

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**

**June 10, 2014**

**Waterfront Technology Center, Camden, NJ**

**MINUTES OF THE MEETING**

Members of the Authority present: Al Koepp, Chairman; State Treasurer Andrew Sidamon-Eristoff; Commissioner Kenneth Kobylowski of the Department of Banking and Insurance; Fred Zavaglia representing the Commissioner of the Department of Labor and Workforce Development; Public Members: Larry Downes, Jerry Langer, Harold Imperatore, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member

Present via conference call: Public Members Fred B. Dumont, and Charles Sarlo.

Absent: Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Public Members: Joseph McNamara, Vice Chairman; and Elliot M. Kosoffsky, Second Alternate Public Member.

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

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

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

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

**MINUTES OF AUTHORITY MEETING**

The next item of business was the approval of the May 16, 2014 regular meeting minutes. A motion was made to approve the minutes by Commissioner Kobylowski, seconded by Mr. Langer, and was approved by the 9 voting members present.

Chairman Koepp introduced Camden Mayor Redd, who welcomed the Board to Camden and thanked the Board for their support.

Tim Lizura gave a presentation on the Economic Opportunity Act of 2013 and how it pertains to Camden.

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

### CAMDEN PROJECTS

#### ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM

**ITEM:** Broadway Housing Partners LLC  
Residential Economic Redevelopment and Growth Grant Program  
P # 39374

**REQUEST:** To approve the application of Broadway Housing Partners 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 \$6,119,890.

**MOTION TO APPROVE:** Mr. Downes **SECOND:** Commission Kobylowski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 1

#### GROW NEW JERSEY ASSISTANCE PROGRAM

**PROJECT:** Philadelphia 76ers, L.P. APPL.#39274  
**LOCATION:** Camden/Camden  
**ANNUAL GRANT AWARD:** \$8,204,050, 10-year term  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Imperator **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 2

### REAL ESTATE

**ITEM:** Waterfront Technology Center at Camden  
Lease Agreement with Rutgers, The State University of New Jersey

**REQUEST:** To approve a the execution of a lease amendment with Rutgers, The State University of New Jersey for an additional approximately 3,826 square feet of fifth floor laboratory space at the Waterfront Technology Center at Camden, resulting in leased premises totaling 9,019 square feet.

**MOTION TO APPROVE:** Mr. Imperator **SECOND:** Comm. Kobylowski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 3

**AUTHORITY MATTERS**

**ITEM:** Memorandum of Understanding  
Capital City Redevelopment Corporation

**REQUEST:** To approve the execution of a Memorandum of Understanding between the Authority and Capital City Redevelopment Corporation (CCRC) as an inter- department governmental agreement confirming the mutual understanding and intention between the agencies with respect to the provision of the Authority's support services to CCRC.

**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Langer **AYES:** 9

**RESOLUTION ATTACHED AND MARKED EXHIBIT: 4**

**ITEM:** Mid-Atlantic Aviation and Research Partnership

*This item was held from consideration*

**BOND PROJECTS**

**COMBINATION PRELIMINARY AND BOND RESOLUTIONS**

**PROJECT:** Greater Brunswick Charter School, Inc. **APPL.#39491**  
**LOCATION:** New Brunswick/Middlesex  
**PROCEEDS FOR:** Refinancing, Renovation of existing building  
**FINANCING:** \$1,450,000 Tax-Exempt Bond; \$300,000 Taxable Series B Bond  
**MOTION TO APPROVE:** Mr. Langer **SECOND:** Mr. Downes **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 5**  
**PUBLIC HEARING:** Yes  
**PUBLIC COMMENT:** None

**PROJECT:** Greater Brunswick Charter School, Inc. **APPL.#39473**  
**LOCATION:** Newark Brunswick/Middlesex  
**PROCEEDS FOR:** Refunding  
**FINANCING:** \$6,750,000 Refunding Bond  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Comm. Kobylowski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 5**  
**PUBLIC HEARING:** Yes  
**PUBLIC COMMENT:** None

**LOANS/GRANTS/GUARANTEES**

**DIRECT LOANS**

**ITEM:** Direct Loan and Guarantee Programs – Proposed Rule Amendments  
**REQUEST:** To approve proposed rule amendments to revise certain terms and requirements for eligibility under the EDA’s Direct Loan and Guarantee Programs, based on revisions to the Authority’s core loan programs approved by the Board on May 16, 2014.

**MOTION TO APPROVE:** Commissioner Kobyłowski **SECOND:** Mr. Langer **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 6

**PROJECT:** Danic Five, LLC **APPL.#39368**  
**LOCATION:** Elizabeth/Union  
**PROCEEDS FOR:** Acquisition of existing building  
**FINANCING:** \$2,000,000 Direct loan  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Langer **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 7

**PETROLEUM UNDERGROUND STORAGE TANK PROGRAM**

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

**PROJECT:** Jessica Diaz **APPL.#38943**  
**LOCATION:** Hasbrouck Heights/Bergen  
**PROCEEDS FOR:** Upgrade, Closure, Remediation  
**FINANCING:** \$77,279 Petroleum UST Remediation, Upgrade and Closure Fund Grant  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Langer **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 8

**PROJECT:** Tomasello Auto Center **APPL.#38923**  
**LOCATION:** Ventnor/Atlantic  
**PROCEEDS FOR:** Upgrade, Closure, Remediation  
**FINANCING:** \$258,222 Petroleum UST Remediation, Upgrade and Closure Fund Grant  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Commissioner Kobyłowski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 8

**INCENTIVE PROGRAMS**

**ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM**

**ITEM:** Irvington Seniors Urban Renewal 2013, LLC  
Residential Economic Redevelopment and Growth Grant Program  
P # 39093

**REQUEST:** To approve the application of Irvington Seniors Urban Renewal 2013, LLC for an Irvington, 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 \$9,603,567.

**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Dumont **AYES:** 9

**RESOLUTION ATTACHED AND MARKED EXHIBIT: 9**

**GROW NEW JERSEY ASSISTANCE PROGRAM**

**PROJECT:** Baked by Melissa APPL.#39417  
**LOCATION:** North Bergen/Hudson  
**REQUEST:** To approve the finding of jobs at risk  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Langer **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 10**

**PROJECT:** Baked by Melissa APPL.#39417  
**LOCATION:** North Bergen/Hudson  
**ANNUAL GRANT AWARD:** \$1,297,500 10-year term  
**MOTION TO APPROVE:** Mr. Langer **SECOND:** Mr. Downes **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 11**

**PROJECT:** Eltman, Eltman, & Cooper PC APPL.#39415  
**LOCATION:** Jersey City/Hudson  
**ANNUAL GRANT AWARD:** \$560,000, 10-year term  
**MOTION TO APPROVE:** Mr. Langer **SECOND:** Mr. Downes **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 12**

**PROJECT:** Interpool, Inc. d/b/a TRAC Intermodal APPL.#39455  
**LOCATION:** Plainsboro/Middlesex  
**REQUEST:** To approve the finding of jobs at risk  
**MOTION TO APPROVE:** Mr. Langer **SECOND:** Commissioner Kobylovski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 13**

**PROJECT:** Interpool, Inc. d/b/a TRAC Intermodal APPL.#39455  
**LOCATION:** Plainsboro/Middlesex  
**ANNUAL GRANT AWARD:** \$980,000, 10-year term  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Mr. Downes **AYES:** 9

**RESOLUTION ATTACHED AND MARKED EXHIBIT: 14**

**PROJECT:** IT Cosmetics, LLC APPL.#39460  
**LOCATION:** Jersey City/Hudson  
**ANNUAL GRANT AWARD:** \$441,750, 4-year term  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Imperator **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 15**

**PROJECT:** Metropolitan Foods, Inc. APPL.#39422  
**LOCATION:** Wayne/Passaic  
**REQUEST:** To approve the finding of jobs at risk  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Mr. Downes **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 16**

**PROJECT:** Metropolitan Foods, Inc. APPL.#39422  
**LOCATION:** Wayne/Passaic  
**ANNUAL GRANT AWARD:** \$1,848,750, 10-year term  
**MOTION TO APPROVE:** Mr. Langer **SECOND:** Mr. Zavaglia **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 17**

**PROJECT:** Princeton Tectonics APPL.#39420  
**LOCATION:** Pennsauken/Camden  
**REQUEST:** To approve the finding of jobs at risk  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Commissioner Kobylowski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 18**

**PROJECT:** Princeton Tectonics APPL.#39420  
**LOCATION:** Pennsauken/Camden  
**ANNUAL GRANT AWARD:** \$2,211,000, 10-year term  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Mr. Downes **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 19**

**PROJECT:** RMTS, LLC APPL.#39139  
**LOCATION:** Jersey City/Hudson  
**ANNUAL GRANT AWARD:** \$271,250, 10-year term  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Imperatore **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 20**

**PROJECT:** Sutherland Asset I, LLC and subsidiaries APPL.#39414  
**LOCATION:** New Providence/Union  
**REQUEST:** To approve the finding of jobs at risk  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Langer **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 21**

**PROJECT:** Sutherland Asset I, LLC and subsidiaries APPL.#39414  
**LOCATION:** New Providence/Union  
**ANNUAL GRANT AWARD:** \$320,000, 10-year term  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Commissioner Kobyłowski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 22**

**PROJECT:** Rent the Runway, Inc. APPL.#39416  
**LOCATION:** Secaucus/Hudson  
**REQUEST:** To approve the finding of jobs at risk  
**MOTION TO APPROVE:** Mr. Imperator **SECOND:** Commissioner Kobyłowski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 23**

**PROJECT:** Rent the Runway, Inc. APPL.#39416  
**LOCATION:** Secaucus/Hudson  
**ANNUAL GRANT AWARD:** \$1,455,750, 10-year term  
**MOTION TO APPROVE:** Commissioner Kobyłowski **SECOND:** Mr. Langer  
**AYES:** 9 **RESOLUTION ATTACHED AND MARKED EXHIBIT: 24**

#### **FILM TAX CREDIT TRANSFER PROGRAM**

**PROJECT:** The Christmas Pearl Productions Limited Liability Company  
**MAX AMOUNT OF TAX CREDITS:** \$409,692  
**MOTION TO APPROVE:** Mr. Langer **SECOND:** Mr. Downes **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 25**

#### **BOARD MEMORANDUMS**

**ITEM:** Atlantic States Cast Iron Pipe Company  
UEZ Energy Sales Tax Exemption Application  
**PURPOSE:** To address the legal matters of Atlantic States Cast Iron Pipe Company related  
to its application for a UEZ Energy Sales Tax Exemption  
**MOTION TO APPROVE:** Mr. Langer **SECOND:** Mr. Zavaglia **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 26**

**ITEM:** Atlantic States Cast Iron Pipe Company  
\$250,000 UEZ Energy Sales Tax Exemption  
**REQUEST:** To approve Atlantic States Cast Iron Pipe Company's application to  
participate in the U-STX program.  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Langer **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 27**

**ITEM:** Incentives Delegations  
**REQUEST:** To 1) Approve new delegations to staff to approve Urban Enterprise Zone tax credits in a maximum amount of \$100,000; and 2) Expand the current Economic Recovery Growth Grant delegations to collaterally assign reimbursements to monetize projects to include the assignment of HUB and GROW NJ tax credits for this same purpose.  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Commissioner Kobylowski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 28**

**ITEM:** Margaritaville, Inc. and Jakeabob's Bay, Inc.  
Union Beach, Monmouth County  
P#39400  
**REQUEST:** To increase the \$400,000 Direct Term Loan approved on May 16, 2014 to \$450,000 and allow EDA fees to be paid out of loan proceeds at closing.  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Langer **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 29**

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

**NJ Main Street Program:** 2MAFS, LLC and Berry Fresh Farms, Inc. (P39226 & P39155); CM&E Con, Inc. (P39345)

**Premier Lender Program:** 480 Oberlin Avenue, LLC (38875)

**Small Business Fund Program:** AMB Enterprises LLC (38323); Galloway Realty, LLC (P39295)

**Stronger NJ Loan Program:** Kohr's Frozen Custard The Original, Inc. d/b/a Kohr's Frozen Custard (P39353); Northshore Sportech, Inc. d/b/a Northshore Menswear (P38565); Riverside Marina & Yacht Sales LLC (P39154); The Music Man, LLC (P39379)

**Camden ERB:** Pricerite of Mt. Ephraim Ave. LLC (P39392)

**Direct Loan Program:** Garden State Consumer Credit Counseling, Inc. d/b/a/ Novadebt (P39359)

**NJ Main Street Program – Modification:** Triad Advisory Services, Inc. (39419)

**REAL ESTATE**

**ITEM:** Memorandum of Understanding and Feasibility Budget  
Agriculture, Health and Taxation Buildings (Trenton) Feasibility Study  
**REQUEST:** To approve a Memorandum of Understanding with the Division of  
Property Management & Construction to prepare a Feasibility Study for  
the Health Lab, Agriculture and Health Administration, and Taxation  
Buildings in Trenton.  
**MOTION TO APPROVE** Commissioner Kobylowski **SECOND:** Mr. Langer **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 30**

**ITEM:** Construction of Interim Parking Lot  
Former Riverfront State Prison Site, Camden, NJ  
**REQUEST:** To approve the award of a construction services contract  
and to establish an updated contract budget for the construction of an  
interim parking lot located on the former Riverfront State Prison site  
located in Camden, NJ.  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Commissioner Kobylowski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 31**

**OFFICE OF RECOVERY**

**ITEM:** Superstorm Sandy New Program Creation: Energy Resilience Bank  
*This item was held from consideration*

**PROJECT:** OptiJob, Inc. **APPL.#39210**  
**LOCATION:** Bay Head/Ocean  
**PROCEEDS FOR:** Working capital  
**FINANCING:** \$505,664 Stronger NJ Business Loan  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Commissioner Kobylowski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 32**

**PROJECT:** Wehrlen Bros. Marina L.L.C. **APPL.#39082**  
**LOCATION:** Brick/Ocean  
**PROCEEDS FOR:** Working Capital  
**FINANCING:** \$664,481 Stronger NJ Business Loan  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Commissioner Kobylowski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 32**

**PROJECT:** Wehrlen Bros. Marina L.L.C. **APPL.#39490**  
**LOCATION:** Brick/Ocean  
**PROCEEDS FOR:** Construction  
**FINANCING:** \$3,633,703 Stronger NJ Business Loan  
**MOTION TO APPROVE:** Mr. Langer **SECOND:** Mr. Downes **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 32**

**ITEM:** Stronger NJ Business Grant and Stronger NJ Business Loan appeal process modification  
**REQUEST:** To approve modifications to the Stronger NJ Business Grant and Loan Program appeal process to provide additional considerations to applicants.  
**MOTION TO APPROVE:** Mr. Langer **SECOND:** Commissioner Kobylowski **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 33**

**ITEM:** Stronger NJ Neighborhood & Community Revitalization – Streetscape Revitalization Program – Round One Appeal  
**REQUEST:** To approve the Hearing Officer’s recommendation to uphold the declination of the Stronger NJ Neighborhood & Community Revitalization – Streetscape Revitalization Program (Round One) for Somers Point.  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Langer **AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 34**

**ITEM:** Stronger NJ Neighborhood & Community Revitalization – Development and Public Improvement Projects – Round One Recommendations  
**REQUEST:** To approve moving seven applicants to the next phase of the Neighborhood and Community Revitalization Program, Development and Public Improvement Round One review process.  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Mr. Downes **AYES:** 8  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 35**

### PUBLIC COMMENT

Mr. Scott O’Neil, Chief Executive Officer of the Philadelphia 76ers thanked Chairman Koepp, Ms. Brown, Mr. Lizura, and the Board. He also thanked Mayor Redd for her leadership in Camden.

Mr. Kelly Francis, a Camden resident, asked if the 76ers would be creating entry level jobs suitable for the residents of Camden.

Mayor Redd replied that the City had been in discussion with the team for some time and she was working with the Department of Labor and Workforce Development on employee training and hiring programs for this project and others soon to come to Camden.

Mr. Francis stated that he was concerned about the tax abatements provided to projects such as the Broadway Housing Partners and that he felt the abatements contribute to the structural deficit in the City.

Mr. Francis then stated that he was anticipating industrial or commercial development on the former Riverfront State Prison site and that he hoped that the parking was only temporary.

Mr. Koepp confirmed that the parking was intended to be temporary, and thanked Mr. Francis for his remarks.

**EXECUTIVE SESSION**

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

**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Langer **AYES: 9**

**RESOLUTION ATTACHED AND MARKED EXHIBIT: 36**

The next item was to vote on the real estate transaction discussed in Executive Session

**MOTION TO APPROVE:** Mr. Downes **SECOND:** Treasurer Sidamon-Eristof **AYES: 9**

**RESOLUTION ATTACHED AND MARKED EXHIBIT: 37**

There being no further business, on a motion Mr. Langer, and seconded by Mr. Downes, the meeting was adjourned at 12:00 pm.

Certification:

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

  
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Kim Ehrlich, Sr. Governance & Outreach Officer  
Assistant Secretary



## **MEMORANDUM**

**TO:** Members of the Authority  
**FROM:** Michele Brown  
Chief Executive Officer  
**DATE:** June 10, 2014  
**SUBJECT:** Agenda for Board Meeting of the Authority June 10, 2014

### **Notice of Public Meeting**

### **Roll Call**

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

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

### **Authority Matters**

### **Bond Projects**

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

### **Incentive Programs**

### **Board Memorandums**

### **Real Estate**

### **Office of Recovery**

### **Executive Session**

### **Public Comment**

### **Adjournment**

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

May 16, 2014

MINUTES OF THE MEETING

Members of the Authority present: Al Koepp, Chairman; Steve Petrecca representing State Treasurer; Commissioner Kenneth Kobylowski of the Department of Banking and Insurance; Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Fred Zavaglia representing the Commissioner of the Department of Labor and Workforce Development; Public Members: Joseph McNamara, Vice Chairman; Larry Downes, Charles Sarlo, Fred B. Dumont, Elliot M. Kosoffsky, Second Alternate Public Member; and Harold Imperatore, Third Alternate Public Member.

Also present: Michele Brown, Chief Executive Officer of the Authority; Timothy Lizura, President and Chief Operating Officer; Deputy Attorney General Bette Renaud; and staff.

Absent: Melissa Orsen representing the Executive Branch; Public Member Jerry Langer, and Rodney Sadler, Non-Voting Member.

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

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the April 8, 2014 regular meeting minutes. A motion was made to approve the minutes by Mr. Downes, seconded by Mr. Zavaglia, and was approved by the 10 voting members present.

*Commissioner Kenneth Kobylowski abstained from voting because he was absent.*

The next item of business was the approval of the April 8, 2014 executive session meeting minutes. A motion was made to approve the minutes by Mr. Downes, seconded by Mr. Zavaglia, and was approved by the 10 voting members present.

*Commissioner Kenneth Kobylowski abstained from voting because he was absent.*

CEO Michele Brown thanked outgoing Board Member Ray Burke for his many years of service to the Board. Chairman Koepp also thanked Ray Burke for his years of dedication, stating that he will be missed for his guidance on the Board.

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

### **AUTHORITY MATTERS**

**ITEM:** Modifications to the Authority's Administrative and Real Estate Operating Authorities  
**REQUEST:** To approve certain modifications to the Authority's current Administrative Operating Authority, to reflect the deletion of the "Non-Contracted Expenditures" section, and to update both the Administrative Operating Authority and the Real Estate Operating Authority to reflect recent title changes within the Accounting and Financial Reporting, Real Estate and Executive departments.  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. McNamara **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 1**

### **BOND PROJECTS**

**PROJECT:** Shining Schools, Inc. APPL.#39159  
**LOCATION:** East Orange/Essex  
**PROCEEDS FOR:** Construction of new building or addition  
**FINANCING:** \$3,629,445 Tax-exempt bond  
**MOTION TO APPROVE:** Mr. McNamara **SECOND:** Mr. Kosoffsky **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 2**  
**PUBLIC HEARING:** Yes  
**PUBLIC COMMENT:** None

### **COMBINATION PRELIMINARY AND BOND RESOLUTIONS**

**PROJECT:** Garden State Consumer Credit Counseling, Inc. APPL.#39360  
**LOCATION:** Manalapan Twp/Monmouth  
**PROCEEDS FOR:** Building acquisition  
**FINANCING:** \$5,590,000 Tax Exempt Bond  
**MOTION TO APPROVE:** Mr. Kosoffsky **SECOND:** Mr. McNamara **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 3**  
**PUBLIC HEARING:** Yes  
**PUBLIC COMMENT:** None

### **PRELIMINARY RESOLUTIONS**

**PROJECT:** Atlantic City Sewerage Company APPL.#39369  
**LOCATION:** Atlantic City/Atlantic  
**PROCEEDS FOR:** Purchase of equipment & machinery  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Commissioner Kobylowski **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 4**

**LOANS/GRANTS/GUARANTEES**

**DIRECT LOANS**

**ITEM:** Proposed NJEDA Core Loan Program Revisions  
**REQUEST:** To approve revisions to NJEDA Core Loan Programs. The revisions are intended to make the NJEDA's programs more reflective of current market needs and to enhance our assistance to small to mid-size businesses in the State. In addition, the revisions will align interest rates with risk evaluations for loans and participations.

**MOTION TO APPROVE:** Mr. Kosoffsky **SECOND:** Commissioner Kobylowski **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 5**

**ITEM:** TD Bank New Jersey Advantage Program Pilot Program  
**REQUEST:** To approve the amendment of terms of the TD Bank New Jersey Advantage Program Pilot Program.

**MOTION TO APPROVE:** Mr. Kosoffsky **SECOND:** Mr. McNamara **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 6**

**PETROLEUM UNDERGROUND STORAGE TANK PROGRAM**

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

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

**PROJECT:** Paula Engelbrecht **APPL.#38945**  
**LOCATION:** Jackson Twp/Ocean  
**PROCEEDS FOR:** Upgrade, Closure, Remediation  
**FINANCING:** \$126, 520 Petroleum UST Remediation, Upgrade and Closure Fund Grant  
**MOTION TO APPROVE:** Ms. Kokas **SECOND:** Mr. Zavaglia **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 7**

**PROJECT:** Jennifer Fedorka **APPL.#38825**  
**LOCATION:** Vernon Twp/Sussex  
**PROCEEDS FOR:** Upgrade, Closure, Remediation  
**FINANCING:** \$129,332 Petroleum UST Remediation, Upgrade and Closure Fund Grant  
**MOTION TO APPROVE:** Ms. Kokas **SECOND:** Commissioner Kobylowski **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 7**

**PROJECT:** Clara Engine **APPL.#38693**  
**LOCATION:** Colingswood Borough/ Camden  
**PROCEEDS FOR:** Upgrade, Closure, Remediation  
**FINANCING:** \$108,631 Petroleum UST Remediation, Upgrade and Closure Fund Grant  
**MOTION TO APPROVE:** Ms. Kokas **SECOND:** Commissioner Kobylovski **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 7**

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

**HAZARDOUS DISCHARGE SITE REMEDIATION FUND**

**FOR INFORMATION ONLY:** Summary of Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.

The following projects were presented under the Hazardous Discharge Site Remediation Fund Program.

**MOTION TO APPROVE:** Mr. Kosoffsky **SECOND:** Mr. Imperatore **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 8**

**PROJECT:** MMH II, LLC **APPL.#39081**  
**LOCATION:** Elizabeth City/Union  
**PROCEEDS FOR:** Remedial Investigation  
**FINANCING:** \$32,722 Hazardous Discharge Site Remediation Fund Grant

**INCENTIVE PROGRAMS**

**ITEM:** Reproposed Rule Amendments – New Jersey Economic Opportunity Act of 2013  
**REQUEST:** To approve repropoed amendments to the rules implementing the Economic Redevelopment and Growth Program and Grow New Jersey Assistance Program based on statutory revisions enacted pursuant to the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161.  
**MOTION TO APPROVE:** Mr. McNamara **SECOND:** Mr. Zavaglia **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 9**

**RESIDENTIAL ECONOMIC REDEVELOPMENT AND GROWTH GRANT PROGRAM**

**ITEM:** Glassboro Mixed-Use Urban Renewal, LLC  
**REQUEST:** To approve the application of Glassboro Mixed-Use Urban Renewal, LLC for a Glassboro Borough, Gloucester County primarily residential project which is part of the multi phase Rowan Boulevard Redevelopment Project for the issuance of tax credits. The recommended amount of the tax credit is 30% of the eligible project costs based on the budget submitted, not to exceed \$22,045,806.

**MOTION TO APPROVE:** Mr. Imperatore **SECOND:** Mr. Dumont **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 10

**ECONOMIC REDEVELOPMENT AND GROWTH GRANT PROGRAM**

**ITEM:** Sayreville Seaport Associates L. P.  
**REQUEST:** To approve the application of Sayreville, Seaport Associates, L. P. for reimbursement of certain taxes for a Sayreville, Middlesex County project. The recommended reimbursement is 20% of the eligible costs, not to exceed \$223,277,590.

**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Kosoffsky **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 11

**GROW NEW JERSEY ASSISTANCE PROGRAM**

**PROJECT:** Artech Information Systems LLC APPL.#39363  
**LOCATION:** Morris Twp/Morris  
**REQUEST:** To approve the finding of jobs at risk  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Kosoffsky **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 12

**PROJECT:** Artech Information Systems LLC APPL.#39363  
**LOCATION:** Morris Twp/Morris  
**ANNUAL GRANT AWARD:** \$220,500, 10 year term  
**MOTION TO APPROVE:** Commissioner Kobyłowski **SECOND:** Mr. McNamara **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 13

**PROJECT:** Better Team USA Corporation APPL.#39090  
**LOCATION:** Clifton/Passaic  
**ANNUAL GRANT AWARD:** \$1,125,000, 10 year term  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Imperatore **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 14

**PROJECT:** Conopco, Inc. d/b/a Unilever APPL.#39350  
**LOCATION:** Englewood Cliffs/Bergen  
**REQUEST:** To approve the finding of jobs at risk  
**MOTION TO APPROVE:** Commissioner Kobyłowski **SECOND:** Mr. McNamara **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 15**

**PROJECT:** Conopco, Inc. d/b/a Unilever APPL.#39350  
**LOCATION:** Englewood Cliffs/Bergen  
**ANNUAL GRANT AWARD:** \$3,800,000, 10 year term  
**MOTION TO APPROVE:** Mr. McNamara **SECOND:** Mr. Zavaglia **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 16**

**PROJECT:** Conopco, Inc. d/b/a Unilever APPL.#39362  
**LOCATION:** Englewood Cliffs/Bergen  
**STX GRANT AWARD:** \$2,060,318  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Kosoffsky **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 17**

**PROJECT:** Insight Catastrophe Group, LLC APPL.#39361  
**LOCATION:** Jersey City/Hudson  
**ANNUAL GRANT AWARD:** \$248,000, 10 year term  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Mr. Nelson **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 18**

**PROJECT:** Jimmy's Cookies, LLC APPL.#39372  
**LOCATION:** Clifton City/Passaic  
**REQUEST:** To approve the finding of jobs at risk  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Imperatore **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 19**

**PROJECT:** Jimmy's Cookies, LLC APPL.#39372  
**LOCATION:** Clifton City/Passaic  
**ANNUAL GRANT AWARD:** \$753,750, 10 year term  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Mr. McNamara **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 20**

**PROJECT:** JPMorgan Chase Bank, NA APPL.#39215  
**LOCATION:** Jersey City/Hudson  
**REQUEST:** To approve the finding of jobs at risk  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Mr. McNamara **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 21**

**PROJECT:** JPMorgan Chase Bank, NA APPL.#39215  
**LOCATION:** Jersey City/Hudson  
**ANNUAL GRANT AWARD:** \$22,483,500, 10 year term  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Mr. Dumont **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 22

**PROJECT:** RBC Capital Markets, LLC APPL.#39190  
**LOCATION:** Jersey City/Hudson  
**ANNUAL GRANT AWARD:** \$7,875,000, 10 year term  
**MOTION TO APPROVE:** Mr. Downes **SECOND:** Mr. Kosoffsky **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 23

**PROJECT:** Univision Communications Inc. and Subsidiaries APPL.#39371  
**LOCATION:** Vineland City/Cumberland  
**ANNUAL GRANT AWARD:** \$350,000, 10 year term  
**MOTION TO APPROVE:** Mr. Dumont **SECOND:** Mr. Kosoffsky **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 24

### **BOARD MEMORANDUMS**

**ITEM:** Atlantic States Cast Iron Pipe Company  
\$250,000 UEZ Energy Sales Tax Exemption

*This item was held from consideration*

**FOR INFORMATION ONLY:** Summary of the projects approved under Delegated Authority in April 2014:

**New Jersey Business Growth Fund:** ECR Delsea, LLC (P39305)

**Premier Lender Program:** 2Com Grop, LLC and FusionTech, LLC or Nominee (P39150, P39151, & P39152)

**Small Business Fund Program:** Luma Enterprises, LLC (P39149)

**Stronger NJ Loan Program:** Casa Comieda, Inc. t/a Casa Comida (P38762), Charloy Corporation d/b/a Charloy Motel (P39044), Malusa and Sons, Inc. (P38779), Providence Pediatric Medical Day Care, Inc. (P38961), Seaside Lumber Company, Inc. (P38956)

**New Jersey Business Growth Fund - Modification:** CMQV, LLC and Cape May Victorian Inns, Inc. (P39385), Thomas A. Iliadis and Freehold Grill, Inc. (P39390),

**Stronger NJ Business Loan Program - Modification:** Atlantis Realty Associates LLC (P38662 & P39161), Donovan's Reef, Inc and LBP Corp. t/a Donovan's Reef (P38634 & P38724), Susan Wagner Designs Limited Liability Company (P38777)

**OFFICE OF RECOVERY**

**STRONGER NEW JERSEY BUSINESS LOAN PROGRAM**

**ITEM:** Amendment to Stronger NJ Business Loan Program Policies  
**REQUEST:** To approve an amendment to the Stronger New Jersey Business Loan Program to allow EDA staff to approve projects under delegated authority using applicant prepared financial projects.  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Commissioner Kobylowski **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 25**

**ITEM:** Delegations Regarding Disqualification and Debarment Matters related to Stronger NJ Business Financial Assistance Programs  
**REQUEST:** To approve the establishment of additional delegations for certain disqualification and debarment matters related to applicants to the Stronger New Jersey financial Assistance Programs  
**MOTION TO APPROVE:** Mr. Kosoffsky **SECOND:** Mr. Imperatore **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 26**

**PROJECT:** Jakeabob's Bay Inc. **APPL.#38805**  
**LOCATION:** Union Beach Borough/Monmouth  
**PROCEEDS FOR:** Working capital  
**FINANCING:** \$297,131 loan  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Commissioner Kobylowski **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 27**

**PROJECT:** Margaritaville, Inc and Jakeabob's Bay Inc. **APPL.#39373**  
**LOCATION:** Union Beach Borough/Monmouth  
**PROCEEDS FOR:** Construction  
**FINANCING:** \$1,542,000 loan  
**MOTION TO APPROVE:** Mr. Kosoffsky **SECOND:** Mr. McNamara **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 27**

**PROJECT:** Margaritaville, Inc and Jakeabob's Bay Inc. **APPL.#39400**  
**LOCATION:** Union Beach Borough/Monmouth  
**PROCEEDS FOR:** Refinancing  
**FINANCING:** \$400,000 NJEDA Direct Term Loan  
**MOTION TO APPROVE:** Mr. Kosoffsky **SECOND:** Mr. McNamara **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 28**

**PROJECT:** Shrewsbury River Associates and Shrewsbury River, Inc.    **APPL.#38636**  
**LOCATION:** Sea Bright Borough/Monmouth  
**REQUEST:** To increase the \$3,000,000 construction loan approved on December 10, 2013 to \$4,913,805  
**MOTION TO APPROVE:** Mr. Zavaglia **SECOND:** Mr. McNamara **AYES:** 11  
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 29**

**STRONGER NEW JERSEY BUSINESS GRANT PROGRAM**

**ITEM:**            Stronger New Jersey Business Grant Program Appeals

*This item was held from consideration*

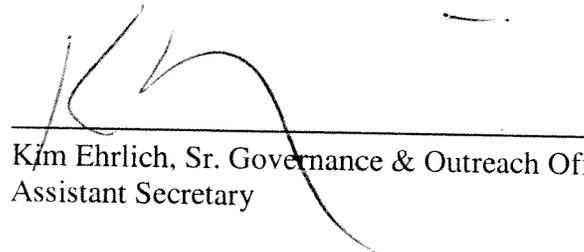
**PUBLIC COMMENT**

Mr. J. Brian O'Neill, Jr.; O'Neill Properties thanked the Board for its approval of the Sayreville Seaport Associates project.

