



MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: November 10, 2009
SUBJECT: Agenda for Board Meeting of the Authority November 10, 2009

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

Clean Energy Solutions

Incentive Programs

Board Memorandums

Real Estate

Executive Session

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

October 13, 2009

MINUTES OF THE MEETING

Members of the Authority present: Carl Van Horn, Chairman; Dan Ryan representing the Commissioner of the Department of Environment Protection; Richard Poliner representing the Commissioner of the Department of Banking and Insurance; Joe Latoof representing the Commissioner of the Department of Labor and Workforce Development; Public Members: Joseph McNamara, Vice Chairman; Steve Plofker, Philip Kirschner, Thomas Manning, Richard Tolson, Elliot M. Kosoffsky, Second Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Present via Phone: Charles Sarlo, Public Member.

Absent from the meeting: Jerold Zaro representing the Governor's Office; James Kelly representing the State Treasurer; Timothy Carden, Public Member; and Raymond Burke, First Alternate Public Member.

Also present: Caren Franzini, Chief Executive Officer of the Authority; Bette Renaud, Deputy Attorney General; and guests.

Chairman Van Horn called the meeting to order at 10 a.m.

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the September 8, 2009 meeting minutes of the Board. A motion was made to approve the minutes by Mr. Plofker, seconded by Mr. Kirschner and was approved by the 11 voting members present.

The next item of business was the approval of the September 18, 2009 special meeting minutes of the Board. A motion was made to approve the minutes by Mr. Plofker, seconded by Mr. Latoof and was approved by the 8 voting members present.

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

Mr. Manning abstained because he was absent from the meeting.

Mr. Ryan abstained because he was absent from the meeting.

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

AUTHORITY MATTERS

The next item was to approve the request to make up to a \$5 million limited partnership investment in the New Jersey UrbanAmerica Advantage Fund, L.P.

**MOTION TO APPROVE: Mr. Plofker SECOND: Mr. Kirschner AYES: 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1**

Mr. Sarlo abstained because of a relationship with Plaza Construction.

The next item was to approve the Urban Transit Hub Tax Credit Program application for Somerset Street Urban Renewal Associates LLC as an owner of a proposed new Qualified Residential Hub project on an eligible site in New Brunswick.

**MOTION TO APPROVE: Mr. Tolson SECOND: Mr. Manning AYES: 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2**

Chairman Van Horn abstained as his office is in a building owned by Devco.

The next item was to approve the Urban Transit Hub Tax Credit Program application for The Trenton Housing Authority as an owner of a proposed new Qualified Residential Hub project on an eligible site in the city of Trenton.

**MOTION TO APPROVE: Mr. Plofker SECOND: Mr. Ryan AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3**

The next item was to approve the Memorandum of Understanding (“MOU”) Depository Trust & Clearing Corporation (DTCC), JP Morgan Chase Bank (Chase), Newport Office Center VI LLC, (“Newport”) and the New Jersey Economic Development Authority on behalf of the Authority subject to review of the Office of the Attorney General.

**MOTION TO APPROVE: Mr. Plofker SECOND: Mr. Latoof AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4**

The next item was to approve a Higher Education Public-Private Partnership Program fee enacted under “The New Jersey Stimulus Act of 2009”, P.L. 2009, c. 90 and to approve fees for the program.

**MOTION TO APPROVE: Mr. Poliner SECOND: Mr. Manning AYES: 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5**

Mr. Sarlo abstained because his employer is working with several potential applicants to the program.

The next item was to approve an Amendment of the Amended and Restated MOU with the New Jersey Board of Public Utilities for the Edison Innovation Clean Energy Manufacturing Fund program.

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

AMENDED BOND RESOLUTIONS

PROJECT: The Pennington School **APPL.#28553**
LOCATION: Pennington/Mercer Cty.
PROCEEDS FOR: refinance existing debt
FINANCING: \$7,500,000 Tax-Exempt Bond
MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. Latoof **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

DIRECT LOANS

PROJECT: Chelten House Products, Inc. **APPL.#27236**
LOCATION: Logan/Gloucester Cty.
PROCEEDS FOR: equipment acquisition
FINANCING: \$1,250,000 direct loan
MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. Kirschner **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT:8

STATEWIDE LOAN POOL PROGRAM

PROJECT: The Levoy Theatre Preservation Society, Inc. **APPL.#27248**
LOCATION: Millville/Cumberland Cty.
PROCEEDS FOR: building renovation
FINANCING: \$800,000 million Authority guarantee of a \$1.6 million Bank term loan
MOTION TO APPROVE: Mr. Plofker **SECOND:** Mr. Tolson **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

LOCAL DEVELOPMENT FINANCING FUND

PROJECT: BMB Properties and Management, LLC **APPL.#28103**
LOCATION: New Brunswick/Middlesex Cty.
PROCEEDS FOR: building acquisition and renovation
FINANCING: \$2,000,000 Local Development Financing Fund loan
MOTION TO APPROVE: Mr. Poliner **SECOND:** Mr. Ryan **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

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

**MOTION TO APPROVE: Mr. Latoof SECOND: Mr. Poliner AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11**

PROJECT: Acropolis Service Center **APPL.#27636**

LOCATION: Leonia/Bergen Cty.

PROCEEDS FOR: upgrade, closure and site remediation

FINANCING: \$99,034 Petroleum UST Remediation, Upgrade, & Closure Fund Grant

PROJECT: Kurtin's Service Center, Inc. **APPL.#27864**

LOCATION: Passaic/Passaic Cty.

PROCEEDS FOR: site remediation

FINANCING: \$101,269 Petroleum UST Remediation, Upgrade, & Closure Fund Grant

PROJECT: Leon Wiczorek **APPL.#27817**

LOCATION: East Brunswick/Middlesex Cty.

PROCEEDS FOR: upgrade, closure and site remediation

FINANCING: \$119,964 Petroleum UST Remediation, Upgrade, & Closure Fund Grant

PROJECT: Dawn T. Williams **APPL.#27672**

LOCATION: Woodridge/Middlesex Cty.

PROCEEDS FOR: upgrade, closure and site remediation

FINANCING: \$109,707 Petroleum UST Remediation, Upgrade, & Closure Fund Grant

The next item was a summary of all Petroleum Underground Storage Tank Program Delegated Authority Approvals for the month of September 2009. **(For Informational Purposes Only)**

HAZARDOUS DISCHARGE SITE REMEDIATION FUND PROGRAM

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

**MOTION TO APPROVE: Mr. Latoof SECOND: Mr. Tolson AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12**

PROJECT: Jersey City Redevelopment Agency (Turnpike Dump #5) **APPL.#28454**

LOCATION: Jersey City/Hudson Cty.

PROCEEDS FOR: remedial action
FINANCING: \$864,422 Hazardous Discharge Site Remediation Fund

PROJECT: Township of Winslow (Presswell Records) **APPL.#25586**
LOCATION: Winslow/Camden Cty.
PROCEEDS FOR: remedial investigation
FINANCING: \$124,663 Hazardous Discharge Site Remediation Fund

PROJECT: Borough of Woodbine (Woodbine Landfill) **APPL.#28568**
LOCATION: Woodbine/Cape May Cty.
PROCEEDS FOR: remedial investigation, preliminary assessment
FINANCING: \$428,178 Hazardous Discharge Site Remediation Fund

PROJECT: Wyckoff Cleaners, Inc. (Woodbine Landfill) **APPL.#27863**
LOCATION: Wyckoff Twp./Bergen Cty.
PROCEEDS FOR: remedial action
FINANCING: \$23,903 Hazardous Discharge Site Remediation Fund

The next item was a summary of the Hazardous Discharge Site Remediation Fund Program Delegated Authority Approvals for the month of September 2009. (**For Informational Purposes Only**)

CLEAN ENERGY SOLUTIONS

PROJECT: Hausmann Industries, Inc. **APPL.#28159**
LOCATION: Northvale/Bergen Cty.
PROCEEDS FOR: purchase of solar electric system
FINANCING: \$670,000 Clean Energy Solutions Capital Investment loan
MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. McNamara **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

INCENTIVE PROGRAMS

BUSINESS INCENTIVE EMPLOYMENT PROGRAM

PROJECT: Bind-Rite/Union Graphics, L.L.C. **APPL.#28309**
LOCATION: Carlstadt/Bergen Cty. **BUSINESS:** printing/publishing
GRANT AWARD: 55% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Manning **SECOND:** Mr. Plofker **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: hhgregg, Inc. **APPL.#28394**
LOCATION: Swedesboro/Gloucester Cty. **BUSINESS:** retail stores/commercial sales
GRANT AWARD: 50% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Tolson **SECOND:** Mr. Ryan **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: Sinewave Energy Technologies, Inc. **APPL.#28193**
LOCATION: TBD **BUSINESS:** electronic device technology
GRANT AWARD: 35% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. Poliner **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: Watson Pharmaceuticals, Inc. and Affiliates **APPL.#28509**
LOCATION: TBD **BUSINESS:** pharmaceuticals
GRANT AWARD: 50% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Tolson **SECOND:** Mr. McNamara **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: Watson Pharmaceuticals, Inc. and Affiliates
GRANT AWARD: \$289,800 (estimate), 5 years Business Retention and Relocation Assistance Grant
MOTION TO APPROVE: Mr. Plofker **SECOND:** Mr. Poliner **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: Williams-Somona Direct, Inc. **APPL.#28366**
LOCATION: TBD **BUSINESS:** shipping/transportation
GRANT AWARD: 35% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. Plofker **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: Williams-Somona Direct, Inc.
GRANT AWARD: \$129,600 (estimate), 5 years Business Retention and Relocation Assistance Grant
MOTION TO APPROVE: **SECOND:** **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT

PROJECT: IDL TechniEdge, LLC
LOCATION: TBD **BUSINESS:** manufacturing
GRANT AWARD: \$93,500 (estimate), 5 years
MOTION TO APPROVE: Mr. Plofker **SECOND:** Mr. Tolson **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

The next item was to approve the BRRAG Tax Credit Certificate Transfer Program application of KS Engineers, PC to transfer unused tax credits to Apple, Inc.

**MOTION TO APPROVE: Mr. Kirschner SECOND: Mr. McNamara AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16**

The next item was to approve the BRRAG Tax Credit Certificate Transfer Program application of MRS Associates, Inc. to transfer unused tax credits to Apple, Inc.

**MOTION TO APPROVE: Mr. McNamara SECOND: Mr. Tolson AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17**

BROWNFIELD REIMBURSEMENT PROGRAM

PROJECT: Center 48 Limited Partnership and National Retail Urban Renewal, LLC

LOCATION: Somerdale/Magnolia/Camden Cty.

REIMBURSEMENT GRANT: Up to \$375,000

**MOTION TO APPROVE: Mr. Kosoffsky SECOND: Mr. Tolson AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18**

PROJECT: Frank Greek Company EB27 LLC

LOCATION: East Brunswick/Middlesex Cty.

REIMBURSEMENT GRANT: Up to \$1,812,600

**MOTION TO APPROVE: Mr. McNamara SECOND: Mr. Manning AYES: 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19**

Mr. Kosoffsky abstained to avoid the appearance of an ethical conflict because he works for F. Greek Company.

FILM TAX CREDIT PROGRAM

The next item was to approve the following Film Tax Credit Project for allocations:

PROJECT: All The Kings Horses LLC

MAX AMOUNT OF TAX CREDITS: \$701,735

**MOTION TO APPROVE: Mr. Ryan SECOND: Mr. Tolson AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20**

UEZ/SALEM SALES TAX EXEMPTION

The next item was to approve the Salem County Energy Sales Tax Exemption Renewal Application of B&B Poultry Co., Inc., a manufacturer that is located in Salem. The estimated annualized STX benefit is \$400,000.

**MOTION TO APPROVE: Mr. Tolson SECOND: Mr. Latoof AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21**

The next item was to approve the Urban Enterprise Zone Energy Sales Tax Exemption Renewal Application of Church & Dwight Company, Inc. The estimated annualized U-STX benefit is \$1,500,000.

**MOTION TO APPROVE: Mr. Latoof SECOND: Mr. Tolson AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22**

The next item was to approve the Urban Enterprise Zone Energy Sales Tax Exemption Renewal Application of Gerresheimer Glass, Inc. The estimated annualized U-STX benefit is \$1,600,000.

**MOTION TO APPROVE: Mr. Tolson SECOND: Mr. Latoof AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23**

The next item was to approve the modification to the expiration date of the Salem County Energy Sales Tax Exemption Renewal benefit for E.I. du Pont de Nemours & Company to August 3, 2010.

**MOTION TO APPROVE: Mr. Latoof SECOND: Mr. Kirschner AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 24**

The next item was to approve the modification to the expiration date of the Salem County Energy Sales Tax Exemption Renewal benefit for Mannington Mills, Inc. to May 10, 2010.

**MOTION TO APPROVE: Mr. Latoof SECOND: Mr. Kirschner AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 25**

BOARD MEMORANDUMS

PROJECT: Diamond Chemical Co., Inc. **APPL.# 27153**

LOCATION: East Rutherford/Bergen Cty.

FINANCING: \$750,000 million Authority guarantee of a \$1.5 million term loan

REQUEST: approval to a change in collateral

**MOTION TO APPROVE: Mr. Poliner SECOND: Mr. Latoof AYES: 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 26**

Mr. Sarlo abstained because he is an attorney for the commission that met with Diamond Chemical Co., Inc.

PROJECT: Greater Brunswick Charter School **APPL.#27102**

LOCATION: New Brunswick/Middlesex Cty.

FINANCING: \$1,000,000 Main Street Business Assistance loan

REQUEST: permit an additional \$500,000 of debt from Sun National Bank which will be ahead of the Authority's direct loan in terms of collateral.

