation, Cultural and Park Land Amenities; Innovation).	
National Objective – project meets one of National Objectives (Urgent Need, LMI Employment Creation and/or Retention, LMI Area Benefit, Slum Blight Reduction), according to HUD Guide to National Objectives and Eligible Activities for State CDBG Programs, and HUD Federal Register Notice of March 5, 2013.	
Readiness to Proceed – project demonstrates ability to utilize funds by 12/31/2015, considering expected environmental review.	

EVALUATIVE CRITERIA

	Weight in Points
Superstorm Sandy Impacted Community – Provide score based on level of damage to community in which project is located according to the Joint Field Office, New Jersey Damage to Essential Functions assessment dated January 24, 2013 (posted EDA's website under the NCR Program). **20 points for projects in "red" towns; 10 points for projects in "orange" towns; 0 points for projects in yellow or green towns.**	20
Physical Damage to Project Site – Based on dollar value of cost estimates for repair and replacement, and other quantifying information. **20 points for damage over $2 million; 15 points for damage of $1 million - $2 million; 10 points for damage of $500,000 up to (but not including) $1 million; 5 points for damage up to (but not including) $500,000; 0 points for projects with no damage.**	20
LMI National Objective – meets one of LMI Employment Creation and/or Retention, or LMI Area Benefit National Objectives, according to HUD Guide to National Objectives and Eligible Activities for State CDBG Programs and HUD Federal Register Notice of March 5, 2013. **15 points for projects that meet one of the LMI National Objectives; 0 points for projects that do not meet a LMI National Objective.**	15
Earlier Completion – Projects with earlier completion dates and financing commitments for other sources of funding in place will receive higher scoring in order to ensure that all awarded funds are disbursed by December 31, 2015. The following points will be assigned: **15 points for completion date of June 30, 2015 or earlier; 10 points for completion date of July 1, 2015 through August 31, 2015; 5 points for completion date of September 1, 2015 through October 31, 2015; and 0 points for later completion dates.**	15
Location – project is located in one of the nine (9) most impacted counties as delineated in the HUD Federal Register Notice of March 5, 2013, (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union). **10 points for projects located in one of the nine counties; 0 points for projects outside the nine counties.**	10

Applicant Experience – Applicant's experience completing projects of similar size and scope within the last 5 years. **5 points for applicants with experience of 3 or more projects; 3 points for applicants with experience of 1 or 2 projects; 0 points for applicants with no experience.**	5
Leverage – Extent to which project leverages other sources of funds as a percentage of project cost. **5 points for projects leveraging more than 40% of project costs; 4 points for projects leveraging between 30% and 40%; 3 points for projects leveraging between 20% and up to 29%; 2 points for projects leveraging between 10% and up to 19%; 1 point for projects leveraging over 0% and up to 9%; 0 points for projects with no leverage.**	5
Revitalization – Project will contribute to revitalization of an area damaged by the storm. **5 points for projects that contribute to revitalization; 0 points for projects that will not contribute to revitalization.**	5
Resiliency – Increase in resiliency of project and/or surrounding community to rebound from future weather-related disasters. **(Project can NOT be resiliency only.)** 5 **points for projects that incorporate resiliency; 0 points for projects that do not incorporate resiliency.**	5
TOTAL	**100**

AUTHORITY MATTERS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Al Koeppe
Chairman

Date: February 24, 2014

Subject: Appointment of Assistant Secretaries to the Board; Real Estate Committee

At our Annual Meeting in September, the Board appointed Tim Lizura, Maureen Hassett, Fred Cole, John Rosenfeld, Greg Ritz, and Kim Ehrlich to serve as Assistant Secretaries to the Board.

Due to staff changes, at this time I am requesting that Rich LoCascio and Erin Gold also be appointed as Assistant Secretaries to support the Secretary, Michele Brown, CEO.

In addition, at our Annual Meeting, Board Members are selected to serve on the Board Committees. At this time, I would like to add new Board Member, Fred Dumont, to the Real Estate Committee.

Recommendation:

The Board is asked to approve 1) the appointment of Rich LoCascio and Erin Gold as Assistant Secretaries to the Board; and 2) the appointment of Fred Dumont to the Real Estate Committee.

Al Koeppe