Ms. Gigi Dorr, Owner of Jakeabob's Bay Inc., expressed her gratitude and enthusiastically thanked staff members and the Board for its approval of her project today.

There being no further business, on a motion Mr. Dumont, and seconded by Mr. Kosoffsky, the meeting was adjourned at 11:50 am.

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

  
\_\_\_\_\_  
Kim Ehrlich, Sr. Governance & Outreach Officer  
Assistant Secretary





## MEMORANDUM

**TO:** Members of the Authority

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

**DATE:** June 10, 2014

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

### **OVER 100 GRANTS AWARDED TO SANDY-IMPACTED BUSINESSES IN MAY**

The EDA marked significant progress last month with the approval of over 100 Stronger NJ Business grants totaling more than \$5.3 million. Through May, over \$55.8 million in Stronger NJ grants and loans has been approved for more than 530 businesses.

The increase in approvals demonstrates the impact of the “team” approach the EDA implemented in February to streamline the application and review process and improve continuity of the relationship between applicants and business advisors. Another factor that has helped increase momentum is a series of workshops EDA hosted during which business advisors meet with Stronger NJ applicants to help them identify and gather the remaining paperwork needed to complete their submissions. Since May 6th, workshops have been held in Seaside Heights, Beach Haven, Sea Bright, Ocean City, Atlantic City, Manasquan, Moonachie, and Lavallette, with assistance provided to over 70 businesses.

To showcase the rebuilding of small businesses impacted by the storm, I was pleased to visit three Stronger NJ Business Grant recipients last month. Located in Kearny, Custom Steel Contractors has been serving the construction industry for nearly three decades. Most of the equipment the company needed to function was destroyed by five feet of storm surge. Custom Steel President Dan Moran said the company is now on track to having one of its best years yet.

In Lavallette, I met with the owners of Martin's Casuals and Ohana Grill to see firsthand how these small businesses were recovering. Martin's, a family-run clothing store in business for over 50 years, lost its entire inventory and experienced nearly complete destruction of its building. The floors and sheet rock of the Hawaiian-influenced Ohana Grill were destroyed by the storm, requiring a nearly full remodel of the restaurant. Both businesses have reopened and anticipate a strong summer season.

### **MILITARY INSTALLATION GROWTH & DEVELOPMENT TASK FORCE LAUNCHED**

Last month, Lt. Governor Kim Guadagno announced the official launch of the New Jersey Military Installation Growth and Development Task Force. Created through Executive Orders Nos. 134 and 154, the Task Force is charged with forging an effective blueprint for securing the long-term growth

and viability of New Jersey's military bases and U.S. Coast Guard installations. Responsibilities include: organizing a broad-based coalition supportive of the state's military bases, assisting in the economic fortification of New Jersey's military installations, and ensuring alignment of base missions with larger Department of Defense priorities.

Analysis by Rutgers University has detailed the incredible direct and indirect impact New Jersey's military bases have supporting the state's overall economic vibrancy. Taken together, New Jersey's military installations generate employment for more than 73,000 people and support \$9.6 billion in total economic activity.

Chaired by the Lt. Governor, I am pleased to be a member of this Task Force, along with Brig. Gen. Cunniff, former Congressman Jim Saxton, Tracye McDaniel, President and CEO of Choose New Jersey, and Paul Boudreau, President of the Morris County Chamber of Commerce.

### **FMERA BOARD TAKES STEPS TO ADVANCE SALE OF THREE PARCELS**

The Pinebrook Road Commerce Center may soon be home to a multi-tenanted business park. At its May meeting, the Board authorized FMERA to enter into exclusive negotiations with Pinebrook Commerce Center LLC (PCC) to finalize a purchase agreement. Five of the structures in the Center make up the Fort's former Fabrication Shops, which total over 44,000 square feet with industrial/office space in varying single-story building configurations adaptable for up to five small businesses. Consistent with the Request for Offers to Purchase (RFOTP), PCC intends to establish a multi-tenanted business park on the property. PCC has a strong record of success owning and operating similar properties in Long Branch and Port Monmouth, and anticipates the creation of nearly 170 new jobs.

Following the Board's May authorization, FMERA also will enter into exclusive negotiations with Kiely Realty Group, LLC for a purchase agreement for the Pistol Range in Tinton Falls. Consistent with the RFOTP, Kiely intends to use the facility as a commercial firearms range, offering a shooting and educational experience to the public, government entities and private membership. The Long Branch-based company also expects to add a 10,000-square-foot addition to the existing structure, which will expand the educational and training areas of the range. Kiely's proposal includes plans for an outdoor, lighted display of Fort Monmouth historical artifacts and monuments, including the Dymaxion Deployment Unit and the Huey helicopter and C-130 fuselages.

Kiely also is in negotiations with FMERA to consolidate its management operations and relocate to Russel Hall, a 42,300-square-foot administrative building located in the Oceanport section of Fort Monmouth. At the May meeting, the Board authorized FMERA to execute a lease with the Army for Russel Hall. The lease enables FMERA to obtain site control over the parcel and sublease the property to Kiely.

### **2014 CLOSED PROJECTS**

To date in 2014, the EDA has closed financing and incentives totaling more than \$194 million for 54 projects that are expected to support the creation of more than 2,000 new jobs and involve total public/private investment of more than \$464 million in New Jersey's economy.

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

EDA representatives participated as speakers, attendees or exhibitors at 18 events in May. These included the Cumberland County Bankers and Brokers Roundtable in Vineland, the Brandywine EOA Summit in Camden, and the NJ NAIOP 27th Annual Commercial Real Estate Awards in Somerset.



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## **AUTHORITY MATTERS**



**MEMORANDUM**

**TO:** Members of the Authority

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

**DATE:** June 10, 2014

**RE:** Memorandum of Understanding  
Capital City Redevelopment Corporation

**Summary**

The Members are asked to approve the execution of a Memorandum of Understanding (“MOU”) between the Authority and Capital City Redevelopment Corporation (“CCRC”) as an inter-department governmental agreement confirming the mutual understanding and intention between the agencies with respect to the provision of the Authority’s support services to CCRC.

**Background**

CCRC was created in 1987 as an instrumentality of the State pursuant to N.J.S.A. 52:9Q-9 et seq to plan, coordinate, and promote the public and private development within a Capital District defined in the CCRC Act, consisting of those portions of the city of Trenton that serve as the commercial center of the community and in which public buildings and historic sites are located. CCRC is governed by a Board of Directors consisting of the Commissioner of Community Affairs, the Commissioner of Transportation, the State Treasurer, and the Mayor of the city of Trenton, all ex officio, and seven public members, four of whom are appointed by the Mayor of the city of Trenton and three of whom are appointed by the Governor. CCRC has redevelopment powers, including the authority to manage redevelopment projects and act as a municipal redevelopment entity or redeveloper for the City of Trenton, as well as limited bonding authority in support of economic development.

Due to fiscal constraints, no state budget appropriations have been provided to support the operations of the CCRC beyond the initial appropriation and the corporation currently has no staff. CCRC has and will continue an existing Memorandum of Understanding with the State Department of the Treasury under which Treasury provides accounting and financial reporting support to CCRC, primarily related to the Capital City Redevelopment Loan and Grant Fund that has a minimal balance.

In recognition of the Authority’s capacity and interest in revitalization of Trenton, and the synergy created by the Economic Opportunity Act of 2013 that designated Trenton as a Garden State Growth Zone eligible for significant tax incentives and directed the Authority to administer

these programs, the CCRC has requested that the Authority provide key support services as outlined in the attached MOU. In particular, the Authority will provide staff and administrative services in support of CCRC including but not limited to corporate governance, public information, and Board support; legal services through the Attorney General's office; and policy and development assistance. The Authority will work with CCRC and the City of Trenton to implement the City's redevelopment plans and to support specific project development. In these efforts, the Authority will partner with additional state and county agencies and other stakeholders in support of the overall revitalization of the Capital District. Future transactional real estate activity may result in fee for service work, as agreed to by the parties, and consistent with how the Authority's Real Estate Division customarily charges for its assistance.

The MOU shall remain in effect for one year and may be extended for one year upon mutual consent.

**Recommendation**

In summary, I am asking the Board Member's consent to execute a Memorandum of Understanding between the Authority and CCRC, generally consistent with the form attached, confirming the mutual understanding and intention between the agencies with respect to the provision of the Authority's support services to CCRC.



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Timothy J. Lizura  
President/Chief Operating Officer

Prepared by: Liza Nolan

Attachment

**MEMORANDUM OF UNDERSTANDING BETWEEN  
THE CAPITAL CITY REDEVELOPMENT CORPORATION AND  
THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**

This Memorandum of Understanding (MOU), made as of \_\_\_\_\_, 2014, will confirm the mutual understanding and intention between the Capital City Redevelopment Corporation (“CCRC”) and the New Jersey Economic Development Authority (“NJEDA”, and collectively, CCRC and NJEDA are referred to as the “Parties”) as to the following:

**WHEREAS**, CCRC was created pursuant to N.J.S.A. 52:9Q-9 et seq. (the “CCRC Act”) to plan, coordinate, and promote the public and private development within a capital district defined in the CCRC Act, consisting of those portions of the city of Trenton that serve as the commercial center of the community and in which public buildings and historic sites are located; and

**WHEREAS**, NJEDA was created pursuant to N.J.S.A. 34:1B-1 et seq. to issue tax exempt and taxable bonds, make direct loans and guarantees, operate a real estate development program, among other things, for the purpose of promoting employment and increasing tax ratables in the State of New Jersey (the “State”) ; and

**WHEREAS**, in support of the purposes of CCRC and in an effort to assist CCRC, NJEDA will provide office staff and support services required to carry out the policies set forth by CCRC; and

**WHEREAS**, NJEDA staff has expertise in financial analysis, loan review, loan closing, real estate project development, marketing services and other related activities necessary to CCRC carrying out its mission; and

**WHEREAS**, NJEDA staff has provided loan review, closing, and post-closing services from time to time to CCRC; and

**WHEREAS**, it is in the best interest of the Parties to enter into this MOU regarding the provision of NJEDA staff and administrative services in support of CCRC; and

**WHEREAS**, it is CCRC’s intent to continue its existing MOU with the State Department of the Treasury (“Treasury”) under which Treasury provides accounting and financial reporting support to CCRC including, but not limited to procurement of an independent auditor and necessary insurance; and

**WHEREAS**, the Parties enter into this MOU as an inter-department governmental agreement pursuant to N.J.S.A. 52:14-1 et seq.

**NOW, THEREFORE**, NJEDA and CCRC, in order to effectively and efficiently carry out their respective statutory mandates, agree to the following:

1. NJEDA will make available on an as-needed basis NJEDA staff who will utilize a portion of their time as follows:
  - a. Carrying out the policies and directions of CCRC with respect to activities for which CCRC has statutory authority, including, but not limited to, undertaking activities as a municipal redevelopment entity or redeveloper, and
  - b. Providing administrative and support services to meet the needs of CCRC, including but not limited to, corporate governance and public information support services such as CCRC Board meeting support, liaison with Governor's Office and Authority's Unit, records custodian and assistance with Open Public Records Act information requests, guidance on ethics matters and liaison with State Ethics Commission, media outreach and management, and legislative support.
2. As part of the services provided by NJEDA in paragraph 1 above, NJEDA will provide legal services to CCRC from NJEDA-assigned Deputy Attorneys General.
3. NJEDA agrees to provide written reports as needed, and upon request, to the CCRC Board detailing any staff services provided for in paragraph 1 above. Both Parties anticipate that the CCRC Board will meet on a quarterly basis unless more frequent meetings become necessary.
4. It is the intent of the Parties that CCRC will not compensate NJEDA for the costs incurred on behalf of CCRC for the services provided for in paragraph 1.b above. Any compensation for NJEDA for the costs incurred on behalf of CCRC for the services provided for in paragraph 1.a will be mutually agreed upon in writing before beginning the activity.
5. NJEDA will cooperate with Treasury's accounting and financial reporting support for CCRC, including, but not limited to, completing all necessary audits of CCRC.
6. Staff services set forth in paragraph 1 will be conducted from NJEDA's main or satellite offices or as otherwise allowed by NJEDA policy for NJEDA personnel.
7. NJEDA will make available conference room(s) at NJEDA's main or satellite offices for regular and special meetings of the CCRC Board and will provide conference room space at NJEDA's main or satellite offices so that CCRC Board members may transact the business of CCRC.

8. NJEDA will identify a NJEDA staff who will be the primary contact staff for the public and the CCRC Board regarding CCRC matters.
9. The CCRC Board, as constituted by statute, will continue to function as the exclusive entity empowered to make discretionary decisions for CCRC, including the selection of independent auditors, except as delegated from time to time.
10. All expenses related to the Capital City Redevelopment Loan and Grant Fund and all other assets carried on the CCRC balance sheet will be paid for by CCRC and will be reflected in CCRC's financial statements.
11. This MOU shall not take effect unless approved by the Boards of the NJEDA and CCRC and executed by the authorized representatives of NJEDA and CCRC. This MOU becomes effective immediately upon execution and shall remain in effect for one (1) year, unless terminated sooner pursuant to Section 13 below. This MOU may subsequently be extended for one year upon mutual written consent of the Parties.
12. The Parties are entering into this MOU for the sole purpose of evidencing the mutual understanding and intention of the Parties with respect to the provision of NJEDA support services to CCRC. It may be amended, modified, and supplemented at any time by mutual consent and in writing signed by the undersigned or their designees. This MOU may also be terminated by the Board of either Party upon 60 days prior written notice to the other. There are no third party beneficiaries of this MOU.
13. The Parties acknowledge that they are both public entities of the State of New Jersey. Therefore, the Parties agree that each entity shall be liable for its own conduct and any claims against it without indemnification from the other.
14. All notices, demands or communications to any party to this MOU shall be sent to the addresses set forth below or as may be otherwise modified in writing:

NJEDA:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CCRC:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

15. This MOU may be signed in counterparts, which, when taken as a whole, shall constitute one and the same document.

**IN WITNESS HEREOF**, NJEDA and CCRC have executed this MOU on the dates below:

For the New Jersey Economic Development Authority:

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

For the Capital City Redevelopment Corporation:

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**COMBINATION PRELIMINARY AND BOND RESOLUTIONS**



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

**APPLICANT:** Greater Brunswick Charter School, Inc.

P39491

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

\* - indicates relation to applicant

**PROJECT LOCATION:** 429 Joyce Kilmer Avenue

New Brunswick City (T/UA) Middlesex County

**GOVERNOR'S INITIATIVES:**

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

**APPLICANT BACKGROUND:**

Greater Brunswick Charter School, Inc. ("GBCS"), is a 501(c)(3) not-for-profit entity operating a charter school for students in grades K-8 since 1997. Now in its sixteenth year of operation, GBCS serves up to 380 students from over twelve districts in Middlesex, Somerset and Union counties. After operating in rented space for its first six years of operation, in September 2004 GBCS acquired its own 41,000 sq. ft. facility in New Brunswick. GBCS's mission is to provide its students with an education of the highest standards that engages student's individual interest and learning styles, nurture intellectual, social, emotional and physical well being, as well as to disseminate its best practices to the broader education community. GBCS renewed its charter in 2012 and is in good standing with the Department of Education. Donna A. Medea is the Education Director and David Learn is the Chairperson of the Board.

In 2009, the Applicant closed on a \$6,550,000 tax-exempt bond to renovate the school and refinance conventional debt. Sun National Bank directly the purchased the bonds for 25 years, currently with an interest rate of 4.55%. In addition, the Applicant closed on an EDA direct loan in the amount of \$1,000,000 for the 2009 project, which is scheduled to mature on 1/1/15.

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

**APPROVAL REQUEST:**

Authority assistance will enable the applicant to refinance the existing EDA direct loan and to provide additional funds to make certain building improvements, including reconfiguring the front entrance in order to enhance building security and replacing the gymnasium floor; as well as fund a debt service reserve fund and pay the costs of issuance of the 2014 Bonds.

This application is being presented in conjunction with Appl. P39473 to refund the outstanding principal balance of the 2009 Bond.

**FINANCING SUMMARY:**

**BOND PURCHASER:** RBC Capital Markets, LLC (Underwriter)

<b>AMOUNT OF BOND:</b> \$1,450,000 (est.) (Part of a \$8,200,000 tax-exempt bond with Appl. P39473)	\$300,000 (est.) Taxable Series B Bond
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<b>TERMS OF BOND:</b> 35 years (max.); Fixed interest rate not to exceed 7.5%, estimated rate as of 5/28/14 is 6%.	35 years (max.); Fixed interest rate not to exceed 8.5%; estimated rate as of 5/28/14 is 6.75% for 5 years.
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**ENHANCEMENT:** N/A

**PROJECT COSTS:**

Refinancing	\$820,000
Renovation of existing building	\$380,000
Debt service reserve fund	\$300,000

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Finance fees	\$180,000
Legal fees	\$70,000
<b>TOTAL COSTS</b>	<u>\$1,750,000</u>

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**JOBS:** At Application 89 Within 2 years 2 Maintained 0 Construction 3

**PUBLIC HEARING:** 06/10/14 (Published 05/27/14) **BOND COUNSEL** Wolff & Samson

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

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

**APPLICANT:** Greater Brunswick Charter School, Inc.

P39473

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

\* - indicates relation to applicant

**PROJECT LOCATION:** 429 Joyce Kilmer Avenue New Brunswick City (T/UA) Middlesex

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

**APPLICANT BACKGROUND:**

Greater Brunswick Charter School, Inc. ("GBCS"), is a 501(c)(3) not-for-profit entity operating a charter school for students in grades K-8 since 1997. Now in its sixteenth year of operation, GBCS serves up to 380 students from over twelve districts in Middlesex, Somerset and Union counties. After operating in rented space for its first six years of operation, in September 2004 GBCS acquired its own 41,000 sq. ft. facility in New Brunswick. GBCS's mission is to provide its students with an education of the highest standards that engages student's individual interest and learning styles, nurture intellectual, social, emotional and physical well being, as well as to disseminate its best practices to the broader education community. GBCS renewed its charter in 2012 and is in good standing with the Department of Education. Donna A. Medea is the Education Director and David Learn is the Chairperson of the Board.

In 2009, the Applicant closed on a \$6,550,000 tax-exempt bond to renovate the school and refinance conventional debt. Sun National Bank directly the purchased the bonds for 25 years, currently with an interest rate of 4.55%. In addition, the Applicant closed on an EDA direct loan in the amount of \$1,000,000 for the 2009 project, which is scheduled to mature on 1/1/15.

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

**REFUNDING REQUEST:**

Authority assistance will enable the applicant to refund the outstanding principal balance of the 2009 bond plus fund a debt service reserve fund and pay the costs of issuance of the 2014 Bonds.

This application is being presented in conjunction with Appl. P39491 to refinance the existing EDA direct loan and to fund certain building improvements.

**FINANCING SUMMARY:**

**BOND PURCHASER:** RBC Capital Markets, LLC (Underwriter)

**AMOUNT OF BOND:** \$6,750,000 (est.) Tax-exempt Series A Bond (Part of a \$8,200,000 tax-exempt bond with Appl. P39491)

**TERMS OF BOND:** 35 years (max.); Fixed interest rate not to exceed 7.5%; estimated interest rate as of 5/28/14 is 6%.

**ENHANCEMENT:** N/A

**PROJECT COSTS:**

Principal amount of bond(s) to be refund	\$6,140,000
Debt service reserve fund	\$300,000
Finance fees	\$180,000
Legal fees	\$70,000
Redemption premium	\$60,000

TOTAL COSTS

\$6,750,000

**PUBLIC HEARING:** 06/10/14 (Published 05/27/14) **BOND COUNSEL:** Wolff & Samson  
**DEVELOPMENT OFFICER:** D. Johnson **APPROVAL OFFICER:** T. Wells

**DIRECT LOANS**





## **MEMORANDUM**

**TO:** Members of the Authority  
**FROM:** Timothy J. Lizura  
President and Chief Operating Officer  
**RE:** Direct Loan and Guarantee Programs – Proposed Rule Amendments  
**DATE:** June 10, 2014

### **Request:**

The Members are requested to approve proposed rule amendments to revise certain terms and requirements for eligibility under the EDA's Direct Loan and Guarantee programs, based on revisions to the Authority's core loan programs approved by the Board on May 16, 2014.

The proposed amendments, intended to make the EDA's core guarantee and loan programs more reflective of current market needs and enhance the Authority's assistance to small to mid-size businesses in the State, would:

- Clarify that direct loans are available in a maximum amount of \$2,000,000;
- Delete various factors to be considered in establishing additional interest rate basis points to emphasize pricing based on an applicant's creditworthiness, amortization schedules and quality of collateral; and
- For consistency between products, increase the amount of EDA direct loan and guarantee assistance available per each full-time job created or maintained from \$50,000 to \$65,000 per job created or maintained.

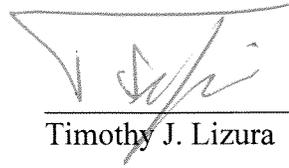
Additionally, staff recommends additional amendments which would lessen existing eligibility standards to provide that an applicant for fixed asset loans may be required to invest at least 10 percent equity into the project; and, may be required to demonstrate inability to obtain conventional, affordable financing on its own or with the availability of an Authority guarantee.

### **Recommendation:**

The Members are asked to approve the attached proposed amendments and to authorize staff to submit the proposed amendments promulgation in the July 21<sup>st</sup> edition of the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law (OAL).

Office of Administrative Law (OAL).

The Authority will operate with the proposed rule amendments upon submission to OAL, with risk to the applicant if changes are not adopted as proposed.



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Timothy J. Lizura

Attachment

Prepared by: Jacob Genovay

**DRAFT**  
*6.10.14*

**OTHER AGENCIES**

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**

**Proposed Amendments: N.J.A.C. 19:31-2.1, 3.1 and 3.2**

**Authority Assistance Programs; Direct Loan Program**

Authorized by: New Jersey Economic Development Authority, Michele Brown, Chief Executive Officer.

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

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

Proposal Number: PRN 2014- .

Submit written comments by September 19, 2014 to:

Jacob Genovay, Senior Legislative and Regulatory Officer  
New Jersey Economic Development Authority  
PO Box 990  
Trenton, NJ 08625-0990  
jgenovay@njeda.com

The agency proposal follows:

**Summary**

The New Jersey Economic Development Authority (“EDA” or “Authority”) is proposing amendments to its rules to revise certain terms and requirements for eligibility under the EDA’s Loan Guarantee and Direct Loan programs. The revisions are intended to streamline existing requirements, make the EDA’s core guarantee and loan programs more reflective of current market needs and enhance the Authority’s assistance to small to mid-size businesses in the State.

Specifically, the proposed amendments increase the amount of Authority assistance, from \$50,000 to \$65,000, that may be provided per each full-time job created or maintained under the Special Guarantee Program at N.J.A.C. 19:31-2.1(c)3ii(4)(C) and for structured finance assistance at N.J.A.C. 19:31-2.1(c)5(B)1.

The proposed amendments revise N.J.A.C. 19:31-3.1(b) to clarify that direct loans are available in a maximum amount of \$2,000,000; revise N.J.A.C. 19:31-3.1-(h)3 to delete various factors to be considered in establishing additional interest rate basis points, as contained in v through x, which are beyond an applicant’s creditworthiness, amortization schedules and quality

of collateral, as presently required in the subsection; and clarify that existing N.J.A.C. 19:31-3.1(h)3iv pertains to the number of full-time jobs created or maintained in New Jersey provided the Authority's exposure may not exceed \$65,000 per job created or maintained.

In addition, the proposed amendments delete eligibility requirements in N.J.A.C. 19:31-3.1(i) pertaining to a direct loan in excess of \$1,250,000 and up to \$2,000,000; and, delete N.J.A.C. 19:31-3.1(j) and (k) pertaining to exemptions and terms in existing subsections (i) and (j), both of which are proposed for deletion, and therefore, no longer relevant.

Finally, the proposed amendments revise N.J.A.C. 19:31-3.2(b) and (c) to lessen the existing eligibility standards for direct loans and clarify that an applicant for fixed asset loans may be required to invest at least 10 percent equity into the project; and, may be required to demonstrate inability to obtain conventional, affordable financing on its own or with the availability of an Authority guarantee.

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

### **Social Impact**

The proposed amendments will have a positive social impact by enhancing financial support provided by the EDA to small to mid-size businesses in the State.

### **Economic Impact**

The proposed amendments may result in increased capital available to eligible businesses, including small to mid-sized companies throughout New Jersey. In 2013, the EDA provided \$110 million in assistance to support over 120 small businesses, resulting in the support of 2,300 existing jobs, the creation of just over 680 new jobs, and leveraging over \$212 million in public/private assistance.

### **Federal Standards Statement**

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

### **Jobs Impact**

The proposed amendments, which revise certain requirements for eligibility under the EDA's Guarantee and Direct Loan programs, will not directly impact employment; however, the financial assistance offered will continue to support new and existing private sector jobs in industries across the state.

### **Agriculture Industry Impact**

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

### **Regulatory Flexibility Analysis**

The proposed amendments would not impose any additional compliance requirements on small businesses as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The revisions are intended to streamline existing requirements for the EDA's guarantee and loan programs and enhance the Authority's assistance to small to mid-size businesses in the State.

### **Housing Affordability Impact Analysis**

The proposed new rules will not impact affordable housing in New Jersey or evoke a change in the average costs associated with housing units, including multi-family rental housing and for sale housing in the State. The proposed amendments revise certain terms and requirements for eligibility under the EDA's Guarantee and Direct Loan programs.

### **Smart Growth Development Impact Analysis**

The proposed amendments will not impact smart growth or evoke a change in the number of housing units or result in any increase or decrease in the average cost of housing or in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan. The proposed amendments revise certain terms and requirements for eligibility under the EDA's Guarantee and Direct Loan programs.

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

#### CHAPTER 31 AUTHORITY ASSISTANCE PROGRAMS

#### SUBCHAPTER 2. LOAN GUARANTEE PROGRAMS

##### 19:31-2.1 Program description

(a)-(b) (No change.)

(c) There are four types of guarantees available: Fixed Asset Guarantees, Working Capital Guarantees, Special Guarantees, and Smart Growth Pre-development Guarantees.

1.-2. (No change.)

3. Under the Special Guarantee program:

i. (No change.)

ii. The Authority guarantee shall be of:

(1)-(3) (No change.)

(4) Conventional financing. An applicant for a conventional financing guarantee shall:

(A)-(B) (No change.)

(C) Create or maintain a minimum of 200 permanent full-time jobs in the State. The Authority's assistance shall not exceed [\$50,000] **\$65,000** per **full-time** job created and/or maintained; or

(5) Structured finance assistance. For purposes of this sub-subparagraph and the transaction documents, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise:

...

(A) (No change.)

(B) Program requirements. Eligible applicants for structured finance assistance must comply with the following requirements:

I. The Authority's exposure (if any) shall not exceed [\$50,000] **\$65,000** per full-time permanent job;

II.-III. (No change.)

(C)-(D) (No change.)

4. (No change.)

### SUBCHAPTER 3. DIRECT LOAN PROGRAM

#### 19:31-3.1 Program description

(a) (No change.)

(b) Except as otherwise provided in this subsection, direct loans are available in a maximum amount of [\$1,250,000] **\$2,000,000** for fixed asset financing and \$750,000 for working capital.

1. – 7. (No change.)

(c) – (g) (No change.)

(h) The Authority shall determine the term, and fixed and/or variable rates of interest, including interest rate floors, to be charged for each loan product through consideration and official action of the Members at a public hearing. The applicant shall elect in writing, at or prior to the time of closing, a fixed interest rate or at a variable interest rate.

1. – 2. (No change.)

3. For fixed and variable rate loans, factors to be considered in establishing additional interest rate basis points above the floor previously established by the Board may include, among others:

i. An applicant's creditworthiness;

ii. Amortization schedules;

iii. The quality of collateral; **and**

iv. The number of **full-time** jobs **created or** maintained [or expanded] in New Jersey **provided the Authority's exposure may not exceed \$65,000 per job created or maintained** [;].

[v. The location/municipality of project;

vi. The industry type;

vii. The increase in tax ratable values;

viii. Leveraging of total project costs to public dollars;

ix. Whether the business is new to the State or expanding operation in the State; and

x. Whether the applicant is locating to a former brownfield site.]

4. – 6. (No change.)

[(i) The Authority may make direct loans in excess of \$1,250,000 and up to \$2 million for fixed assets . An applicant for a direct loan in excess of \$ 1,250,000 shall:

1. Be in an industry or municipality that is targeted by the Authority as set forth in N.J.A.C. 19:30-5 or located in the Port District;

2. Demonstrate to the Authority that it has viable options to vacate the State, has been offered economic incentives by the competing state and, without the special guarantee, the applicant shall not undertake the relocation or expansion in the State; and

3. Create or maintain a minimum of 200 permanent full-time jobs in the State. The Authority's assistance shall not exceed \$50,000 per job created and/or maintained.

(j) Notwithstanding (i) above, an existing New Jersey company that is not targeted by the Authority as set forth in N.J.A.C. 19:30-5, but can meet the criteria set forth in (i)2 above shall be eligible for a direct loan in excess of \$1,250,000 if it can demonstrate that at least 400 permanent full-time jobs shall be maintained in New Jersey and the Authority's exposure shall not exceed \$50,000 per job maintained.

(k) For purposes of (i) and (j) above, the direct loan term shall not exceed 10 years.]

Recodify existing (l) – (m) as (i) – (j) (No change in text.)

#### 19:31-3.2 Eligibility standards

(a) (No change.)

(b) For fixed asset loans, the applicant [will] **may** be required to invest at least 10 percent equity into the project.

(c) The applicant [must] **may be required to** demonstrate to the Authority that it is unable to obtain conventional, affordable financing on its own or with the availability of an Authority guarantee.

(d) – (g) (No change.)

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
PROJECT SUMMARY - DIRECT LOAN PROGRAM**

**APPLICANT:** Danic Five, LLC

P39368

**PROJECT USER(S):** Atalanta Corporation \*

\* - indicates relation to applicant

**PROJECT LOCATION:** 2 Slater Drive

Elizabeth City (T/UA)

Union

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

**APPLICANT BACKGROUND:**

Atalanta Corporation ("Atalanta") is a global food importer headquartered in Elizabeth, NJ. Due to continued growth, the business needs to expand operations and has agreed to acquire a nearby 89,000 square foot facility at 2 Slater Dr, Elizabeth, NJ. Atalanta is owned 100% by George Gellert. Danic Five, LLC. ("Danic V" or the "Company") was formed in 2014 as a real estate holding company to acquire the new facility, and is owned by George Gellert's adult children who are involved in the management of the business; Andy Gellert (28.33%), Tom Gellert (28.33%), Amy Lebovitz (28.33%) and JMD Gellert LLC (15%).

Proceeds from proposed financing will be used to supplement a \$4,475,000 senior loan from TD Bank and a \$1,000,000 million subordinate loan from Elizabeth Development Corporation to purchase the subject property.

**APPROVAL REQUEST:**

Approve a \$2,000,000 EDA Direct loan

**FINANCING SUMMARY:**

**LENDER:** NJEDA

**AMOUNT OF LOAN:** \$2,000,000 Direct loan

**TERMS OF LOAN:** Rate fixed at the 5-year Treasury plus 100 basis points with a floor of 2%, rate reset at the end of the fifth year at the same index. 10-year term and 15-year amortization.

**PROJECT COSTS:**

Acquisition of existing building	\$8,250,000
Finance fees	\$30,000
<b>TOTAL COSTS</b>	<b>\$8,280,000</b>

**JOBS:** At Application      225 Within 2 years      50 Maintained      0 Construction      0

**DEVELOPMENT OFFICER:** T. Gill

**APPROVAL OFFICER:** M. Naik

## DIRECT LOAN

Applicant and/or its Nominee	Direct Loan Amount	Term
Danic Five, LLC	\$2,000,000	Rate fixed at the 5-year Treasury plus 100 basis points with a floor of 2%, rate reset at the end of the fifth year at the same index. 10-year term and 15-year amortization.