**MOTION TO APPROVE: Mr. Plofker SECOND: Mr. Latoof AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 27**

The next item was a summary of projects approved under Delegated Authority in September 2009. **(For Informational Purposes Only)**

New Jersey Business Growth Fund: Pollack Health and Wellness Center Inc., or Nominee; Premier Oncology, LLC;

Fast Start Direct Loan Program: Mercy Transportation, Inc.;

NJ Main Street Program: G Boys Excavating Inc.; 29 Ash Realty LLC; Star Soap/Star Candle/Prayer Candle Co., LLC

Preferred Lender Program: G Boys Excavating Inc.; Marotta Controls, Inc.

The next item was a summary of all BEIP modifications that were approved in the quarter ending September 30, 2009. **(For Informational Purposes Only)**

The next item was a summary of Delegated Authority approvals prepared by Portfolio Services in Q3 2009. **(For Informational Purposes Only)**

REAL ESTATE

The next item was to approval for the following: 1) to execute a Lease Agreement with Drexel University for appropriately 10,557 square feet of lab space at the Waterfront Technology Center in Camden; 2) a \$158,400 Business Lease Incentive Grant to Drexel payable over five years per the approved schedule for office and high tech tenants, contingent on ERB approval; 3) an increase in the WTCC development budget for the fifth floor in the amount of \$120,000; 4) an increase in the Ballinger contract of \$100,000 and an increase in the Skanska contract of \$20,000; and 5) any other documents required to effectuate this transaction on final terms acceptable to the Chief Executive Officer and the Attorney General's Office.

**MOTION TO APPROVE: Mr. Tolson SECOND: Mr. Manning AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 28**

The next item was to 1) construct a 15,000 square foot addition for Merial, Limited, a tenant in the Tech One building at the Technology Centre of New Jersey, 2) enter into an Amendment to the Lease Agreement between Merial and the Technology Centre of New Jersey, LLC, 3) make an equity contribution of \$605,000 to the LLC and enter into an Amendment to the LLC Operating Agreement and 4) grant Merial a two year extension

of their current License Agreement to maintain a temporary trailer on the back parking area of their current Leased Premises.

**MOTION TO APPROVE: Mr. Plofker SECOND: Mr. Kosoffsky AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 29**

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and to enter into Executive Session to discuss a Real Estate matter. The matter will be made public when the Purchase Agreement is executed.

**MOTION TO APPROVE: Mr. Plofker SECOND: Mr. Kosoffsky AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 30**

PUBLIC COMMENT

There was no comment from the public.

There being no further business, on a motion by Mr. Manning, and seconded by Mr. Plofker, the meeting was adjourned at 11:45 a.m.

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



Maureen Hassett, Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

October 21, 2009

MINUTES OF THE SPECIAL MEETING

Members of the Authority present: James Kelly, representing the State Treasurer; Dan Ryan representing the Commissioner of the Department of Environment Protection; and Richard Poliner representing the Commissioner of the Department of Banking and Insurance and First Alternate Public Member Raymond Burke.

Present via phone: Carl Van Horn, Chairman; Joseph McNamara, Vice Chairman; Kevin Jarvis representing the Commissioner of the Department of Labor and Workforce Development; and Public Member Charles Sarlo.

Absent from the meeting: Jerry Zaro representing the Governor's Office; Public Members Richard Tolson, Steve Plofker, Timothy Carden, Thomas Manning, and Phil Kirschner; Elliot M. Kosoffsky, Second Alternate Public, and Rodney Sadler; Non-Voting Member.

Also present: Caren Franzini, Chief Executive Officer of the Authority; Bette Renaud, Deputy Attorney General, and staff.

Acting Chairman Raymond Burke called the meeting to order at 2:10 p.m.

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

TECHNOLOGY BUSINESS TAX CERTIFICATE TRANSFER PROGRAM

The next item was to: 1) approve the following eight appeals: Agile Therapeutics, Arno Therapeutics, Common Ground Recycling, Deltronic Crystal, Eagle Pharmaceuticals, EPV Solar, Ikano Therapeutics, and PD-LD, Inc.; 2) to hold Healthcare Providers Direct, and EveresTV, Inc. for action at a separate meeting pending further review by Authority staff, the New Jersey Commission on Science & Technology, and the Attorney General's Office; 3) and to not approve the other appeals as set forth in the memorandum.

MOTION TO APPROVE: Mr. Van Horn SECOND: Mr. Poliner

Ms. Franzini stated that part of the review process for the Technology Business Tax Certificate Transfer Program is a review of the technology utilized by the applicants by the NJ Commission on Science and Technology. As a representative from CST could not be present at the meeting, Ms. Franzini said that Healthcare Providers Direct and EveresTV, Inc. appeals would be held from consideration at this meeting until further discussion could occur with CST. Ms. Franzini also pointed out that although the EDA tries to include as many applicants as possible, it cannot look at new information after the

June 30 application deadline. Ms. Franzini then noted that as representatives from additional companies were in the audience, they should have the opportunity to ask for their appeals to be held for further consideration.

At this time Acting Chairman Burke asked for any comment from the public regarding specific appeals.

Norman Proulx, CEO; Healthcare Providers Direct; Jeff Feldman, CEO; Chairman of EveresTV, Inc.; Lee Reingold, CEO; Right Answers, Inc.; Jeremiah Sullivan, CEO; Cirquit.com, Inc.; Dave Sasson, CEO, Cape Systems Group, and Rick Kundrat, CEO; Nuvim, Inc. addressed the board to request that their appeals be given further consideration. In each instance the company representative stated their belief that their application and clarifying information provided to staff, would indicate that their respective application(s) met the requirements of the program and merited further consideration.

The next item was to amend the previous motion and add Right Answers, Inc., Cirquit.com, Inc., Cape Systems Group, and Nuvim, Inc. to the list of businesses being held for action at a separate meeting with Healthcare Providers Direct and EveresTV, Inc. pending further review by Authority staff, the New Jersey Commission on Science & Technology, and the Attorney General's Office.

MOTION TO APPROVE: Mr. Van Horn SECOND: Mr. Kelly AYES: 8

The next item was to vote on the initial action as amended.

MOTION TO APPROVE: Mr. Ryan SECOND: Mr. McNamara AYES: 8

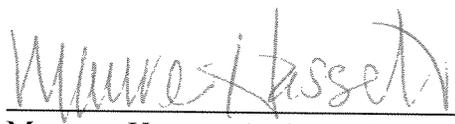
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

PUBLIC COMMENT

There was no further comment from the public.

There being no further business, on a motion by Mr. Poliner, and seconded by Mr. McNamara, the meeting was adjourned at 2:40 p.m.

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



Maureen Hassett, Assistant Secretary

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: November 10, 2009

RE: Chief Executive Officer's Report to the Board

EDA NEWS

Proposed Urban Transit Hub Tax Credit Amendments Published in New Jersey Register

The EDA staff has been hard at work over the last few months crafting amendments to the Urban Transit Hub Tax Credit Act and rules and regulations to implement the Economic Redevelopment and Growth (ERG) Grant Program. Both were among the key components of the New Jersey Economic Stimulus Act of 2009, which was signed into law by Governor Corzine this past summer. Board members approved Urban Transit Hub revisions on September 8 and are being asked to approve ERG rules and regulations today.

The Urban Transit Hub Tax Credit Act revisions expand the definition of a transit hub, lower capital investment thresholds and make other changes to the Act, which was introduced last year to encourage business development, capital investment and employment in designated urban areas. Amendments were published in the New Jersey Register on November 2. Written comments are due January 1.

NJTC Honor's EDA's Coviello with Technology Supporter Award

Kathleen W. Coviello, EDA Director of Technology and Life Sciences, will be honored with the 2009 John L. Martinson Technology Supporter Award when the New Jersey Technology Council holds its annual Awards Gala November 17 at The Palace at Somerset Park, Somerset. The award is presented annually to an individual who has demonstrated a significant commitment to the support and advancement of technology in New Jersey.

Coviello joined the EDA in the summer of 2005 to lead the newly advanced technology and life sciences-related efforts of the EDA. She had previously served as a relationship manager with Silicon Valley Bank where she managed a portfolio of technology companies, from early-stage, venture-backed businesses to publicly traded firms. She also has held positions with Progress Bank, Mellon Bank and Meridian Bank.

EDISON INNOVATION FUND

The EDA closed equity-like financings with two more technology businesses in October bringing year-to-date direct investment totals to \$7.85 million provided to 12 Edison Innovation Fund projects. TimeSight Systems, Inc., of Mount Laurel was one recipient of the latest funding,

finalizing a \$1-million investment with the EDA. The company is addressing the need for increased storage requirements of high-resolution video used in the surveillance industry. It plans to create 58 new jobs within three years. The Talk Market, Inc. of Newark, a business created to support the use of video as a selling tool for online sales, also closed a \$750,000 Edison Innovation Fund investment during the month. The company had closed a \$250,000 Edison investment in December. It plans to establish 20 new jobs as a result of the latest financing assistance.

Overall, the EDA has closed 24 Edison projects totaling nearly \$58 million in financing and incentives. These projects are expected to result in total investments of more than \$253 million in New Jersey's economy and the creation of over 2,160 new jobs.

NEW JERSEY URBAN FUND

Through the end of October, the EDA closed 46 financings for more than \$47 million in the urban centers of Atlantic City, Camden, Elizabeth, Jersey City, Newark, Paterson and Trenton under the New Jersey Urban Fund. These projects involve nearly \$203 million in total investment and are expected to lead to more than 1,150 new full-time jobs and almost 2,700 construction jobs.

Urban Fund projects closing in October included a \$900,000 soft loan to support acquisition, relocation, demolition and environmental remediation costs associated with the construction of 79 rental units on Site E in the Cramer Hill section of Camden. The funds were provided under the Residential Neighborhood Improvement Fund of the Municipal Rehabilitation and Economic Recovery Act administered by the Economic Recovery Board for Camden.

OTHER URBAN ACTIVITY

The EDA closed 48 projects in other Urban Aid cities in the January-through-October period, providing more than \$28 million in bonds, loans, loan guarantees and environmental assistance grants for borrowers investing over \$71 million in the state's economy. This support is expected to result in the creation of more than 520 jobs.

ACLS Pleasantville, Inc., a subsidiary of Atlantic City Linen Supply, Inc., finalized a \$575,000 direct loan with the EDA in October to purchase commercial laundry equipment to serve the Borgata Hotel and Casino in Atlantic City. The company plans to establish 45 new jobs as a result of the financing. Another borrower, the Hoboken Children's Academy II, LLC, closed a \$230,000 loan under the EDA's FastStart for Small Business program to renovate and equip a second location to meet the needs of its growing day care population in Hoboken.

CORE ACTIVITY

EDA core financing activity continued to soar in 2009. Ten-month totals have reached more than \$320 million with 123 projects that plan to make total investments of more than \$830 million and create over 2,000 new, full-time jobs and 9,200 construction jobs.

One of the more recent projects to be funded was the Parkway-Kew Corporation in North Brunswick, which was founded more than one-half century ago by the father its current majority owner as a provider of wire machining components. The 50-percent, \$300,000 EDA loan participation was finalized under the Preferred Lender Program with Cornerstone Bank and will be used to refinance debt arranged three years ago with PNC Bank under the New Jersey Business Growth Fund partnership to purchase a lathe.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as attendees, exhibitors or speakers at 59 events in October. These included a New Jersey Technology Council Summit in Jersey City, the Schein Media New Jersey Real Estate Economic Survival Conference in Newark, a Regional Business Partnership Economic Outlook program in Newark, a meeting of the National Brownfield Association's New Jersey Chapter in Woodbridge, the Statewide Hispanic Chamber of Commerce Conference in Newark, the New Jersey Clean Energy Conference in Atlantic City, the Venture Association of New Jersey's Entrepreneurs Expo and Elevator Pitch Olympics in Trenton, a New Jersey Builders Association meeting focusing on the New Jersey Economic Stimulus Act of 2009 in Hamilton Township, and the New Jersey Institutional Investor's Conference in Newark.

International Trade Activities

International Trade activities during October included participation in an Innovative Practices Forum at Princeton University sponsored by the Policy Research Institute that focused on the challenges faced by New Jersey in working with international businesses and an Eastern Trade Council Board meeting in Albany, NY that addressed developments in trade policy and research. We also took part in the sixth annual Consul Program for New Jersey Life Sciences at Raritan Valley Community College in North Branch, the New Jersey-Italy Trade Council Conference in Newark and a Doing Business in India program in Lawrenceville. Additionally, we attended the signing of a Letter of Intent between the City of Daegu, Korea with the Governor's Office of Economic Growth designed to foster cooperative relationships between biotechnology, pharmaceutical and medical device companies and health care research and educational institutions in our state with similar entities in Daegu City.

Site Visits

October's proactive outreach activities included site visits to four EDA-assisted businesses. Early in the month, we toured DCI Signs & Awnings, a minority-owned manufacturer of commercial signage that received an EDA loan participation to acquire a building in Newark that will serve as its new headquarters. This was followed by visits to MAQUET Cardiovascular, a medical technology manufacturer and Business Employment Incentive Program grant recipient that is bringing 350 jobs to Wayne as part of a consolidation of its U.S. facilities, and Franklin Electric Company, a 90-year-old, family-operated wholesale electrical supplier that received a BEIP grant in connection with its move of nearly 50 jobs from Pennsylvania to Moorestown. Finally, we celebrated the completion of one of the larger pitched roof solar electric systems in New Jersey at the Fellowship Village Retirement Community in Basking Ridge, which was built with the help of EDA-issued bonds in the mid-1990s. The solar panels used at the facility were installed by Absolutely Energized Solar, a Millstone company that recently received a line of credit guarantee under the Main Street Business Assistance Program. The panels are expected to annually reduce the amount of carbon dioxide produced by 900,000 pounds and protect more than 250 trees.





MEMORANDUM

To: Members of the Board

From: Carl Van Horn
Chairman

Date: November 10, 2009

Subject: By-law change to create Incentives Committee

Summary

The Members are asked to approve an amendment to the Authority's by-laws to create an Incentives Committee. This new committee would review all significant incentives offered by the Authority, including but not limited to tax credits, and would review any projects and program changes related to legislatively mandated incentive programs that do not have direct exposure for the Authority.

Background

With the recent enactment of the "New Jersey Economic Stimulus Act of 2009," the EDA has been tasked with implementing the Economic Redevelopment and Growth (ERG) Grant program as well as revisions to the Urban Transit Hub Tax Credit (UTHTC) program. The establishment of this new ERG Grant program and revisions to the UTHTC program, significantly expands the number and scope of incentives offered by the Authority.

Also, applicants for both of these programs will be required to demonstrate at the time of application that the State's financial support of the proposed capital investment in a qualified business facility will yield a net positive economic benefit to both the State and the municipality where the project is located.

In order to ensure that these projects receive thorough consideration a new committee is being established tasked with reviewing significant incentive projects prior to consideration by the full Board, including a review of the economic impact of the project. Further, this committee would be tasked with reviewing any changes to formula or scoring mechanism changes to legislatively mandated incentive programs.

Programs that would fall under the review of the Incentives committee would include, but not be limited to: Economic Redevelopment and Growth Grant Program, Urban Transit Hub Tax

Credit Program, the Brownfield Reimbursement Program, the Business Employment Incentive Program and the Business Retention and Relocation Assistance Grant.

The Incentives Committee would consist of the State Treasurer, the Commissioner of the Department of Labor and Workforce Development, a representative of the Executive Branch of State Government as appointed by the Governor and from one to three of the Board appointed by the Chairperson for a minimum total of four members and not more than six members.

Recommendation:

The Members are asked to approve the by-law changes attached to create an Incentives Committee comprised of the membership stated above and appoint public members Tom Manning (chair), Joe McNamara, and Tim Carden to the Incentives Committee.



Carl Van Horn

Prepared by: Kim Ehrlich

attachment

ARTICLE XII

INCENTIVES COMMITTEE

Section 1. Members. The Chairperson of the Incentives Committee will be appointed by the Chairperson of the Authority. The Incentives Committee shall consist of the State Treasurer, the Commissioner of the Department of Labor and Workforce Development, an officer or employee of the Executive Branch of State Government as appointed by the Governor and from one to three of the Board appointed by the Chairperson for a minimum total of four members and not more than six members. All members will be independent of the Authority and have knowledge of the Authority's governmental functions.

Section 2. Meetings. The times, places and the agenda for the Incentives Committee will be set forth by the CEO of the Authority, in consultation with the Chair of the committee.

Section 3. Duties. The duties of the Incentives Committee shall include, but not be limited to:

- a. Review of all significant non-direct exposure incentive requests, including but not limited to tax credits, prior to submission to the members of the Authority for their consideration.
- b. Review of all formula or scoring mechanism changes to legislatively mandated incentive programs.
- c. Such other duties that may be prescribed from time to time by the Chairperson of the Authority.

MEMORANDUM

TO: Members of the Board

FROM: Caren S. Franzini

DATE: November 10, 2009

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

Summary

The Members of the Board are provided with proposed new rules implementing the Economic Redevelopment and Growth (ERG) Grant Program established pursuant to the “New Jersey Economic Stimulus Act of 2009”, P.L. 2009, c. 90.

Background

The “New Jersey Economic Stimulus Act of 2009” established the Economic Redevelopment and Growth (ERG) Grant Program to provide incentive grants to developers and/or businesses or owners to capture new State and local incremental taxes derived from a project’s development to address project financing gaps.

In order to develop rules for the ERG grant program the Authority formed a working group consisting of representatives of the EDA, Division of Local Government Services in the Department of Community Affairs (DCA), the Division of Taxation in Treasury and the Attorney General’s Office.

The ERG grant program is intended to provide a source of capital to developers and/or businesses or owners to reach full financing of the total costs of a proposed redevelopment project when additional capital cannot be raised from other sources.

The “qualifying economic redevelopment and growth grant incentive areas” include Planning Area 1 (Metropolitan) and Planning Area 2 (Suburban) and centers designated under the State Development and Redevelopment Plan, transit villages (local incentive grants only), and federally owned land approved for closure by the federal Base Realignment Closing Commission.

The statute provides for two mechanisms to provide grants – a State incentive grant agreement between the EDA and the applicant for reimbursement through State incremental revenues; and, a local incentive grant agreement between a municipality and an applicant for reimbursement through local revenues.

Under the ERG grant program, the Authority, in consultation with the State Treasurer, may enter into a redevelopment incentive grant agreement with a developer and/or businesses or owners, for any qualifying redevelopment project located in an “economic redevelopment and growth grant incentive area”, approved by municipal ordinance. Up to 75 percent of the incremental increase in approved State revenues that are directly realized from the businesses operating in the redevelopment project premises may be paid to the developer/owner in the form of a grant derived from the realized revenues.

In the case of a redevelopment incentive grant agreement between a municipality and a developer, the municipality may pledge eligible incremental revenue increases from payments in lieu of taxes under the long or short term tax exemption laws, lease payments made to the municipality by the developer or its successors, and property taxes, as well as other taxes authorized under the Act in order to finance a related municipal project, provided that the pledge of property taxes only applies to projects in redevelopment areas.

The term of each State and local redevelopment incentive grant agreement may extend for up to 20 years however, the combined amount of the State and local reimbursements cannot exceed 20 percent of the total cost of the project, exclusive of publically-owned infrastructure; and, a developer/owner seeking an incentive grant is required to make an equity participation for at least 20 percent of the project’s total cost.

The Authority, on behalf of the State Treasurer and the Local Finance Board, will conduct two analyses for each project. The first is a fiscal analysis to determine the redevelopment project costs, evaluate and validate the project financing gap estimated by the developer. The second is to ascertain whether the overall public assistance provided to the project will result in net positive economic benefits to the State or municipality where each project is located.

Both impact analyses will be conducted through an econometric model prepared by the consulting firm of Jones Lang LaSalle which has been reviewed by members of the EDA’s Policy, Audit and Real Estate Committees, as well as representatives of the DCA and Treasury. The policy recommendation from this group to define what constitutes “net positive” for the net benefits test, is incorporated in the definition of fiscal impact analysis in the rules that states that the impact analysis would need to demonstrate that the project’s net economic benefit equals at least one hundred and ten percent of the amount of grant assistance.

As the Urban Transit Hub Tax Credit Program also requires a net positive economic benefit test, the Members are also asked to approve the application of this standard to that program for consistency. Unlike the ERG Grant Program, which requires a separate analysis for the State and local impact, the Hub Program requires a combined State and local analysis. This proposed change will be memorialized through amended rules to the Hub Program to be presented to the Board at the December meeting. (Attached is a summary of the financing gap and fiscal impact analysis model developed by Jones Lang LaSalle.)

An applicant for a local incentive grant only is not required to seek approval by the Authority

(however, the initial application for a local incentive grant will first be submitted to the EDA for the purpose of conducting the required eligibility review and fiscal impact analysis). In such cases, the municipality shall obtain approval of the Local Finance Board in order to enter into a grant agreement with the developer.

The Authority will review and approve all applications with the State Treasurer for a State incentive grant and each application will be approved by ordinance by the affected municipality. Upon approval by the Local Finance Board, a municipality may grant final approval of an application for a local incentive grant. The local approval process requires approval by ordinance.

In accordance with the Act, the EDA shall consider the following factors in deciding whether to enter into a redevelopment incentive grant agreement with a developer: (1) economic feasibility of the redevelopment project; (2) extent of economic and related social distress in the municipality and the area to be affected by the redevelopment project; (3) degree to which the redevelopment project will advance State, regional and local development and planning strategies; (4) likelihood that the redevelopment 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; (5) relationship of the redevelopment project to a comprehensive local development strategy, including other major projects undertaken within the municipality; (6) need of the redevelopment incentive grant agreement to the viability of the redevelopment project; (7) compliance with the provisions of the Act and (8) degree to which the redevelopment project enhances and promotes job creation and economic development.

Upon notice to and consent by the EDA and State Treasurer, in the case of a State grant, and by the municipality in the case of a local incentive grant, a redevelopment incentive grant agreement may be assigned and pledged as security for a loan.

In order to cover the Authority's administrative costs for the review of proposed redevelopment projects, various fees will be imposed for application, any analysis by a third party for fiscal impact and financing gap review, commitment, closing and for any pledge or assignment of a State incentive grant, as follows:

- Application fee of \$5000, whether applying for a State or local incentive grant, which includes costs for application review and fiscal impact and financing gap review
- Full amount of direct costs of any analysis by a third party retained by EDA
- Commitment fee of .5 percent due at EDA Board approval or LFB approval, not to exceed \$300,000
- Closing fee of .5 percent due at EDA closing, not to exceed \$300,000
- Request to approve pledge and assignment of a State incentive grant, a fee of \$2,500
- For a combined State and local incentive grant, program commitment and closing costs shall not exceed 1 percent or \$600,000

This fee approach has been developed based on an analysis of EDA work effort and mapped against each phase of the project to ensure both reasonableness and also consistency with current EDA fee practice. The proposed fees have also been benchmarked against other state programs of similar purpose and structure. From a competitive standpoint, of note is that EDA has identified a number of comparable state programs which have set their administrative fees at higher levels and without caps. Notably, “The Pennsylvania Tax Increment Financing Act” program authorizes, in addition to \$5,000 application fee, a 1.5 percent settlement fee of the awardee loan amount due upon settlement and a 1 percent processing fee of each repayment due upon each such repayment. Similarly, for their TIF programs, Hugo Minnesota requires up to 10 percent of the increment to be set aside for administrative costs, while Knox County, Tennessee requests a \$10,000 application fee and up to 2 percent of bond (backed by TIF) issuance ongoing to pay administrative costs.

The proposed new rules for the ERG grant program were distributed for review and comment to a group of key stakeholders representing the development and municipal government communities; and, the final draft incorporates revisions, where appropriate, based on various comments received and considered by the ERG grant program rules working group.

Finally, the “New Jersey Economic Stimulus Act of 2009, P.L. 2009, c. 90, authorized the promulgation of immediate rules, for up to 12 months, to implement the ERG grant program, and as a result, the attached proposed new rules implementing the Economic Redevelopment and Growth (ERG) Grant Program, will be effective immediately upon filing with the Office of Administrative Law.

Recommendation

We are requesting action by the Members of the Board to: 1) approve the proposed new rules implementing the Economic Redevelopment and Growth (ERG) Grant Program and authorize staff to file the rules with the Office of Administrative Law, subject to the approval of the Office of the Attorney General; 2) approve the economic impact model developed by Jones Lang LaSalle; and 3) apply to the Urban Transit Hub Tax Credit Program, the standard of a net positive economic benefit defined as at least one hundred and ten percent of the amount of grant assistance.



Caren S. Franzini

Attachments

Prepared by: Jacob Genovay/Alex Pavlovsky

NJEDA Economic Impact Model

Overview

NJEDA has built an economic impact model to help measure the likely impact of a given development to the state and municipality. We use multipliers from the RIMS II data base, published by the US Department of Commerce, along with our own econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation. In addition to this information, we also estimate likely personal and corporate earnings yield from a given project.

We estimate both direct and indirect impacts on a one-time and ongoing basis. Direct impacts are those that result from capital flows for people and material directly associated with the project. (i.e., on site workers salaries, construction materials, etc.). Indirect impacts are those from cash flows other than those generated directly from the project (i.e. sandwich makers, equipment repair companies, and local retail). One-time benefits are those associated with the project capital investment while the ongoing benefits are attributable to the project's annual economic activity.

Our model is flexible enough to provide unique analyses for office, retail, industrial, hotel and residential projects in all New Jersey counties.

Inputs

The main developer inputs that go into the model are the following:

- Project Location (e.g., Newark, Essex County)
- Total Construction/Project Costs (e.g., \$100M)
- Property Development Type (e.g., Office, Warehouse)
- Percentage Cost Breakdown (e.g., 50% Office, 50% Warehouse)
- Job Categories & Percentages (e.g., 50% Management, 50% Administrative Positions)

Based on these inputs and several optional inputs, the model calculates the likely impact on job creation, spillover economic activity, and earnings. However, when ever actual values are known, staff will override the models estimates to use the known values rather than the model's calculated results.

The RIMS multipliers that are used provide a customized value for each location, project type and job categories. We use Final Demand, Employment, and Earnings multipliers from the data base as well as what are called "direct effect" multipliers to estimate the portions of total impact attributable to Direct and Indirect activity.

Approach

Once we have calculated all of our relevant data points, either through the model or using the actual estimates from the project, we then calculate likely increases to Sales Tax, Gross Income Tax, Property Tax, Corporate Business Tax, and miscellaneous local and state taxes applicable to the development all over a period not to exceed 20 years.

First we calculate the direct impacts from the project both one time and ongoing, as the most assured of realization. For the one time effects, we take 50% of the RIMS output. From this we capture 7% as incremental sales tax and 5% as incremental wage tax. If the project is in a UEZ, we do not include estimated sales taxes on the direct purchases in our analysis. The balance of the direct one time and ongoing revenues are derived by actual project information.