DRAFT

**PETROLEUM UNDERGROUND STORAGE  
TANK PROGRAM**





**MEMORANDUM**

**TO:** Members of the Authority  
**FROM:** Timothy J. Lizura, President/Chief Operating Officer  
**DATE:** June 10, 2014  
**SUBJECT:** NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

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

**UST Residential Grant**

Jessica Diaz \$ 77,279

**UST Commercial Grant:**

Tomasello Auto Center \$258,222

**Total UST for June 2014 \$335,501**

Prepared by: Kathy Junghans



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

**APPLICANT:** Jessica Diaz

P38943

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

\* - indicates relation to applicant

**PROJECT LOCATION:** 39 Hamilton Avenue

Hasbrouck Heights Borough ~~Bergen~~

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

**APPLICANT BACKGROUND:**

Between March 2011 and January 2013, Jessica Diaz received an initial grant in the amount of \$14,581 and a supplemental grant in the amount of \$81,681 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remediation.

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

**APPROVAL REQUEST:**

The applicant is requesting additional supplemental grant funding in the amount of \$77,279 to perform the approved scope of work at the project site. Because the aggregate supplemental funding, including this request is \$164,410, it exceeds the maximum approval of aggregate funds of \$100,000 and therefore requires EDA's board approval. Total funding for this project to date (initial and supplemental) is \$173,541.

The NJDEP oversight fee of \$7,728 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

**FINANCING SUMMARY:**

**GRANTOR:** Petroleum UST Remediation, Upgrade & Closure Fund

**AMOUNT OF GRANT:** \$77,279

**TERMS OF GRANT:** No Interest; No Repayment

**PROJECT COSTS:**

Upgrade, Closure, Remediation	\$77,279
NJDEP oversight cost	\$7,728
EDA administrative cost	\$250
<b>TOTAL COSTS</b>	<hr/> <b>\$85,257</b> <hr/>

**APPROVAL OFFICER:** K. Junghans



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

**APPLICANT:** Tomasello Auto Center

P38923

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

\* - indicates relation to applicant

**PROJECT LOCATION:** 5300 Atlantic Avenue

Ventnor City (N)

Atlantic

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

**APPLICANT BACKGROUND:**

Between March 2011 and November 2011, Tomasello Auto Center, owned by Frank Tomasello, received grants totaling \$185,472 under P34113 and P36899 to remove two (2) 6,000-gallon tanks, one (1) 4,000 gallon tank and one (1) 500-gallon tank, underground storage tanks (USTs) and perform required remediation. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional soil and groundwater remedial activities.

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

**APPROVAL REQUEST:**

The applicant is requesting grant funding in the amount of \$258,222 to perform the approved scope of work at the project site for a total funding in the amount of \$443,694.

The NJDEP oversight fee of \$25,822 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

**FINANCING SUMMARY:**

**GRANTOR:** Petroleum UST Remediation, Upgrade & Closure Fund

**AMOUNT OF GRANT:** \$258,222

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

**PROJECT COSTS:**

Upgrade, Closure, Remediation	\$258,222
NJDEP oversight cost	\$25,822
EDA administrative cost	\$500
<b>TOTAL COSTS</b>	<hr/> <b>\$284,544</b> <hr/>

**APPROVAL OFFICER:** K. Junghans

**PETROLEUM UNDERGROUND STORAGE TANK REMEDIATION  
UPGRADE AND CLOSURE FUND**

LOANS AND/OR GRANTS

**SCHEDULE A**

<b>Applicant and/or Nominee</b>	<b>Project Number</b>	<b>Site</b>	<b>Grant Amount</b>	<b>Loan Terms</b>
<b>Jessica Diaz</b>	<b>P38943</b>	<b>39 Hamilton Avenue Hasbrouck Heights Borough Bergen County</b>	<b>\$77,279</b>	<b>No Interest: No Repayment</b>
<b>Tomasello Auto Center</b>	<b>P38923</b>	<b>5300 Atlantic Avenue Ventnor City Atlantic County</b>	<b>\$258,222</b>	<b>No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act</b>

# **INCENTIVES**



**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



## MEMORANDUM

To: Members of the Authority

From: Timothy Lizura  
President and Chief Operating Officer

Date: June 10, 2014

RE: **Broadway Housing Partners LLC**  
Residential Economic Redevelopment and Growth Grant Program (“RES ERG”)  
P # 39374

### Request

The Members are asked to approve the application of Broadway Housing Partners 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 \$17,293,162 and of this amount \$15,299,724 are eligible costs under the RES ERG program. The recommended amount of tax credits is 40% of eligible costs not to exceed **\$6,119,890** based on the budget submitted.

The Applicant is owned equally by three members Matthew Canno, Jason Friedland and Andrew Eisenstein. These three are also partners in the developer and sponsor of the Project, Ironstone Strategic Capital Partners.

### Project Description

Broadway Housing Partners is an existing site development encompassing seven contiguous parcels (four with existing buildings of which one will be demolished as well as three vacant lots) from 400 to 434 South Broadway. The Project would consist of two new five story buildings with 38 units and four renovated three story buildings with 21 units. Total gross space is 62,500 square feet with rentable space of 49,541 square feet. Included in this amount are two commercial units which aggregate 3,277 square feet or 7% of the rentable space. Of the 59 residential units, there will be fourteen one bedroom units, forty three two bedroom units and two three bedroom units. The Applicant has indicated that there are no interior elements in the existing buildings that are salvageable and these units are vacant (with the exception of one building which will be unoccupied

as a condition of the Applicant's contract to acquire). The buildings are located in a historic part of Camden and the exterior brick façade will be maintained on the existing buildings and the new buildings will have brick facades. This project is expected to be housing for Cooper Medical School of Rowan University students and employees as the Project is located across the street from this facility. The 2013-2014 year is the school's second class and enrollment is reportedly 114 students. Significant growth is anticipated each year reaching over 400 students by year 2019 and currently there is no purpose built campus housing.

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 RES ERG & other funding sources with approximately 10 months to completion with compliance of the July 2015 deadline for temporary certificate of occupancy under the RES ERG program. 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 105 construction jobs and fifteen new jobs in the commercial portion of the Project.

The Project is anticipating NJHMFA funding and they expect to participate in the New Jersey ENERGY STAR Homes Program. This will also satisfy the Authority's green building requirements as per the revised standards. The Project expects to satisfy the Affordable Housing standards under the RES ERG program as the Applicant intends to make 20% of the units affordable to families earning no more than 80% of the area median income level.

### **Project Ownership**

The Applicant is a single purpose entity that will be owned 33.33% by members Matthew Canno, Jason Friedland and Andrew Eisenstein. These three individuals also are partners of Ironstone Strategy Capital Partners ("ISCP"), who will also act as the Developer of the Project.

ISCP is based in Philadelphia, PA and was founded in 1998 by Andrew Eisenstein. ISCP is a private equity firm with a niche focus on value added real estate assets and real estate related operating companies. Their team consists of seasoned investment, development, finance and legal professionals who approach projects with creativity and a depth of practical experience. ISCP targets properties in the Mid Atlantic USA including commercial, residential, retail, hotel, industrial, office and mixed use assets. Since inception, ISCP has performed in excess of \$300 million in real estate transactions and has a current portfolio of approximately 2,000 residential rental units and 2 million square feet of commercial space.

The Applicant is negotiating to purchase the various parcels from Camden Redevelopment Agency and Cooper Medical School of Rowan University for a total of \$2.5 million and has spent a total of \$135,910 on predevelopment costs on the Project from the application date through May 30, 2014.

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

### Project Uses

The Applicant proposes the following uses for the Project:

<i>Uses</i>	<i>Total Project Costs</i>	<i>RES ERG Eligible Amount</i>
Acquisition of Land and Buildings	\$ 2,500,000	\$ 2,500,000
Construction & Site Improvements	8,940,000	8,940,000
Professional Services	596,091	596,091
Financing & Other Costs	2,379,496	2,061,058
Contingency	1,202,575	1,084,963
Developer Fee	1,675,000	0
<b>TOTAL USES</b>	<b>\$ 17,293,162</b>	<b>\$ 15,299,724</b>

ERG eligible project costs exclude ineligible costs aggregating \$1,993,438 which include the developer fee of \$1,675,000, marketing costs of \$150,000 and other permanent financing related escrows of \$168,438.

<i>Sources of Financing</i>	<i>Amount</i>
First and Second Mortgage HMFA	\$ 11,000,000
HMFA ABC Program	2,000,000
Camden Grant	275,000
Equity (includes developer fee)	4,018,162
Total	<b>\$ 17,293,162</b>

The Applicant is anticipating a mortgage commitment in the amount of \$11 million from a HMFA for construction and permanent financing. This would consist of two notes, \$7 million at 4% on a 30 year amortization and \$4 million at 4% on a 10 year amortization. The \$4 million note would be repaid via the annual sale proceeds received from the sale of the RES ERG credits. The maximum of the notes is \$11 million with the exact sizing of each note to be finalized once the RES ERG purchaser has committed to the pricing. In addition, the NJHMFA under the A Better Camden program, has indicated a willingness to provide a \$2 million zero percent subordinated loan with no repayment until sale or transfer of the property. The Applicant is also awaiting receipt of approval for a \$275,000 grant from the City of Camden.

### 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 subsidies being utilized. For gap purposes the equity is \$3,239,143 and includes \$779,019 which amounts to the portion of the developer fee which is deemed deferred.

<b>Without RES ERG</b>	<b>With RES ERG</b>
Equity IRR (0.97%)	Equity IRR 9.39%

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 9.39%. 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 15.17% for a primarily 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.**

The Project appears to be economically feasible based on the financial strength and prior experience of the Developer, Ironstone Strategic Capital Partners. The progress made to date including redevelopment agreement with CRA and practically completed negotiations on site acquisition is indicative of the Applicant's desire to move the Project forward. The Project is sponsored by a development firm that has been in business for over twenty years which owns and manages a moderate portfolio of residential and retail properties and the three individual owners exhibit adequate resources to make the required equity investment necessary to fund the Project.

The Authority is in receipt of a Student Housing Market Study prepared for Cooper Medical School of Rowan University by The Scion Group, a third party consultant who issued their determination of current and future market conditions with an updated effective date of April 24, 2014. The study demonstrates the future demand for student housing that is contemplated by the Project and supports the financial assumptions included in the Project proforma.

The Project has an anticipated IRR of (0.97%) without the RES ERG and 9.39% 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. Camden ranked number 566 out of 566 municipalities per the 2007 New Jersey Municipal Revitalization Index (which takes eight separate indicators that measure diverse aspects of social, economic, physical and fiscal conditions in each locality and used as a factor in distributing certain need based funds). Camden is

also one of sixty three six municipalities meeting the Economic Opportunity Act of 2013 definition of a Distressed Municipality. The city is an Urban Aid Municipality as well as an Urban Transit Hub. 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 Cooper Plaza Historic District (“CPHD”). This Project is an essential step in connecting Cooper Medical School to Cooper University Hospital; provide new housing in the area and for eventually connecting Cooper Medical School’s master plan and Rutgers University master plan. Ultimately, the expansion of the stability associated with the CPHD will facilitate greater investor interest in Camden and enable the City to attract new capital and businesses. The Project is integral to the Cooper Plaza Redevelopment Plan and achieves several goals of the Plan including; reducing vacant properties, encouraging existing businesses and owners to remain in the area, draw new businesses to the area, and provide a more balanced community. The Project will aggregate 106 bedrooms for residents and medical students plus create employment opportunities for fifteen new retail positions many of which would likely otherwise live and work outside of Camden. These residents and employees will purchase goods from local commercial establishments. As a result, growth in the area will be further spurred which will create additional demand for commercial business which in turn will assist in creating job growth.

The Economic Opportunity Act of 2013 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, creating fifty-nine new residential units of quality housing in Camden with two new commercial units which will offer improved living conditions and also creating 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 sites being developed for the Project are within the Cooper Plaza Redevelopment Plan (“Plan”) whereby the City of Camden adopted the Plan in conjunction with further revitalization of the City of Camden. The City of Camden has designated the Camden Redevelopment Agency (“CRA”) as its redevelopment agent, the authority and responsibility for the implementation of the Plan. CRA has designated the Developer as the redeveloper of the Project site for construction, rehabilitation and equipping one or more residential apartment buildings intended for medical students, medical residents, and/or retail space at the Project site. The Project site is also within one 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 one hundred and five temporary construction jobs and fifteen new retail jobs will be created at the Project site.

**Recommendation**

Authority staff has reviewed the Broadway Housing Partners LLC application and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue a commitment letter to the Applicant.

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

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant to the Authority for the RES ERG; and
2. Evidence of site control and site plan approval for the Project; and
3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project.

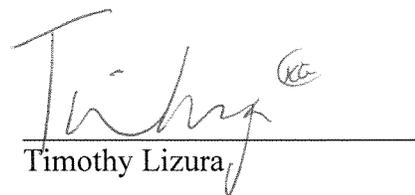
Tax Credits shall be issued upon:

1. Completion of construction and issuance of a certificate of occupancy (no later than July 28, 2015); and
2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and satisfactory to the NJEDA; and

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: \$15,299,724**

**Eligible Tax Credits and Recommended Award:** 40% of eligible project costs not to exceed \$6,119,890 costs over 10 years.



Timothy Lizura

**Prepared by:** Michael A. Conte



## MEMORANDUM

To: Members of the Authority

From: Timothy Lizura  
President and Chief Operating Officer

Date: June 10, 2014

RE: **Irvington Seniors Urban Renewal 2013, LLC**  
Residential Economic Redevelopment and Growth Grant Program (“RES ERG”)  
P #39093

### Request

The Members are asked to approve the application of Irvington Seniors Urban Renewal 2013, LLC (the “Applicant”) for an Irvington Essex 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 \$38,915,719 and of this amount \$32,011,890 are eligible costs under the RES ERG program. The recommended amount of tax credits is 30% of eligible costs not to exceed \$9,603,567 based on the budget submitted.

The Applicant is a single purpose entity that will be 99.99% owned by an Investor Member LLC to be created through PNC and 0.01% by Irvington Senior Apartments 2013MM LLC, a single purpose entity. James Carmichael will be the managing member of Irvington Seniors Apartments 2013 MM, LLC with a 37.5% ownership interest. Eugene Leventhal and Carter Clay are both members with a 12.5% interest and 50% interest respectively.

### Project Description

Irvington Senior Apartments is located at 1 Linden Place in Irvington, Essex County. It is a 12 story, elevator serviced community for seniors 62 years and older. The project was originally constructed in 1980 and will undergo substantial rehabilitation of units, common space and exterior. All 139 units are one-bedroom and approximately 650 square feet. The units have fully equipped electric kitchens, vinyl flooring and air conditioning. Project amenities include laundry facilities, community room with computers and social services. Affordable Housing Management, LLC will manage the property.

Irvington Senior Apartments currently provides social services to its residents. These services will remain in place and be enhanced as part of the redevelopment. Jewish Family Services MetroWest of New Jersey coordinates health aides, cleaning, shopping, assistance with entitlement and insurance issues, and other personal and household needs for residents. Irvington Senior Apartments also contracts with Bayada Nursing and Congregate Services to provide additional health-related services and housekeeping, respectively. Weekly bus trips are scheduled to deliver residents to shopping, banking and entertainment.

The proposed rehabilitation of Irvington Senior Apartments will likely consist of updating kitchens and bathrooms of every unit, enhancing common areas, updating HVAC components, upgrading elevators, and replacing roofing. Under-utilized space on the 1st and 12th floors will be converted into four additional rental units, with the redevelopment resulting in a total of 139 affordable units when complete. The common area space will be maximized to provide a new yoga/gym room, card room and theatre room. The Applicant also plans to update the existing library, computer and mail rooms. The lobby and manager's office will be reconfigured to provide a more accommodating entrance for residents and guests. In addition, the Applicant would like to construct a new semi-circle driveway at the front entrance to the building to better accommodate residents and their transportation needs. The Applicant intends to relocate residents during the construction process on an as-needed basis.

The Applicant has represented that the RES ERG is required 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 12 months. The rehabilitation of the project will be completed by July 01, 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, per the Applicant, will create approximately 100 construction jobs and maintain current jobs of existing employees at the Project site.

### **Project Ownership**

Cambridge Housing Partners (CHP), located in Denver, Colorado is the developer of the project. Since 2007 CHP has specialized in the acquisition and preservation of at-risk Project-based Section 8 communities nationwide and has completed over \$1.0 billion in redevelopment activity in twenty states, including California, Florida, Oklahoma, Texas, and Georgia. Cambridge Housing Partners has been contracted by Irvington Senior Apartments 2013MM LLC for the construction and rehabilitation of the project. The Applicant, Irvington Senior Apartments 2013MM LLC, is a single purpose entity that will be 99.99% owned by Investor Member LLC to be created through PNC, and 0.01% by Irvington Senior Apartments 2013MM LLC, a single purpose entity. James Carmichael will be the managing member of Irvington Seniors Apartments 2013 MM, LLC with a 37.5% ownership interest, Eugene Levental and Carter Clay are both members with a 12.5% interest and 50% interest, respectively.

## **Project Uses**

The Applicant proposes the following uses for the Project:

<i>Uses</i>	<i>Total Project Costs</i>	<i>RES ERG Eligible Amount</i>
Acquisition of Land and Buildings	\$ 19,500,000	\$ 19,500,000
Construction & Site Improvements	7,644,999	7,644,999
Professional Services	585,800	585,800
Financing & Other Costs	6,000,001	3,422,046
Contingency	859,045	859,045
Development Fee	4,325,874	0
<b>TOTAL USES</b>	<b>\$ 38,915,719</b>	<b>\$ 32,011,890</b>

ERG eligible project costs exclude ineligible costs aggregating \$6,903,829, which include the developer fee of \$4,325,874 and Reserve Escrows of 2,577,955. The Applicant has provided an appraisal from an independent third party, The Gill Group, which determined the project's value is \$19,500,000.

<i>Sources of Financing</i>	<i>Amount</i>
ERG Tax Credit Equity	\$ 7,202,675
Seller Note	3,258,482
Permanent Loan	14,199,563
Equity:	
Deferred Developer Fee	2,607,749
Operating Income & Existing Reserves	2,145,848
Low Income Housing Tax Credit Equity	9,501,402
Total	<b>\$ 38,915,719</b>

The Applicant has received a Declaration of Intent in the amount of \$19 million from the New Jersey Housing and Mortgage Financing Agency ("NJHMFA") for short-term construction financing from their Conduit Bond Program. 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. The Applicant has provided a term sheet for an Equity Bridge Loan from PNC in the amount of \$9,082,337, which will also be used for construction costs.

As part of its permanent financing structure, the Applicant has received a term sheet from PNC to provide the Low Income Housing Tax Credit equity and RES ERG Tax Credit equity. In addition, the Applicant has submitted an LOI for a Freddie Mac permanent loan in the amount of \$14,199,563. The Applicant plans on using operating income from rental units during construction as well as contributing existing reserve funds as a source towards construction costs. These funds are currently held in an operating reserve that can be transferred from the selling entity to the buying entity at closing. The Applicant has provided a draft Sellers Note of \$3,258,482, which will be paid if there is available cash flow and will not amortize.

**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.

<b>Without RES ERG</b>	<b>With RES ERG</b>
Equity IRR (-5.13%)	Equity IRR 11.15%

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 11.15%. 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 14.98% for a residential project in Irvington. The current calculated Equity IRR of 11.15% falls below the maximum IRR of 14.98%.**

**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 project shall, upon completion, be capable of generating new tax revenue in an amount in excess of the amount necessary to reimburse the developer for project costs incurred, as provided in the redevelopment incentive grant agreement.**

Irvington Senior Apartments was constructed in 1980 and currently has vacancy rates below 5%. Renovations will update an aging building and provide senior housing to the residents of Irvington, NJ. 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 incentive, 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 dated March 11, 2014 on the Project prepared by the Gill Group, a third party consultant who issued their determination of current and future market conditions. 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 (- 5.13%) without the RES ERG and 11.15% 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 Irvington, NJ, Essex County, an area that has struggled economically and socially due to a declining employment base, lack of outside investment and poor schools. As of 2005-2009, the per Capita income of Irvington was \$20,286, which is much lower than the State average of \$34,566 in the same period. Median household income for Residents 65 or older is \$27,939 versus \$38,290 for the same age group. Additionally, Irvington is ranked # 556 in the MRI index, is a Distressed Community and is designated as an Urban Aid Municipality. The project fills the need for affordable senior housing in the City of Irvington.

### **Recommendation**

Authority staff has reviewed the Irvington Seniors Urban Renewal 2013, 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 current appraised value of \$19,500,000.

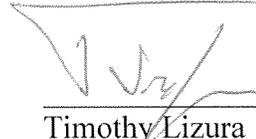
Tax Credits shall be issued upon:

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: \$32,011,890.**

**Eligible Tax Credits and Recommended Award:** Not to exceed \$9,603,567, which equates to 30% of eligible project costs over 10 years.



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Timothy Lizura  
President and Chief Operating Officer

**Prepared by:** Matthew Boyle

**GROW NEW JERSEY ASSISTANCE PROGRAM**

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

### **GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)**

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

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

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, i.e.: Industrial/Rehabilitation Projects-\$20 sq. ft.; Industrial/New Construction Projects-\$60 sq. ft.; Office/Rehabilitation Projects-\$40 sq. ft.; and Office/New Construction-\$120 sq. ft.  
*Minimum capital investment amounts lowered to 2/3 in GSGZs and in eight southernmost counties*
- Retain full-time jobs and/or create new full-time jobs in an amount equal to or greater than, the applicable minimum requirements, as follows: Tech start ups and manufacturing businesses - 10 new/25 retained FT jobs; Other targeted industries - 25 new/35 retained FT jobs; All other businesses/industries - 35 new/50 retained FT jobs.  
*Minimum employment numbers lowered to 3/4 in GSGZs and in eight southernmost counties*
- Demonstrate that: the qualified business facility is constructed to certain minimum environmental / sustainability standards; the proposed capital investment and resultant retention and creation of eligible positions will yield a net positive benefit equaling at least 110% of requested tax credit allocation amount prior to taking into account the value of requested tax credit, and shall be based on benefits generated during the first 20 years following project completion (30 years for mega project or project in GSGZ and, for GSGZ-Camden, 35 years and equal to 100% of requested allocation); and, the award of tax credits will be a material factor in the business's decision to create or retain the minimum number of full-time jobs (if the site was acquired within 24 months prior to project application, the business shall provide evidence relating to viable alternatives to the 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:

<b>Project Type</b>	<b>Base Amount Per Job/Per Year</b>	<b>Gross Amount Per Job/Per Year</b>	<b>Maximum Amount To be Applied Annually</b>
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 ( <i>Not more than 90% of withholdings</i> )
Other Eligible Area	\$500	\$6,000	\$2.5 million ( <i>Not more than 90% of withholdings</i> )
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:

<b>Bonus Type</b>	<b>Bonus Amount</b>
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 ( <i>excludes mega projects</i> )	\$3,000 maximum
Excess capital investment in industrial site for industrial use ( <i>mega projects or GSGZ projects</i> )	\$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	\$500
401 to 600	\$750
601 to 800	\$1,000
801 to 1,000	\$1,250
1,001+	\$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:** Baked by Melissa, LLC P39417

**PROJECT LOCATION:** 3200 Liberty Avenue North Bergen Hudson County

**GOVERNOR'S INITIATIVES:**

( ) NJ Urban Fund ( ) Edison Innovation Fund (X) Core ( ) Clean Energy

**APPLICANT BACKGROUND:**

Baked by Melissa, LLC manufactures and retails bite-size cupcakes. The cupcakes draw upon inspiration from the care-free rock and roll culture of the 60's and 70's and the idea that people should be able to taste more flavors without a post-dessert guilt trip.

The company opened the first Baked by Melissa shop in 2009. Today, it operates a 23,000 sf. manufacturing and warehouse facility in North Bergen, NJ as well as 14 retail stores throughout the NYC/NJ metropolitan area. It also ships cupcakes daily, from the manufacturing facility throughout the United States. The applicant has demonstrated the financial ability to undertake the project.

**MATERIAL FACTOR/NET BENEFIT:**

The applicant needs to expand its current 23,000 sf. food manufacturing and shipping facility in North Bergen. The current lease expires in 2017, however it has the right to initiate an out process beginning in July 2014. The applicant has submitted a cost benefit analysis comparing the renovation projects of a 38,000 sf. facility in North Bergen to a 35,000 sf. facility located in the Bronx, NY.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Baked by Melissa, LLC has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Brian Bushell, the CEO of Baked by Melissa, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$48.1 million over the 20 year period required by the Statute.

**FINDING OF JOBS AT RISK:**

The applicant has certified that the 66 New Jersey jobs listed in the application are at risk of being located outside the State on or before July 15, 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.

**ELIGIBILITY AND GRANT CALCULATION:**

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

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
<b>Industrial - Rehabilitation Projects</b>	<b>\$ 20</b>
Industrial - New Construction Projects	\$ 60

Non-Industrial – Rehabilitation Projects \$ 40  
 Non-Industrial – New Construction Projects \$120

*Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
<b>Tech start ups and manufacturing businesses</b>	<b>10 / 25</b>
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

*Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

As an Industrial - Rehabilitation Project for a manufacturing business in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

<b>Eligibility</b>	<b>Minimum Requirement</b>	<b>Proposed by Applicant</b>
Capital Investment	\$760,000	\$5,505,000
New Jobs	10	140
Retained Jobs	25	66

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

<b>Base Grant</b>	<b>Requirement</b>	<b>Proposed by Applicant</b>
Distressed Municipality	Base award of \$4,000 per year for projects located in a designated Distressed Municipality	North Bergen is a designated Distressed Municipality
<b>Increase(s) Criteria</b>		
Capital Investment in Excess of Minimum (non-Mega)	An increase of \$1,000 per job for each additional amount of capital investment that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$3,000	The proposed capital investment of \$5.5M is 624.3% above the minimum capital investment resulting in an increase of \$3,000 per year.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a	The applicant is a Manufacturing business.

	primarily warehouse, distribution or fulfillment center business	
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<u>Grant Calculation</u>		
<b>BASE GRANT PER EMPLOYEE:</b>		
Distressed Municipality		\$4,000
<b>INCREASES PER EMPLOYEE:</b>		
Capital Investment in Excess of Minimum (non-Mega):	\$ 3,000	
Targeted Industry (Manufacturing):	\$ 500	
<b>INCREASE PER EMPLOYEE:</b>		<u>\$3,500</u>
<b>PER EMPLOYEE LIMIT:</b>		
Distressed Municipality	\$11,000	
<b>LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:</b>		\$7,500
<b>AWARD:</b>		
New Jobs:	140 Jobs X \$7,500 X 100% =	\$1,050,000
Retained Jobs:	66 Jobs X \$7,500 X 50% =	<u>\$ 247,500</u>
	<b>Total:</b>	<b>\$1,297,500</b>
<b>ANNUAL LIMITS:</b>		
Distressed Municipality		\$ 8,000,000
<b>TOTAL ANNUAL AWARD</b>		<b><u>\$1,297,500</u></b>

**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:** \$ 5,505,000  
**NEW FULL-TIME JOBS:** 140  
**RETAINED FULL-TIME JOBS:** 66

**NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):** \$ 48,198,879  
**TOTAL AMOUNT OF AWARD** \$ 12,975,000  
**ELIGIBILITY PERIOD:** 10 years  
**MEDIAN WAGES:** \$ 23,965  
**SIZE OF PROJECT LOCATION:** 38,000 sq. ft.  
**NEW BUILDING OR EXISTING LOCATION?** Existing  
**INDUSTRIAL OR NON-INDUSTRIAL FACILITY?** Industrial  
**STATEWIDE BASE EMPLOYMENT:** 74  
**PROJECT IS:** ( X ) Expansion ( ) Relocation  
**CONSTRUCTION:** ( X ) Yes ( ) No

**CONDITIONS OF APPROVAL:**

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

**APPROVAL REQUEST:**

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before July 15, 2015; 2) approve the proposed Grow New Jersey grant to encourage Baked by Melissa, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

**DEVELOPMENT OFFICER:** M. Abraham

**APPROVAL OFFICER:** J. Horezga



**Non-Industrial – Rehabilitation Projects** **\$ 40**

Non-Industrial – New Construction Projects \$120

*Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements (New / Retained Full-time Jobs)

Tech start ups and manufacturing businesses 10 / 25

Other targeted industries 25 / 35

**All other businesses/industries** **35 / 50**

*Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

As a Non-Industrial – Rehabilitation Project for a debt collection business in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

<b>Eligibility</b>	<b>Minimum Requirement</b>	<b>Proposed by Applicant</b>
Capital Investment	\$676,080	\$1,436,670
New Jobs	35	80
Retained Jobs	50	N/A

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

<b>Base Grant</b>	<b>Requirement</b>	<b>Proposed by Applicant</b>
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality
<b>Increase(s) Criteria</b>		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	101 Hudson Street is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation light rail station

<u>Grant Calculation</u>	
<b>BASE GRANT PER EMPLOYEE:</b>	
Urban Transit HUB Municipality	\$5,000
<b>INCREASES PER EMPLOYEE:</b>	
Transit Oriented Development:	\$2,000
<b>INCREASE PER EMPLOYEE:</b>	<u>\$2,000</u>
<b>PER EMPLOYEE LIMIT:</b>	
Urban Transit HUB	\$12,000
<b>LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:</b>	\$7,000
<b>AWARD:</b>	
New Jobs:                      80 Jobs X \$7,000 X 100% =	\$560,000
Retained Jobs:                0 Jobs X \$0,000 X 50% =	<u>\$ 0,000</u>
	<b>Total:        \$560,000</b>
<b>ANNUAL LIMITS:</b>	
Urban Transit HUB	\$10,000,000
<b>TOTAL ANNUAL AWARD</b>	<b><u>\$560,000</u></b>

**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:** \$ 1,436,670  
**NEW FULL-TIME JOBS:** 80  
**RETAINED FULL-TIME JOBS:** 0

**NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):** \$ 15,843,937  
**TOTAL AMOUNT OF AWARD** \$ 5,600,000  
**ELIGIBILITY PERIOD:** 10 years  
**MEDIAN WAGES:** \$ 60,000  
**SIZE OF PROJECT LOCATION:** 16,902 sq. ft.  
**NEW BUILDING OR EXISTING LOCATION?** Existing  
**INDUSTRIAL OR NON-INDUSTRIAL FACILITY?** Non-Industrial  
**STATEWIDE BASE EMPLOYMENT:** 0  
**PROJECT IS:** ( ) Expansion (X) Relocation  
**CONSTRUCTION:** (X) Yes ( ) No

**CONDITIONS OF APPROVAL:**

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

**APPROVAL REQUEST:**

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Eltman, Eltman & Cooper to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

**DEVELOPMENT OFFICER:** M. Abraham

**APPROVAL OFFICER:** K. McCullough

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

**APPLICANT:** Interpool, Inc. d/b/a TRAC Intermodal P39455

**PROJECT LOCATION:** 750 College Road East Plainsboro Middlesex County

**GOVERNOR’S INITIATIVES:**

( ) NJ Urban Fund ( ) Edison Innovation Fund (X) Core ( ) Clean Energy

**APPLICANT BACKGROUND:**

Interpool, Inc. d/b/a TRAC Intermodal, established in 1968, is an intermodal chassis solutions company providing marine and domestic chassis throughout the United States, Canada and Mexico. TRAC Intermodal provides long term chassis leasing and short term rentals through extensive chassis pool programs and pool/fleet management through the utilization of its proprietary “PoolStat” system. Chassis are an integral component of intermodal transportation, which consists of movement of goods via multiple transportation modes including railroads, ships and motor carriers. The company serves shipping lines, motor carriers, port terminals and/or railroad rails transporting containers from these sites to warehouses and store locations throughout the U.S. Headquartered in Plainsboro, NJ, TRAC Intermodal’s fleet consists of approximately 309,000 chassis with a broad operating footprint of 563 marine, 152 domestic and 61 depot locations across North America. The company also has offices in Woodbridge and Elizabeth, NJ. The applicant has demonstrated the financial ability to undertake the project.

**MATERIAL FACTOR/NET BENEFIT:**

The company is evaluating the relocation of its headquarters and back-office operations into a single location in Plainsboro, NJ or Horsham, PA. The company currently houses the majority of its operational functions at 2 Independence Way and 211 College Road in Plainsboro, NJ. The lease for Independence Way expires on January 31, 2015 and the company plans to sell the College Road facility. The project includes the retention of 310 jobs plus 90 new jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Interpool, Inc. d/b/a TRAC Intermodal has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Keith Lovetro, the CEO of Interpool, Inc. that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$94 million over the 20 year period required by the Statute.

**FINDING OF JOBS AT RISK:**

The applicant has certified that the 310 New Jersey jobs listed in the application are at risk of being located outside the State on or before February 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.

**ELIGIBILITY AND GRANT CALCULATION:**

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	(\$/Square Foot of Gross Leasable Area)
Industrial - Rehabilitation Projects	\$ 20
Industrial - New Construction Projects	\$ 60
<b>Non-Industrial – Rehabilitation Projects</b>	<b>\$ 40</b>
Non-Industrial – New Construction Projects	\$120

*Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
<b>Other targeted industries</b>	<b>25 / 35</b>
All other businesses/industries	35 / 50

*Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

As an Non-Industrial – Rehabilitation Project for a other targeted industry business in Mercer County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$2,745,840	\$7,136,919
New Jobs	25	90
Retained Jobs	35	310

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of \$3,000 per year for projects located in a designated Priority Area	Plainsboro is a designated Priority Area
<b>Increase(s) Criteria</b>		
Large Number of New/Retained Full-Time Jobs	An increase of \$500 per job for 251-400 new or retained jobs, \$750 per job for 401-600 new or retained jobs, \$1,000 for 601-800 new or retained jobs, \$1,250 for 801-1,000 new or retained jobs and \$1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 400 Full-Time Jobs at the project location resulting in an increase of \$500.
Targeted Industry	An increase of \$500 per job	The applicant is a Logistics

	for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	business.
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<u>Grant Calculation</u>		
<b>BASE GRANT PER EMPLOYEE:</b>		
Priority Area		\$3,000
<b>INCREASES PER EMPLOYEE:</b>		
Large Number of New/Retained F/T Jobs:	\$500	
Targeted Industry (Logistics):	\$500	
<b>INCREASE PER EMPLOYEE:</b>		
		<u>\$1,000</u>
<b>PER EMPLOYEE LIMIT:</b>		
Priority Area	\$10,500	
<b>LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:</b>		
		\$4,000
<b>AWARD:</b>		
New Jobs:	90 Jobs X \$4,000 X 100% =	\$360,000
Retained Jobs:	310 Jobs X \$4,000 X 50% =	<u>\$620,000</u>
	<b>Total:</b>	<b>\$980,000</b>
<b>ANNUAL LIMITS:</b>		
Priority Area (90% Withholding Limit)	\$4,000,000/(\$1,344,420)	
<b>TOTAL ANNUAL AWARD</b>		
		<b><u>\$980,000</u></b>

<b>ESTIMATED ELIGIBLE CAPITAL INVESTMENT:</b>	\$ 7,136,919
<b>NEW FULL-TIME JOBS:</b>	90
<b>RETAINED FULL-TIME JOBS:</b>	310

<b>NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):</b>	\$ 94,036,350
<b>TOTAL AMOUNT OF AWARD (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)</b>	\$ 9,800,000
<b>ELIGIBILITY PERIOD:</b>	10 years
<b>MEDIAN WAGES:</b>	\$ 68,000
<b>SIZE OF PROJECT LOCATION:</b>	68,646 sq. ft.
<b>NEW BUILDING OR EXISTING LOCATION?</b>	Existing
<b>INDUSTRIAL OR NON-INDUSTRIAL FACILITY?</b>	Non-Industrial
<b>STATEWIDE BASE EMPLOYMENT:</b>	344
<b>PROJECT IS:</b> ( ) Expansion	(X) Relocation
<b>CONSTRUCTION:</b> (X) Yes	( ) No

**CONDITIONS OF APPROVAL:**

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

**APPROVAL REQUEST:**

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before February 1, 2015; 2) approve the proposed Grow New Jersey grant to encourage Interpool, Inc. d/b/a Trac Intermodal to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

**DEVELOPMENT OFFICER:** J. Kenyon

**APPROVAL OFFICER:** T. Wells

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

**APPLICANT:** IT Cosmetics, LLC

P39460

**PROJECT LOCATION:** 111 Town Square Place - 5th Floor Jersey City Hudson County

**GOVERNOR'S INITIATIVES:**

( X ) NJ Urban Fund      ( ) Edison Innovation Fund      ( ) Core      ( ) Clean Energy

**APPLICANT BACKGROUND:**

Founded in 2008, IT Cosmetics, LLC is a Jersey City-based cosmetic products company. The company develops, markets and sells branded cosmetics and skin care products under the IT Cosmetics brand in North America and globally. The company utilizes traditional distribution channels as well as home shopping television networks and online shopping. The co-founder of the company is Jamie Kern. The applicant has demonstrated the financial ability to undertake the project.

**MATERIAL FACTOR/NET BENEFIT:**

The business has been occupying two suites consisting of 7,095 sf on the third floor of the Newport Office Center I since May 2013. This leased space houses 27 employees. This fast growing company is in need of a larger space. To that end, the applicant is considering swapping its existing space with another tenant's 22,040 sf space on the fifth floor of the same office building in order to accommodate growth and room for future expansion. The alternative option being considered by the company is to relocate the entire Jersey City operation to Malvern, Pennsylvania, near the home shopping television network QVC.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of IT Cosmetics, LLC has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Jamie Kern, the CEO of IT Cosmetics, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$31.4 million over the 20 year period required by the Statute.

**ELIGIBILITY AND GRANT CALCULATION:**

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

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial - Rehabilitation Projects	\$ 20
Industrial - New Construction Projects	\$ 60
<b>Non-Industrial – Rehabilitation Projects</b>	<b>\$ 40</b>
Non-Industrial – New Construction Projects	\$120

*Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
<b>All other businesses/industries</b>	<b>35 / 50</b>

*Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

As a Non-Industrial – Rehabilitation Project for an other business in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

<b>Eligibility</b>	<b>Minimum Requirement</b>	<b>Proposed by Applicant</b>
Capital Investment	\$881,600	\$2,174,350
New Jobs	35	57
Retained Jobs	50	N/A

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

<b>Base Grant</b>	<b>Requirement</b>	<b>Proposed by Applicant</b>
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality.
<b>Increase(s) Criteria</b>		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	111 Town Square Place is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a Port Authority Trans-Hudson Corporation rail station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$110,000 exceeds the County median salary by 119.97% resulting in an increase of \$750 per year.

<u>Grant Calculation</u>		
<b>BASE GRANT PER EMPLOYEE:</b>		
Urban Transit HUB Municipality		\$5,000
<b>INCREASES PER EMPLOYEE:</b>		
Transit Oriented Development:	\$2,000	
Jobs with Salary in Excess of County/GSGZ Average:	\$750	
<b>INCREASE PER EMPLOYEE:</b>		<u>\$2,750</u>
<b>PER EMPLOYEE LIMIT:</b>		
Urban Transit HUB	\$12,000	
<b>LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:</b>		\$7,750
<b>AWARD:</b>		
New Jobs:	57 Jobs X \$7,750 X 100% =	\$441,750
Retained Jobs:	0 Jobs X \$7,750 X 50% =	<u>\$ 0</u>
	<b>Total:</b>	<b>\$441,750</b>
<b>ANNUAL LIMITS:</b>		
Urban Transit HUB	\$10,000,000	
<b>TOTAL ANNUAL AWARD</b>		<b><u>\$441,750</u></b>

<b>ESTIMATED ELIGIBLE CAPITAL INVESTMENT:</b>	\$2,174,350
<b>NEW FULL-TIME JOBS:</b>	57
<b>RETAINED FULL-TIME JOBS:</b>	0

<b>NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):</b>	\$31,421,129
<b>TOTAL AMOUNT OF AWARD</b>	\$ 1,767,000
<b>ELIGIBILITY PERIOD:</b>	4 years*
<b>MEDIAN WAGES:</b>	\$ 110,000
<b>SIZE OF PROJECT LOCATION:</b>	22,040 sq. ft.
<b>NEW BUILDING OR EXISTING LOCATION?</b>	Existing
<b>INDUSTRIAL OR NON-INDUSTRIAL FACILITY?</b>	Non-Industrial
<b>STATEWIDE BASE EMPLOYMENT:</b>	27
<b>PROJECT IS:</b> ( X ) Expansion	( X ) Relocation
<b>CONSTRUCTION:</b> ( X ) Yes	( ) No

\* The applicant is proposing to sublease the project location for approximately 6 years. The maximum Grow New Jersey term is therefore limited to 4 years.

**CONDITIONS OF APPROVAL:**

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

**APPROVAL REQUEST:**

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage IT Cosmetics, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

**DEVELOPMENT OFFICER:** J. Kenyon

**APPROVAL OFFICER:** D. Sucsuz

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

**APPLICANT:** Metropolitan Foods, Inc. P39422

**PROJECT LOCATION:** 6 West Belt Parkway Wayne Township Passaic County

**GOVERNOR'S INITIATIVES:**

( ) NJ Urban Fund ( ) Edison Innovation Fund (X) Core ( ) Clean Energy

**APPLICANT BACKGROUND:**

Metropolitan Foods, Inc. d/b/a/ Driscoll Foods, is a family-owned company founded in 1971. At the outset, the company's assets consisted of one truck and approximately 20 customers made up of restaurants that purchased dairy goods. Over the last 43 years, Driscoll Foods has grown exponentially to become the premier distributor servicing the Tri-State area with its continuing commitment and priority to the quality of its products and satisfaction of its customers. The Company's fleet of over 90 temperature controlled trucks cover the Tri-State region, delivering over 10,000 stocked products to customers daily.

The business originally started as strictly distribution, but a little over a decade ago the company entered into the pre-plated meal business. It now operates an FDA food fabrication and assembly process. The Company assembles on average over 20,000 meals per day. About five years ago, the company started to operate its own USDA meat cutting facility. Because meat is the largest and most important part of a typical restaurant meal, controlling the "center of the plate" as it is known in the industry, it is very important to being successful. Driscoll now employs over a dozen butchers and meat packers, cutting over 120,000 pounds of meat per month. This has proven to be very successful and popular with Driscoll's restaurant customers.

**MATERIAL FACTOR/NET BENEFIT:**

The Company requires approximately 562,000 sf. of space to accommodate its future processing, warehouse operations, manufacturing and office space to serve as the company's headquarters. It is considering both a substantial renovation and expansion of an existing facility in Wayne, NJ and a build-to-suit new construction project in Orangeburg, NY. The NY location would provide the company with lower transportation costs as it is closer to the heart of its customer base along with lower taxes.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Metropolitan Foods, Inc. has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Timothy Driscoll, the CEO of Metropolitan Foods, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$105.6M over the 20 year period required by the Statute.

**FINDING OF JOBS AT RISK:**

The applicant has certified that the 215 New Jersey jobs listed in the application are at risk of being located outside the State on or before October 1, 2016. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

**ELIGIBILITY AND GRANT CALCULATION:**

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	(\$/Square Foot of Gross Leasable Area)
Industrial - Rehabilitation Projects	\$ 20
Industrial - New Construction Projects	\$ 60
<b>Non-Industrial – Rehabilitation Projects</b>	<b>\$ 40</b>
Non-Industrial – New Construction Projects	\$120

*Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
<b>All other businesses/industries</b>	<b>35 / 50</b>

*Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

As a Non-Industrial – Rehabilitation Project for an other business in Passaic County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$22,480,000	\$67,600,000
New Jobs	35	139
Retained Jobs	50	215

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Mega Project	Base award of \$5,000 per year for projects designated as a Mega Project	A Qualified Business Facility located in a Port District for a business in the logistics industry having either capital investment in excess of \$20,000,000 and more than 250 full-time employees created or retained.
<b>Increase(s) Criteria</b>		
Transit Oriented Development	An increase of \$2,000 per job	6 West Belt Parkway is

	for a project locating in a Transit Oriented Development	located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station.
Large Number of New/Retained Full-Time Jobs	An increase of \$500 per job for 251-400 new or retained jobs, \$750 per job for 401-600 new or retained jobs, \$1,000 for 601-800 new or retained jobs, \$1,250 for 801-1,000 new or retained jobs and \$1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 354 Full-Time Jobs at the project location resulting in an increase of \$500.

**Grant Calculation**

**BASE GRANT PER EMPLOYEE:**

Mega Project \$5,000

**INCREASES PER EMPLOYEE:**

Transit Oriented Development: \$2,000  
 Large Number of New/Retained F/T Jobs: \$ 500

**INCREASE PER EMPLOYEE:**

\$2,500

**PER EMPLOYEE LIMIT:**

Mega Project \$15,000

**LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:**

\$7,500

**AWARD:**

New Jobs: 139 Jobs X \$7,500 X 100% = \$ 1,042,500  
 Retained Jobs: 215 Jobs X \$7,500 X 50% = \$ 806,250

**Total: \$ 1,848,750**

**ANNUAL LIMITS:**

Mega Project \$30,000,000

**TOTAL ANNUAL AWARD**

**\$1,848,750**

**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:** \$ 67,600,000  
**NEW FULL-TIME JOBS:** 139  
**RETAINED FULL-TIME JOBS:** 215

**NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):** \$105,634,972  
**TOTAL AMOUNT OF AWARD** \$ 18,487,500  
**ELIGIBILITY PERIOD:** 10 years  
**MEDIAN WAGES:** \$ 43,000  
**SIZE OF PROJECT LOCATION:** 562,000 sq. ft.  
**NEW BUILDING OR EXISTING LOCATION?** Existing  
**INDUSTRIAL OR NON-INDUSTRIAL FACILITY?** Non - Industrial  
**STATEWIDE BASE EMPLOYMENT:** 374  
**PROJECT IS:** ( X ) Expansion ( X ) Relocation  
**CONSTRUCTION:** ( X ) Yes ( ) No

**CONDITIONS OF APPROVAL:**

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

**APPROVAL REQUEST:**

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before October 1, 2016; 2) approve the proposed Grow New Jersey grant to encourage Metropolitan Foods, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

**DEVELOPMENT OFFICER:** D. Ubinger

**APPROVAL OFFICER:** J. Horezga

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

**APPLICANT:** Philadelphia 76ers, L.P.

P39274

**PROJECT LOCATION:** SE Corner of Delaware Ave & MLK Blvd Camden City Camden County

**GOVERNOR'S INITIATIVES:**

(X) NJ Urban Fund      ( ) Edison Innovation Fund      ( ) Core      ( ) Clean Energy

**APPLICANT BACKGROUND:**

The Philadelphia 76ers, L.P. (commonly known as “the Sixers”) are a professional basketball team based in Philadelphia, Pennsylvania. The Sixers play in the Atlantic Division of the National Basketball Association and are one of the league’s oldest franchises. The Sixers have come to a critical point in the future of the organization. The team’s practice facility, currently located at the Philadelphia College of Osteopathic Medicine, is outdated and lacking the core amenities needed to attract top talent. As a result, the Sixers are in the process of planning a new state of the art practice facility which team management believes is an integral component to building a championship contender. The team has pursued the design and planning of the new practice facility to be located at the Navy Yard, proximate to the 24,000 sq ft of office space which currently houses a large portion of the team’s business operations. However, with the recent enactment of the Economic Opportunity Act of 2013, the team began exploring the possibility of locating both the practice facility and its business operations on the Camden waterfront. The applicant has demonstrated the financial ability to undertake the project.

**MATERIAL FACTOR/NET BENEFIT:**

The project is located in Camden, NJ, a city that ranked 566 out of 566 municipalities in the 2007 New Jersey Municipal Revitalization Index. In recognition of Camden's inability to attract investment, in the New Jersey Economic Opportunity Act, the Legislature declared that Camden and the other Garden State Growth Zones presented significant challenges to development and created incentives unique to Camden and other similarly situated Garden State Growth Zones to overcome these barriers.

For this project, management of the Philadelphia 76ers has indicated that the grant of tax credits is a material factor in the company's decision whether or not to locate the project in Camden. The Authority is in receipt of an executed CEO certification by Scott O'Neil, the CEO of the Philadelphia 76ers, that states that the Grow New Jersey award is a material factor in the company's decision to make the capital investment and locate the project in Camden. The CEO certification also states that the application has been reviewed and the information submitted and representations contained therein are accurate.

Staff reviewed the project and finds support for management's assertion that the award of tax credits is a material factor for the company to locate in Camden. In addition to recognizing the inherent barriers to investment in Camden, staff notes that the location analysis submitted to the Authority shows that, absent incentives, New Jersey is the more expensive option. If approved, the project will result in the development of a 60,000 sq ft professional basketball practice facility for the Sixers, including two basketball courts; fitness, training and rehabilitation space; player and coaching staff locker rooms; audio-video review room for players and coaches; broadcast media facilities; player lounge; support facilities; and offices for basketball operations management, coaching staff, and owners; and a connected three story commercial building with approximately 60,000 total sq ft for business operations offices as well as equipment and locker room storage and future expansion space for retail, ancillary storage, office or further operations. The total capital investment in the facility is estimated to be \$82,040,057 and the project would bring 250 full time jobs to Camden. In order to facilitate the project moving forward in Camden, the Authority will agree to purchase the project site from the Parking Authority of Camden City and will in turn enter into a ground lease on the site with a single purpose

entity created to develop the proposed facility for use by the Sixers. This transaction will be presented for approval concurrently with the Grow New Jersey application.

This project represents a significant positive step forward for Camden's redevelopment efforts, bringing a major regional company's corporate functions and operations to New Jersey. It is estimated that the project would have a net benefit to the State of \$76.6 million over the 35 year period required by the Statute. The net benefit analysis includes only the proportion of the team's payroll that corresponds to the amount of time spent at the project site.

**ELIGIBILITY AND GRANT CALCULATION:**

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

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	(\$/Square Foot of Gross Leasable Area)
Industrial - Rehabilitation Projects	\$ 20
Industrial - New Construction Projects	\$ 60
Non-Industrial – Rehabilitation Projects	\$ 40
<b>Non-Industrial – New Construction Projects</b>	<b>\$120</b>

*Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, **Camden**, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted Industries	25 / 35
<b>All other businesses/industries</b>	<b>35 / 50</b>

*Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, **Camden**, Cape May, Cumberland, Gloucester, Ocean and Salem*

As a Non-Industrial – New Construction Project for a non-targeted business in Camden County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$9,600,000	\$82,040,507
New Jobs	27	250
Retained Jobs	38	N/A

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation. Projects located in Camden are eligible to receive per employee as a tax credit the total amount of capital investment for the project divided by the number of employees, subject to the following limits, provided that the project represents a net positive benefit to the State:

New or Retained Jobs	Capital Investment	Maximum Annual Tax Credit	Limit on Total Tax Credit
35+	\$5,000,000	\$2,000,000	\$20,000,000
70+	\$10,000,000	\$3,000,000	\$30,000,000
100+	\$15,000,000	\$4,000,000	\$40,000,000
150+	\$20,000,000	\$5,000,000	\$50,000,000
<b>250+</b>	<b>\$30,000,000</b>	<b>Cap. Inv./10</b>	<b>Not Limited</b>

Provided the company complies with all other program requirements, a reduction in the number of new or retained full-time jobs indicated in the company's annual report below the number certified in the initial CPA certification shall proportionately reduce the amount of tax credits the company may apply against liability in the relevant tax period. Also, if the number of new and retained full-time jobs, as indicated by the company's annual report, is reduced below the required number in the table above, the tax credits that the business may take shall be subject to the annual limit corresponding to the new and retained full-time jobs.

<b>TOTAL ANNUAL AWARD:</b>	\$ 8,204,050
<b>ESTIMATED ELIGIBLE CAPITAL INVESTMENT:</b>	\$ 82,040,507
<b>NEW FULL-TIME JOBS:</b>	250
<b>RETAINED FULL-TIME JOBS:</b>	0

<b>NET BENEFIT TO THE STATE (OVER 35 YEARS, NET OF AWARD):</b>	\$ 76,614,905
<b>TOTAL AMOUNT OF AWARD:</b>	\$ 82,040,507
<b>ELIGIBILITY PERIOD:</b>	10 years
<b>MEDIAN WAGES:</b>	\$ 45,000
<b>SIZE OF PROJECT LOCATION:</b>	120,000 sq. ft.
<b>NEW BUILDING OR EXISTING LOCATION?</b>	New
<b>INDUSTRIAL OR NON-INDUSTRIAL FACILITY?</b>	Non-Industrial
<b>STATEWIDE BASE EMPLOYMENT:</b>	0
<b>PROJECT IS:</b> ( ) Expansion (X) Relocation	
<b>CONSTRUCTION:</b> (X) Yes ( ) No	

#### CONDITIONS OF APPROVAL:

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

**APPROVAL REQUEST:**

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Philadelphia 76ers, L.P. to make a capital investment and increase employment in Camden, New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

**DEVELOPMENT OFFICER:** P. Ceppi

**APPROVAL OFFICER:** K. McCullough

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

**APPLICANT:** Princeton Tectonics P39420

**PROJECT LOCATION:** 6965 Airport Highway Lane Pennsauken Township Camden County

**GOVERNOR’S INITIATIVES:**

( X ) NJ Urban Fund ( ) Edison Innovation Fund ( ) Core ( ) Clean Energy

**APPLICANT BACKGROUND:**

Princeton Tectonics (“Princeton Tec”) designs and manufactures outdoor lighting equipment. It offers scuba, bike, outdoor, industrial, and tactical lighting products through wholesalers and outdoor equipment retail stores. The business was founded in 1975 and is currently headquartered in Bordentown, New Jersey.

Princeton Tec has been assembling headlamps, flashlights and other related equipment at its 35,000 sf Bordentown facility. This owned facility currently houses 100 employees. The business is seeking to relocate its assembly facility as well as its headquarters to a new location that can accommodate future growth. Unrelated to this application, the business has a plastic parts manufacturing (plastic injection molding) facility in West Berlin, New Jersey with 31 employees along with a warehouse/storage facility in Florence, New Jersey having no employees. The applicant has demonstrated the financial ability to undertake the project.

**MATERIAL FACTOR/NET BENEFIT:**

For its expansion and relocation plans, the company is considering either New Jersey or New York State, the latter being less expensive. Princeton Tec has identified a 103,000 sf existing facility in Pennsauken, New Jersey for lease with a purchase option. As an alternative, the company has identified a 116,400 sf existing facility in Queensbury, New York for purchase.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Princeton Tec has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by William H. Stephens, the CEO of Princeton Tec, 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 \$24.3 million over the 20 year period required by the Statute.

**FINDING OF JOBS AT RISK:**

The applicant has certified that the 100 New Jersey jobs listed in the application are at risk of being located outside the State on or before March 31, 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.

**ELIGIBILITY AND GRANT CALCULATION:**

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	(\$/Square Foot of Gross Leasable Area)
<b>Industrial - Rehabilitation Projects</b>	<b>\$ 20</b>
Industrial - New Construction Projects	\$ 60
Non-Industrial – Rehabilitation Projects	\$ 40
Non-Industrial – New Construction Projects	\$120

*Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, **Camden**, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and <b>manufacturing businesses</b>	<b>10 / 25</b>
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

*Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, **Camden**, Cape May, Cumberland, Gloucester, Ocean and Salem*

As an Industrial - Rehabilitation Project for a manufacturing business in Camden County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$1,373,333	\$3,300,000
New Jobs	8	151
Retained Jobs	19	100

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Distressed Municipality	Base award of \$4,000 per year for projects located in a designated Distressed Municipality	Pennsauken Township is a designated Distressed Municipality.
<b>Increase(s) Criteria</b>		
Deep Poverty Pocket or Choice Neighborhood	An increase of \$1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood	6965 Airport Highway Lane is located in a Deep Poverty Pocket.
Capital Investment in Excess of Minimum (non-Mega)	An increase of \$1,000 per job for each additional amount of capital investment that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$3,000	The proposed capital investment of \$3,300,000 is 140% above the minimum capital investment resulting in an increase of \$3,000 per year.
Large Number of New/Retained Full-Time Jobs	An increase of \$500 per job for 251-400 new or retained	The applicant is proposing to create/retain 251 Full-Time

	jobs, \$750 per job for 401-600 new or retained jobs, \$1,000 for 601-800 new or retained jobs, \$1,250 for 801-1,000 new or retained jobs and \$1,500 for more than 1,000 new or retained jobs	Jobs at the project location resulting in an increase of \$500.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.
2007 Revit. Index > 465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem	An increase of \$1,000 per job for locating in a municipality with a 2007 Revitalization Index greater than 465	Pennsauken Township has a 2007 Revitalization Index of 481.
Red. Area w/in ¼ Mile of 1 US Hwy and 2 NJ Hwys	An increase of \$1,500 per job for a project located within an area determined to be in need of redevelopment and which is located within ¼ mile of at least 1 US highway and at least 2 NJ State highways	6965 Airport Highway Lane is an area in need of redevelopment and is located within ¼ mile of US Highway 30 (and also 130) and both NJ State Highway 38 and NJ State Highway 70.

**Grant Calculation****BASE GRANT PER EMPLOYEE:**

Distressed Municipality	\$4,000
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**INCREASES PER EMPLOYEE:**

Deep Poverty Pocket or Choice Neighborhood:	\$1,500
Capital Investment in Excess of Minimum (non-Mega):	\$3,000
Large Number of New/Retained F/T Jobs:	\$500
Targeted Industry (Manufacturing):	\$500
2007 Revit. Index > 465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem:	\$1,000
Red. Area w/in ¼ Mile of 1 US Hwy and 2 NJ Hwys:	\$1,500

<b>INCREASE PER EMPLOYEE:</b>	<u>\$8,000</u>
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**PER EMPLOYEE LIMIT:**

Distressed Municipality	\$11,000
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<b>LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:</b>	\$11,000
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**AWARD:**

New Jobs:	151 Jobs X \$11,000 X 100% =	\$1,661,000
Retained Jobs:	100 Jobs X \$11,000 X 50% =	<u>\$550,000</u>

<b>Total:</b>	<b>\$2,211,000</b>
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**ANNUAL LIMITS:**

Distressed Municipality	\$8,000,000
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<b>TOTAL ANNUAL AWARD</b>	<b><u>\$2,211,000</u></b>
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<b>ESTIMATED ELIGIBLE CAPITAL INVESTMENT:</b>	\$3,300,000
<b>NEW FULL-TIME JOBS:</b>	151
<b>RETAINED FULL-TIME JOBS:</b>	100

<b>NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):</b>	\$24,314,182
<b>TOTAL AMOUNT OF AWARD</b>	\$22,110,000
<b>ELIGIBILITY PERIOD:</b>	10 years
<b>MEDIAN WAGES:</b>	\$ 17,725
<b>SIZE OF PROJECT LOCATION:</b>	103,000 sq. ft.
<b>NEW BUILDING OR EXISTING LOCATION?</b>	Existing
<b>INDUSTRIAL OR NON-INDUSTRIAL FACILITY?</b>	Industrial
<b>STATEWIDE BASE EMPLOYMENT:</b>	131
<b>PROJECT IS:</b> ( X ) Expansion	( X ) Relocation
<b>CONSTRUCTION:</b> ( X ) Yes	( ) No

**CONDITIONS OF APPROVAL:**

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

**APPROVAL REQUEST:**

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before March 31, 2015; 2) approve the proposed Grow New Jersey grant to encourage Princeton Tectonics, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

**DEVELOPMENT OFFICER:** J. Kenyon

**APPROVAL OFFICER:** D. Sucsuz



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

**APPLICANT:** RMTS, LLC P39139

**PROJECT LOCATION:** 101 Hudson Street Jersey City Hudson County

**GOVERNOR’S INITIATIVES:**

(X) NJ Urban Fund ( ) Edison Innovation Fund ( ) Core ( ) Clean Energy

**APPLICANT BACKGROUND:**

RMTS, LLC, established in 1986, is a managing general underwriter of health and medical stop loss, group life and accidental death and dismemberment (“AD&D”) coverage. RMTS provides its stop loss clients with coverage through three industry-leading carriers: Nationwide Insurance Company of Columbus, OH, Trustmark Insurance Company of Lake Forest, IL and Gerber Life Insurance Company of White Plains, NY. RMTS also offers its customers group life and AD&D coverage through New York Life and Gerber Life. The company specializes in selling catastrophic stop-loss insurance coverage on a specific occurrence and aggregate basis for large employer groups who self-insure their employee medical benefits programs. The company also provides financial consulting services and serves as a reinsurance intermediary for clients with risk retention programs. The applicant has demonstrated the financial ability to undertake the project.

**MATERIAL FACTOR/NET BENEFIT:**

RMTS, LLC is seeking to move its health insurance operations from Manhattan to Jersey City, NJ or Miami, FL. The lease on the current location in New York City expires in August 2014 and the space is larger than its current needs. The founder of the company, Thomas J. Axon, has also recently relocated to Miami.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of RMTS, LLC has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by David P. Kalm, the CEO of RMTS, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$12.7 million over the 20 year period required by the Statute.

**ELIGIBILITY AND GRANT CALCULATION:**

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial - Rehabilitation Projects	\$ 20
Industrial - New Construction Projects	\$ 60
<b>Non-Industrial – Rehabilitation Projects</b>	<b>\$ 40</b>
Non-Industrial – New Construction Projects	\$120

*Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
<b>Other targeted industries</b>	<b>25 / 35</b>
All other businesses/industries	35 / 50

*Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

As an Non-Industrial – Rehabilitation Project, for an other targeted industry business, in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$128,680	\$145,026
New Jobs	35	35
Retained Jobs	25	N/A

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality
<b>Increase(s) Criteria</b>		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	101 Hudson Street is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation light rail station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$80,000 exceeds the Hudson County median salary by 59.98% resulting in an increase of \$250 per year.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a	The applicant is a Finance business.

	primarily warehouse, distribution or fulfillment center business	
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<u><b>Grant Calculation</b></u>		
<b>BASE GRANT PER EMPLOYEE:</b>		
Urban Transit HUB Municipality		\$5,000
<b>INCREASES PER EMPLOYEE:</b>		
Transit Oriented Development:	\$2,000	
Jobs with Salary in Excess of County/GSGZ Average:	\$250	
Targeted Industry (Finance)	\$500	
<b>INCREASE PER EMPLOYEE:</b>		<u>\$2,750</u>
<b>PER EMPLOYEE LIMIT:</b>		
Urban Transit HUB		\$12,000
<b>LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:</b>		\$7,750
<b>AWARD:</b>		
New Jobs:	35 Jobs X \$7,750 X 100% =	\$271,250
Retained Jobs:	0 Jobs X \$7,750 X 50% =	<u>\$0,000</u>
	<b>Total:</b>	<b>\$271,250</b>
<b>ANNUAL LIMITS:</b>		
Urban Transit HUB		\$10,000,000
<b>TOTAL ANNUAL AWARD</b>		<u><b>\$271,250</b></u>

**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:** \$ 145,026  
**NEW FULL-TIME JOBS:** 35  
**RETAINED FULL-TIME JOBS:** 0

**NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):** \$ 12,749,681  
**TOTAL AMOUNT OF AWARD** \$ 2,712,500  
**ELIGIBILITY PERIOD:** 10 years  
**MEDIAN WAGES:** \$ 80,000  
**SIZE OF PROJECT LOCATION:** 3,217 sq. ft.  
**NEW BUILDING OR EXISTING LOCATION?** Existing  
**INDUSTRIAL OR NON-INDUSTRIAL FACILITY?** Non-Industrial  
**STATEWIDE BASE EMPLOYMENT:** 0  
**PROJECT IS:** ( ) Expansion (X) Relocation  
**CONSTRUCTION:** (X) Yes ( ) No

**CONDITIONS OF APPROVAL:**

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

**APPROVAL REQUEST:**

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

**DEVELOPMENT OFFICER:** M. Abraham

**APPROVAL OFFICER:** T. Wells

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

**APPLICANT:** Sutherland Asset I, LLC and subsidiaries P39414

**PROJECT LOCATION:** 420 Mountain Avenue New Providence Union County

**GOVERNOR’S INITIATIVES:**

NJ Urban Fund       Edison Innovation Fund       Core       Clean Energy

**APPLICANT BACKGROUND:**

Sutherland Asset I, LLC, a subsidiary of Sutherland Asset Management Corporation and formed in 2011, is a leading acquirer of distressed small balance commercial (“SBC”) loans from banks. It also originates SBC loans and offers SBC property brokerage nationwide through its wholly owned subsidiaries, ReadyCap and Coldwell Banker Commercial Alliance. Sutherland is externally managed by Waterfall Asset Management LLC, an investor manager established in 2005. Sutherland Asset is submitting this application on behalf of its subsidiaries, ReadyCap Commercial, LLC (“RCC”), ReadyCap Lending, LLC (“RCL”) and Silverthread Falls, LLC. RCC and RCL, formed in 2012, are currently headquartered in Irvine, CA, offering small business administration for new and existing businesses, conventional loans and bridge financing. Silverthread Falls, LLC will provide small business brokerage services. In October 2013, RCL entered into a definitive agreement to purchase the small business lending division from CIT Small Business Lending Corp., headquartered in Livingston, NJ with 50 employees. The applicant has demonstrated the financial ability to undertake the project.