Second, recognizing the uncertainties and vagaries in the indirect benefits calculation, we take a conservative approach to estimation. For the one time benefits we only include 50% of the economic output suggested by the RIMS model for estimates of purchases and earnings. From this output, we capture the 7% as incremental sales taxes and 5% as wage taxes. For the ongoing indirect benefits, we utilize the RIMS model results and only apply a 3% factor to estimate indirect tax revenues. Using this methodology, we believe that our model generates an estimate of highly likely public indirect cash flows. The combination of direct and indirect benefits forms the total incremental revenue for the project.

Staff will then complete a separate analysis for the local net impact and the State impact. Using the estimated incremental local portions of revenues we will subtract the estimated incremental costs of the municipality for servicing the development (such as additional police, fire, infrastructure, etc.), either as estimated by the municipality or from data from public filings. This will form the basis of the local net benefits. For the State analysis, we will compare all the non-local revenues to compare to all requested State assistance.

In each case, if the net present value utilizing a discount rate of 6% results in a figure that is 110% greater than the requested amount of financial assistance, then the project passes the net benefit test. The result is a model that takes an econometrically defensible and prudent approach to assessing the economic impact of a project.

D R A F T
SPECIAL ADOPTION
11.10.09

OTHER AGENCIES
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

DEPARTMENT OF COMMUNITY AFFAIRS
DIVISION OF LOCAL GOVERNMENT SERVICES
LOCAL FINANCE BOARD

DEPARTMENT OF THE TREASURY
OFFICE OF THE TREASURER

Authority Assistance Programs
Economic Redevelopment and Growth Grant Program
Special Adopted New Rules: N.J.A.C. 19:31-4

Special New Rules Adopted: November __, 2009 by New Jersey Economic Development Authority, Caren S. Franzini, Chief Executive Officer.

Special New Rules Adopted: November __, 2009 by the Local Finance Board, Susan Jacobucci, Chair

Filed: November __, 2009 as _____.

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

Effective Date: November __, 2009.

Expiration Date: November __, 2010.

In accordance with P.L. 2009, c. 90 these new rules were adopted and became effective upon acceptance for filing by the Office of Administrative Law (see N.J.S.A. 52:14B-4(c) as implemented by N.J.A.C. 1:30-6.4) as a single rule jointly adopted by the Economic Development Authority and the Local Finance Board. The agency special adoption follows:

Summary

The New Jersey Economic Development Authority (“EDA” or “Authority”), along with the Local Finance Board in the Division of Local Government Services in the Department of Community Affairs and Department of Treasury, is adopting new rules to implement the Economic Redevelopment and Growth (ERG) Grant Program, established pursuant to the New Jersey Economic Stimulus Act of 2009, P.L. 2009, c. 90. The following summarizes the

contents of each section of the adopted new rules:

N.J.A.C. 19:31-4.1 Applicability and scope

This section addresses the statutory authority for the Economic Redevelopment and Growth (ERG) Grant Program and summarizes the scope and purpose of the program pursuant to P.L. 2009, c. 90.

N.J.A.C. 19:31-4.2 Definitions

This section defines certain terms used in this subchapter, incorporates terms defined in the Act pertaining to the program, clarifies statutory terms and provides additional terms included in the implementation of the program.

N.J.A.C. 19:31-4.3 Eligibility criteria

This section outlines the criteria for eligibility for any State or local incentive grant. The section specifies the limited circumstances under which projects where construction has begun will be eligible.

N.J.A.C. 19:31-4.4 Application submission requirements for State and local incentive grants

The section establishes the required information and procedures for submitting an application to the Authority for a State incentive grant and the Authority and Local Finance Board in the Department of Community Affairs for a local incentive grant.

N.J.A.C. 19:31-4.5 Financing gap and fiscal impact analysis

This section outlines the reviews which the Authority, in consultation with the Treasurer, shall conduct to evaluate and validate the project financing gap and net economic benefits for each proposed State or local incentive grant. The section specifies how costs will be determined for projects that involve acquisition and rehabilitation and for projects for which construction has begun. In order to ensure that the award of a grant will meet the goal of creating jobs through the construction of capital improvements, the calculation of project costs will include certain previously made expenditures only if a significant amount of investment will be undertaken in the future.

N.J.A.C. 19:31-4.6 Approval of application for State incentive grant

This section establishes the factors by which the Authority and Treasurer shall approve applications for State incentive grants.

N.J.A.C. 19:31-4.7 Approval of application for local incentive grant

This section establishes the factors by which the Local Finance Board in the Department

of Community Affairs shall approve applications for local incentive grants.

N.J.A.C. 19:31-4.8 State incentive grant agreement

This section establishes the requirements for the Authority to enter into a State redevelopment incentive grant agreement with a developer and the allowable amount and terms and conditions of State redevelopment incentive grant agreements, as determined by the Authority.

N.J.A.C. 19:31-4.9 Local incentive grant agreement

This section establishes the requirements for the governing body of a municipality to establish an economic redevelopment and growth grant program and enter into a local redevelopment incentive grant agreement with a developer, as well as the allowable amount and terms and conditions of local redevelopment incentive grant agreements, as determined by the Local Finance Board in the Department of Community Affairs.

N.J.A.C. 19:31-4.10 Incremental revenues sources

This section lists the taxes which may be paid to the developer as part of a State and local redevelopment incentive grant agreement pursuant to P.L. 2009, c. 90.

N.J.A.C. 19:31-4.11 Pledge and assignment of grant amount

This section authorizes a developer, upon notice to and consent by the Authority and Treasurer in the case of a State incentive grant, and by the municipality in the case of a local incentive grant, to assign and pledge its incentive grants, upon filing with the Authority or the municipality, as appropriate.

N.J.A.C. 19:31-4.12 Fees

This section establishes the Authority's non-refundable application fee, fees for the fiscal impact analysis required by P.L. 2009, c. 90, commitment fee, closing fee and fee to request approval to pledge and assign a State incentive grant amount.

N.J.A.C. 19:31-4.13 Affirmative action and prevailing wage

This section addresses the application of the Authority's affirmative action and prevailing wage requirements.

N.J.A.C. 19:31-4.14 Severability

This section states that if any portion of this subchapter is adjudged to be unconstitutional or invalid by a court of competent jurisdiction, the remaining portions of the subchapter are severable and shall not be affected by that determination.

Full text of the adopted new rules follows:

SUBCHAPTER 4. ECONOMIC REDEVELOPMENT AND GROWTH GRANT PROGRAM

19:31-4.1 Applicability and scope

The New Jersey Economic Development Authority (“EDA” or “Authority”), Local Finance Board (“Board”) in the Division of Local Government Services in the Department of Community Affairs, and Department of Treasury are promulgating these rules to implement the Economic Redevelopment and Growth (ERG) Grant Program, established pursuant to the New Jersey Economic Stimulus Act of 2009, P.L. 2009, c. 90 (N.J.S.A. 52:27D-489 a through n) (“Act”), to provide incentive grants to developers to capture new State and local incremental taxes derived from a project’s development to address project financing gaps.

In the case of a State incentive grant, the Authority, in consultation with the State Treasurer, may enter into a redevelopment incentive grant agreement with a developer for any qualifying redevelopment project located in an economic redevelopment and growth grant incentive area, except an area that qualifies solely by virtue of being a transit village, and approved by municipal ordinance. Up to 75 percent of the incremental increase in approved State revenues that are directly realized from businesses operating on the redevelopment project premises may be paid to the developer in the form of a grant derived from the realized revenues.

In the case of a redevelopment incentive grant agreement between a municipality and a developer, the municipality may pledge incremental revenue increases from payments in lieu of taxes under the long or short term tax exemption laws; lease payments made to the municipality by the developer or its successors; and property taxes, as well as other taxes authorized under the Act, in order to finance a related municipal project. In order to ensure compliance with the “Uniformity Clause” and related limitations of tax exemptions in the New Jersey Constitution, local grants of property tax increments are limited only to those areas of redevelopment of blighted areas by limited dividend corporations, or those properties with 5-year exemptions or abatements in areas in need of rehabilitation (N.J. Const. Art. VIII, Sect. I, Para. 1; N.J. Const. Art. VIII, Sect. III, Para. 1; and N.J. Const. Art. VIII, Sect. II, Para. 6.).

A developer that seeks a local incentive grant only is not required to seek approval by the EDA. In such cases, the municipality shall obtain approval of the Board in order to enter into a grant agreement with the developer.

The term of each approved State and local redevelopment incentive grant agreement may extend for up to 20 years however, the combined amount of reimbursements cannot exceed 20 percent of the total cost of the project, exclusive of publically-owned infrastructure; and a developer seeking an incentive grant is required to make an equity participation for at least 20 percent of the project’s total cost.

The Authority, on behalf of the State Treasurer and the Local Finance Board, will conduct a fiscal analysis to determine redevelopment project costs, evaluate and validate the project financing gap estimated by the developer and advise the agencies whether the overall public

assistance provided to the project will result in net positive economic benefit to the State and municipality where each proposed project is located

In order to ensure compliance with the “Appropriations Clause” of the New Jersey State Constitution (N.J. Const. Art. VIII, Sect. II, Para, 2), the rules provide that payments under State incentive grant agreements are subject to annual appropriation.

Upon notice to and consent by the EDA and the State Treasurer, or the municipality, as appropriate to the type of grant, a redevelopment incentive grant agreement may be assigned and a developer entitled to pledge its incentive grants.

19:31-4.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Applicant” means a developer proposing to enter into a redevelopment incentive grant agreement.

“Authority” means the New Jersey Economic Development Authority established under section 4 of P.L. 1974, c. 80 (N.J.S.A. 34:1B-4).

“Board” means the Local Finance Board in the Division of Local Government Services, Department of Community Affairs.

“Cash on cash yield” means total revenues less operating expenses divided by total project costs.

“Developer” means any person who enters or proposes to enter into a redevelopment incentive grant agreement pursuant to the provisions of section 9 and/or 11 of P.L. 2009, c. 90 (N.J.S.A. 52:27D-489i and k). A developer also may be a municipal government or a redevelopment agency as defined in section 3 of P.L. 1992, c. 79 (N.J.S.A. 40A:12A-3). A municipality or its redevelopment authority only may apply for local incentive grants for the construction of publicly-owned infrastructure, improvements or facilities.

“Developer contributed capital” means equity.

“Director” means the Director of the Division of Taxation in the Department of the Treasury.

“Eligible revenue” means the property tax increment and any other incremental revenues set forth in section 11 of P.L. 2009, c. 90 (N.J.S.A. 52:27D-489k) and for a State incentive grant, any of the incremental revenues set forth in section 6 of P.L. 2009, c. 90 (N.J.S.A. 52:27D-489f).

“Equity” means cash, development fees, costs for project feasibility incurred within the 12 months prior to application, federal tax credits, property value less any mortgages, and any other investment by the developer in the project deemed acceptable by the Authority in its sole

discretion. Property value shall equal either the purchase price, provided the property was purchased pursuant to an arm's length transaction within 12 months of application, or the value as determined by a current appraisal acceptable to the Authority.

“Fiscal impact analysis” means the analysis to be undertaken by the Authority to determine if the project meets the requirement of providing a net positive economic impact to the State or the municipality, as applicable. The model for the analysis will be developed and administered by the Authority with the input of the Board and Treasury. For the purposes of determining if the applicant fulfills the positive economic impact requirement, the analysis would need to demonstrate that the project's net economic benefit equals at least one hundred and ten percent of the amount of grant assistance. The analysis will be an econometric model that uses project data provided by the developer, including but not limited to: jobs created and retained, amount of capital investment, type of project, occupancy characteristics and location; and by using this information shall generate an estimate of direct and indirect economic output, as deemed reasonable by the Authority, and projected eligible revenues. This information may be supplemented by the use of industry accepted estimates, i.e., U.S. Department of Commerce Regional Input-Output Modeling System data, when specific data is not available. In addition, to the extent applicable, the model will incorporate estimated costs related to the provision of local services as supplied by the municipality, or through other data supplied by the Board.

“Incentive grant” means reimbursement of all or a portion of the project financing gap of a redevelopment project.

“Internal rate of return” means the discount rate at which the present value of the future cash flows of an investment equal the cost of the investment.

“Net profit margin” means net income as a percentage of project sales value.

“Project area” or “redevelopment project area” means land or lands under common ownership or control which shall be located in a qualifying economic redevelopment and growth grant incentive area, including but not limited to, control through a redevelopment agreement with a municipality pursuant to N.J.S.A. 40A:12A-1 et seq. or as otherwise established by a municipality.

“Project financing gap” means the part of the total project costs that remains to be financed after all other sources of capital have been accounted for, including but not limited to, developer contributed capital or equity which shall not be less than 20 percent of the total project cost, and investor or financial entity capital or loans for which the developer, after making all good faith efforts to raise additional capital, certifies that additional capital cannot be raised from other sources. When calculating the project financing gap, the factors set forth at N.J.A.C. 19:31-4.5(a)4, including but not limited to, return on investment, net profit margin and cash on cash yield will be considered. The project financing gap may be increased by the cost of capital necessary to raise an amount of current capital sufficient to complete the project when combined with all other sources of capital in recognition that the incremental eligible revenues will be reimbursed over an estimated period of years.

“Property tax increment” means the amount obtained by (1) multiplying the general tax rate levied each year by the taxable value of all the property assessed within a project area in the same year, excluding any special assessments; and (2) multiplying that product by a fraction having a numerator equal to the taxable value of all the property assessed within the project area, minus the property tax increment base, and having a denominator equal to the taxable value of all property assessed within the project area. For the purpose of this definition, “property tax increment base” means the aggregate taxable value of all property assessed which is located within the redevelopment project area as of October 1st of the year preceding the year in which the redevelopment incentive grant agreement is authorized.