**MATERIAL FACTOR/NET BENEFIT:**

The applicant is evaluating locations for the newly acquired small business lending business and brokerage service divisions. The company has identified office space in New Providence, NJ or in Dallas, Texas for the project which includes the relocation of 50 full-time jobs from Livingston, NJ plus the creation of an additional 55 new jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Sutherland Asset I, LLC has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Thomas Capasse, CEO of Sutherland Asset Management Corp. (REIT) 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 \$66 million over the 20 year period required by the Statute.

**FINDING OF JOBS AT RISK:**

The applicant has certified that the 50 New Jersey jobs listed in the application are at risk of being located outside the State on or before July 1, 2014. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

**ELIGIBILITY AND GRANT CALCULATION:**

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	(\$/Square Foot of Gross Leasable Area)
Industrial - Rehabilitation Projects	\$ 20
Industrial - New Construction Projects	\$ 60
<b>Non-Industrial – Rehabilitation Projects</b>	<b>\$ 40</b>
Non-Industrial – New Construction Projects	\$120

*Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
<b>Other targeted industries</b>	<b>25 / 35</b>
All other businesses/industries	35 / 50

*Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem*

As an Non-Industrial – Rehabilitation Project for a other targeted industry business in Union County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$1,299,800	\$2,112,610
New Jobs	25	55
Retained Jobs	35	50

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of \$3,000 per year for projects located in a designated Priority Area	New Providence is a designated Priority Area
<b>Increase(s) Criteria</b>		
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$90,000 exceeds the Union County median salary by 89.06% resulting in an increase of \$500 per year.
Targeted Industry	An increase of \$500 per job for a business in a Targeted	The applicant is a Finance business.

	Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	
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<u><b>Grant Calculation</b></u>		
<b>BASE GRANT PER EMPLOYEE:</b>		
Priority Area		\$3,000
<b>INCREASES PER EMPLOYEE:</b>		
Jobs with Salary in Excess of County/GSGZ Average:	\$500	
Targeted Industry (Finance):	\$500	
<b>INCREASE PER EMPLOYEE:</b>		
		<u>\$1,000</u>
<b>PER EMPLOYEE LIMIT:</b>		
Priority Area	\$10,500	
<b>LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:</b>		
		\$4,000
<b>AWARD:</b>		
New Jobs:	55 Jobs X \$4,000 X 100% =	\$220,000
Retained Jobs:	50 Jobs X \$4,000 X 50% =	<u>\$100,000</u>
	<b>Total:</b>	<b>\$320,000</b>
<b>ANNUAL LIMITS:</b>		
Priority Area (90% Withholding Limit)	\$4,000,000/(\$365,243)	
<b>TOTAL ANNUAL AWARD</b>		
		<u><b>\$320,000</b></u>

**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:** \$ 2,112,610  
**NEW FULL-TIME JOBS:** 55  
**RETAINED FULL-TIME JOBS:** 50

**NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):** \$ 66,333,455  
**TOTAL AMOUNT OF AWARD (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)** \$ 3,200,000

**ELIGIBILITY PERIOD:** 10 years  
**MEDIAN WAGES:** \$ 90,000  
**SIZE OF PROJECT LOCATION:** 32,495 sq. ft.

**NEW BUILDING OR EXISTING LOCATION?  
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?**

Existing  
Non-Industrial

**STATEWIDE BASE EMPLOYMENT:**

50

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

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

**CONDITIONS OF APPROVAL:**

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

**APPROVAL REQUEST:**

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before July 1, 2014; 2) approve the proposed Grow New Jersey grant to encourage Sutherland Asset I, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

**DEVELOPMENT OFFICER:** M. Abraham

**APPROVAL OFFICER:** T. Wells

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

**APPLICANT:** Rent the Runway, Inc. P39416

**PROJECT LOCATION:** 100 Metro Way Secaucus Hudson County

**GOVERNOR’S INITIATIVES:**

NJ Urban Fund       Edison Innovation Fund       Core       Clean Energy

**APPLICANT BACKGROUND:**

Rent the Runway, Inc. (“RTR”) is a domestic company incorporated in Delaware and headquartered in New York City. The membership-based website rents high-end designer apparel and accessories at a wide range of discounted prices. The majority of business transactions take place online. However, some transactions occur at its two retail locations (New York City and Las Vegas, Nevada). The website was launched in 2009 and now offers more than 50,000 dresses and accessories from over 200 different high-end designers.

Membership to the website is free and customers can choose either a 4-day or 8-day rental period. All items are delivered via UPS or by courier if the customer is a New York City resident. RTR provides a pre-paid envelope for the customer to return the dress. RTR also offers additional items such as makeup/beauty products, promotional t-shirts, shape wear (e.g. Spanx) and fashion tape, which can be purchased separately or with a rental. The applicant has demonstrated the financial ability to undertake the project.

**MATERIAL FACTOR/NET BENEFIT:**

In order to accommodate the increasing number of orders, RTR will need to move to a larger distribution center. RTR is currently considering properties in Secaucus, New Jersey and Jessup, Pennsylvania for the proposed expansion of its distribution center. RTR’s existing Secaucus warehouse lease will expire October 15, 2015. However, RTR anticipates that it will need to move before the end of 2014 so that it will have the space necessary to fulfill its orders during its busiest season.

Pennsylvania provides a more cost effective operating environment as RTR intends to expand its retail presence to the western U.S. It would serve as an easier hub from which to move inventory from a geographic perspective. While New Jersey is less cost effective, a large portion of RTR’s business comes through its NYC retail location. Overall online sales are from the New York City metropolitan area. Accordingly, continuing to house inventory in New Jersey allows RTR to provide better and faster service to a large percentage of its current customer base.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Rent the Runway, Inc. has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Jennifer Hyman, the CEO of Rent the Runway, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$37.7M million over the 20 year period required by the Statute.

**FINDING OF JOBS AT RISK:**

The applicant has certified that the 93 New Jersey jobs listed in the application are at risk of being located outside the State on or before September 15, 2014. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

**ELIGIBILITY AND GRANT CALCULATION:**

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial - Rehabilitation Projects	\$ 20
Industrial - New Construction Projects	\$ 60
<b>Non-Industrial – Rehabilitation Projects</b>	<b>\$ 40</b>
Non-Industrial – New Construction Projects	\$120
<i>Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem</i>	

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
<b>All other businesses/industries</b>	<b>35 / 50</b>
<i>Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem</i>	

As an Non-Industrial – Rehabilitation Project for an other business in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

<b>Eligibility</b>	<b>Minimum Requirement</b>	<b>Proposed by Applicant</b>
Capital Investment	\$6,639,720	\$7,670,090
New Jobs	35	277
Retained Jobs	50	93

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation. This project has been deemed eligible for a Base Award and Increases based on the following:

<b>Base Grant</b>	<b>Requirement</b>	<b>Proposed by Applicant</b>
Distressed Municipality	Base award of \$4,000 per year for projects located in a designated Distressed Municipality	Secaucus is a designated Distressed Municipality.
<b>Increase(s) Criteria</b>		
Large Number of New/Retained Full-Time Jobs	An increase of \$500 per job for 251-400 new or retained jobs, \$750 per job for 401-600 new or retained jobs, \$1,000	The applicant is proposing to create/retain 370 Full-Time Jobs at the project location resulting in an increase of

	for 601-800 new or retained jobs, \$1,250 for 801-1,000 new or retained jobs and \$1,500 for more than 1,000 new or retained jobs	\$500.
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<u>Grant Calculation</u>		
<b>BASE GRANT PER EMPLOYEE:</b>		
Distressed Municipality		\$4,000
<b>INCREASES PER EMPLOYEE:</b>		
Large Number of New/Retained F/T Jobs:	\$500	
<b>INCREASE PER EMPLOYEE:</b>		<u>\$ 500</u>
<b>PER EMPLOYEE LIMIT:</b>		
Distressed Municipality	\$11,000	
<b>LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:</b>		\$4,500
<b>AWARD:</b>		
New Jobs:	277 Jobs X \$4,500 X 100% =	\$1,246,500
Retained Jobs:	93 Jobs X \$4,500 X 50% =	<u>\$ 209,250</u>
	<b>Total:</b>	<b>\$1,455,750</b>
<b>ANNUAL LIMITS:</b>		
Distressed Municipality		\$ 8,000,000
<b>TOTAL ANNUAL AWARD</b>		<b><u>\$1,455,750</u></b>

<b>ESTIMATED ELIGIBLE CAPITAL INVESTMENT:</b>	\$ 7,670,090
<b>NEW FULL-TIME JOBS:</b>	277
<b>RETAINED FULL-TIME JOBS:</b>	93
<b>NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):</b>	\$ 37,790,604
<b>TOTAL AMOUNT OF AWARD</b>	\$ 14,557,500
<b>ELIGIBILITY PERIOD:</b>	10 years
<b>MEDIAN WAGES:</b>	\$ 24,000
<b>SIZE OF PROJECT LOCATION:</b>	165,993 sq. ft.
<b>NEW BUILDING OR EXISTING LOCATION?</b>	Existing
<b>INDUSTRIAL OR NON-INDUSTRIAL FACILITY?</b>	Non-Industrial
<b>STATEWIDE BASE EMPLOYMENT:</b>	93
<b>PROJECT IS:</b> ( X ) Expansion ( X ) Relocation	
<b>CONSTRUCTION:</b> ( X ) Yes ( ) No	

**CONDITIONS OF APPROVAL:**

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

**APPROVAL REQUEST:**

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before September 15, 2014; 2) approve the proposed Grow New Jersey grant to encourage Rent the Runway, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

**DEVELOPMENT OFFICER:** M. Abraham

**APPROVAL OFFICER:** J. Horezga

**FILM TAX CREDIT TRANSFER PROGRAM**



**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
PROJECT SUMMARY - FILM TAX CREDIT**

**APPLICANT:** The Christmas Pearl Productions Limited Liability Company

**APPLICANT BACKGROUND:**

The Christmas Pearl Productions Limited Liability Company is producing a feature film titled "The Christmas Pearl". The Christmas Pearl is a holiday ghost story. Theodora, 93, struggles with her South Carolina family, described as "truculent knuckleheads." Fighting amongst family members set up a tension-filled Christmas gathering at Theodora's stately South Carolina home. A miracle presents itself when Pearl, a maid played by Whoopi Goldberg, comes back to the family as a ghost, ready to bring order back to the house. This movie is directed by Felix Alcalá and produced by Julius R. Nasso.

**APPROVAL REQUEST:**

Authority assistance will enable the applicant to receive a 20% tax credit for Qualified Film Production Expenses incurred in New Jersey for its production titled "The Christmas Pearl." The principal photography begins in July 2014.

This application has been reviewed by the New Jersey Motion Picture and Television Commission.

**PRINCIPAL PHOTOGRAPHY TO BEGIN:** July 2014

**DATE OF PROJECT COMPLETION:** December 2014

**PRINCIPAL MARKET(S) FOR WHICH PRODUCTION IS INTENDED:**

Theatrical  
Cable Television  
Network Television

**PROJECT COSTS (Initial Application Estimate):**

Total Production Expenses (Less Post-Production Costs)	\$2,379,919
Total New Jersey Production Expenses	\$2,048,462
Total New Jersey Post Production Expenses	\$0

Percentage of Required Costs in New Jersey	86.07%
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Maximum Tax Benefit Amount	\$409,692
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Applicant's Fiscal Year End	12/31
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**FINANCE OFFICER:** David Sucsuz

**COUNSEL:** DAG

**APPLICATION RECEIVED DATE:** 04/23/2014 (Application #72)

**APPLICATION APPROVED DATE:**

**CURRENT OR INITIAL ALLOCATION YEAR(S):** SFY2015

Prepared by: John Rosenfeld/David Sucsuz

**FILM TAX CREDIT TRANSFER**

**SCHEDULE A**

<i>Applicant Name</i>	<i>Estimated Tax Benefit Amount</i>
The Christmas Pearl Productions Limited Liability Company	\$409,692, subject to availability of FY 2014 allocation.

DRAFT

## **BOARD MEMORANDUMS**





## MEMORANDUM

**TO:** Members of the Authority

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

**DATE:** June 10, 2014

**SUBJECT:** Atlantic States Cast Iron Pipe Company (“ASCIP”)  
UEZ Energy Sales Tax Exemption (“U-STX”) Application

**Purpose:**

This memorandum addresses the legal matters of the applicant, ASCIP, related to its application for a UEZ Energy Sales Tax Exemption.

**Background**

ASCIP previously applied for a U-STX in 2006. The application was denied by the New Jersey Commerce Commission (“NJCC”) due to an ongoing federal investigation which culminated in ASCIP being found guilty on several convictions of environmental and workers-safety law violations from 1995 - 2003. A similar environmental investigation by the State of New Jersey in 2002 led to a civil Settlement Agreement. The federal conviction was upheld by the federal circuit court and ASCIP’s Petition for Certification to the United States Supreme Court is currently pending.

During the pendency of the Litigation, ASCIP entered into a Voluntary Exclusion Agreement with the Suspension and Debarment Division (“SDD”) of the United States Environmental Protection Agency (“EPA”) excluding ASCIP from future Federal government contracts and federal assistance programs until a compliance agreement had been reached between ASCIP and EPA or a conclusion of the Litigation.

McWane, Inc. (“McWane”) (the parent company of ASCIP and on behalf of ASCIP) entered into a compliance agreement with the United States Environmental Protection Agency (“EPA”) on November 28, 2006. The compliance agreement addressed significant steps taken by McWane to correct environmental, health and safety (“EHS”) violations which included ASCIP’s location. The Compliance Agreement required McWane to maintain its EHS Program and make any and all changes as it deemed necessary to ensure McWane and any and all of its organizational units operate in accordance with environmental health and safety laws. On June 13, 2007 the EPA Debarring Official notified McWane that the Voluntary Exclusion Agreement was terminated as of June 13, 2007. He further advised that he was certifying correction of conditions that gave rise to the convictions for McWane, ASCIP, and other McWane entities pursuant to the Clean Water Act (“CWA”) and Clean Air Act (“CAA”) subject to their continued compliance with the conditions of the November 28, 2006 Compliance Agreement.

### **Mitigating Factors**

ASCIP does not believe these matters should impact its application for a UEZ Energy Sales Tax Exemption and has presented the following mitigating factors for the Board's consideration:

1. ASCIP has certified that the terms of the EPA compliance agreement have been satisfied.
2. Following the convictions, ASCIP and McWane have taken the following corrective and preventative measures:
  - ASCIP expanded its Joint Safety Committee from 8 to 24 hourly employees in 2011. Membership was expanded to increase employee participation, include representatives from all departments, and to include a number of new managers at the site.
  - In late 2011, working cooperatively with NJDEP and the City of Phillipsburg, the company installed a dedicated line which allows ASCIP to discharge 25,000 gallons of treated and tested water to the publically owned treatment works ("POTW") per day. This initiative has proven to be very successful in controlling storm water and is a win-win for both the POTW and ASCIP. This agreement was recently renewed on February 27, 2014 for a period of one year.
  - In 2013, each employee at ASCIP completed over 40 hours of safety training, both in person and online, utilizing a computer based training facility which was completed in 2012.
  - Based on data provided by ASCIP, the Total Recordable Incidence Rate ("TRIR") for 2013 was 3.31% representing a near 50% reduction from 2011 and a 90% reduction from 2005. Results in 2013 were 71% below the national industry average and after 4 months of 2014 ASCIP has a TRIR of 0.
  - Overall, ASCIP has advised that it has made major improvements in the facility, safety culture, operating systems, and environmental compliance of its organization.

### **Conclusion**

Staff has performed a review of this matter with guidance from the Attorney General's Office. It has weighed the seriousness of the offense in conjunction with the mitigating factors presented by ASCIP and does not believe that disqualification is warranted.



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**Prepared by:** John Shanley and Tyshon Lee



**MEMORANDUM**

**TO:** Members of the Authority

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

**DATE:** June 10, 2014

**SUBJECT:** Atlantic States Cast Iron Pipe Company (“ASCIP”)  
\$250,000 UEZ Energy Sales Tax Exemption (“U-STX”)

**Approval Request:**

Consent to the approval of ASCIP’s application to participate in the U-STX program.

**Background**

ASCIP is recognized as one of the country’s leading and most experienced manufacturers and suppliers of ductile (pliable) iron pipe for water and sewer pipelines. The company operates out of a facility in Phillipsburg, New Jersey that is designated as an Urban Enterprise Zone (“UEZ”).

ASCIP previously applied for a U-STX in 2006 but was rejected due to an ongoing legal investigation. Details of the investigation are provided in a separate legal memo.

To qualify for a U-STX, a company must be a UEZ-certified manufacturer with at least 250 full-time employees, at least 50% of which are involved in the manufacturing process. ASCIP has 260 full-time employees in a UEZ certified facility in Phillipsburg, of which 95% are involved in the manufacturing process.

Authority staff visited the site to verify manufacturing practices and employment numbers in May, 2014. The Department of Labor and Workforce Development has confirmed that the company is in good standing. They have also received a valid Tax Clearance Certificate from the Division of Taxation.

The estimated annualized U-STX benefit to ASCIP is \$250,000, which is based on the prior twelve months electric and gas usage multiplied by 7% sales tax.

**Recommendation**

Consent to the approval of ASCIP’s application to participate in the U-STX program for one year.





## MEMORANDUM

**TO:** Members of the Authority

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

**DATE:** June 10, 2014

**SUBJECT:** Incentives Delegations

**Request:**

1. Approve new delegations to staff to approve Urban Enterprise Zone (“UEX”) tax credits in a maximum amount of \$100,000; and
2. Expand the current Economic Recovery Growth Grant (“ERGG”) delegations to collaterally assign reimbursements to monetize projects to include the assignment of HUB and GROW NJ tax credits for this same purpose. It is expressly understood that this delegation requires all terms and conditions approved by the members and memorialized in the approval documents will remain unchanged as a result of the securitization approval.

Approval of these delegations will provide efficiency for our customers while ensuring that appropriate oversight and signing authority for these projects.

**Background:**

Beginning in July 2003, the members’ approval has been sought to delegate signing authority to staff on a certain financing and incentive transactions to create efficiencies for our customers and to provide fluidity to our business.

Since 2013, the delegations have been reviewed semi annually to insure that delegations approved by the members continue to align with business objectives. It is during those review periods that the members are asked to consider refinements/changes and/or new delegations to support the ongoing needs of our customers.

**New Delegation:**  
**UEX Approvals:**

Since 2008, EDA has been responsible for administering several sales tax exemption programs that were previously administered by the New Jersey Commerce Commission. In 2009 (initial) and again in 2010 (Level change), staff recommended and the members approved staff delegations to approval renewal applications under these programs.

Over the past 6 years, EDA staff has continued to administer this program with the New Jersey Division of Taxation, who issues the exemptions for a one year term to these applicants, based on EDA's review and recommendation that the companies applying for these exemptions have met specific statutory criteria. Currently, 14 applicants are approved for sales tax exemption under the UEX program.

**UEX Statutory Requirements:**

Applicants must qualify as an Urban Enterprise Zones (UEZ)-certified manufacturer employing at least 250 full time workers, at least 50 percent of who are directly employed in the manufacturing process may qualify for an exemption from the sales and use tax for electricity and natural gas utilities, both the commodity and its transmission at the UEZ-certified location.

Because these companies are required to meet specific statutory guidelines to qualify for approval (outlined herein), regardless of whether the application is a renewal or an initial approval, staff is recommending that the Level 4 delegation (Director and staff) for new approvals up to \$100,000.

**Expand Existing Delegations:**

In December, 2013, the members approved a delegation to staff (Level 3) to approve collateral assignments on Economic Recovery Growth Grant ("ERG") reimbursements to provide security to lenders financing economic development projects that are integral to the redevelopment of our state.

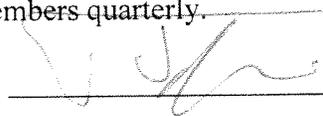
The members are now being asked to extend that same delegation to staff to approve the pledge of HUB and Grow New Jersey tax credits to provide security to lenders and developers financing development projects that require tax credit incentives as part of the applicant's capital stack to make these projects economically feasible.

**Recommendation:**

Consent to:

1. New delegations for New Approvals of UEX tax credits; and
2. Expand existing delegations for assignment of reimbursements (ERG) to assignment of tax credits (HUB, GROW) when used to collateralize financing for the project provided no other amendments to the terms of the agreement are required.

These actions will continue to be reported to the Members quarterly.



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Prepared by: Lisa Coane



**TO:** Members of the Authority

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

**DATE:** June 10, 2014

**SUBJECT:** Margaritaville, Inc. and Jakeabob's Bay, Inc.  
Union Beach, Monmouth County  
P#39400

**Modification Request:**

Approval is requested to increase the \$400,000 Direct Term Loan approved on May 16, 2014 to \$450,000.00 and allow EDA fees to be paid out of loan proceeds at closing.

**Background:**

On May 16, 2014, Margaritaville, Inc. and Jakeabob's Bay, Inc. (collectively, "Jakeabob's" or "Applicant") was approved for a \$297,131 30-year working capital loan and a \$1,542,000 construction loan under the Stronger New Jersey Business Loan program, and a \$400,000 direct term loan.

Jakeabob's Bay Inc. dba Jakeabob's By the Bay was a 375-seat restaurant/bar in Union Beach, NJ. Margaritaville, Inc. is the real estate holding company for Jakeabob's By the Bay. Angelita (Gigi) Liaguno-Dorr, the owner, opened the business in 1999 and enjoyed a wide following with 70% of her customer base coming from out of town. The location less than a hour from New York City, and Northern and Central New Jersey provided patrons with waterside views of Manhattan. The building was destroyed in Superstorm Sandy along with all of the furnishings, equipment and fixtures. To maintain a presence in the community prior to rebuilding, Gigi Dorr opened a new restaurant (Jakeabob's Off the Bay) at 910 Union Street, about a ¼ mile from its old location in Union Beach. However, after some initial success, business dropped off precipitously because of the lack of waterside dining for the out-of-towners. Ms. Dorr closed Jakeabob's Off the Bay on March 31, 2014 to conserve cash and to concentrate on rebuilding Jakeabob's By the Bay.

At the time of the original underwriting, BCB Community Bank, the holder of the first mortgage on the property, was asked to provide its payoff letter as of May 30, 2014 in order to confirm the Authority's estimated \$400,000 payoff. The payoff letter, indicating a payoff of \$438,882.49 as of May 30, 2014 and a per diem of \$55.47, was not received until May 29, 2014. By allowing a further 60 days to close the loan, the payoff will increase by \$3,328.20 to \$442,210.69. Approval is also requested to include the Authority's commitment and closing fees of \$7,875.00 in the loan amount. With its restaurant closed, the Applicant does not have the ability to pay these fees

**Recommendation:**

Consent to \$50,000 in additional debt to Margaritaville, Inc. and Jakeabob's Bay, Inc. and allow EDA fees to be paid out of loan proceeds at closing is recommended.



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Timothy Lizura  
President and Chief Operating Officer

**Prepared by:** Ted Bossert, Credit Underwriter

**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Timothy J. Lizura, President and COO

**DATE:** June 10, 2014

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

The following projects were approved under Delegated Authority in May 2014:

**NJ Main Street Program:**

- 1) 2MAFS, LLC and Berry Fresh Farms, Inc. (P39226 & P39155), are located in Brick Township, Ocean County. 2 MAFS, LLC is a real estate holding entity that leases the facility to the operating company, Berry Fresh Farms, Inc. Berry Fresh Farms, Inc. was incorporated in 1994 as a retailer of fruit, vegetables, plants, shrubs, trees and other landscaping and garden products. The Bank of Princeton approved an \$855,000 commercial mortgage contingent upon a five-year, 50% Authority guarantee of principal outstanding, not to exceed \$427,500 and a \$100,000 line of credit, contingent upon a one year, 50% Authority guarantee of principal outstanding, not to exceed \$50,000 under the Main Street Program. The Company currently has seven employees and plans to create three additional jobs within the next two years. SSBCI funds will be utilized for this project.
- 2) CM&E Con, Inc. (P39345), located in Woodbridge Township, Middlesex County, has been in operation as a general contractor since 1994. The Company, based in Fords, NJ, is owned by two engineers that contract with government agencies including NY Department of Design and Construction, NYC School Construction Authority, and the Metropolitan Transportation Authority. Provident Bank approved a \$1,000,000 line of credit under the Main Street Program, contingent upon a one year, 50% Authority guarantee of principal outstanding, not to exceed \$500,000. Currently, the Company has 12 employees and plans to create five new positions within two years.

**Premier Lender Program:**

- 1) 480 Oberlin Avenue, LLC (38875), located in Lakewood Township, Ocean County, is a real estate holding company that was formed to purchase and manage the project property. The operating company, Tipico Products Co., Inc. was formed in 1980 as a wholesaler of cheese. TD Bank approved a \$2,850,000 loan with a \$1,250,000 (43.86%) PLP participation. Loan proceeds will be used to purchase the property to support business expansion. The Company currently has 98 employees and has committed to create 30 new jobs within two years. SSBCI funds will be utilized for this project.

### **Small Business Fund Program:**

- 1) AMB Enterprises LLC (P38323), located in Paterson City, Passaic County, was founded in 2006 as a manufacturer of water based adhesives and sells wholesale to companies that manufacture books, envelopes, pads and other similar products. The Company was approved for a five-year \$150,000 direct loan to supplement a \$300,000 term loan provided by Heritage Community Bank. Proceeds will be used to reimburse the Company for the cost of new equipment and accessories purchased and the associated soft costs. Currently, the Company has 25 employees and plans to create three new positions over the next two years.
- 2) Galloway Realty, LLC (P39295), located in Egg Harbor Township, Atlantic County, is a related real estate holding company that owns the operating company, Bulldog Restaurant, Inc., which has been operating since 2006 as a full service restaurant in Egg Harbor. M&T Bank approved a \$491,000 mortgage contingent upon a \$241,000 (49.08%) Small Business Fund participation. The Company currently has 17 employees and plans to create two new jobs within the next two years. SSBCI funds will be utilized for this project.

### **Stronger NJ Loan Program:**

- 1) Kohr's Frozen Custard The Original, Inc. d/b/a Kohr's Frozen Custard (P39353), located in Seaside Heights Borough, Ocean County, operates four frozen custard locations on the boardwalk in Seaside Heights. The Company experienced wind and water damage during Superstorm Sandy and was approved for a \$336,341 working capital loan under the Stronger NJ Business Loan Program. Proceeds will be used to reimburse the Company for working capital expenses incurred including inventory and other working capital expenses such as payroll, insurance, utilities and rent.
- 2) Northshore Sportech, Inc. d/b/a Northshore Menswear (P38565), located in Sea Bright Borough, Monmouth County, opened in 1982 as a retail clothing store, primarily Menswear. The business sustained damage from Superstorm Sandy and the building they occupied was condemned and demolished, forcing them to move down the street to their present location, which is half the size of their old space. The Company was approved for a \$383,494 working capital loan to reimburse the Company for expenses incurred such as reimbursement for the purchase of inventory, and other working capital expenses such as payroll and rent.
- 3) Riverside Marina & Yacht Sales LLC (P39154), located in Riverside Township, Burlington County, has been in operations since 2007 as a full service marina, with boat storage and slips, and is an authorized Jeanneau dealership. The Company was approved for a \$1,403,214 working capital loan to reimburse working capital expenses incurred in 2013 after the marina was damaged during Superstorm Sandy.
- 4) The Music Man, LLC (P39379), located in Lavallette Borough, Ocean County, opened in 2003 as an ice cream shop that also serves related food items. The facility provides a unique family entertainment experience for its customers. The Company was approved for a \$509,496 working capital loan to reimburse the Company for expenses incurred during Superstorm Sandy and include costs associated to opening a second location on the Seaside Heights, NJ boardwalk during the 2014 Memorial Day weekend.

**Camden ERB:**

- 1) Pricerite of Mt. Ephraim Ave., LLC (P39392), located in Camden City, Camden County, is a newly formed entity that will operate a food supermarket PriceRite, a wholly-owned subsidiary of Wakefern Food Corporation, and provide quality, fresh food to residents of Camden at an affordable price. Founded in 1946, Wakefern Food Corp. has grown from a small cooperative into the largest retailer-owned cooperative in the U.S., supplying over 302 stores in the East Coast. Wakefern employs over 70,000 associates and is one of New Jersey's largest employers. The Company is leasing 43,136 square feet of space and was approved for a \$776,448 Business Lease Incentive Grant over a five-year period. The Company plans to create 18 new positions over the next two years.

**Direct Loan Program:**

- 1) Garden State Consumer Credit Counseling, Inc. d/b/a Novadebt (P39359), located in Manalapan Township, Monmouth County, was established in 1991 as a non-profit credit counseling/debt management agency. Headquartered in Freehold, NJ, with 10 branch offices, the Company is one of the eight largest debt management agencies in the nation. The Company was approved for a \$1,250,000 direct loan to purchase and renovate the project property and to supplement the bond and equity to purchase the facility. Currently, the Company has 167 employees and plans to create 20 new jobs within the next two years. SSBCI funds will be utilized for this project.

**NJ Main Street Program - Modification:**

- 1) Triad Advisory Services, Inc. (P39419), located in Vineland City, Cumberland County, was founded in 1979 as a consulting firm that represents both the public and private sector clients, specializing in urban planning, development and strategic planning, grant writing and program implementation. The Capital Bank of New Jersey approved a renewal of a \$400,000 line of credit with a six-month, 50% guarantee of principal outstanding, not to exceed \$200,000 under the Main Street Line of Credit Program. Original loan proceeds were used for working capital. All other terms and conditions of the original approval remain unchanged.



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



**REAL ESTATE**





NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

## MEMORANDUM

**TO:** Members of the Authority

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

**RE:** Memorandum of Understanding and Feasibility Budget  
Agriculture, Health and Taxation Buildings (Trenton) Feasibility Study

**DATE:** June 10, 2014

### Summary

The Members are asked to approve a Memorandum of Understanding (“MOU”) with the Division of Property Management & Construction (“DPMC”) to prepare a Feasibility Study (“Study”) for the Health Lab, Agriculture and Health Administration, and Taxation Buildings in Trenton (collectively the “Project”) that will consider the occupancy alternatives for keeping these departments in Trenton and provide a recommendation to DPMC as to whether it would be more cost effective to renovate these buildings or to relocate their occupants to newly constructed or newly acquired buildings or a combination thereof. Because it is contemplated that DPMC may ask the Authority to finance and construct the recommended projects, as it has in the past with other State office buildings, the Authority is willing to provide \$500,000 up front to pay for the consultants and services necessary to prepare the Study. The cost of this work will be paid from Authority’s unrestricted funds and was included in the Authority’s annual budget. If DPMC decides to proceed with any of the options recommended in the completed Study, the Authority will be reimbursed the cost of the Study from bond proceeds that will fund the renovation or construction. If DPMC decides not to proceed with any of the options, DPMC will reimburse the Authority one-half (1/2) of the cost of the Study. Accordingly, I am requesting the Members’ approval to enter into the MOU and to establish a Feasibility Study budget to advance the Project.

### Background

Between 2011 and 2013, DPMC engaged Lammey & Giorgio, P.A. to complete preliminary studies of the building conditions, cost to rehabilitate or to demolish and construct replacement space for the Department of Agriculture and Health Administration Building, Health Lab, and Taxation Buildings.

Treasury has requested the Authority prepare a Study that will build on the assumptions in the Lammey & Giorgio report and to recommend the most cost effective solution for the relocation of the departments that currently occupy these spaces. The Study will include:

1. Any analysis of the current and future occupancy needs for the departments of Agriculture, Health and Taxation.
2. Investigation of the various occupancy alternatives (e.g., rehabilitate existing space, purchase existing space, new construction, or lease space), and
3. Financial analysis of the occupancy alternatives (e.g., development and operating budgets, and comparative analysis between the space option choices)
4. Recommendation of the most cost effective occupancy choices for the State.

It is anticipated that DPMC may request the Authority to issue bonds that will be supported by a State lease to finance the alternatives that are selected and to oversee the construction or renovation of the facilities. This phase will be addressed in a separate MOU. It is anticipated that a preliminary bond resolution for the possible bond issuance will be introduced at the July 10, 2014 board meeting, which will enable pre-development costs incurred 60 days before the bond resolution's adoption to be reimbursed if a final bond resolution is adopted and the bonds are issued.

The Authority and DPMC view development of state offices vital to redevelopment of the City of Trenton. The Authority previously developed the Trenton State Office Complex, which includes state offices and ground floor retail at 225 E. State Street, as well as, the full rehabilitation of Capitol Place One, at 200 South Warren Street. This project, if DPMC decides to proceed, will promote employment by making a long-term, capital investment in office space in Trenton. In addition, a potential state office building would complement other activity that may occur under the Garden State Growth Zone Incentive program which includes Trenton as a targeted municipality.

I have attached the following exhibit to this memorandum:

- Proposed MOU between the Authority and Treasury. The MOU between Treasury and the Authority outlines the tasks to be performed by the Authority in further assessing the Project's feasibility. The attached MOU is in substantially final form. The final document may be subject to revision, although the basic terms and conditions will remain consistent with the attachment. The final terms of the MOU will be subject to the approval of the Chief Executive Officer, President/Chief Operating Officer and the Attorney General's Office, as well as DPMC. To the extent that the Feasibility Study comes in under budget, the MOU provides that DPMC may ask the Authority to undertake a feasibility study on additional facilities. The MOU establishes a Feasibility Budget in the amount of \$500,000. The budget will be funded by the Authority and covers the Authority's out-of-pocket pre-construction costs associated with preparing the feasibility study for the Project, including but not

be limited to: title, architectural, engineering, environmental, and planning, necessary to assess the existing facilities and alternate sites for the proposed Project.

**Recommendation**

In summary, I ask for the Members' consent to enter into Memorandum of Understanding with DPMC generally consistent with the form attached, and to establish a feasibility budget funded by the Authority in the amount of \$500,000.



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Timothy J. Lizura  
President and Chief Operating Officer

Attachment

Prepared by: Juan Burgos

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) entered into pursuant to N.J.S.A. 52:14-4, dated the [month] day of [day], 2014, will confirm the mutual understanding and intention between the New Jersey Department of the Treasury, Division of Property Management & Construction (“DPMC”) and the New Jersey Economic Development Authority (“EDA”) regarding a feasibility study of certain facilities for DPMC. DPMC and EDA are collectively referred to herein as the “Parties.”

DPMC recently engaged Lammey & Giorgio, P.A. to complete preliminary studies of the condition and cost to rehabilitate, or to demolish and construct replacement buildings for the Department of Agriculture and Health Administration Building, Health Lab, and Taxation Building in Trenton, New Jersey (collectively the “Buildings”). To further the State’s efforts in space efficiency and cost savings, DPMC desires to engage EDA to procure consultants to prepare and complete a feasibility study for the Buildings (collectively the “Project”) that will consider the occupancy alternatives for the departments that currently occupy these buildings and provide a recommendation(s) for the most cost effective alternatives which could include building demolition, renovations, new construction, and/or acquisition of property (“Feasibility Study”).

1. **DPMC’s Role and Responsibilities.** DPMC will be responsible for performing the following tasks under this MOU:
  - a. **Authorize Work and Grant Access to Buildings.**
    - i. Authorize EDA to perform the Feasibility Study under the direction of EDA and on DPMC’s behalf.
    - ii. Review EDA’s approach to the Feasibility Study including a review of what type of consultants and contractors the EDA will engage to assist it in completing the Feasibility Study.
    - iii. Grant EDA and its consultants access to the Buildings within the Project.
    - iv. Participate in EDA’s Evaluation Committee for the selection of consultants and contractors, to the extent allowable pursuant to EDA’s procurement policies and procedures.
  - b. **Information.** Provide information, as requested by EDA, to complete the Feasibility Study, which shall include, but not be limited to the following:
    - i. **Occupancy Information.**
      1. Occupancy information per department (current and projected)

2. Design and space guidelines for department office space (e.g., criteria for offices, office cubicles, conference rooms and other meeting spaces, storage, technology requirements, and square foot minimums)
3. Parking requirements, if any.

ii. Building Information.

1. All existing studies and reports
2. All existing drawings for the Buildings within the Project

iii. Financial Information.

1. Operating cost history
2. Known deferred maintenance and related costs that are not otherwise disclosed in any report or study
3. Current lease costs
4. Copies of any leases for any of the Buildings within the Project
5. DPMC's preferred not to exceed amount for debt service and operating costs
6. DPMC's preferred amortization period for debt service

iv. Location Preferences.

1. DPMC's preferred location(s) in Trenton for rented space for the departments
2. DPMC's preferred location(s) in Trenton for new construction or building purchase(s) for the departments.

c. Other Tasks. Perform other tasks as identified by the Parties to assist in the completion of the Feasibility Study.

d. Scope of Services. To the extent that there are funds available under the \$500,000 allocated to the Feasibility Study, DPMC may request that EDA add or delete other departments and/or buildings to be included as part of the Feasibility Study.

e. Approval. Approve the recommendations made in the Feasibility Study and authorize the next steps to implement the recommendations which will be governed by a subsequent MOU between the Parties and subject approval of the EDA Board, the Treasurer's Office and the Governor's Office, as applicable.

2. EDA Role and Responsibilities. EDA will be responsible for the following tasks under

this MOU:

- a. Contractors and Consultants. After DPMC has authorized EDA's approach to the Feasibility Study, the EDA may retain and enter into agreements and contracts with consultants and contractors (including other State agencies) to assist EDA in connection with the Feasibility Study. Any and all contracts with consultants or contractors entered into by EDA in connection with the Project shall be advertised, solicited and selected by EDA in accordance with EDA's applicable procurement requirements. The general terms and conditions of such contracts shall be consistent with agreements typically entered into by EDA and shall provide for the termination by EDA, in consultation and with the consent of DPMC at any time.
- b. Feasibility Study. The EDA will prepare the Feasibility Study by [date] which will include:
  - i. Financial Information.
    1. Sources and Uses Statement. The financial information will include the occupancy alternatives for each department and provide a preliminary sources and uses statement and construction cost estimate for the development costs related to the proposed occupancy alternative(s) (e.g., build new, purchase a building, lease space), and if required, an estimate to preserve an unoccupied building and an estimate to demolish an obsolete building(s).
    2. Operating Proforma. The financial information will also include an annual operating proforma for the term of any debt service required to implement the Project. In addition the annual operating costs will also include the annual cost to preserve any unoccupied building and an estimate of annual debt service cost.
    3. Lease Analysis. The financial information will include an estimate of annual leasing costs, based on lease term length provided by DPMC, as an occupancy alternative for the departments within the Project.
    4. Comparative Analysis. The financial information will compare the cost of the occupancy alternatives and recommend the most cost effective alternative.
  - ii. Site Alternatives. Alternatives for leased space, new construction or the purchase of existing space based on the State's location preferences.

- iii. Space Occupancy Plans. Proposed occupancy plan for each department to determine the required square footage needed to implement the relocation.
- iv. Project Schedule. Estimated project schedule to implement the recommended space alternative.

3. **Feasibility Study Funding**.

- a. Initial Funding. EDA will provide \$500,000 to fund the Feasibility Study. A Feasibility Study budget is attached as Exhibit A to this MOU, which includes the cost of EDA direct services. EDA shall not be obligated to expend more than the initial \$500,000 provided for the Feasibility Study, and EDA may modify the scope of work required or tasks, required if there are insufficient funds to complete all the tasks included in this MOU. If within ninety (90) days of the date of the final Study, or upon earlier termination, DPMC determines not to authorize issuance of bonds to finance any part of the Project, it will repay the EDA half of the cost of the Feasibility Study, not to exceed \$250,000.
- b. Bond Reimbursement. In July, 2014, the Parties will seek approval from the NJEDA board for a preliminary bond resolution that will permit the reimbursement of the costs of the Feasibility Study in the event DPMC decides to proceed with a Project recommended in the Feasibility Study. If bonds are issued, EDA will be repaid the full cost of the Feasibility Study from bond proceeds. The Parties understand that EDA's issuance of bonds for a Project that is recommended from the Feasibility Study will be subject to the approval of the State Treasurer (or designee) and EDA's Board Members in their sole discretion, a favorable opinion of bond counsel, and market conditions (the "Project Approval"). Nothing contained herein shall be construed as an agreement or indication of intent on the part of any party hereto that EDA shall proceed to sell or issue by competitive or negotiated sale, via public offering or private sale, any bonds because the Parties recognize that no assurance can be given that the State Treasurer or EDA's Board Members will authorize the issuance of bonds for a Project.
- c. DPMC Reimbursement. DPMC will reimburse the Authority one-half (1/2) the cost of the final Study within ninety (90) days of the date of the final Study in the event that DPMC decides not proceed with a project recommended in the final Study within this time period.

4. **Additional Provisions**.

- a. Environmental Liability. It is expressly understood that this MOU and all subsequent, associated agreements will not obligate EDA to incur any liability for any known or unknown pre-existing environmental conditions on any Project site.
- b. Sufficient Funds. It is agreed that nothing in this MOU shall obligate or require EDA to enter into or continue any agreement or contract for the Project or to expend EDA personnel time or other administrative costs for the Project unless sufficient funds are readily available to EDA for EDA expenses and fees that would be incurred in connection with the Project. EDA shall at all times have the right to terminate or discontinue any agreement, contract or work for the Project or predisposition activities if EDA determines that sufficient funds are not readily available and approved under a budget for the EDA expenses and fees that would be incurred in connection with the Project.
- c. Right of Entry. This MOU constitutes a Right of Entry from DPMC to EDA, its employees, officers, agents, consultants and contractors for access to all portions of the sites described in Section 1, or other sites as may be identified from time to time, in order to carry out the Project.
- d. Other Approvals. Each Party will obtain all applicable governmental approvals, permits, and authorizations necessary to effectuate their respective responsibilities under this MOU.
- e. Commencement and Duration. This MOU will commence immediately upon execution by the Parties. Unless terminated earlier, this MOU shall remain in effect for three (3) years from the date and year first written above.
- f. Amendments. This MOU may be amended in a writing executed by the Parties.
- g. Termination. Either Party shall have the right to terminate this MOU upon written notice to the other Party. Upon termination, EDA shall make reasonable efforts not to incur any additional expenses or administrative costs; provided, to pay for any expenses or fees actually incurred or contracted for in connection with the Project.
- h. Notices. All notices required to be served or given hereunder shall be in writing and will be deemed given when received by personal delivery, by an overnight delivery service which issues a receipt from delivery, or three business days after having been mailed by certified mail, return receipt requested, and addressed as follows:

If to EDA:                    New Jersey Economic Development Authority

36 West State Street  
P.O. Box 990  
Trenton, New Jersey 08625-0990  
Attention: Donna Sullivan, Director  
Real Estate Division

If to DMPC: Department of Treasury  
Division of Property Management & Construction  
33 W. State Street  
P.O. Box 229  
Trenton, New Jersey 08625-0229  
Attention: Steven Sutkin, Director  
Division of Property Management & Construction

- i. Good Faith. Each of the Parties will act with reasonable diligence and in good faith for the purpose of satisfying the conditions set forth herein.
- j. Titles and Headings. Titles and headings are included for convenience only and shall not be used to interpret the MOU.

The foregoing correctly reflects the Parties' understanding and intent.

IN WITNESS WHEREOF, the Parties have caused this Memorandum of Understanding to be duly executed and delivered as of the date and year first above written and by so executing, represent and warrant they have the authority to do so.

STATE OF NEW JERSEY DEPARTMENT OF  
TREASURY, DIVISION OF PROPERTY  
MANAGEMENT & CONSTRUCTION

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Attest

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Steven Sutkin, Director

NEW JERSEY ECONOMIC DEVELOPMENT  
AUTHORITY

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Attest  
Donna Sullivan, Director of Real Estate,  
New Jersey Economic Development  
Authority

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Timothy J. Lizura  
President and Chief Operating Officer

# DRAFT

## **Energy Resilience Bank Memorandum of Understanding between New Jersey Economic Development Authority and New Jersey Board of Public Utilities**

### Background

This Energy Resilience Bank Memorandum of Understanding (“ERB MOU”) made this \_\_\_\_ day of \_\_\_\_ 2014 (“the Effective Date”), is by and between the NEW JERSEY BOARD OF PUBLIC UTILITIES (“BPU”) and the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (“EDA”), (each a “Party” and collectively the “Parties”) both instrumentalities of the State of New Jersey (the “State”).

WHEREAS, New Jersey’s citizens, communities and emergency management personnel were faced with significant challenges when widespread and prolonged electrical outages resulted from Superstorm Sandy’s powerful winds and rising flood waters; and

WHEREAS, critical facilities such as water and wastewater treatment plants, hospitals, schools and other public buildings must have access to reliable and resilient energy in order to serve the citizens of New Jersey; and

WHEREAS, distributed generation technologies –such as combined heat and power, fuel cells, and solar cells with storage – when combined with the ability to “island” – i.e., operate independently of the larger electrical grid – can help facilities to continue offering services in the event of a future calamity; and

WHEREAS, New Jersey has encouraged the use and deployment of distributed generation technologies for some time, including the Christie Administration’s Energy Master Plan which committed to developing 1,500 megawatts of new distributed generation resources where net economic and environmental benefits can be demonstrated; and

WHEREAS, because of the initial cost associated with pursuing distributed generation technologies and islanding capabilities, many critical facilities do not currently have in place energy resilience solutions; and

WHEREAS, the State, through the Action Plan for the Second Allocation of CDBG-DR Funds (the “Action Plan”), has proposed to create a New Jersey Energy Resilience Bank (“ERB” or “Program”) to continue to pursue innovation and build energy resilience by helping realize the development of distributed generation projects, microgrids, and other resilient technology designs at critical facilities throughout the State; and

WHEREAS, the State has further proposed that the ERB achieve its objectives by providing technical and financial support, such as flexible financing that may include grants and low-interest loans, loan guarantees, loan loss reserve coverage, and other forms of financing as set forth in the Action Plan, as it may be amended from time to time, to critical facilities; and

WHEREAS, the BPU has a long tradition of promoting innovative and energy-efficient technologies, offering financial assistance to clean energy projects, and ensuring the reliability and resilience of the power grid; and

WHEREAS, the EDA has developed considerable expertise in providing New Jersey institutions with innovative financing products and in deploying federal and State funds, particularly in the wake of recent natural disasters; and

WHEREAS, on account of the foregoing, the State has determined that EDA and BPU are most qualified to jointly administer the ERB; and

WHEREAS, a bedrock principle of the State's comprehensive approach to recovery has been to leverage available federal, State, private and philanthropic recovery resources in a coordinated way to maximize their impact for recovery; and

WHEREAS, a long-term objective of the Energy Resilience Bank is to attract more private capital to finance resilient distributed generation projects in New Jersey; and

WHEREAS, Community Development Block Grant-Disaster Recovery ("CDBG-DR") funds – administered by the U.S. Department of Housing and Urban Development ("HUD") and intended to address "unmet needs" not satisfied by other recovery resources – are a major source of funding that could be leveraged in the creation of the Energy Resilience Bank in combination with State funds; and

WHEREAS, the BPU has made a clear commitment to support the financial sustainability and flexibility of the Energy Resilience Bank with BPU clean energy funds, in accordance with applicable statutory requirements; and

WHEREAS, the CDBG-DR funds are being administered by the New Jersey Department of Community Affairs ("DCA") and any use of those funds by other agencies requires coordination with that Department; and

WHEREAS, the EDA has entered into a subrecipient agreement with DCA, dated May 21, 2013, ("EDA Subrecipient Agreement") to govern the administration of economic development and business assistance programs; and

WHEREAS, the EDA Subrecipient Agreement was amended on { } 2014 ("First Amendment") to approve the creation and funding of the ERB, among other things; and

WHEREAS, the ERB is not intended to be a new instrumentality of the State of New Jersey, but rather a program jointly operated by the Parties for the objective of promoting energy resilience throughout the State in a manner fully consistent with the Action Plan; and

WHEREAS, the Parties enter into this ERB MOU as an inter-department governmental agreement pursuant to N.J.S.A. 52:14-1 et. seq. to set forth their understanding as to the respective duties and responsibilities of each Party in connection with the joint implementation of the ERB.

WHEREAS, the Parties agree to enter into a subrecipient agreement which shall address payment to BPU for program delivery and administrative services rendered in connection hereunder.

NOW THEREFORE, in consideration of the promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following:

### I. New Jersey Energy Resilience Bank

The Parties agree to jointly operate a program to be known as the New Jersey Energy Resilience Bank, the purpose of which is to help promote energy resilience of New Jersey's critical facilities through financing of energy efficient and renewable energy projects as outlined in the Action Plan, as it may be amended from time to time, which is posted on DCA's website at [http://www.state.nj.us/dca/divisions/sandyrecovery/pdf/NJ\\_Action\\_Plan\\_Substantial\\_Amendment\\_508.pdf](http://www.state.nj.us/dca/divisions/sandyrecovery/pdf/NJ_Action_Plan_Substantial_Amendment_508.pdf).

ERB will be capitalized with monies both from the CDBG-DR allocation as set forth in the First Amendment and BPU clean energy monies obtained through payment of the Societal Benefits Charges ("SBC") which are deposited in the Clean Energy Trust Fund. In consultation with EDA, BPU agrees to determine the amount of funding and the purposes of the funding, subject to the provisions set forth in Electric Discount and Energy Competition Act (EDECA), N.J.S.A. 48:3-49 - 107, to be allocated to ERB on an annual basis, including administrative costs that may be approved. BPU endeavors to allocate up to an aggregate amount of \$150 million of SBC between fiscal year 2015 and fiscal year 2018, subject to appropriation and availability of funds.

This ERB MOU governs the duties and responsibilities of the Parties in connection with the joint operation of the ERB and the use of all federal and other funding sources for that purpose.

A. Through the respective Boards of the BPU and EDA, the ERB will have the authority to fund any project that satisfies the minimum threshold requirements, as outlined in the ERB program guide, guidelines and/or protocols, subject to the terms of the Action Plan, as it may be amended from time to time, and any constraints on availability of funds.

B. The BPU and the EDA will work together to develop and approve a mutually agreed upon annual budget for the ERB.

C. The mutually agreed upon annual budget will include the use of program income to ensure the sustained capitalization of the ERB.

### II. Duties of BPU

BPU will contribute its expertise in the areas of energy, technical considerations, and resilience benefits, among others. Its specific responsibilities include:

#### *Program design*

A. Jointly develop with EDA standard application forms (including intake and full applications forms).

B. Jointly develop with EDA initial program eligibility criteria (including technical criteria), financial products, guidelines and/or protocols, and project scoring methodology. In addition, jointly work with EDA on proposed changes to the foregoing, as necessary, subject to BPU and/or EDA Board approval(s), if required.

C. Jointly draft with EDA standard funding agreements for the ERB's financial products.

D. In conjunction with EDA, establish the technical, operational and financial conditions to be met by facilities in order to receive (where applicable) any loan forgiveness.

E. Together with EDA, develop project-specific requirements and/or conditions which must be agreed to and/or satisfied (as applicable) as pre-conditions to closing an ERB financing with a successful applicant.

#### *Marketing and outreach*

F. Jointly publicize and market the ERB's financing programs with the EDA and other State agencies. Such publicity may include, but not be limited to general information sessions with prospective applicants, public "town hall" meetings, press releases, distribution of marketing materials or public notices of grant and/or loan availability, including posting on the ERB website(s).

G. Jointly draft public relations/marketing material related to public announcements about the ERB.

H. Together with EDA, provide general information to prospective applicants through, for example, an optional pre-application conference regarding viable distributed generation technologies, general facility considerations, the benefits of resilient/distributed generation technology or other technical matters.

I. Jointly with EDA, monitor and track pre-application inquiries.

#### *Application processing and evaluation*

J. Together with EDA, set up a link on the ERB website(s) to receive application-related inquiries, particularly those focused on technical aspects of the ERB, and respond to such inquiries by posting a publicly accessible answer on the website(s).

K. Evaluate applications on the basis of technical feasibility, criticality and resiliency.

L. Reject or approve all completed applications and notify applicants in accordance with Program guidelines. For those applications to be funded solely by CDBG-DR monies, BPU's consideration of the application shall be based on the recommendation of ERB staff, its own technical review of the application and whether the application satisfies Program guidelines. It shall not include a decision as to whether CDBG-DR funds should be used to fund the application. For those applications to be funded in whole or in part with SBC monies, BPU's consideration of the application shall be based on all of the foregoing.

M. Jointly with EDA, develop and manage the appeals process for unsuccessful applicants.

N. In coordination with the New Jersey Department of Environmental Protection, assist applicant when possible to stimulate expedient processing of State and federal approvals required for project approval progress.

#### *Administration and staffing*

O. Provide constructive input to the EDA in its hiring of the Executive Director, which will be an EDA employee. With constructive input from the EDA, hire a Deputy Director, which will be an employee of BPU.

P. Hire, train and manage performance of any other ERB-focused staff at the BPU.

Q. Manage pre-construction, construction and post-construction inspections, including the intake and processing of all required and applicable HUD construction certifications requirements such as Davis Bacon, Buy American, Section 504.

R. Make project-specific assessments to maximize cost-effectiveness, including recommending additional clean energy program options for which qualified applicants may apply.

#### *Reporting and compliance*

S. Jointly with EDA, assist in providing all necessary technically-based information regarding ERB-specific metrics and metrics necessary for EDA to meet HUD reporting requirements, including but not limited to the national objective, Davis Bacon, and Section 504 compliance.

T. Work in collaboration with the EDA to facilitate all aspects of program delivery and compliance.

### III. Duties of EDA

The EDA will contribute its expertise in the financial aspects of the ERB and federal and State compliance requirements.

#### *Program design*

A. Jointly develop with BPU standard application forms (including intake and full application forms).

B. Jointly develop with BPU initial program eligibility criteria (including financing criteria), financial products, program guides, guidelines, protocols, and project scoring methodology. In addition, jointly work with BPU on proposed changes to the foregoing, as necessary, subject to BPU and/or EDA Board approval(s), if required.

C. Jointly draft with BPU standard funding agreements for the ERB's financial products.

D. In conjunction with BPU, establish the technical, operational and financial conditions to be met by facilities in order to receive (where applicable) any loan forgiveness.

E Together with BPU, develop project-specific requirements and/or conditions which must be agreed to and/or satisfied (as applicable) as pre-conditions to closing an ERB financing with a successful applicant.

F. Manage the ERB's financial portfolios.

G. Facilitate the sustained capitalization of the ERB through innovative financing.

#### *Marketing and outreach*

H. Jointly publicize and market with the BPU and other State agencies the ERB's financing programs. Such publicity may include, but not be limited to general information sessions with prospective applicants, public "town hall" meetings, press releases, distribution of marketing materials or public notices of grant and/or loan availability, including posting on the ERB website(s).

I. Jointly draft public relations/marketing material related to public announcements about the ERB.

J. Together with BPU, provide general information through, for example, an optional pre-application conference to prospective applicants regarding all financial options that may be open to facilities, as well as opportunities for third-party financing.

K. Jointly with BPU, monitor and track pre-application inquiries.

#### *Application processing and evaluation*

L. Together with BPU, set up a link on the ERB website(s) for those having any application-related inquiries, particularly those focused on financial products, CDBG-DR requirements or other financial considerations, and respond to such inquiries by posting a publicly accessible answer on the website(s).

M. Intake applications for ERB financing, determine the completeness of accompanying materials with assistance from BPU on technical details.

N. Conduct a financial review and perform due diligence of applicants and projects which have successfully completed BPU technical review to determine financial feasibility.

O. Reject or approve all completed applications and notify applicants in accordance with Program guidelines. For those applications to be funded solely by SBC monies, EDA's consideration of the application shall be based on the recommendation of ERB staff, its own underwriting analysis of the application and whether the application satisfies Program guidelines. It shall not include a decision as to whether SBC funds

should be used to fund the application. For those applications to be funded in whole or in part with CDBG-DR monies, EDA's consideration of the application shall be based on all of the foregoing.

P. Jointly with BPU, develop and manage the appeals process for unsuccessful applicants.

Q. Following approval of applications from both BPU and EDA Boards, (or from delegated authority, if applicable) finalize financing agreements with applicants and send a pre-closing package to applicants.

R. Disbursement of ERB funds based on agreed upon milestones to approved applicants in accordance with Program guidelines, requirements, and any EDA and/or BPU conditions.

S. Provide customer relationship management, including collecting financial information, accepting and monitoring of repayments (if applicable), creating and maintaining general accounting records of the terms of financing, notifying loan recipients of any late or delinquent payments, and initiating collection actions when required, in coordination with State Attorney General's Office.

T. Upon notification by BPU of a recipient's successful completion of loan forgiveness and/or grant milestone in accordance with Program guidelines and requirements, make appropriate notifications to recipient (if applicable).

#### *Internal operations and staffing*

U. With constructive input from the BPU, hire an Executive Director, which will be an employee of EDA. Provide constructive input to the BPU in its hiring of the Deputy Director, which will be a BPU employee.

V. Hire, train and manage performance of any other ERB-focused staff at the EDA.

#### *Reporting and compliance*

W. Publish on a regular basis reports which may include descriptions of ERB activities, success stories, performance statistics and challenges of the ERB sufficient to help the public understand its activities and post the foregoing on the ERB website(s).

X. As further detailed in the EDA Subrecipient Agreement, EDA will gather and report all necessary information required by HUD for disbursement of CDBG-DR funds, including information required for any report and auditable trail.

#### IV. Decision Making

A. While the BPU and EDA Boards will ultimately vote to approve, reject or modify applications, subject to any delegations, the following shall be the process for the

evaluation of all ERB projects, not solely those funded with CDBG-DR or other federal, State or private funds:

i. Technical Review. BPU staff is responsible for evaluating applicant projects on whether they meet the technical requirements for funding by the ERB, technical feasibility, cost effectiveness, resilience benefit and facility criticality as outlined by ERB program guides. BPU staff, under the direction of the Chief Technical Officer(s), also is responsible for preparing the technical components of the evaluation of each project proposal in accordance with the ERB program guides, guidelines and protocols.

ii. Credit Review. EDA staff will be responsible for considering the financial analysis of the applicant and project, and recommending funding terms and amounts for each project. EDA staff will perform financial analyses, recommend funding sources, terms and amounts, and prepare the credit report for each project proposal, in accordance with the ERB program guides, guidelines and protocols.

iii. Executive Director. The Executive Director is an employee of the EDA who is ultimately responsible for managing the pipeline of ERB investments, overseeing review, selection and closing of individual transactions, and recommending the direction of the ERB.

A. The EDA and BPU Boards will vote to approve, reject or modify the recommendation of the ERB staff. BPU's consideration of the application shall be based on the recommendation of ERB staff, its own technical review of the application and whether the application satisfies Program guidelines. EDA's consideration of the application shall be based on the recommendation of ERB staff, EDA's own underwriting analysis of the application and whether the application satisfies Program guidelines.

B. Funding: The authority of each Board to approve financial assistance is set forth above in Sections II(L) and III(O).

C. Both the EDA and the BPU will jointly agree as to the use of any program income.

D. The ERB staff (whether employed by BPU or EDA) will seek delegations of authority from their respective Boards as necessary to strive to enable maximum efficiencies in the administration of the ERB.

## V. Project Selection

In recognition of the ERB's objectives and the need for transparency throughout its processes, the Parties will evaluate and select all projects in accordance with established ERB program guides, approved by the EDA and BPU Boards and publically available on the ERB website(s). Any material amendments or alterations of the ERB program guides are to be separately approved by the respective Boards of the BPU and the EDA.

At least initially, the Parties envision accepting the ERB applications on a rolling basis. Completed applications will be reviewed as received in the order in which they are received, provided they are complete.

## A. Selection Criteria

1. Minimum Threshold Criteria – In order for a project to be eligible for ERB financing, the project must meet the minimum requirements for Program eligibility, technical feasibility, cost effectiveness (i.e., positive societal return to the project), CDBG-DR requirements, and financial viability, as outlined in the ERB program guides, guidelines and/or protocols.

2. Evaluative Criteria – All projects which satisfy the minimum threshold criteria referenced above will be evaluated in accordance with the ERB program guides, guidelines and/or protocols which, for instance, will assess technical feasibility, criticality and resiliency, and credit/economics.

## B. Approval Process

Subject to satisfaction of all other criteria, the Parties expect to recommend financing to any project which meets the minimum threshold criteria as described in the ERB program guides, and/or protocols subject to but not limited to the following restriction: The ERB staff may determine that the quantity of financing requested for eligible projects is likely to exceed the remaining capital of the ERB. In such case, the EDA and BPU, with appropriate notice, will restructure ERB fund allocation in a feasible manner that may include awarding funds to the highest-scoring projects based on clear scoring guidelines established and posted by the ERB, for example.

## VI. Subsequent Revisions to ERB Program Guides

In light of the dynamic environment in which the ERB operates, the Parties anticipate the need for ongoing development of guides, processes, new credit products and refined selection criteria by ERB staff. The Parties recognize that this flexibility must be balanced against the need for transparency and predictability in ERB policies for the benefit of current and future applicants. To achieve both these objectives, ERB staff shall consider the following steps:

- Internal evaluation of potential revisions to the main aspects of the ERB program guides, guidelines and/or protocols consistent with this Memorandum, the Action Plan and applicable statutory criteria.
- Where substantial changes are proposed, staff discussion of the proposed changes with potential customers and stakeholders.
- Once changes have been agreed upon by the ERB staff, the BPU and EDA Boards (if required) and HUD, when necessary, the Parties will update information on the ERB's website(s) to inform customers of the changes, along with the future date of effect of those changes.
- The Parties will provide public notice of the changes and an opportunity for comment when needed.

VII. Miscellaneous

A. This ERB MOU is being entered into for the sole purpose of evidencing the mutual understanding and intention of the Parties with respect to the joint administration of the ERB. There are no third-party beneficiaries of the ERB MOU.

B. This ERB MOU shall be effective upon execution by both Parties and the service on EDA of a BPU Board Order approving execution of the MOU. The MOU shall continue until terminated upon mutual written agreement of both Parties, unless terminated sooner as set forth in Subsection C herein.

C. Each Party shall have the right to terminate the ERB MOU for any reason following 90 days advance written notice to the other Party. In the event that a Party exercises its right to terminate the ERB MOU, all applications which have received EDA and/or BPU approval as of that notice date shall proceed to closing.

D. The Parties may modify or amend this ERB MOU only by a signed written agreement of both Parties. Any change to ERB program guides, guidelines and/or protocols will not require an amendment to this MOU, but will require the Parties' approvals as outlined in the ERB program guides, guidelines and/or protocols.

E. The recitals appearing in the Background Section are made part of this ERB MOU and are specifically incorporated herein by reference.

F. The Parties shall cooperate to provide to each other any and all documents in their possession requested by the other Party in connection with the specific awards made under this ERB MOU, subject to claims of attorney-client and/or deliberative privilege.

G. The Parties shall administer their responsibilities under this ERB MOU consistent with New Jersey Department of Treasury requirements, the Action Plan as it may be amended from time to time, ERB program guides, guidelines and/or protocols, any relevant State and federal requirements, to the extent applicable, and the EDA Subrecipient Agreement related to the expenditure of CDBG-DR funds.