“Publicly-owned structure, improvement or infrastructure” means, within the project area and including but not limited to, access roads; widening and acquisition of right-of-ways; traffic improvements including but not limited to signalization and new interchanges, public parking structures, and pedestrian, bicycle-oriented and mass transit improvements; and public utilities such as water, sewer, electric and gas.

“Qualifying economic redevelopment and growth grant incentive area” or “incentive area” means Planning Area 1 (Metropolitan), Planning Area 2 (Suburban), or a center as designated by the State Planning Commission; a transit village; and federally owned land approved for closure under a federal Base Realignment Closing Commission action.

“Redevelopment incentive grant agreement” means an agreement between (1) the State Treasurer, the Authority and a developer, or (2) a municipality and a developer, under which, in exchange for the proceeds of an incentive grant, the developer agrees to perform any work or undertaking necessary for a redevelopment project, including the clearance, development or redevelopment, construction, or rehabilitation of any structure or improvement of commercial, industrial, residential, or public structures or improvements within a qualifying economic redevelopment and growth grant incentive area.

“Redevelopment project” or “project” means a specific work or improvement, including lands, buildings, improvements, real and personal property or any interest therein, including lands under water, riparian rights, space rights and air rights, acquired, owned, developed or redeveloped, constructed, reconstructed, rehabilitated or improved, undertaken by a developer within a project area.

“Redevelopment utility” means a self-liquidating fund created by a municipality pursuant to section 12 of P.L. 2009, c. 90 (N.J.S.A. 52:27D-4891) to account for revenues collected and incentive grants paid pursuant to section 11 of P.L. 2009, c. 90 (N.J.S.A. 52:27D-489k), or other revenues dedicated to a redevelopment project.

“Revenue increment base” means the amounts of all eligible revenues from sources within the redevelopment project area in the calendar year preceding the year in which the redevelopment incentive grant agreement is executed, as certified by the State Treasurer for State revenues, and the Chief Financial Officer of the municipality for municipal revenues.

“Soft costs” means all costs associated with financing, design, engineering, legal, real estate

commissions, furniture, or office equipment with a useful life of less than five years, provided they do not exceed 20 percent of total project costs.

“Total project costs” means total costs incurred until the issuance of a permanent certificate of occupancy for a specific work or improvement, including lands, buildings, improvements, real and personal property or any interest therein, including lands under water, riparian rights, space rights and air rights, acquired, owned, developed or redeveloped, constructed, reconstructed, rehabilitated or improved, any environmental remediation costs, plus soft costs and capitalized interest paid to third parties, and excluding any costs for which the project has received State or local grant funding.

“Transit village” means a community with a bus, train, light rail, or ferry station that has developed a plan to achieve its economic development and revitalization goals and designated by the New Jersey Department of Transportation as a transit village.

19:31-4.3 Eligibility criteria

The Authority, in consultation with the Treasurer for a State grant and in consultation with the Board for a local grant, shall conduct a review to determine eligibility for any State or local incentive grant, wherein the following must apply:

(a) The redevelopment project must be located in a qualifying economic and redevelopment and grant incentive area provided however, that a State incentive grant shall not be given for a project in an incentive area that qualifies as such solely by virtue of being a transit village;

(b) The developer must not have commenced any construction at the site of a proposed redevelopment project prior to submitting an application, except that: i.) in the event construction has commenced on a proposed redevelopment project, the project may be eligible if the Authority, at its sole discretion, determines that the project would not be completed otherwise, or ii.) in the event the project is to be undertaken in phases, a developer may apply for phases for which construction has not yet commenced, subject to N.J.A.C. 19:31-4.5(a)2. For purposes of this paragraph, construction shall have commenced if the project has received site plan approval and started site preparation or utility installation;

(c) For any State incentive grant project consisting of newly-constructed residential units, the developer shall be required, pursuant to P.L. 2008, c. 46 (N.J.S.A. 52:27D-329.9) to reserve at least 20 percent of the residential units constructed for occupancy by low or moderate income households, as those terms are defined in section 4 of P.L. 1985, c. 222 (N.J.S.A. 52:27D-304), with affordability controls as required under the rules of the Council on Affordable Housing, unless the municipality in which the property is located has received substantive certification from the council and such a reservation is not required under the approved affordable housing plan, or the municipality has been given a judgment of repose or a judgment of compliance by the court, and such a reservation is not required under the approved affordable housing plan;

(d) A project financing gap exists; and

(e) Pursuant to a fiscal impact analysis, for a State grant, the overall public assistance provided to the project will result in net benefits to the State and, for a local grant, the overall public assistance provided to the project will result in net benefits to the municipality wherein the redevelopment project is located.

19:31-4.4 Application submission requirements for State and local incentive grants

(a) A developer may apply to the Authority for a State incentive grant, and to the municipality for a local incentive grant agreement.

(b) A developer that submits an application to the Authority for a State incentive grant shall indicate on the application whether it is also applying for a local incentive grant. In each instance where an applicant indicates that it is also applying for a local incentive grant, the EDA shall forward a copy of the application to the municipality wherein the redevelopment project is to be located for approval by municipal ordinance. A developer that submits an application for a local incentive grant shall indicate on the application whether it is also applying for a State incentive grant.

(c) In order for the Authority to conduct the financing gap and fiscal impact analysis pursuant to N.J.A.C. 19:31-4.5, a developer seeking a State or local incentive grant shall submit to the Authority the following information:

1. The name of the business;
2. The contact information of the business;
3. Prospective future address of the business (if different);
4. The type of the business;
5. Principal products and services and three-digit North American Industry Classification System number;
6. The New Jersey tax identification number;
7. The Federal tax identification number;
8. An anticipated construction schedule;
9. Estimated total project costs, which for the purposes of this section will include any State or local grant funding to the project, and proposed terms of financing, including projected internal rate of return, net margin, return on investment and cash on cash yield;
10. Estimates of the revenue increment base and projection of the eligible revenues for the project, and the assumptions upon which those estimates are made;

11. For certain projects consisting of newly-constructed residential units, a certification that it meets the requirements of N.J.A.C. 19:31-4.3(c);

12. Whether it is applying for a State or local incentive grant, or both;

13. Estimated costs to the municipality resulting from the project; and

14. Any other necessary and relevant information as determined by the Authority.

(d) In the case of a developer seeking a State incentive grant, each application submitted to the Authority shall include the following information:

1. Certification that the business applying for the program is not in default with any other program administered by the State of New Jersey;

2. Disclosure of legal matters in accordance with the Authority debarment and disqualification rules at N.J.A.C. 19:30-2.1 et seq.;

3. Submission of an application and fee for a tax clearance certificate pursuant to P.L. 2007, c. 101;

4. A list of all development subsidies, as defined by “The Development Subsidy Job Goals Accountability Act,” P.L. 2007, c. 200 (N.J.S.A. 52:39-1 et seq.), that the applicant is requesting or receiving, the name of the granting body, the value of each development subsidy, and the aggregate value of all development subsidies requested or received. Examples of development subsidies are tax benefits from programs authorized under P.L. 2004, c. 65; P.L. 1996, c. 26; and P.L. 2002, c. 43;

5. The status of control of the entire redevelopment project site, shown for each block and lot of the site as indicated upon the local tax map;

6. A list and status of all required State and federal government permits that have been issued for the redevelopment project, or will be required to be issued pending resolution of financing issues, as well as of all local planning and zoning board approvals, that are required for the redevelopment project;

7. A description of how the project addresses the factors contained in N.J.A.C. 19:31-4.6(b);

8. A description of how the green building standards set forth in the green building manual prepared by the Department of Community Affairs, pursuant to section 1 of P.L. 2007, c. 132 (N.J.S.A. 52:27D-130.6) are to be incorporated into the proposed project including use of renewable energy, energy-efficient technology, and non-renewable resources in order to reduce environmental degradation and encourage long-term cost reduction;

9. A copy of the introduced ordinance to approve the application for the grant by the municipality in which the proposed redevelopment is located; and

10. Any other necessary and relevant information as determined by the applicant or the Authority for a specific application.

(e) In the case of an application for a local incentive grant, a developer shall apply to the municipality, and upon introduction of an ordinance to approve the developer's application, the municipality shall apply to the Board on a form provided by the Board which shall include the following elements. A copy of the application shall be provided to the Authority:

1. Local Finance Board data entry pages, contact list and certification page; executive summary; project description; and Board application submission resolution;

2. The information required pursuant to N.J.A.C. 19:31-4.4(d)5 through 10;

3. A map or diagram of the project area showing proposed project elements;

4. A copy of the adopted ordinance establishing a local incentive grant program;

5. A copy of any and all enabling ordinances or agreements authorizing or documenting the proposed pledged revenue sources, i.e., Hotel/Motel fee ordinance or executed payment in lieu of taxation agreement;

6. If the grant involves a payment in lieu of taxation agreement, a copy of the agreement;

7. A copy of the chief financial officer of the municipality's finding that the incremental revenues to be realized from the redevelopment project or project area will be in excess of the amount necessary to reimburse the developer for its project gap;

8. On a form to be provided by the Board, information describing and showing calculations of the fiscal impact of the proposed development on the delivery of municipal services; and

9. Any other necessary and relevant information as determined by the applicant, municipality or the Board for a specific application.

19:31-4.5 Financing gap and fiscal impact analysis

(a) The Authority, in consultation with the State Treasurer for a State grant and in consultation with the Board for a local grant, shall review the proposed redevelopment project costs and evaluate and validate the project financing gap estimated by each developer applying for a State or local incentive grant, as follows:

1. The Authority will evaluate proposed project costs against reasonable costs as noticed on the EDA website at www.njeda.com for the standard of review, which shall include but not be limited to, construction, tenant fit out, consultants, rental rates, rates of return and vacancy allowances;

2. For a redevelopment project involving rehabilitation or improvement of an existing building(s), the costs of land acquisition and rehabilitation shall not exceed 100 percent of the replacement cost for new construction, exclusive of any environmental remediation costs. When evaluating a redevelopment project involving rehabilitation or improvement of existing building(s), if a developer spends more than 50 percent of the total cost of acquisition of the building(s) on such rehabilitation or improvement then the cost of acquisition shall be included in the total project costs. When evaluating a redevelopment project which has satisfied the requirements of N.J.A.C. 19:31-4.3(b)i, a developer will be required to expend at least 50 percent of the project costs previously expended as of its application date in order for the Authority to include the costs expended prior to the application date to be included in the total project costs;

3. For large, multi-phased projects that are built sequentially over time, the EDA shall only evaluate and validate the project financing gap on phases of the project with funding commitments; and

4. The financing gap analysis shall include but not be limited to, an evaluation of the total project costs, proposed rental rates, vacancy rates, internal rate of return, net profit margin, return on investment and cash on cash yield in comparison to market ranges for such items, as noticed on the EDA website at www.njeda.com or, in the Authority's sole discretion, in comparison to alternative financing structures for a comparable project available to the developer or its tenants.

(b) The Authority, in consultation with the State Treasurer for a State grant shall undertake the fiscal impact analysis required by N.J.A.C. 19:31-4.3 by determining whether the overall public assistance provided to the proposed redevelopment project will result in net positive economic benefits to the State for a period equal to 75 percent of the useful life of the project not to exceed 20 years.

(c) For a local incentive grant, the Board, in consultation with the Authority, shall undertake the fiscal impact analysis required by N.J.A.C. 19:31-4.3 by determining whether the overall public assistance provided to the proposed redevelopment project will result in net positive economic benefits for a period equal to 75 percent of the useful life of the project not to exceed 20 years. In the case of a project consisting exclusively of residential units, the Board shall verify the project financing gap and analyze the net benefits of the project, based on an existing model developed by the Division of Local Government Services, in the Department of Community Affairs

19:31-4.6 Approval of application for State incentive grant

(a) The Authority and the State Treasurer may approve an application only if they make a finding that the State revenues to be realized from the redevelopment project will be in excess of the amount necessary to reimburse the developer for the portion of the project financing gap allocable to the State incentive grant. This finding may be made by an estimation based upon the professional judgment of the Chief Executive Officer of the Authority and the State Treasurer.

(b) In deciding whether or not to recommend entering into a redevelopment incentive agreement, the Chief Executive Officer shall consider the following factors prior to approval:

1. The economic feasibility of the redevelopment project;
2. The extent of economic and related social distress in the municipality and the area to be affected by the redevelopment project;
3. The degree to which the redevelopment project will advance State, regional and local development and planning strategies;
4. The likelihood that the redevelopment 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;
5. The relationship of the redevelopment project to a comprehensive local development strategy, including other major projects undertaken within the municipality;
6. The need of the redevelopment incentive grant agreement to the viability of the redevelopment project; and
7. The degree to which the redevelopment project enhances and promotes job creation and economic development.

(c) The decision whether or not to approve an application and enter into a redevelopment incentive grant is solely within the discretion of the Authority and the State Treasurer, provided they both agree to enter into an agreement.

(d) In no event shall the combined amount of the reimbursements under the redevelopment incentive grant agreements with the State or municipality exceed 20 percent of the total cost of the project, exclusive of publicly owned infrastructure.

(e) Upon approval by the Authority and the State Treasurer, the municipality in which the proposed redevelopment is located must approve the application by ordinance.

19:31-4.7 Approval of application for local incentive grant

(a) Prior to approving a local incentive grant, the governing body of a municipality wherein is located a qualifying economic redevelopment and growth grant incentive area, must adopt an enabling ordinance to establish a local economic redevelopment and growth grant program for the purpose of encouraging redevelopment projects in that area through the provision of incentive grants to reimburse developers for all or a portion of the project financing gap for such projects.