H. This ERB MOU may be executed in duplicate parts, each of which shall be an original, but all of which shall together constitute one (1) and the same instrument.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: \_\_\_\_\_

Michele Brown, Chief Executive Officer

NEW JERSEY BOARD OF PUBLIC UTILITIES

By: \_\_\_\_\_

Dianne Solomon, President

**DRAFT**

**STATE OF NEW JERSEY**  
**DEPARTMENT OF COMMUNITY AFFAIRS**

**INTERAGENCY AGREEMENT**  
**WITH THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**

**IMPLEMENTING GRANT UNDER THE COMMUNITY DEVELOPMENT BLOCK**  
**GRANT DISASTER RECOVERY (“CDBG-DR”) PROGRAM**

This First Amendment to the Subrecipient Agreement (the “First Amendment”) is made and entered into on this \_\_\_ day of \_\_\_\_\_, 2014 by and between the NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS (“DCA”), and the STATE OF NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (“EDA”).

The DCA shall be referred to as (“GRANTEE”). GRANTEE and the EDA may sometimes hereinafter be collectively referred to as the “Parties” and individually as a “Party.”

**PREAMBLES**

WHEREAS, GRANTEE and the EDA entered into a subrecipient agreement, effective May 21, 2013, (the “Agreement”) which made available to EDA up to four hundred sixty million and 00/100 dollars (\$460,000,000.00) of CDBG-DR funds for the purpose of funding GRANTEE’s activities under the Economic Revitalization Program; and

WHEREAS, Action Plan Amendment Number 4 to New Jersey’s Initial Action Plan for the Utilization of CDBG-DR Funds in Response to Superstorm Sandy, which was approved by HUD on January 8, 2014, adjusted the funds made available to the EDA Grants/Forgivable Loans to Small Businesses Program to \$100,000,000; a transfer of \$160,000,000 from EDA to housing programs.

WHEREAS, a second allocation of CDBG-DR funds was appropriated to the State of New Jersey (the “State”) for disaster recovery efforts from Superstorm Sandy in November 2013; and

WHEREAS, Action Plan Amendment Number 7 to New Jersey’s Initial Action Plan for the Utilization of CDBG-DR Funds in Response to Superstorm Sandy, which was approved by HUD on May 30, 2014 provides for the use of funds from the second allocation by GRANTEE in the amount of: i) \$5,000,000 for the Tourism Marketing Campaign (Section 3.4.1), and ii) \$200,000,000 to create and maintain the New Jersey Energy Resilience Bank (“ERB”) to address Statewide energy resilience needs (Section 3.5.2 of); and

WHEREAS, pursuant to Section VII (F) of the Agreement, the Parties are required to amend the Agreement to reflect the change in CDBG-DR funding allocated to the EDA

and the incorporation of new activity under the EDA-administered Economic Revitalization Program. The amended total of CDBG-DR funds made available to EDA reflected in this Amendment is up to five hundred five million and 00/100 dollars (\$505,000,000).

**NOW, THEREFORE**, in consideration of the promises and the mutual representations, warranties, and covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to amend the Agreement as follows:

**I. Section I General Definitions. Economic Revitalization Program definition is revised to the following:**

“Economic Revitalization Program”, for purposes of this Agreement, means Section 4.3 of the Action Plan and shall also include the New Jersey Energy Resilience Bank set forth in Section 3.5.2 under Section 3.5 Infrastructure and the Tourism Marketing Campaign detailed within the guidelines of the Action Plan and updated in the ensuing Action Plan Amendment Number 7.

**II. Section II (A). Grant Award, is deleted in its entirety and the following is substituted in lieu thereof:**

**A. Grant Award**

Subject to the terms and conditions of this Agreement, the GRANTEE, as administrator of the CDBG-DR Program, shall make available to Subrecipient disaster recovery funds up to the gross amount of five hundred five million, and 00/100 (\$505,000,000) Dollars (the “Grant Funds”) for the purpose of funding GRANTEE’s activities under the Action Plan and subsequent amendments related to the Economic Revitalization Program (the “Program”). The Parties acknowledge that \$5 million of the above-referenced Grant Funds represent additional monies allocated to the EDA for its tourism marketing campaign; Subrecipient’s receipt of this sum is contingent upon HUD’s approval of the State’s waiver request to increase by \$5 million the State’s cap on using CDBG-DR monies for tourism. The Grant Funds must be expended by Subrecipient within two years of the date that HUD executes each grant agreement with GRANTEE for all or a portion of the Grant Funds, with final grant agreement to be executed on or by September 30, 2017, unless an extension is hereinafter granted in writing by HUD or as approved by GRANTEE. Subrecipient is required to ensure all contracts (with subrecipients, recipients, and Contractors) clearly stipulate the period of performance or the date of completion.

**III. A new subsection II (D) 1 (e) shall be added and provide as follows:**

e) **Infrastructure** - Subrecipient will facilitate the Programs defined in Section 3.5 of Amendment 7 to the Action Plan in order to best position the State to be prepared for future disasters by setting policies and standards aimed at realizing smart infrastructure investment, identifying resilience opportunities, and using

technological innovation and mitigation designs to meet future challenges and hazards.

**IV.** A new subsection II(D) 1 (f) shall be added and provide as follows:

(f) **New Jersey Energy Resilience Bank**–Subrecipient will provide technical and financial support, including but not limited to grants and low-interest loans, to critical facilities in the State to realize energy resilience projects or enhancements to existing energy infrastructure. GRANTEE acknowledges that the ERB program will be administered by the EDA in conjunction with the Board of Public Utilities (BPU) pursuant to the terms of a memorandum of understanding, dated as of the date hereof, which may be amended from time to time; however EDA remains solely responsible for all obligations contained within the Agreement as Subrecipient of CDBG-DR funds.

**V.** Section II (D) 2 The Budget

A. The first paragraph is deleted in its entirety and the following is substituted in lieu thereof:

<b>Activity/Item</b>	<b>Maximum Amount</b>
Tourism/Marketing	\$30,000,000
Grants/Forgivable Loans	\$100,000,000
Direct Loans	\$100,000,000
Neighborhood and Community Revitalization	\$75,000,000
<b>New Jersey Energy Resilience Bank</b>	<b>\$200,000,000</b>
<b>TOTAL</b>	<b>\$505,000,000</b>

The total budget of \$505,000,000 includes Administrative Expenses of up to \$2,525,000 and Activity Delivery Costs of up to \$75,750,000.

This reflects the changes contained in Action Plan Amendments 5 and 7.

B. The following additional paragraph is added:

“The Parties may agree, in writing, to a revision of the Budget or a reallocation of funds between categories within the Budget without the need to amend this Agreement; provided however, that in no case shall any such revisions or reallocations exceed the total allocation under the Agreement.”

C. “Administrative Expenses” - “\$2,300,000 (Two Million Three Hundred Thousand Dollars)” shall be deleted and “\$2,525,000 (Two Million Five Hundred Twenty Five Thousand Dollars)” shall be substituted in lieu thereof.

- D. “Activity Delivery Costs” – “\$69,000,000 (Sixty Nine Million Dollars)” shall be deleted and “\$75,750,000 (Seventy Five Million Seven Hundred Fifty Thousand Dollars)” shall be substituted in lieu thereof.

**VI. Section II (D) 3 Performance Requirements**

The following additional paragraph is added following the fourth bullet:

“Subrecipient will make best efforts to launch ERB in August 2014. Subrecipient intends to complete all ERB-related Activities of the Program, including 100% expenditure of ERB-allocated funds that have been drawn down no later than two years from the execution date of each Grant Agreement between GRANTEE and HUD, and it shall endeavor to assist as many individual qualifying facilities as is practicable given the Grant Fund allocation for ERB. Activity completion and expenditure requirements do not apply to Activities separately funded through the Subrecipient’s or GRANTEE’s receipt and expenditure of Program Income.

Subrecipient agrees to use best efforts to comply with intermediate benchmarks as follows:

- \$30 million obligated under a Grant Agreement between GRANTEE and HUD within 1 year of execution of this Agreement
- An additional \$40 million obligated under a Grant Agreement between GRANTEE and HUD within each 1 year anniversary of execution of this Agreement for the next 3 years
- An additional \$50 million obligated under a Grant Agreement between GRANTEE and HUD within the 5<sup>th</sup> anniversary of execution of this Agreement, unless such date is otherwise stipulated in writing by GRANTEE and HUD.

GRANTEE authorizes an extension of the dates contained in this section to reflect that all Action Plan 1 funds obligated under the Grant Agreement dated May 13, 2013, as amended, must be expended by May 13, 2015. The funds disbursed in subsequent tranches must be expended within 2 years of the date the funds are obligated by HUD to GRANTEE.”

**VII. Section II(D) 10 LMI Benefit**

This Section shall be amended by adding the following sentence: “Notwithstanding the foregoing, Subrecipient shall use best efforts to ensure that 60% of the Grant Funds allocated to ERB are expended for activities that benefit low and moderate income families.”

**VIII. Section III Payment Process; Compensation**

This Section shall be amended by adding an additional sentence to subsection B as follows:

"Payment of Activity Delivery Costs and Administrative Expenses incurred by the New Jersey Board of Public Utilities ("BPU") in connection with its implementation of the New Jersey Energy Resilience Bank shall be provided to BPU via electronic funds transfer."

**IX.** It is further agreed and understood that the language in this First Amendment shall supersede any language to the contrary contained in the Agreement and that all other terms and conditions of the Agreement shall remain the same, unchanged and in full force and effect.

**X.** Any capitalized word not defined herein shall have the meaning ascribed to it in the Agreement.

The Parties have executed on the date set forth next to their respective signatures below, but effective as of the date first above written.

**STATE OF NEW JERSEY, DEPARTMENT OF  
COMMUNITY AFFAIRS**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**NEW JERSEY ECONOMIC DEVELOPMENT  
AUTHORITY**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# DRAFT

## **SUBRECIPIENT AGREEMENT BETWEEN BOARD OF PUBLIC UTILITIES AND NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**

### **IMPLEMENTING GRANT UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY PROGRAM**

This Subrecipient Agreement is made and entered into on this \_\_ day of \_\_\_\_\_, 2014 by and between the NEW JERSEY BOARD OF PUBLIC UTILITIES (“BPU”) and the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (“EDA”).

The EDA and the BPU may sometimes hereinafter be collectively referred to as the “Parties” and individually as a “Party.”

#### **PREAMBLES**

WHEREAS, the New Jersey Department of Community Affairs ( “DCA”) and the EDA entered into a subrecipient agreement, effective May 21, 2013, (the “EDA Subrecipient Agreement”) which made available to EDA up to four hundred sixty million and 00/100 dollars (\$460,000,000.00) for the purpose of funding EDA’s activities under the Economic Revitalization Program; and

WHEREAS, Action Plan Amendment Number 7 to New Jersey’s Initial Action Plan for the Utilization of CDBG Funds in Response to Superstorm Sandy, which was approved by HUD on May 30, 2014, provides for the use of funds from a second allocation of Community Development Block Grant Disaster Recovery (“CDBG-DR”) monies by DCA; and

WHEREAS, this second allocation includes CDBG-DR funds in the amount of \$200,000,000 earmarked for an “Infrastructure Program” to be used by EDA to create and maintain the New Jersey Energy Resilience Bank to address Statewide energy resilience needs (Section 3.5.2) ; and

WHEREAS, the EDA Subrecipient Agreement was amended accordingly on {fill in} (the “First Amendment”) (“EDA Subrecipient Agreement” and “First Amendment” collectively referred to herein as the “Amended Agreement”) to reflect the additional CDBG-DR funds for ERB, as well as other CDBG-DR funding changes which resulted in a total CDBG-DR budget to EDA of five hundred five million and 00/100 dollars (\$505,000,000). The First Amendment is attached hereto as Exhibit A and is incorporated herein.

WHEREAS, pursuant to the First Amendment and a Memorandum of Understanding between the BPU and NJEDA, dated \_\_\_\_, the ERB will be administered jointly by the BPU and EDA.

**NOW, THEREFORE**, in consideration of the promises and the mutual representations, warranties, and covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

**I. General Definitions**

All capitalized words not otherwise defined herein shall have the meaning ascribed to them in the Amended Agreement.

**II. Grant Award**

Subject to the terms and conditions of the Amended Agreement, the DCA, as New Jersey's designated administrator of the CDBG-DR Program, has agreed that it shall make available to EDA CDBG-DR funds up to the gross amount of five hundred five million, and 00/100 (\$505,000,000) Dollars (the "Grant Funds") for the purpose of funding EDA's activities under the Action Plan and subsequent amendments related to the Economic Revitalization and Infrastructure Programs (the "Programs"). The Parties acknowledge that \$5 million of the Grant Funds represent additional monies allocated to the EDA for its tourism marketing campaign, assuming HUD grants the State's waiver request to increase by \$5 million the State's cap on using CDBG-DR monies for tourism. The Grant Funds must be expended by EDA within two years of the date that HUD executes each grant agreement with GRANTEE for all or a portion of the Grant Funds, with final grant agreement to be executed on or by September 30, 2017, unless an extension is hereinafter granted in writing by HUD or as approved by GRANTEE. EDA is required to ensure all contracts (with subrecipients, recipients, and Contractors) clearly stipulate the period of performance or the date of completion. BPU hereby acknowledges that the period of performance or the date of completion of this Agreement is within two years of the date that the funds are obligated under the final grant agreement.

**III. The Budget**

The total budget for the Energy Resilience Bank to be funded with CDBG-DR monies is \$200,000,000, which includes Administrative Expenses of up to \$500,000 and Activity Delivery Costs of up to \$30,000,000. The EDA agrees to allow DCA to reimburse the BPU's Administrative Expenses and Activity Delivery Costs allocable to the Energy Resilience Bank according to the agreed upon annual budget as set forth in the Memorandum of Understanding between EDA and BPU dated \_\_\_\_\_, provided the following conditions are met:

A. BPU submits to EDA time sheets and other supporting data in a format that is compatible with inputting the information into SIROMS; and

B. All reimbursement sought by BPU is properly allocable to Administrative Expenses and Activity Delivery Costs incurred by BPU in connection with its implementation of Energy Resilience Bank.

The Parties have executed on the date set forth next to their respective signatures below, but effective as of the date first above written.

**NEW JERSEY ECONOMIC DEVELOPMENT  
AUTHORITY**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**BOARD OF PUBLIC UTILITIES**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

## MEMORANDUM

**TO:** Members of the Authority

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

**RE:** Waterfront Technology Center at Camden  
Lease Agreement with Rutgers, The State University of New Jersey

**DATE:** June 10, 2014

### Summary

The Members are asked to approve the execution of a lease amendment with Rutgers, The State University of New Jersey (“Rutgers”) for an additional approximately 3,826 square feet of fifth floor laboratory space at the Waterfront Technology Center at Camden (“WTCC”), resulting in leased premises totaling 9,019 square feet.

### Background

Over the past several years, Rutgers has experienced significant growth in the number of tenure-track faculty, undergraduate and graduate students, and grant funding in its science programs. In particular, the Center for Computational and Integrative Biology (“CCIB”), which includes the departments of Biology, Chemistry, Physics and Computer Science, has outgrown the available laboratory space on campus.

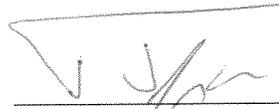
In August of 2013, the NJEDA executed a lease agreement with Rutgers under delegated operating authority for 5,193 square feet of laboratory space on the fifth floor of WTCC. Four of Rutgers’ CCIB faculty members were located there initially. Since then, CCIB has secured additional grant funding and added four new faculty members, resulting in the need for increased space.

The additional space is contiguous to the original leased space. With this lease amendment, the laboratory space on the fifth floor of the WTCC, originally constructed in 2009, will be fully leased.

The terms of the amendment are consistent with the terms for the original space, which were determined by the Authority’s leasing broker to be market rent for lab space in Camden. Please see attached summary of terms for both the original leased space and the expansion space.

**Recommendation**

In summary, the Members are asked to approve the execution of the Authority's standard form of lease amendment with Rutgers for approximately 3,826 square feet of laboratory space at the Waterfront Technology Center on terms generally consistent with the attached sheet and; 2) any and all other documents required to effectuate this transaction, on final terms acceptable to the Attorney General's Office and the Chief Executive Officer.



---

Timothy J. Lizura  
President/Chief Operating Officer

**Attachment**

Prepared By: Christine Roberts

**LANDLORD:** NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
**PROPERTY:** THE WATERFRONT TECHNOLOGY CENTER AT CAMDEN  
**TENANT:** Rutgers, The State University of New Jersey  
**PREMISES:** Original Lease: 5,193 rentable square feet of laboratory space on the fifth floor.  
Lease Amendment: 3,826 rentable square feet of laboratory space on the fifth floor.

**LEASE TERM:** Original Lease: Five (5) years and four (4) months, beginning on September 19, 2013 and ending on January 31, 2019.  
Lease Amendment: Coterminal with original lease, beginning July 1, 2014 and ending January 31, 2019.

**RENT COMMENCEMENT:** Original Lease: Rent commenced January 19, 2014 after free rent period  
Lease Amendment: Rent will commence October 1, 2014 after free rent period

**BASE RENTAL RATES:** Rates are modified gross, and include PILOT and Base Year CAM. In addition to rent, PILOT and CAM increases over the Base Year, Tenant will pay tenant specific electricity.

Original Lease:

First Four Months:	Free
Next Eight Months:	\$31.00 psf
Next Twelve Months:	\$31.50 psf
Next Twelve Months:	\$32.00 psf
Next Twelve Months:	\$32.50 psf
Next Twelve Months:	\$33.00 psf
Last Four Months:	\$33.50 psf

Lease Amendment:

First Three Months:	Free
Next Nine Months:	\$31.00 psf
Next Twelve Months:	\$31.50 psf
Next Twelve Months:	\$32.00 psf
Next Twelve Months:	\$32.50 psf
Last Seven Months:	\$33.00 psf

**TAXES AND OPERATING EXPENSES (CAM):**

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

**BASE YEAR ESCALATIONS:**

After Year 1, Tenant will be responsible for any taxes, operating expense and CAM charges which exceeds Landlord's Base Year operating expenses.

**TENANT IMPROVEMENTS:**

No Tenant Improvement Allowance.

**RENEWAL OPTIONS:**

None.

**BROKER:**

Under the Authority's contract with Jones, Lang, LaSalle, the Authority paid a leasing commission of \$37,962.56 for the original lease.

A commission of approximately \$24,100 will be due to Jones, Lang LaSalle for the lease amendment.

**SECURITY DEPOSIT:**

None

**MEMORANDUM**

**TO:** Members of the Authority

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

**DATE:** June 10, 2014

**RE:** Construction of Interim Parking Lot  
Former Riverfront State Prison Site, Camden, NJ

**Summary**

The Members are asked to approve the award of a construction services contract to Fred Schiavone Construction, Inc. of Malaga, NJ and to establish an updated contract budget for the construction of an interim parking lot located on the former Riverfront State Prison site located in Camden, NJ.

**Background**

At the March 2014 Board meeting, the Members approved a conceptual budget in the amount of \$502,000 for the design and construction of the interim parking lot, which included an engineering design and construction administration budget in the amount of \$72,000 and a conceptual construction budget in the amount of \$430,000. The conceptual construction budget was developed in advance of performing any of the engineering design services, and was based on providing a minimum of 500 new parking stalls within a 5 acre designated portion of the site along with the reuse of the former Prison lights which were salvaged during the demolition phase of the Prison.

As was also communicated at the March 2014 Board meeting, the cost of this work will be paid from NJEDA's unencumbered funds. The source of repayment of these funds are parking revenues to be received from patrons on the former Prison site, which is owned by the State of New Jersey. Annual estimated revenue from all of the NJEDA-owned parking lots on the Camden Waterfront is \$650,000. The Camden Parking Authority (CPA) has agreed to maintain and operate the lot in accordance with the terms of the standard Site License Agreement that has been used for other lots owned by NJEDA on the Waterfront. In order to recapture a portion of the costs of constructing the improvements, CPA has agreed to pay NJEDA all revenues, net of operating expenses, collected for the Prison parking lot. CPA will retain no more than 20% of the gross parking revenue to cover operating expenses. In addition, NJEDA has amended the MOU with DPMC allowing NJEDA to construct the interim parking lot on the former prison site.

During the design phase it was discovered that the former Prison lights which were salvaged during the demolition phase were not adequate to provide the amount of lighting as required by City Ordinance, and it was also discovered that the wiring for the former Prison lights was not compliant with current electrical code requirements. Therefore, the final design provided the new, supplemental lighting as required by Ordinance, as well as, upgraded the wiring for the former Prison lights so to comply with current electrical code requirements. The final design of the parking lot provides for 680 new parking stalls as compared to the 500 stalls as was contained in the conceptual construction budget and located on the same 5 acre designated portion of the site, which will result in additional parking revenues.

The Real Estate Division publicly advertised and received seven (7) bids for construction of the interim parking lot, which were publicly opened on June 4, 2014. The bids ranged from \$525,800 to \$957,000 as listed on the attached chart.

Based on the evaluation criteria outlined in the bid documents, NJEDA's Selection Committee is recommending that the Members approve Fred Schiavone Construction, Inc. of Malaga, NJ to provide these services, as the lowest responsible bidder, for a lump sum bid amount of \$525,800. Final approval of the selection of Fred Schiavone Construction, Inc. will be subject to their satisfaction of the compliance documentation and requirements. In the alternative, if Fred Schiavone Construction, Inc. is found to be non-compliant, we are seeking approval to enter into a contract with the next lowest responsible bidder, subject to satisfaction of the compliance documentation and requirements, as listed on the attached chart. We are requesting approval of an updated construction budget of \$676,670 which includes the \$525,800 lump sum contract, a 15% contingency of \$78,870 and the previously approved \$72,000 for engineering and design services.

**Recommendation**

In summary, I ask for the Members' consent to award a construction services contract to Fred Schiavone Construction, Inc. of Malaga, NJ for a lump sum contract amount of \$525,800 plus a 15% contingency for the construction of an interim parking lot located on the former Riverfront State Prison site in Camden, NJ and to establish the design and construction budget at \$676,670.

  
\_\_\_\_\_  
Timothy J. Lizura  
President and Chief Operating Officer

Attachment

Prepared by: Thomas P. Catapano

**Bid Summary**  
**Interim Parking Lot, Camden, NJ**

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Fred Schiavone Construction, Inc.	\$525,800
American Athletic Courts	\$545,000
Winzinger	\$563,000
Jersey Construction	\$624,625
AP Construction	\$762,000
JPC Group	\$855,000
Command Co.	\$957,000

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**OFFICE OF RECOVERY**



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

**APPLICANT:** OptiJob, Inc.

P39210

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

\* - indicates relation to applicant

**PROJECT LOCATION:** 106 Bridge Ave

Bay Head Borough (N)

Ocean

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

**APPLICANT BACKGROUND:**

OptiJob, Inc. was founded in 2006 as a Software as a Service provider that helps employers utilize search engines, social media networks, blogs and mobile devices to attract and hire prospective employees. The Company is currently owned by J. Christopher Amato (62.2%), John Minio (19.7%), John Minio, Jr (7.1%), Chris Minio (5.5%), John Guarano (3.9%) and Dave Decker (1.6%).

**APPROVAL REQUEST:**

Approve a \$505,664 working capital loan under the Stronger NJ Loan Program.

**FINANCING SUMMARY:**

**LENDER:** NJEDA

**AMOUNT OF LOAN:** \$505,664

**TERMS OF LOAN:** 24 months of 0% interest followed by 336 months of interest payments based on the 5 year US Treasury rate. Rate reset at each 10 year anniversary. During the first 18 months of the loan no principal payments are due followed by 342 months of principal payments in an amount adequate to fully amortize the loan. The first \$50,000 of the loan will be forgiven one year after closing provided certain conditions under the loan program are met.

**PROJECT COSTS:**

Working capital	\$505,664
<b>TOTAL COSTS</b>	<u>\$505,664</u>

**JOBS:** At Application

7 Within 2 years

20 Maintained

0 Construction

0

**DEVELOPMENT OFFICER:** T. Gill

**APPROVAL OFFICER:** J. Wentzel



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

**APPLICANT:** Wehrlen Bros. Marina L.L.C.

P39082

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

\* - indicates relation to applicant

**PROJECT LOCATION:** 197 Princeton Avenue      Brick Township (T/UA)      Ocean

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

**APPLICANT BACKGROUND:**

Wehrlen Brothers Marina, LLC was founded in 1972 by Lawrence Wehrlen, who remains the sole owner of the business. The Company provides various boat services, including repair, maintenance and winter storage.

**APPROVAL REQUEST:**

Approve a \$664,481 working capital loan under the Stronger NJ Loan Program.

**FINANCING SUMMARY:**

**LENDER:** NJEDA

**AMOUNT OF LOAN:** \$664,481

**TERMS OF LOAN:** 24 months of 0% interest followed by 336 months of interest payments based on the 5 year US Treasury rate. Rate reset at each 10 year anniversary. During the first 18 months of the loan no principal payments are due followed by 342 months of principal payments in an amount adequate to fully amortize the loan. The first \$50,000 of the loan will be forgiven one year after closing provided certain conditions under the loan program are met.

**PROJECT COSTS:**

Unmet Need	\$3,633,703
Working capital	\$664,481
<b>TOTAL COSTS</b>	<b>\$4,298,184</b>

**JOBS:** At Application      7 Within 2 years      3 Maintained      10 Construction      0

**DEVELOPMENT OFFICER:** D. Ubinger

**APPROVAL OFFICER:** J. Wentzel



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

**APPLICANT:** Wehrlen Bros. Marina L.L.C.

P39490

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

\* - indicates relation to applicant

**PROJECT LOCATION:** 197 Princeton Avenue

Brick Township (T/UA)

Ocean

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

**APPLICANT BACKGROUND:**

Wehrlen Brothers Marina, LLC was founded in 1972 by Lawrence Wehrlen, who remains the sole owner of the business. The Company provides various boat services, including repair, maintenance and winter storage.

**APPROVAL REQUEST:**

Approve a \$3,633,703 construction loan under the Stronger NJ Loan Program.

**FINANCING SUMMARY:**

**LENDER:** NJEDA

**AMOUNT OF LOAN:** \$3,633,703

**TERMS OF LOAN:** 24 months of 0% interest followed by 336 months of interest payments based on the 5 year US Treasury rate. Rate reset at each 10 year anniversary. During the first 24 months of the loan or until a Temporary Certificate of Occupancy is issued no principal payments are due followed by 336 months of principal payments in an amount adequate to fully amortize the loan.

**PROJECT COSTS:**

TOTAL COSTS

\_\_\_\_\_ \$0 \*

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

<b>JOBS:</b> At Application	<u>0</u>	Within 2 years	<u>0</u>	Maintained	<u>0</u>	Construction	<u>0</u>
Jobs on Related P039082	<u>7</u>		<u>3</u>		<u>10</u>		<u>43</u>

**DEVELOPMENT OFFICER:** D. Ubinger

**APPROVAL OFFICER:** J. Wentzel

## STRONGER NJ BUSINESS LOAN PROGRAM

### SCHEDULE A

Applicant	Loan Amount	Rate and Terms
OptiJob, Inc. (Working Capital)	\$505,664	24 months of 0% interest followed by 336 months of interest payments based on the 5 year US Treasury rate. Rate reset at each 10 year anniversary. During the first 18 months of the loan no principal payments are due followed by 342 months of principal payments in an amount adequate to fully amortize the loan. The first \$50,000 of the loan will be forgiven one year after closing provided certain conditions under the loan program are met.
Wehrlen Bros. Marina L.L.C. (Working Capital)	\$664,481	24 months of 0% interest followed by 336 months of interest payments based on the 5 year US Treasury rate. Rate reset at each 10 year anniversary. During the first 18 months of the loan no principal payments are due followed by 342 months of principal payments in an amount adequate to fully amortize the loan. The first \$50,000 of the loan will be forgiven one year after closing provided certain conditions under the loan program are met.
Wehrlen Bros. Marina L.L.C. (Construction)	\$3,633,703	24 months of 0% interest followed by 336 months of interest payments based on the 5 year US Treasury rate. Rate reset at each 10 year anniversary. During the first 24 months of the loan or until a Temporary Certificate of Occupancy is issued no principal payments are due followed by 336 months of principal payments in an amount adequate to fully amortize the loan.



## MEMORANDUM

**TO:** Members of the Authority  
**FROM:** Timothy Lizura  
President/Chief Operating Officer  
**DATE:** June 11, 2014  
**SUBJECT:** Stronger NJ Business Grant and Stronger NJ Business Loan appeal process modification

**Request:**

The Board is requested to approve modifications to the Stronger NJ Business Grant and Loan Program appeal process to provide additional considerations to applicants.

**Background:**

In April of 2013, the Members approved the creation of Stronger NJ Business Grants and later in June approved the creation of Stronger NJ Business Loans, in response to Superstorm Sandy which occurred in October of 2012. With both of those approvals, the Board approved an Appeal Process (exhibit A), which was based upon the appeal process for existing EDA programs.

As staff has begun administering appeal, it has become apparent that several changes were required of the process to better accommodate the need of many applicants, and to allow the Hearing Officers access to all the information required to conduct a thorough review.

The proposed changes are as follows:

- Extending the period for appeals from 20 days to 30 days from the date of the denial in order to allow applicants more time to file their appeal. This modification is currently in practice.
- Allow for an extension to be granted to applicants who are able to demonstrate that they have not received their declination letters in time for them to meet the 30 day time frame.
- Includes the specification that the Hearing Officer should consult with subject matter experts within the EDA as part of the review process. The original process only allowed for a review of the written record. The complex and individual nature of each application necessitates that the Hearing Officer to be able to consult with the Office of Recovery on relevant policy and documentation requirements. This change will allow for a more thorough and accurate review of the appeal.
- Including a 'phone consultation' with the applicant if the Hearing Officer or the applicant, deems it necessary. In the original appeal process, hearings could only be held in person, at

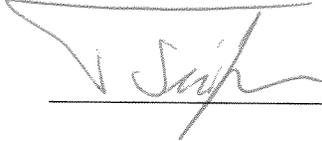
the discretion of the Hearing Officer. This change allows applicants, if they desire, to speak directly with the assigned Hearing Officer to explain their application.

- Allowing the applicant to contact the Hearing Officer directly with comments or exception to the Hearing Officer's report. The original appeal process allowed only for written comments or exceptions to be accepted. This modification will allow for more flexibility for both the applicant and the Hearing Officer.

Taken together, these changes to the appeal process will create a more applicant-friendly process, which allows the applicant sufficient time to appeal and greater access to the assigned Hearing Officer, while giving the Hearing Officer better access to required information. The revised process is attached as Exhibit B.

**Recommendation:**

The Members of the Board are asked to approve the proposed modified Stronger NJ Business Grant Program and the Stronger NJ Business Loan Program Appeal Processes in order to allow greater flexibility for the applicants and access to information for the Hearing Officer.



A handwritten signature in cursive script, appearing to read "V. Joseph", is written above a horizontal line.

Prepared by: Kim Ehrlich

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (NJEDA)

STRONGER NJ BUSINESS GRANT PROGRAM

APPEAL PROCESS

An applicant may challenge the NJEDA's decision by submitting in writing to the NJEDA no later than 20 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. Such challenges are not contested cases subject to the requirements of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

Challenges that are timely submitted shall be handled by the NJEDA as follows:

1. The CEO of the NJEDA shall designate an employee of the NJEDA to serve as a hearing officer for the challenge and to make a recommendation on the merits of the challenge to the Board. The hearing officer shall perform a review of the written record and may require an in-person hearing. The hearing officer shall have sole discretion to determine if an in-person hearing is necessary to reach an informed decision on the challenge. The NJEDA may consider new evidence or information that would demonstrate that the applicant meets all of the application requirements.
2. Following completion of the record review and/or in-person hearing, as applicable, the hearing officer shall issue a written report to the Board containing his or her finding(s) and recommendation(s) on the merits of the challenge. The hearing officer's report shall be advisory in nature and is not binding on the Board. The CEO, or equivalent officer, of the NJEDA may also include a recommendation to the written report of the hearing officer. The applicant shall receive a copy of the written report of the hearing officer and shall have the opportunity to file written comments and exceptions to the hearing officer's report within a reasonable amount of time from receipt of such report.
3. The Board shall consider the hearing officer's report, the recommendation of the CEO, or equivalent officer, if any, and any written comments and exceptions timely submitted by the applicant. Based on that review, the Board shall issue a final decision on the challenge. Such decision shall become effective 10 working days after the Governor's receipt of the minutes of the public meeting at which such decision occurs, provided no veto has been issued. The applicant shall have the opportunity to attend the public meeting at which the Board considers its challenge.
4. Final decisions rendered by the Board shall be appealable to the Superior Court, Appellate Division, in accordance with the Rules Governing Courts of the State of New Jersey.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (NJEDA)

STRONGER NJ BUSINESS GRANT AND LOAN PROGRAM

APPEAL PROCESS

An applicant may challenge the NJEDA's decision by submitting in writing to the NJEDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. In the event that an applicant can demonstrate that they have not received their declination letter in time for them to file an appeal within the 30 calendar days, an extension may be granted by the NJEDA. Such challenges are not contested cases as subject to the requirements of Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

Challenges that are timely submitted shall be handled by the NJEDA as follows:

1. The CEO of the NJEDA shall designate an employee of the NJEDA to serve as a hearing officer for the challenge and to make a recommendation on the merits of the challenge to the Board. The hearing officer shall perform a review of the written record, consult with NJEDA subject matter experts, and, if required by the hearing officer, or requested by the applicant, hold a phone consultation with the applicant. The NJEDA may consider new evidence or information that would demonstrate that the applicant met the requirements for the criterion on which they were declined.
  2. Following completion of the record review and/or phone consultations, as applicable, the hearing officer shall issue a written report to the Board containing his or her finding(s) and recommendation(s) on the merits of the challenge. The hearing officer's report shall be advisory in nature and is not binding on the Board. The CEO, or equivalent officer, of the NJEDA may also include a recommendation to the written report of the hearing officer. The applicant shall receive a copy of the written report of the hearing officer and shall have the opportunity to contact the hearing officer with any comments and exceptions prior to the matter being brought before the Board.
  3. The Board shall consider the hearing officer's report, the recommendation of the CEO, or equivalent officer, if any, and any written comments and exceptions timely submitted by the applicant. Based on that review, the Board shall issue a final decision on the challenge. Such decision shall become effective 10 working days after the Governor's receipt of the minutes of the public meeting at which such decision occurs, provided no veto has been issued. The applicant shall have the opportunity to attend the public meeting at which the Board considers its challenge.
  4. Final decisions rendered by the Board shall be appealable to the Superior Court, Appellate Division, in accordance with the Rules Governing Courts of the State of New Jersey.
-



**MEMORANDUM**

To: Members of the Authority

From: Michele Brown  
Chief Executive Officer

Date: June 10, 2014

Subject: Stronger NJ Neighborhood & Community Revitalization – Streetscape Revitalization Program – Round One Appeal

Pursuant to the appeal process approved by the Board at the October 8, 2013 Board meeting, applicants to the Stronger NJ Neighborhood & Community Revitalization program may challenge the EDA's decisions by submitting in writing to the EDA no later than 20 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned to each project to provide an independent review of the appeal.

The Streetscape Revitalization Program provides financial assistance to municipalities in support of improvements such as streetscapes, façade enhancements, code-related and other physical upgrades to commercial areas. In accordance with the NCR Guide and further outlined in a November 13, 2013 memo to the EDA Board, proposed projects were scored on a comparative basis using weighted evaluative criteria detailed in the aforementioned memo. All review and scoring was based on the documentation and detail provided in each application. The EDA Board was notified of the final scores in a memo dated February 24, 2014. On March 6, 2014 EDA informed Somers Point that their submitted project scored 50, which was below the minimum score of 55. This was the lowest score given among the 19 applications eligible under Round One of funding.

At this meeting, the Board is being asked to consider the appeal of Somers Point. Attached to this memo you will find the Hearing Officer's recommendation and the Hearing Officer's report to the applicant. I have reviewed the attached and I concur with the recommendation that the declination under the Stronger NJ Neighborhood & Community Revitalization – Streetscape Revitalization Program for Somers Point be upheld.

  
Michele Brown

attachments



## MEMORANDUM

**TO:** Michele Brown, Chief Executive Officer  
Members of the Authority

**FROM:** Mary Correia  
Hearing Officer

**DATE:** June 10, 2014

**SUBJECT:** Stronger NJ Neighborhood & Community Revitalization – Streetscape Revitalization Program – Round One Appeal

**Request:**

The Members are asked to approve the Hearing Officer’s recommendation to uphold the declination of the Stronger NJ Neighborhood & Community Revitalization – Streetscape Revitalization Program (Round One) for Somers Point.

**Background:**

Pursuant to the appeal process approved by the Board at the October 8, 2013 Board meeting, applicants to the Stronger NJ Neighborhood & Community Revitalization – Streetscape Revitalization Program may challenge the EDA’s decisions by submitting in writing to the EDA no later than 20 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned by the CEO to provide an independent review of the appeal. Mary Correia fulfilled the role of Hearing Officer to review this appeal, and has completed her review with legal guidance from the Attorney General’s Office.

The appeal has been reviewed and a letter has been sent to the applicant with the Hearing Officer’s recommendations. The applicant was given the opportunity to contact the Hearing Officer with comments or exceptions to the Hearing Officer’s recommendation. The letter and any applicant responses received prior to the agenda packet being sent to the Board are attached; any responses received thereafter will be presented at the time of the Board meeting.

Based on the review of the appeal submitted by the applicant and the process undertaken and scores assessed by the EDA evaluation committee for this program, the Hearing Officer recommends the original declination be upheld. In accordance with program requirements, the review and analysis conducted by the evaluation committee resulted in the appellant receiving a score of 50 points (on a 100 point scale) using comparative evaluative criteria; this was below the minimum 55 points required to be eligible for consideration to receive funds. Somers Point

alleged that it should have received higher scores for four (4) of the nine (9) evaluative criteria. However, the Hearing Officer, based on her review of Somers Point's application and the other applications submitted determined that the scores given to Somers Point were reasonable and were not arbitrary or capricious. She therefore determined that the declination should be affirmed by the Board.

**Recommendation:**

As a result of careful consideration of the above appeal in consultation with the Attorney General's Office, the recommendation of the Hearing Officer is to uphold the declination of Stronger NJ Neighborhood & Community Revitalization – Streetscape Revitalization Program funding for Somers Point.

Prepared by: Mary Correia, Hearing Officer



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

June 2, 2014

VIA CERTIFIED – RETURN RECEIPT

Mr. W.E. Swain  
City Administrator  
City of Somers Point  
City Hall  
1 West New Jersey Avenue  
Somers Point, NJ 08244

Dear Mr. Swain:

My name is Mary Correia and I was appointed to serve as the Appeal Officer for your appeal under the New Jersey Economic Development Authority's ("NJEDA") Stronger New Jersey Neighborhood and Community Revitalization – Streetscape Program ("Program"). I have reviewed your appeal dated March 24, 2014; below is a summary of my review and final determination.

By way of background, the Streetscape Revitalization Program provides financial assistance to municipalities in the range of \$125,000 - \$1.5 Million per project in support of improvements such as streetscapes, façade enhancements, code-related and other physical upgrades to commercial areas. In accordance with the NCR Guide and further outlined in a November 13, 2013 memo to the NJEDA Board, proposed projects under the program were scored on a comparative basis using weighted evaluative criteria detailed in the aforementioned memo. To be considered for funding, a project must have received a minimum 55 points on a 100 point scale. Scores were issued based on a comparative evaluation of the collective body of eligible applications.

In accordance with the NCR Guide and further outlined in the November 2013 memo to the NJEDA Board, a comparative scoring methodology was employed to ensure the best use of limited program funds (\$5 Million available under Round One, with requests totaling over \$17 Million). This process measured how proposed projects aligned with program requirements when compared against all other eligible applicants. Those projects determined to most closely meet eligible program activities and uses and evaluation criteria received the highest scores and were ranked accordingly. The scoring process was not intended to – and did not – score applications individually. It was solely within the comparative context of all potential projects that final scores were rendered by the evaluation committee.

Project evaluation was carried out by a committee of NJEDA staff, all of whom have extensive experience reviewing projects similar in nature to those eligible under the Streetscape Program.

All review and scoring was based on the documentation and detail provided in each application. The NJEDA Board was notified of the final scores in a memo dated February 24, 2014.

On March 6, 2014 NJEDA wrote a letter to Somers Point notifying it that Somers Point's project scored 50, which was below the minimum score of 55. This was the lowest score given among the 19 applications eligible under Round One of funding.

In its appeal dated March 24, Somers Point contends it deserved higher scores than what were given by the evaluation committee on four (4) of the nine (9) evaluative criteria: (a) Readiness to Proceed and Succeed; (b) Experience; (c.) Adherence with Plan; and, (d.)Extent to which the project will enhance the neighborhood and community at large as documented in the submission package. For each of these four criteria, the NJEDA issued a comparative score of 3. Somers Point contends it should have been scored 10 in each category.

In order to evaluate the merits of Somers Point's appeal, I undertook the following methodology: I selected a sample of projects that received high, middle and low scores under each of the four criteria being appealed to determine if the scores issued by the evaluation committee followed scoring requirements according to the Guide to Program Funds and other memoranda to the Board and were reasonable and were not arbitrary or capricious in any manner. In other words, I reviewed to determine that the comparative score assigned to each project was assigned fairly and followed all program requirements.

For each of the four criteria under which Somers Point appealed the score it was issued, I sampled three (3) projects, one each with scores of 10, 7, and 5 points respectively, to determine if these scores, when compared against the scores for Somers Point (3 points) appeared to have been fairly allocated and in accordance with program requirements across the range of possible scores. My review findings were as follows:

#### Readiness to Proceed and Succeed:

This requires projects with earlier completion dates to be given higher scores to ensure all awarded funds are disbursed by December 31, 2015. Also factored into the evaluation committee's assignment of scores was a project's overall readiness to proceed. Below are the dates and other clarifying information which support the final scores issued. Scores were issued based on the information submitted at application; it should be noted that actual start dates may be impacted by the completion of environmental review currently being undertaken by the Department of Environmental Protection ("DEP").

- **Union Beach Boardwalk (10 points)** – Applicant indicated a completion date of May 2014. At the time of application review, this project was fully designed and had received bids and awarded a construction contract. Due to the level of readiness to proceed indicated by the applicant this was the only applicant awarded a 10 under this criterion.
- **Highlands Borough (7 points)** – This proposed project included conceptual engineering plans and a milestone project schedule, which indicated readiness to proceed to the evaluation committee. Applicant identified a completion date of October, 2014.
- **Keansburg (5 points)** – This project indicated 2 phases; one with a completion date of August 2014 and one with a completion date of July 2015. As indicated in the application, the first phase of this project had already completed planning and was ready

to go to bid upon award of program funds. In the evaluation committee's opinion, this indicated a high level of readiness to proceed. That factor combined with an earlier completion date (both key weighted components under this scoring criterion) resulted in a final score of 5 when taken into consideration with the second phase's readiness to proceed and completion date. It is reasonable to me that a project having one component with a high readiness to proceed and early completion date, and one component with a lower readiness to proceed and later completion date would be given a midline score of 5 out of 10 points for the overall project.

- **Somers Point (3 points)** – No plans were provided by the applicant for two of the three components of this project (wayfinding signage design and mural) in support of the applicant's readiness to proceed. Although plans were submitted for the theater component, they were not considered by the evaluation committee during scoring as this component did not satisfy program requirements for eligible uses. A completion date of February 2015 was indicated. These factors supported the final score of 3 that was assigned.

Based on the completion dates provided by applicants and the evaluation committee's explanation of the methodology used to score projects with more than one completion date, I consider the scores to have been assigned fairly and in accordance with program requirements. Somers Point indicated a later completion date than the rest of the projects sampled, which I find reasonably supports a score of 3 as it was a comparative scoring process. I therefore find no justification for overturning the score received by the appellant under this scoring criterion.

#### Experience:

Applicant's experience in successfully completing projects of a similar size and scope were considered by the evaluation committee when assigning scores. Below are the factors which supported the final scores issued.

- **Highlands Borough (10 points)** - requested \$1.5MM in program funds. It documented completion of six (6) projects of a similar size and scope which totaled \$2.95MM. They additionally completed a Superstorm Sandy debris removal project for \$2.3MM.
- **Asbury Park (7 points)** - requested \$926,070 in program funds and demonstrated experience in providing oversight in conjunction with a waterfront developer for the installation of over \$40MM in infrastructure improvements.
- **Keansburg (5 points)** – requested \$1.43 Million in program funds and demonstrated that its proposed project was the second phase of a larger drainage improvement project that had successfully been completed by the applicant. Although the applicant demonstrated previous similar experience, it did not provide a dollar amount to the first phase, which resulted in its final midpoint score.
- **Somers Points (3 points)** - requested \$500,000 in program funds. Its application demonstrated one project for \$1MM, completed in 2000. This project example was relevant to only one segment of its 3-part application (Gateway Theater); the applicant did not provide examples relevant to the other two components – design of wayfinding signage and installation of a public mural.

Based on the information provided by applicants, as reviewed by the evaluation committee, the comparative scores assigned under this criterion appear fairly and reasonably assigned and I find

no justification for overturning the score received by Somers Point under this criterion. The applicant provided an example of prior experience with only one of three elements of its proposed project, and further, the example given was completed 14 years ago, which, in my opinion, does not sufficiently substantiate the municipality's current ability to successfully completed the proposed project.

Adherence with Plan:

Applicant must document that project improvements are integral to implementing a comprehensive revitalization strategy or plan.

- **Oceanport (10 points)** – Oceanport has completed two previous phases of work in 2009 and 2010 as part of an overall streetscape improvement plan; the work to be undertaken utilizing program funds is a fundamental part of this overall plan and will be the final element to a complete and cohesive project to revitalize and rejuvenate the Village Center. The evaluation committee's high score was supported by the facts that this project was the continuation of a planned community improvement program and comprehensive revitalization strategy.
- **Highlands Borough (7 points)** – This project incorporates traditional streetscape improvements in a commercially zoned area and utilizes previously created design guidelines and standards that will be continued under the proposed project. The improvements are part of the Highlands Community Recovery Plan, Bay Ave Renaissance Project and an updated municipal plan. The evaluation committee's score is based on the project being part of a comprehensive revitalization strategy and master plan.
- **Keansburg (5 points)** – This project is part of a multi-phased storm water master plan and will provide mitigation and resiliency against regular flooding of the business district. It also incorporates a major façade element which will help maintain a cohesive aesthetic in the downtown. The evaluation committee determined that the project's being in adherence with the towns storm water master plan supported the score assigned.
- **Somers Point (3 points)** – The three components of this project are each recommended in the municipality's vision plan, but are not part of a multi-phase master plan or comprehensive revitalization strategy. The wayfinding component was for a design phase only, with no physical signage being constructed or installed utilizing program funds. The mural and theater components are not in a contiguous area, which the evaluation committee felt would not be identified as a uniform and cohesive streetscape project.

Upon my review of the program requirements which guide the scoring for this criterion and the supporting factors considered by the evaluation committee, I find the scores to have been fairly assigned. Of the sample of projects I reviewed, Somers Point demonstrated the least adherence to a larger master plan or revitalization strategy required under this criterion and therefore I cannot find sufficient reason to overturn its score of 3.

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

- **Highlands Borough (10 points)** – This project is comprised of traditional streetscape improvements in a commercially zoned area leading to the Seastreak Ferry. Based on the information provided in the application, this project demonstrated to the evaluation committee specific goals of strengthening commercial districts, continuing the improvement of commercial properties, striving to enhance and retain existing businesses and new business development. The evaluation committee felt these factors clearly demonstrated the project will strengthen the community's commercial district and enhance the neighborhood by fostering the continued improvement of commercial properties which supported the high score issued.
- **Keansburg (7 points)** – This project includes façade enhancement for 30 commercial buildings in the downtown business district which will enhance that area; additionally the stormwater segment of the project will mitigate future flooding to an area that contains the town's main attractions, including the amusement park, water park, beaches and downtown business. The degree to which these factors would enhance the surrounding neighborhood supported the evaluation committee's score for this project.
- **Point Pleasant Channel Drive (5 points)** – This project proposed it will redevelop and rebrand the working waterfront area, including the installation of a sculpture and typical streetscape enhancements being made at intersections. The evaluation committee reviewed the information provided by the applicant to determine the extent to which it felt the project would enhance the surrounding neighborhood and adhere with requirements of this scoring criterion. Based on the committee's review, it determined that the degree to which this project's location, in relation to surrounding neighborhoods, would fit the scoring requirements resulted in a final score of 5.
- **Somers Point (3 points)** – There are three components to this project – a mural, the design of wayfinding signage, and the rehabilitation of the Gateway Theater. When issuing its score, the evaluation committee took into consideration the following: that the wayfinding component was for site analysis and design only, with no physical improvements being demonstrated from the use of program funds. Additionally, the Gateway Theater component, which, while a public facility, would require the general public to gain admission to the facility to be exposed to the structure's improvements, as many of the proposed improvements are to the interior of the theater. The evaluation committee determined the applicant's score based on these factors and additionally on its determination that these three components are not cohesive or contiguous.

Based upon the information provided by the applicants and the supporting information further described by the evaluation committee, I conclude the comparative scores issued for the sample projects are within program requirements and make reasonable sense, as I am able to clearly understand from the information provided which projects had greater impacts and most closely met the requirements of this scoring criterion and resulted in the range of scores comparatively issued. In my opinion Somers Point was least able to demonstrate how the three components of its project would enhance a neighborhood or the community at large, as the wayfinding component was only for design, the Gateway theater component is comprised of numerous internal renovations, and the three components were not cohesive or contiguous. Based on my review and the factors described herein, I am satisfied that the evaluation committee issued scores that are supported by the degree to which each project sampled most closely fits the

requirements of this scoring criterion; therefore, I cannot recommend overturning the appellant's final score of 3.

Additionally, I have determined based on my review of the submitted application that it appears that the Gateway Theater component of the Somers Point application does not meet the criteria for eligible project types. Although a generalized description indicates program funds can be used in support of improvements such as streetscapes, façade enhancements, code-related and other physical upgrades to commercial areas, the NCR Guide, under the Eligible Costs section (page 4) specifically notes eligible costs as the "restoration, rehabilitation and improvement of building exteriors...", whereas this portion of the proposed project includes internal renovations and, which is not an eligible use. Were this element to be excluded from the Somers Point application, the funding request would not meet the minimum required request amount of \$125,000 and would exclude this project in whole from consideration.

My review has concluded the following:

- The members of the evaluation committee appear, under all four evaluative criteria scores being appealed, to have carried out the scoring process reasonably, fairly and in accordance with the Program Guide and other clarifying documents such as memos to the NJEDA Board. As such, the comparative score of 50 points out of 100 issued to Somers Point is supported by the record, is neither arbitrary nor capricious and should be allowed to stand.
- The Gateway Theater component of the Somers Point application does not conform to eligible program costs. If the project were to be considered without this portion of the project it would not meet the minimum funding request amount and would render the project ineligible under program requirements. This provides an independent basis for upholding the denial of funding to Somers Point.

Based on my review as the Appeal Officer, I concur with the original finding of the evaluation committee and find there is insufficient evidence to overturn the original declination in light of the applicant's appeal; namely that the municipality should have received evaluative scores different than those issued by the evaluation committee.

For the above reasons, I will be recommending the appeal be denied by the NJEDA Board at its meeting on Tuesday, June 10, 2014 at 10:00a.m.

If you have any comments or exceptions to this report, please contact me in advance of the above meeting. My contact information is listed below.

After the NJEDA Board concludes its review and renders its decision, subject to a ten (10) day veto period by the Governor, we will notice you of that final action.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Mary Correia", written in a cursive style.

Mary Correia, Hearing Officer

[mcorreia@njeda.com](mailto:mcorreia@njeda.com)  
(609) 858-6914

c: Mayor John J. Glasser  
Michele Brown, Chief Executive Officer  
Timothy Lizura, President/Chief Operating Officer



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

## MEMORANDUM

**TO:** Members of the Authority

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

**DATE:** June 10, 2014

**RE:** Stronger NJ Neighborhood & Community Revitalization  
Program (NCR) – Development and Public Improvement (D&I)  
Projects - Round One Recommendations

### Summary

The Members are requested to approve moving seven (7) applicants to the next phase of the Neighborhood & Community Revitalization Program, Development and Public Improvement (D&I) Round One review process. Approval is also requested to allow one (1) project that did not meet priority criteria for the current round of funding to remain in consideration for the second round of awards to be allocated from remaining funds, and for 8 projects that did not meet the minimum score of 65 to be considered if funds remain after Rounds One and Two. The members are requested to reject one (1) applicant that provided a non-responsive application and one application that did not meet federal CDBG-DR requirements and were not considered for scoring.

### Background

On August 27, 2013 the Members approved the Stronger NJ Neighborhood and Community Revitalization (NCR) Program, utilizing \$65 Million in CDBG-DR funds. The program is comprised of three funding components; Community Development Financial Institution (CDFI) projects for \$2.5 Million, Streetscape Improvement projects for \$10 Million, and Development and Public Improvement (D&I) projects for \$52.5 Million.

The D&I component, launched September 1, 2013, funds four (4) types of projects - Catalytic, Transformative Neighborhood, Recreation, Culture and Park Land Amenities, and Innovation.

Approved projects are eligible for awards up to \$10 Million in combined grants, loans and forgivable loans as outlined in the Guide to Program Funds (“NCR Guide”).

On September 18, 2013 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.

On February 24, 2014 the members approved the EDA's request to clarify the D&I review process and to incorporate scoring in response to the overwhelming unanticipated program interest; as of 2/24/14 over 80 Intake Forms requesting in excess of \$280 Million had been received. In accordance with the NCR Guide and further detailed in the February 24, 2014 Board Memo, projects with Intake Forms submitted during the initial six-week period and that were located in a Low Moderate Income "LMI" census tract or satisfied a National Objective of LMI Area Benefit or LMI Employment were given priority consideration for the first round of funding.

During the Round One evaluation, staff reviewed the project types, and associated funding mechanisms outlined in the NCR Guide, and determined into which categories - Catalytic, Transformative Neighborhood, Recreation, Culture and Park Land Amenities, and Innovation - each project best fit for the purposes of this program. Because the description of a Catalytic project in the NCR Guide explicitly references health and safety services, and contributing to neighborhood stability, public facilities that provide municipal services have been determined to meet the requirements of the Catalytic project category. Because the description of a Recreation, Cultural and Park Land Amenities project in the NCR Guide explicitly references recreational structures and community facilities used by the public, public projects which provide facilities for a variety of community uses have been determined to meet the requirements of the Neighborhood, Recreation, Culture and Park Land Amenities project category.

In the February 24 board memorandum, there was also a requirement that public applicants in a municipality work together to prioritize all projects that they have submitted under NCR, including Streetscape, with the understanding that EDA will not award more than two projects to all public applicants in any single municipality. Staff has determined, for the purpose of ensuring the fair distribution of limited funds, that public applicants are defined as a municipality or public redevelopment agency, or any other applicant which will transfer the project to a municipal entity upon completion. In these instances, as approved by the Board, the public applicants have been requested to select no more than two (2) projects to move forward for consideration.

Pursuant to the evaluation process outlined in the February 24, 2014 memo, applicants who provided Intake Forms during the initial six weeks and that represented that the project met LMI requirements were asked to submit an application packet and supporting documentation. Of the 44 applicants noticed, 19 responded with application packets by the March 12, 2014 deadline. The other 24 dropped out of the program because they did not respond.

As demonstrated in the attached matrix, 16 projects were determined by the evaluation committee to have met all threshold criteria and are potentially eligible for funding under Round One, Round Two, or for funds that may remain after Round 2 is allocated.

The seven (7) projects eligible for Round One funding, briefly described below, submitted requests totaling \$26,190,629 and satisfied the following criteria: 1.) priority Round One consideration of being located in a LMI census tract or satisfying a National Objective of LMI Area Benefit or LMI Employment; 2.) received a minimum required score of 65 under the

evaluative criteria; 3.) underwent an underwriting evaluation to confirm financial viability. They were additionally deemed compliant with all requirements outlined in the NCR Guide to Program Funding and also meet the technical requirements of the federal Housing & Urban Development's Community Development Block Grant Program under their Disaster Relief category (CDBG-DR). This allows these projects to move into the next phase of the approval process, which will include environmental and historical review by the NJ Department of Environmental Protection.

#### Mansion Avenue Drainage Improvements, Atlantic City

Project Type: Catalytic

Funding Type: 100% Forgivable Loan

This project proposes a system of storm water runoff improvements including new piping, pumps and drainage structures that will alleviate and mitigate flooding in a highly developed approximately 35-acre drainage area in Atlantic City. Superstorm Sandy, as well as other storm events with high tides and heavy rainfall, caused flooding and water damage to public infrastructure and adjacent and surrounding properties in the drainage area. Repetitive flood damage as a consequence of an inadequate public storm water system threatens the current investment in the area and will inhibit new investment. Note: In accordance with program requirements, infrastructure projects owned by the municipality upon completion are eligible for 100% of the loan to be forgiven.

#### Atlantic City Boardwalk, Atlantic City

Project Type: Recreation, Cultural and Park Land Amenities

Funding Type: Grant

The City is requesting NJEDA funding to replace a portion of the Boardwalk from Rhode Island Avenue to Historic Gardner's Basin under the Boardwalk Reconstruction Project. Much of the Boardwalk from Rhode Island Avenue to Melrose Avenue in the Gardner's Basin area was damaged during Superstorm Sandy. This project will incorporate green building standards by utilizing materials that are durable and long lasting and by recycling demolition and construction materials to the greatest extent possible.

#### Berry Lane Park, Jersey City

Project Type: Recreation, Cultural and Park Land Amenities

Funding Type: Grant

This project will transform 17+ acres of brownfields - including former rail yards, junk yards, auto repair shops, and derelict industrial sites - into one of the largest municipally owned parks in one of the poorest neighborhoods in Jersey City. This project site was already under remediation when Superstorm Sandy struck. The storm knocked over and damaged fencing which requires replacement and caused water ponding that required further dewatering. The completed project will result in a 9% increase in the amount of useable open space in Jersey City. The design incorporates green features wherever possible - rain gardens, over 600 new trees, a green roof on the concession building, permeable pavers, and a storm water retention system (90% of a 10 year storm, 75% of a 100 year storm)- and are all part of the park plan.

### Borough of Tuckerton

Project Type: Catalytic

Funding Type: Loan; 25% Forgiven upon project completion

As a result of Superstorm Sandy, the Borough's Police Department was flooded and was quickly moved to a temporary trailer (which are currently in a Flood Hazard Area) to continue providing essential services to the public. The Borough of Tuckerton proposes to purchase, renovate and utilize a currently unoccupied building as the new Municipal Complex. The existing municipal building will be sold and all Town Hall services will be moved to the new building. The new Municipal Building is not in a Flood Hazard Area and will ensure that Essential Services will not be jeopardized during future storm events. Note: In accordance with program requirements, projects with projected income streams able to support debt service are eligible for loans, with 25% will be forgiven upon project completion and issuance of a Certificate of Occupancy.

### Borough of Little Ferry – Lakeview Field

Project Type: Recreation, Cultural and Park Land Amenities

Funding Type: Grant

The Borough is proposing the following improvements to Lakeview Field: 1. Turfing the existing grass fields; 2. replacing all lighting; and 3. replacing damaged or older fencing. During Superstorm Sandy floodwaters inundated the playing fields, damaging the field's infrastructure and also loosened existing fencing. The 30 year-old lighting system sits upon old telephone poles (not lighting poles); due to wind during the storm numerous ballasts were twisted and almost two dozen lights have had to be replaced. In accordance with HUD federal requirements, it was determined that the that cost of turf installation does not meet a cost reasonableness test; as such, the EDA will fund up to the equivalent cost of sod replacement for this portion of the project. The applicant has indicated it will fund the difference between sod replacement and turf installation. HUD has indicated this is an acceptable solution under federal requirements.

### Newark Housing Authority – TREC

Project Type: Recreation, Cultural and Park Land Amenities

Funding Type: Grant

The 28,000 square foot state of the art facility will provide opportunities for an under-served population with low education skills, high unemployment and very low income levels. The site is owned by the NJA, has all of its approvals in place and is shovel ready. The NHA facilities experienced severe damage as a result of super storm sandy. The NHA facility experienced downed trees and roof damage due to high winds and flooding. Roof damage caused leaks inside the facility resulting in significant mold and mildew hazard. Major components of the boilers units, including the burner units and boiler vessel, were rendered inoperable due to basement flooding and full replacement is required. The facility will be constructed to LEED standard and will have two wings; an educational/resource wing with computer and training labs and a child care area. The second wing will house a fitness center, meeting space and media center. There will be classrooms for job and life skill training as well as after school programs. The meeting space will provide meals/services to low income senior citizens during the day and health services will also be offered on site. Note: this applicant identified its project type as catalytic; based on EDA staff analysis of program requirements, this project has been re-categorized as named above and will receive funding in the form of a grant.

City of Perth Amboy

Project Type: Recreational, Cultural and Park Land Amenities

Funding Type: Grant

Recreational and park amenities of the site include a beach, green space, fishing piers, a waterfront recreational trail, a playground and sports field. The waterfront areas of Perth Amboy were heavily damaged by the storm surge from Hurricane Sandy. The project will result in improved quality of life for Perth Amboy residents by implementing improvements to a widely used waterfront area. The project will also contribute to the economic development of the City by recovering a key tourism destination for residents and visitors alike.

One (1) applicant, Beach Haven, did not meet the priority Round One criteria of being located in a Low Moderate Income "LMI" census tract or of satisfying a National Objective of LMI Area Benefit or LMI Employment, but did meet the minimum score of 65 required to move forward into Round Two, and will remain in consideration along with any eligible Intake Forms received after the initial six weeks, to apply for the approximately \$21,309,371 in funds that will remain after Round One allocations are made.

Of the remaining applicants, H&Y Yoga was referred to the Stronger NJ Loan program; Newark Housing Authority – Chadwick was deemed non-responsive because its project consisted solely of housing; and Borough of Lavallette did not meet federal CDBG-DR requirements because construction started prior to environmental review being conducted. These projects were not scored and were removed from consideration under the NCR D&I component. An additional eight (8) did not meet the minimum evaluative score of 65 required to move forward for Round Two funding and will only be considered if funding is left over after Rounds One and Two.

Pursuant to program requirements, Atlantic City's public applicants were asked to prioritize for funding the top two of four public projects submitted for that municipality under all NCR Programs ( 1) Atlantic Avenue under the Streetscape Program; 2) Atlantic City Boardwalk; 3) Boardwalk Hall; and 4) Mansion Avenue Drainage projects under D&I). As a result, the Atlantic Ave. Streetscape and Boardwalk Hall D&I projects were removed from consideration and will not be eligible for any future rounds of funding under the NCR programs.

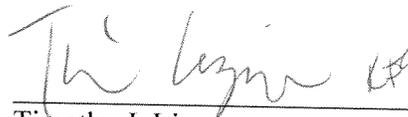
If approved by the members, notification will be sent to the seven (7) priority applicants whose projects are proceeding to the next phase of review conducted by the Department of Environmental Protection. If these applicants continue to meet all the CDBG-DR requirements they will be deemed approved and will be required to execute a Subrecipient, Grant or Loan Agreement (as appropriate for applicant type) which outlines the continuing obligations of the applicant.

A notification letter will also be sent to the one (1) applicant that was not selected to move forward from the first round of entries but will be considered for the second round of funding. Notifications will also be sent to the eight projects that did not receive a minimum required score of 65 that they will be considered for any funds left after Rounds One and Two are allocated.

The one (1) applicant deemed non-responsive and one (1) applicant that did not meet federal program requirements will be notified of the Board's action and have the right to appeal pursuant to the process adopted by the Board on August 27, 2013.

**Recommendation**

The Board is requested to approve moving seven (7) projects to the next phase of the D&I approval process; to allow one (1) applicant that scored 65 or above to remain in consideration for Round Two; and to allow eight (8) which scored below 65 to remain in consideration for any funds remaining after Round Two allocations have been made. The members are also requested to reject the one (1) non-responsive application and the one (1) application that did not meet federal requirements.



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Timothy J. Lizura  
President/Chief Operating Officer

Attachment  
Prepared by: Mary Correia