(b) No application for a local incentive grant shall receive final approval by the municipality until it has been approved by the Board. Other than the evaluation required pursuant to N.J.A.C. 19:31-4.5(a) and (b), such application shall not require approval by the Authority or the Treasurer. The municipality shall grant preliminary approval through the introduction of an

approving ordinance only if the chief financial officer of the municipality makes a finding that the local incremental revenues to be realized from the redevelopment project and the project area will be in excess of the amount necessary to reimburse the developer for the portion of the project financing gap allocable to the local incentive grant.

(c) All local ordinances to approve a State or local incentive grant must include the requirement for the municipality and applicant to meet reporting requirements, as required by the municipality pursuant to section 6 of P.L. 2009, c. 90 (N.J.S.A. 52:27D-489fe.), and other reporting requirements that may be required by law or agreement, such as an annual report. The municipality is authorized to collect any and all information necessary to facilitate grants under this program and remit that information, as may be required from time to time, in order to assist in the calculation of incremental revenues.

(d) The Authority shall conduct a review and analysis of the application for a local incentive grant on behalf of the Board provided however, that in the case of a project consisting exclusively of residential units, the Board shall verify the project financing gap and analyze the net benefits of the project to the municipality in which the proposed project is located, based on an existing model developed by the Division of Local Government Services, in the Department of Community Affairs. Upon verification of the project financing gap and the analysis of the net benefits of the project to the municipality in which the proposed redevelopment project is located, the Authority shall provide a report of its findings to the Board. The receipt of the report from the Authority shall complete the application, which shall be heard by the Board at a regular meeting, which shall be no sooner than two weeks from the completion of the application, or at a special meeting that may be called at the determination of the chair.

(e) In deciding whether or not to approve a local incentive grant, the Board shall consider the factors set forth at N.J.A.C. 19:31-4.6(b)1 through 7.

(f) Upon approval by the Board, the governing body of a municipality may grant final approval of the application by adoption of the ordinance.

(g) In no event shall the combined amount of the reimbursements under redevelopment incentive grant agreements with the State and the municipality exceed 20 percent of the total cost of the project.

19:31-4.8 State incentive grant agreement

(a) Upon approval of the application by the Authority, the State Treasurer and the municipality, the Authority, the State Treasurer and the developer will execute a commitment letter providing information specific to the grant amount and containing conditions that must be met prior to receiving the grant. Upon a receipt of evidence from the developer that it has control of the redevelopment project site and offers of financing, which may be conditioned upon execution of the grant agreement, and that it has met any other conditions set forth in the commitment letter, the Authority and the State Treasurer may enter into a State redevelopment incentive grant agreement with a developer for the reimbursement of incremental State revenues directly realized from businesses operating on the redevelopment project premises.

(b) The Chief Executive Officer of the Authority, in consultation with the State Treasurer, shall negotiate the terms and conditions of any State redevelopment incentive agreement. The State redevelopment incentive grant agreement shall include but not be limited to, the following terms and conditions as determined by the Authority:

1. The maximum percentage reimbursement amount, the maximum aggregate dollar amount of the incentive grant to be awarded the developer, the maximum annual percentage of reimbursement, the particular tax or taxes to be utilized from those listed in N.J.A.C. 19:31-4.10(a) and the order in which multiple taxes will be applied to determine the incentive grant amount. If the project does not produce the anticipated amount of incremental taxes in a given year, the developer shall only receive the approved percentage of actual tax revenue created. If the actual project costs are less than the project costs set forth in the application, the percentage reimbursement amount will be based on the actual project costs;

2. All payments shall be made annually and subject to annual appropriation;

3. The annual percentage amount of reimbursement which shall not exceed 75 percent of the annual incremental State revenues;

4. Representations that the developer is in good standing, that the project complies with all applicable law, and specifically, that the project will comply with the Authority's prevailing wage requirements P.L. 2007, c. 245 (N.J.S.A. 34:1B-5.1) and affirmative action requirements P.L. 1979, c. 303 (N.J.S.A. 34:1B-5.4), and the project does not and will not violate any environmental law;

5. The frequency of payments and length of time, which shall not exceed 20 years, during which that reimbursement shall be granted;

6. The requirement that the developer submit, prior to the first disbursement of funds under the agreement, satisfactory evidence of actual project costs, as certified by a certified public accountant, evidence of a temporary certificate of occupancy, and evidence that the municipality is in substantial compliance with the requirements under N.J.A.C. 19:31-4.3(c);

7. Representations that the developer will comply with the green building standards pursuant to N.J.A.C. 19:31-4.4(d)8;

8. Covenant that the developer will notify all businesses operating on the redevelopment project premises that certain incremental taxes are pledged under the agreement. The developer shall also covenant that the developer shall obtain information about such businesses as is necessary for the State to ascertain the incremental tax revenue. Such information may include but not be limited to name, address, taxpayer identification number, change in business ownership and any other information that may be required by the State. The developer shall also acknowledge that the State will not provide to the developer information about individual taxes paid by businesses located at the redevelopment project;

9. Acknowledgement that if the developer has entered into a Brownfield Reimbursement Agreement for the redevelopment project premises, to the extent that the same eligible revenues are identified in both the Brownfields Reimbursement Agreement and the incentive grant, then the incentive grant will not commence until the reimbursement has terminated;

10. Indemnification and insurance requirements;

11. Events, if any, that would trigger forfeiture of the grant;

12. Default and remedies;

13. Reporting requirements, as required pursuant to section 6 of P.L. 2009, c. 90 (N.J.S.A. 52:27D-489fe.), and other reporting requirements that may be required by law or agreement, such as an annual report and an annual tax clearance certificate issued by the Division of Taxation pursuant to P.L. 2007, c. 200 (N.J.S.A. 52:39-1 et seq.); and

14. Agreement that a charge of \$5,000 annually to be paid to the Division of Taxation and all other administrative costs associated with the incentive grant shall be assessed to the developer and retained by the State Treasurer from the annual incentive grant payments.

19:31-4.9 Local incentive grant agreement

(a) Upon approval by the Board and the municipality, and upon a receipt of evidence from the developer that it has control of the redevelopment project site and offers of financing, the governing body of a municipality may enter into a local redevelopment incentive grant agreement with a developer, which shall not be effective until adopted by ordinance, for the reimbursement of incremental eligible revenues realized from activities or business operations in the project area.

(b) The local redevelopment incentive grant agreement shall include but not be limited to, the following terms and conditions, and any others, as determined by the Board:

1. The maximum percentage reimbursement amount, the maximum aggregate dollar amount of the incentive grant to be awarded the developer, the maximum annual percentage of reimbursement, the particular tax or taxes to be utilized from those listed in N.J.A.C. 19:31-4.10(b) and the order in which multiple taxes will be applied to determine the incentive grant amount. If the project or project area does not produce the anticipated amount of incremental taxes in a given year, the developer shall only receive the approved percentage of actual tax revenue created. If the actual project costs are less than the project costs set forth in the application, the percentage reimbursement amount will be based on the actual project costs;

2. Except for the incremental local revenues outlined in N.J.A.C. 19:31-4.10(b)11, the annual percentage amount of reimbursement which shall not exceed 75 percent of the annual incremental local revenues and shall be made annually;

3. Provisions similar to those set forth at N.J.A.C. 19:31-4.8(b)5 through 13; and

4. Agreement that a charge of \$5,000 annually to be paid to the Division of Taxation and all other administrative costs associated with the incentive grant shall be assessed to the developer and retained by the municipality from the annual incentive grant payments.

19:31-4.10 Incremental revenue sources

(a) In accordance with a State redevelopment incentive grant agreement, up to 75 percent of the projected annual incremental revenues directly realized from businesses operating on the redevelopment project premises may be paid to the developer from the following taxes:

1. The Corporation Business Tax Act (1945), P.L. 1945, c. 162 (N.J.S.A. 54:10A-1 et seq.);
2. The tax imposed on marine insurance companies pursuant to R.S. 54:16-1 et seq.;
3. The tax imposed on insurers generally, pursuant to P.L. 1945, c.132 (N.J.S.A. 54:18A-1 et seq.);
4. The public utility franchise tax, public utilities gross receipts tax and public utility excise tax imposed on sewerage and water corporations pursuant to P.L. 1940, c.5 (N.J.S.A. 54:30A-49 et seq.);
5. The tax derived from net profits from business, a distributive share of partnership income, or a pro rata share of S corporation income under the “New Jersey Gross Income Tax Act,” N.J.S. 54A:1-1 et seq.;
6. The tax derived from a business at the site of a redevelopment project that is required to collect the tax pursuant to the “Sales and Use Tax Act,” P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.);
7. The tax imposed pursuant to P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) from the purchase of materials used for the remediation, the construction of new structures, or the construction of new residences at the site of a redevelopment project. For the purpose of computing the sales and use tax on the purchase of materials used for remediation, construction of new structures or the construction of new residences at the site of the project, it shall be presumed by the Director of the Division of Taxation, in lieu of an exact accounting from the developer, suppliers, contractors, subcontractors and other parties connected with the project, that the tax equals one percent of the developer's contract price for such remediation or construction or such other percentage, not to exceed three percent, that may be agreed to by the director upon the presentation of clear and convincing evidence that the tax on materials is greater than one percent of the contract price for the remediation or construction;
8. The hotel and motel occupancy fee imposed pursuant to section 1 of P.L. 2003, c. 114 (N.J.S.A. 54:32D-1); or
9. The portion of the fee imposed pursuant to section 3 of P.L. 1968, c.49 (N.J.S.A. 46:15-7)

derived from the sale of real property at the site of the redevelopment project and paid to the State Treasurer for use by the State, that is not credited to the “Shore Protection Fund” or the “Neighborhood Preservation Nonlapsing Revolving Fund” (“New Jersey Affordable Housing Trust Fund”) pursuant to section 4 of P.L. 1968, c. 49 (N.J.S.A. 46:15-8).

(b) Within a qualifying economic redevelopment and growth grant incentive area, a municipality that has entered into a local redevelopment incentive grant agreement may pledge any combination of the eligible revenues it is authorized to collect as follows:

1. Incremental payments in lieu of taxes, with respect to property located in the district, made pursuant to the “Five-Year Exemption and Abatement Law,” P.L. 1991, c. 441 (N.J.S.A. 40A:21-1 et seq.), or the “Long Term Tax Exemption Law,” P.L. 1991, c. 431 (N.J.S.A. 40A:20-1 et al.);

2. Incremental revenues collected from payroll taxes, with respect to business activities carried on within the area, pursuant to section 15 of P.L. 1970, c. 326 (N.J.S.A. 40:48C-15);

3. Incremental revenue from lease payments made to the municipality, the developer, or the developer's successors with respect to property located in the area;

4. Incremental revenue collected from parking taxes derived from parking facilities located within the area pursuant to section 7 of P.L. 1970, c. 326 (N.J.S.A. 40:48C-7);

5. Incremental admissions and sales taxes derived from the operation of a public facility within the area pursuant to section 1 of P.L. 2007, c. 302 (N.J.S.A. 40:48G-1);

6. Incremental sales and excise taxes which are derived from activities within the area and which are rebated to or retained by the municipality, subject to State appropriation and annual approval of the Urban Enterprise Zone Authority, pursuant to the “New Jersey Urban Enterprise Zones Act,” P.L. 1983, c. 303 (N.J.S.A. 52:27H-60 et seq.) or any other law providing for such rebate or retention; and within Planning Area 1 (Metropolitan) under the State Development and Redevelopment Plan adopted pursuant to the “State Planning Act,” sections 1 through 12 of P.L. 1985, c. 398 (N.J.S.A. 52:18A-196 et seq.), in order to facilitate a local incentive agreement a municipality may impose the entire State sales tax on business activities within a redevelopment project located in an urban enterprise zone that would ordinarily be entitled to collect reduced rate revenues under section 21 of P.L. 1983, c. 303 (N.J.S.A. 52:27H-80), notify the Division of such change and pledge the excess revenues to a local redevelopment incentive grant agreement, subject to State appropriation and annual approval of the Urban Enterprise Zone Authority;

7. Incremental parking revenue collected, pursuant to section 7 of P.L. 1970, c. 326 (N.J.S.A. 40:48C-7), from public parking facilities built as part of a redevelopment project, except for public parking facilities owned by parking authorities pursuant to the “Parking Authority Law,” P.L. 1948, c. 198 (N.J.S.A. 40:11A-1 et seq.);

8. Incremental revenues collected, pursuant to section 3 of P.L. 2003, c. 114 (N.J.S.A. 40:48F-1), P.L. 1981, c. 77 (N.J.S.A. 40:48E-1 et seq.), or P.L. 1947, c. 71 (N.J.S.A. 40:48-8.15

et seq.), from hotel and motel taxes;

9. Upon approval by the Local Finance Board other incremental municipal revenues that may become available;

10. The property tax increment for projects that either: (1) be for improvements within a "redevelopment area" as defined under N.J.S.A. 40A:20-3(f), be developed by a "limited-dividend entity" as defined by N.J.S.A. 40A:20-3(b), and be for no more than 35 years, or (2) be within an "area in need of rehabilitation" as defined in N.J.S.A. 40A:21-3(b), and be for no more than 5 years; and

11. Any amount of tax proceeds collected from the tax on the rental of motor vehicles pursuant to section 20 of P.L. 2009, c. 90, may be included in a redevelopment incentive grant agreement with a developer, regardless of whether or not the redevelopment project area is within or outside of the designated industrial zone from which the tax on the rental of motor vehicles is collected.

(c) The municipality will notify the Director of the Division of Taxation to the extent any tax that it has pledged is collected or held by the Division, in order to develop an orderly procedure for remittance of such tax to the municipality or the municipal redevelopment utility.

(d) A municipality may adopt an ordinance creating a municipal redevelopment utility to receive revenues collected pursuant to (b)1 through 11 above and to use those revenues as payment of incentive grants, and for other local purposes that may be approved by the Local Finance Board. If a municipality does not create a municipal redevelopment utility, then such revenues and any grants received to pay incentive grants shall be treated as riders in the municipal budget pursuant to N.J.S.A. 40A:4-36.

(e) The Director of the Division of Taxation may retain 25 percent of certain State incremental tax revenues, such as the corporate business tax and sales and use tax, for adjustment as necessary which shall be returned to the developer after such time as the statute of limitations has expired for the specific tax withheld. The municipal redevelopment utility or the municipality may retain 25 percent of certain incremental local tax revenues for adjustment as necessary which shall be returned to the developer after such time as the statute of limitations has expired for the specific tax withheld.

(f) Incremental revenue shall be calculated as the difference between the amount collected in any fiscal year from any eligible revenue source included in the State or local redevelopment incentive grant agreement, less the revenue increment base for that eligible revenue.

(g) In calculating the general tax rate of a municipality each year, the aggregate amount of the incremental ratable value over the property tax increment base in the redevelopment project area that meets the requirements of N.J.A.C. 19:31-4.10(b)10, and is in the redevelopment project area that is pledged as part of a redevelopment incentive grant agreement, shall be excluded from the ratable base of a municipality. Whether or not excluded from the ratable base of the municipality, the amount of property tax increment not pledged toward a redevelopment

incentive grant agreement shall be allocated pursuant to the normal tax rate distribution.

(h) The full incremental value of a project area shall be included in the value used for county and regional school tax apportionment until such time that the Director of the Division of Taxation in the Department of the Treasury can certify that property tax management systems are capable of handling the technical and legal requirements of treating parcels in areas of redevelopment as exempt from county and regional school apportionment.

19:31-4.11 Pledge and assignment of grant amount

(a) For a State redevelopment incentive grant agreement:

1. A developer may, upon notice to and consent of the Authority and the State Treasurer, which consent shall not be unreasonably withheld, pledge and assign as security for any loan, any or all of its right, title and interest in and to such agreements and in the incentive grants payable thereunder, and the right to receive same, along with the rights and remedies provided to the developer under such agreement. Any such assignment shall be an absolute assignment for all purposes, including the federal bankruptcy code; and

2. Any pledge of incentive grants made by the developer shall be valid and binding from the time when the pledge is made and filed in the records of the Authority. The incentive grants so pledged and thereafter received by the developer shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the developer irrespective of whether the parties have notice thereof. Neither the redevelopment incentive grant agreement nor any other instrument by which a pledge under this section is created need be filed or recorded except with the Authority.

(b) For a local redevelopment incentive grant agreement:

1. A developer may, upon notice to and consent of the municipality, which consent shall not be unreasonably withheld, pledge and assign as security for any loan, any or all of its right, title and interest in and to such agreements and in the incentive grants payable thereunder, and the right to receive same, along with the rights and remedies provided to the developer under such agreement. Any such assignment shall be an absolute assignment for all purposes, including the federal bankruptcy code; and

2. Any pledge of incentive grants made by the developer shall be valid and binding from the time when the pledge is made and filed in the office of the municipal clerk. The incentive grants so pledged and thereafter received by the developer shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the developer irrespective of whether the parties have notice thereof. Neither the redevelopment incentive grant agreement nor any other instrument by which a pledge under this section is created need be filed or recorded except with the municipality.

19:31-4.12 Fees

(a) A non-refundable application fee of \$5,000 shall accompany every application for a State or local incentive grant submitted to the Authority.

(b) For a State or local incentive grant, the full amount of direct costs of any analysis by a third party retained by the Authority, if the Authority deems such retention to be necessary, shall be paid.

(c) A non-refundable commitment fee of .5 percent of the maximum aggregate amount of the incentive grant award not to exceed \$300,000 shall be charged by the Authority with the acceptance by an applicant of a State incentive grant and upon approval of the Local Finance Board of a local incentive grant.

(d) A non-refundable fee of .5 percent of the maximum aggregate amount of the incentive grant award not to exceed \$300,000 shall be paid at closing for a State incentive grant.

(e) For a combined State and local incentive grant, the commitment and closing fees shall not exceed 1 percent of the maximum aggregate amount or \$600,000, whichever is greater.

(f) A fee of \$2,500 shall be required for request for approval to pledge and assign a State incentive grant amount pursuant to N.J.A.C. 19:31-4.11(a).

19:31-4.13 Affirmative action and prevailing wage

The Authority's affirmative action requirements P.L. 1979, c. 203 (N.J.S.A. 34:1B-5.4) and prevailing wage requirements P.L. 2007, c. 245 (N.J.S.A. 34:1B-5.1) will apply only to State incentive grant projects undertaken in connection with financial assistance received under the Economic Redevelopment and Growth Grant Program.

19:31-4.14 Severability

If any section, subsection, provision, clause, or portion of this subchapter is adjudged to be unconstitutional or invalid by a court of competent jurisdiction, the remaining portions of this subchapter shall not be affected thereby.

BOND RESOLUTIONS

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

APPLICANT: ADJ Realty NJ, LLC & E & T Plastic Manufacturing Co. Inc. of P28139

PROJECT USER(S): E & T Plastic Manufacturing Co. Inc. * * - indicates relation to applicant

PROJECT LOCATION: 200 Green Street Teterboro Borough (N) Bergen

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

ADJ Realty NJ, LLC (ADJ), is a real estate holding company created to acquire a new facility in Teterboro, for use by E & T Plastic Manufacturing, Co., Inc. of N.J. (E&T). E&T, formed in 1946, is considered one of the leading plastics distributors and component manufacturers in the United States, with 110 employees covering 7 offices around the country. The applicant offers custom cutting services and stocks a full line of sheet, rod and tube along with mill shapes in a wide variety of materials. E&T provides "value added service" such as CNC routing, laser cutting, vacuum forming or traditional fabrication, in its state of the art plastic processing plant.

APPROVAL REQUEST:

Authority assistance will enable the applicant to acquire a 71,500 s.f. facility, situated on 2.38 acres in Teterboro Borough, along with new production equipment. The applicant is investing \$2.4 million equity in the project, with \$3.25 million to come from this tax-exempt bond financing, \$1.25 million from a proposed EDA Direct Loan (P28743) currently in underwriting to be presented to the Board at its December 2009 meeting or conventional financing.

FINANCING SUMMARY:

BOND PURCHASER: JPMorgan Chase Bank, N.A.

AMOUNT OF BOND: \$3,250,000 Tax-Exempt Bond

TERMS OF BOND: 15 years; on the closing date the borrower will have the option to choose a 5,7 or 10 year variable rate or fixed rate contract term, with comparable term for bank call option. Variable rates will be based on 67% of the sum of the 30 day Libor plus a spread of 2.5% for 5 years (indicative rate of 1.84%), 2.75% spread for 7 years (indicative rate of 2.01%) or a spread of 3.25% for 10 years (indicative rate of 2.34%); fixed interest rate contracts will be based on current market conditions, with current indicative rates of 3.9% for 5 years, 4% for 7 years, or 4.15% for 10 years.

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$5,900,000
Renovation of existing building	\$500,000
Purchase of equipment & machinery	\$500,000
Legal fees	\$20,000
Finance fees	\$20,000
Accounting fees	\$20,000
TOTAL COSTS	<hr/> \$6,960,000 <hr/>

JOBS: At Application 0 Within 2 years 55 Maintained 0 Construction 15

PUBLIC HEARING: 11/10/09 (Published 10/27/09) **BOND COUNSEL:** Wolff & Samson

DEVELOPMENT OFFICER: M. Abraham **APPROVAL OFFICER:** M. Krug

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

APPLICANT: Comar, Inc.

P18107

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: One Comar Place

Buena Borough (T)

Atlantic

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Comar, Inc. (Comar) was founded in 1949 as TST Glass Co., originally serving the tubular glass packaging market. Through a series of acquisitions and product transformations, Comar expanded its operations to include plastic injection and injection blow molding in 1981. As a result of the sale of its glass division in March 2007, Comar is strategically positioned to acquire specialty, value added injection molding companies with a focus on growing its Pharmaceutical and Healthcare plastics packaging business.

In 1994, Comar received Authority assistance with tax-exempt bond financing for the purchase of equipment and building construction in Vineland (P6934) for \$3.5 million and in Buena (P7129) for \$3.0 million. The bonds were purchased by Brown Brothers Harriman & Co.

APPROVAL REQUEST:

Authority assistance will enable Comar to expand and upgrade equipment, allowing them to remain competitive in the marketplace by providing high quality and innovative products to their customers. Comar will be purchasing machinery and equipment that will be utilized in their plastics manufacturing operation. This equipment includes injection molding presses, injection blow molding presses, assembly equipment, automation and vision inspection equipment. Proceeds from the new tax-exempt bond, together with previous bond financing currently outstanding, will allow Comar to utilize the \$10 million IRS limit.

FINANCING SUMMARY:

BOND PURCHASER: Brown Brothers Harriman & Co. (Direct Purchase)

AMOUNT OF BOND: An amount not to exceed \$7,000,000 to be funded as one or more series of Tax-Exempt Bonds, depending on amount to be financed at closing on a fixed &/or floating rate basis.

TERMS OF BOND: 12 years; at the time of closing the borrower will have the option to choose a floating rate (est. to be 2.18% as of 11/2/2009) based on 67% of Brown Brothers Harriman base rate or a fixed rate to be determined at the closing (est. to be 4.5% as of 11/2/2009).

ENHANCEMENT: N/A

PROJECT COSTS:

Purchase of equipment & machinery	\$7,366,511
Legal fees	\$35,000
Finance fees	\$35,000
TOTAL COSTS	<hr/> \$7,436,511 <hr/>

JOBS: At Application 211 Within 2 years 2 Maintained 0 Construction 0

PUBLIC HEARING: 11/10/09 (Published 10/27/09) **BOND COUNSEL:** Archer & Greiner

DEVELOPMENT OFFICER: H. Friedberg **APPROVAL OFFICER:** M. Krug

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

APPLICANT: NSA Central Avenue, LLC

P29061

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

PROJECT LOCATION: 13-25 Central Avenue Newark City (T/UA) Essex

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

The Applicant, NSA Central Avenue, LLC, has just been formed as an affiliate of Uncommon Schools, Inc. to hold the title to the Project Site, a vacant lot that has been used as a turf field and has been owned by another affiliate.

Established in 1997 as a not for profit organization, Uncommon Schools, Inc. starts and manages outstanding urban charter schools that close the achievement gap and prepare low-income students for college success. The organization first supported the creation of North Star Academy Charter School of Newark in 1997 and has since emerged as one of the most celebrated charter schools in the nation. In 2005, Uncommon Schools, Inc. formalized its mission as a charter management organization with the goal of starting and managing schools that create transformative college prep opportunities for low-income children. Currently, it manages 16 schools in New York City, upstate New York, and Newark, New Jersey. The organization also has two associate member schools in Boston, Massachusetts. Uncommon Schools, Inc. ultimately will encompass 33 schools, serving nearly 12,000 Kindergarten through 12th grade students in four geographic regions.

As the first charter school entity initiated and supported by Uncommon Schools, Inc., North Star Academy Charter School of Newark, Inc. operates two middle schools, a high school, and an elementary school with the same name at three campuses in the City of Newark. North Star Academy Charter School of Newark began as a middle school in late Summer 1997 with 72 fifth and sixth graders. There are now 930 students in grades K-2 and 5-12 enrolled in the school's programs. As required by law, the students are admitted into Kindergarten and the fifth grade through a random lottery among pupils residing in the City of Newark. There are over 1,900 students on their waiting list.

North Star Academy Charter School of Newark is one of New Jersey's very first charter schools, and after a decade has also become one of its most celebrated. The school's mission is to serve Newark's children by building an uncommon school where students partake of a rigorous, 11-month, extended day, academic program that gives them the means to beat the odds in school and life. While only a small percentage of Newark students go to college, 95% of North Star Academy Charter School of Newark's graduates are currently attending college. With an average of 19 students per class, the school features smaller class sizes than other Newark public schools. Its high school program builds a college preparatory program that provides students with the tools to succeed in college and in life.

The purpose of this application is to develop an additional school facility by the Applicant on the vacant lot contiguous to the current Downtown Campus space for lease to North Star Academy Charter School of Newark, Inc. This project is expected to include over two dozen class rooms, three science labs, a high school regulation basketball court with 200 bleacher seats and auxiliary multi-purpose/gymnasium space plus some renovations to the existing school facility.

In early 2005, Uncommon Schools, Inc. borrowed \$675,000 through an Authority issued tax-exempt bond to refinance debt that was used to purchase an existing building and additional floor space on the same block for lease to North Star Academy Charter School of Newark, Inc.

Qualified School Construction Bonds are authorized by the American Recovery and Reinvestment Act (ARRA) of 2009. The bonds provide "federal tax credits" for bond holders in lieu of interest in order to

significantly reduce an issuer's/borrower's cost of borrowing for public elementary and secondary school construction projects. The ARRA requires the U.S. Department of Treasury to provide for an annual allocation to each state (i/a/o \$223,279,000 for the State of New Jersey in 2009, net of Newark allocation), along with separate additional allocations for certain large school districts in many states in 2009 and 2010. Only the City of Newark has such an allocation, i/a/o \$27,258,000 in 2009, in the State, up to \$19,000,000 of which allocation has been authorized for utilization in this project and transaction, and this bond issue is hereby designated as a Qualified School Construction Bond.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to construct a three-story, approximately 52,000 sf building on a vacant lot to be connected to the current main campus, and improve and equip same and existing school facilities thereon plus pay the costs of issuance.

Approximately \$8 million in NMTC related funds and approximately \$1 million in equity will complement this project's Sources of Funds.

FINANCING SUMMARY:

BOND PURCHASER: Capital One, N.A. (Direct Purchase)

AMOUNT OF BOND: Up to \$19,000,000 - Qualified School Construction Bond - an ARRA Federal Tax Credit Bond

TERMS OF BOND: The Bonds are being issued as Qualified School Construction Bonds pursuant to Section 54F of the Internal Revenue Code of 1986, as amended (the "Code"), in a principal amount not to exceed \$19,000,000. As such, the holders of the Bonds will be entitled to a Tax Credit under Section 54A of the Code. The percentage of the Tax Credit will be determined by the Secretary of the Treasury prior to the issue date of the Bonds. The term of the Bonds will be a maximum of 15 years. Amortization, which will be based on a 23-year schedule, will begin after 2 years. The Bonds will also bear current interest at a fixed rate to be set just prior to the issuance of the Bonds. The supplemental interest rate will be set at a rate such that the supplemental interest rate plus the applicable tax credit rate will not exceed 9.5%.

ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	\$16,688,304
Contingency & Constr. Mgmt.	\$2,653,965
Engineering & architectural fees	\$2,244,328
Development Cost	\$1,928,528
Renovation of existing building	\$1,141,000
Finance fees	\$1,140,000
Construction of roads, utilities, etc.	\$779,400
Legal fees	\$520,000
Interest during construction	\$500,000
Purchase of equipment & machinery	\$375,000
Accounting fees	\$40,000
Working capital	\$2,501
TOTAL COSTS	\$28,013,026

JOBS: At Application 56 Within 2 years 27 Maintained 0 Construction 558

PUBLIC HEARING:

BOND COUNSEL: Wolff & Samson

DEVELOPMENT OFFICER: M. Piliere

APPROVAL OFFICER: D. Sucsuz

AMENDED BOND RESOLUTIONS

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

APPLICANT: Greater Brunswick Regional Charter School or related entity P26660

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 Fund () Other Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

The Greater Brunswick Regional Charter School ("Greater Brunswick") is a 501(c)(3) located in New Brunswick, New Jersey. Among the first charter schools in the state, Greater Brunswick is an independent school developed by area parents and educators in 1998 in accordance with New Jersey's charter school law. The school hosts students from over twelve districts in Middlesex, Somerset, and Union counties. With a full-time staff of 55 employees, Greater Brunswick currently serves 275 children in kindergarten through eighth grade and boasts a waiting list of nearly 100 potential students.

The school is currently situated in a large building that it owns in downtown New Brunswick. At this time, it occupies only 50% of the structure while the remaining 21,000 sq ft is vacant and in need of renovations in order to secure a certificate of occupancy. Due to the large number of students on the waiting list, the school has decided to take advantage of the additional space and expand.

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 renovate an additional 21,000 sq ft of its building so that it can expand its staff by 11 employees and open its doors to more children. Additionally, the proceeds would enable Greater Brunswick to refinance approximately \$2,400,000 in debt held by Community Reinvestment Fund. In addition to the tax exempt bond, the company is seeking a direct loan from the NJEDA in the amount of \$1,000,000 that was approved at the October 2009 Board meeting. The remainder of the project costs will be financed through the applicant's equity.

This project was approved by the Board at the August 11, 2009 meeting and is being presented at the November 10, 2009 meeting to reflect a change in the amount of the bond due to increased project costs.

FINANCING SUMMARY:

BOND PURCHASER: Sun National Bank (Direct Purchase)

AMOUNT OF BOND: \$6,550,000 Tax-Exempt Bond

TERMS OF BOND: 26 years, 3 months (max) comprised of a Construction Term Period and a Permanent Loan Period as described below.

Construction Term Period: The tax exempt equivalent of the Wall Street Journal Prime Rate, plus two and one-half percent (2.50%) per annum floating, with a floor equal to the tax exempt equivalent of seven and eight one-hundredths percent (7.08%) for a period of up to fifteen (15) months.

Permanent Loan Period: Upon conversion to the permanent loan, interest will be a fixed rate equal to the tax exempt equivalent of the Federal Home Loan Bank (NY) five (5) year advance rate then in effect, plus 325 basis points

(rounded up to the nearest .125%), with a floor of the tax exempt equivalent of 7.00%. Using the foregoing rate setting parameters, the permanent loan interest rate will be reset as of each 5th anniversary of the closing date. The total term of the loan is twenty-five (25) years.

ENHANCEMENT: N/A

PROJECT COSTS:

Renovation of existing building	\$3,481,250
Refinancing	\$2,434,000
Soft Costs	\$1,118,417
Interest during construction	\$407,438
contingency	\$258,750
Site Preparation	\$165,000
TOTAL COSTS	\$7,864,855

JOBS: At Application 55 Within 2 years 11 Maintained 0 Construction 104

PUBLIC HEARING: 11/10/09 (Published 10/27/09) **BOND COUNSEL:** Wolff & Samson

DEVELOPMENT OFFICER: D. Johnson **APPROVAL OFFICER:** K. McCullough



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: November 10, 2009

SUBJECT: NJEDA/New Jersey Performing Arts Center
Application # P28970

BACKGROUND

The New Jersey Performing Arts Center (the "NJ PAC") is operated by the New Jersey Performing Arts Center Corporation (the "Corporation"), a private, nonprofit corporation established to develop a world class cultural complex, showcasing the best artists of national and international acclaim. NJ PAC has welcomed renowned artists, cultural icons and some of the world's most cherished orchestral, dance, theater and instrumental works, as well as the best performers from New Jersey's outstanding array of artists and artistic companies. The NJ PAC, located on 12 acres in Newark, N.J., includes two theaters, the 2,750-seat Prudential Hall and the 514-seat Victoria Theater. NJ PAC has attracted over 5.5 million patrons since its opening in 1997.

In 1991, the Authority closed on a \$21,510,000 tax exempt bond financing for the initial acquisition of the property, relocation of site occupants and demolition and infrastructure improvements. In 1996, the 1991 Bonds were advanced refunded with the proceeds of the \$11,770,000 1996 Series A tax exempt bonds with fixed interest rates ranging from 4% to 5.11% and final maturity in 2012 and the \$7,140,000 1996 Series B taxable bonds with interest rates ranging from 6 to 7% and matured in 2004. In addition, \$44,000,000 1996 Series C tax-exempt bonds were issued as serial and term bonds with outstanding interest rates ranging from 5% to 5.75% and final maturity in 2016. Proceeds of the 1996 Series C Bonds were used by the Authority to finance the construction costs of the NJ PAC. The 1996 Bonds were underwritten by Merrill Lynch and Prudential Securities Inc.

The Authority has leased the NJ PAC to the State pursuant to an Amended and Restated Agreement and Lease dated as of July 1, 1996 (the "Lease"). The Lease provides for lease rental payments from the State at least equal to the amount necessary to pay debt service on the 1996 Bonds and any other bonds outstanding. The State in turn subleases the facility to the Corporation.

REFUNDING REQUEST

The Members of the Authority are requested to approve the refunding of the \$26,010,000 outstanding balance of the 1996 Series A and 1996 Series C Bonds plus pay costs of issuance, for a total bond amount not to exceed \$30 million (the "2009 Refunding Bonds"). The 2009 Refunding Bonds will be issued as fixed rate taxable bonds with true interest costs not to exceed 10% for 12 years, with a final maturity date of not later than June 15, 2021 (estimated true interest costs as of November 5, 2009 is 4.02%). The 2009 Refunding Bonds will be secured by the lease payments made to the

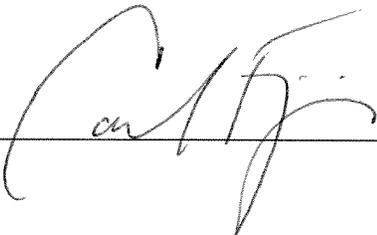
Authority by the State to cover the debt service, subject to and dependent upon appropriations being made by the State Legislature under the provisions of the Lease and the Trust Indenture by and between the Authority and United States Trust Company of New York, as predecessor to The Bank of New York Mellon, as trustee (the "Trustee"), dated as of July 1, 1996 (the "Indenture"). The 2009 Refunding Bonds will be issued pursuant to the Refunding Resolution (as presented to the Members at this meeting) and the Indenture, as supplemented by a First Supplement to Trust Indenture by and between the Authority and the Trustee.

The refunding of 1996 Series A and 1996 Series C Bonds is part of the State's ongoing financial management of its overall portfolio of State appropriation-backed bonds. Under existing market conditions, and due to the current call provisions on certain of the bonds, it is estimated at this time that the refunding of the outstanding 1996 Series A and 1996 Series C Bonds will reduce debt service in the next two Fiscal Years by an estimated aggregate of \$9.5 million and achieve a positive present value benefit of approximately \$289,000. The issuance of taxable bonds is intended to provide for the possibility of future private use and development of unused land subject to the Lease. In exercising the Authority's discretion to approve the Refunding Request as authorized under the Resolution, it is anticipated that the Authorized Officers of the Authority will make decisions on behalf of the Authority in consultation with the Treasurer, the Office of Public Finance, bond counsel and the financial advisor to the State, to select the option that makes the most financial sense for the State and its overall debt portfolio.

Professionals for this transaction were selected in compliance with Executive Order No. 26. Through a competitive RFP/RFQ process performed by the Attorney General's office on behalf of Treasury, McCarter & English, LLP was selected as Bond Counsel for State appropriation-backed bonds. Phoenix Capital Partners, LLP was selected as Financial Advisor and Bidding Agent through Treasury's Financial Advisory Pool, established through a competitive RFP/RFQ process. The Bank of New York Mellon remains as Trustee, Paying Agent and Dissemination Agent due to their appointment under the original Indenture. The Members are asked to approve the use of the aforementioned professionals and authorize Authority staff to take all necessary actions incidental to the issuance of the 2009 Refunding Bonds subject to the State Treasurer's approval, including without limitation, the sale of the 2009 Refunding Bonds by competitive bid.

RECOMMENDATION

Based upon the above description, the Members are requested to approve the adoption of the Refunding Resolution authorizing the issuance of the 2009 Refunding Bonds in an amount not to exceed \$30 million to refund all of the 1996 Series A and 1996 Series C Bonds and other matters in connection with the sale and issuance thereof; approve several actions and delegation of actions to an Authorized Authority Representative (as defined in the Refunding Resolution) as may be necessary or advisable in order to issue the 2009 Refunding Bonds; authorize the use of professionals, and authorize Authority Staff to take all necessary actions incidental to the sale and issuance of the 2009 Refunding Bonds, subject to final review and approval of all terms and documentation by the State Treasurer, Bond Counsel and Attorney General's Office.



COMBINATION PRELIMINARY AND BOND RESOLUTIONS

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

APPLICANT: Friends Home at Woodstown, Inc.

P28341

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: One Friends Drive

Woodstown Borough (N)

Salem

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Friends Home at Woodstown, Inc. t/a Friends Village at Woodstown is a continuing care retirement community that has been a leading provider of healthcare for older adults in the community since 1897. Friends Home has gone through several expansions over the years and now offers residential beds, nursing beds, and one bedroom autonomous apartments. Its facilities are located on a 33-acre site of which approximately 9 acres are located in the Borough of Woodstown and approximately 24 acres are located in Pilesgrove.

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

APPROVAL REQUEST:

Friends Home underwent an expansion that opened in 2005. The facilities were funded, in part, through the sale of \$22,440,000 tax-exempt variable rate bonds issued by the Salem County Improvement Authority on March 24, 2004. The payment of the principal and interest on the bonds is supported by an irrevocable, direct pay letter of credit issued by Allied Irish Bank. The current outstanding principal amount of the 2004 Bonds, as of May 1, 2009, is \$16,900,000.

Authority assistance will be used by Friends Home to (i) refund the outstanding principal balance and accrued interest of the 2004 Bonds as well as (ii) finance the purchase of 7 Chestnut Drive in Woodstown, which is currently vacant, and (iii) pay the costs of issuance of the new EDA bond. Friends Home has executed a commitment letter with Susquehanna Bank for a direct purchase of the bond.

FINANCING SUMMARY:

BOND PURCHASER: Susquehanna Bank (Direct Purchase)

AMOUNT OF BOND: \$17,500,000 max tax-exempt bond

TERMS OF BOND: 15 years with 25 year amortization; Fixed rate based on the tax-exempt equivalent of one-month LIBOR plus 314 basis points set at time of closing. The indicative rate as of 11/1/2009 is 4.69665%.

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	\$16,954,000
Land	\$200,000
Closing Costs	\$134,500
Finance fees	\$111,500
Legal fees	\$100,000
TOTAL COSTS	\$17,500,000

JOBS: At Application 230 Within 2 years 3 Maintained 0 Construction 0

PUBLIC HEARING: 11/10/09 (Published 10/27/09) **BOND COUNSEL:** McCarter & English
DEVELOPMENT OFFICER: J. Kenyon **APPROVAL OFFICER:** K. McCullough

PRELIMINARY RESOLUTIONS

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

APPLICANT: Family Intervention Services, Inc.

P28918

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 86 South Harrison Street

East Orange City (T/UA)

Essex

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Founded in 1981, Family Intervention Services, Inc., a 501(c)(3) not-for-profit entity, provides crisis intervention, therapeutic counseling, case management, education and support to New Jersey individuals. The majority of its offices are located in urban areas in Morris, Essex, Passaic, and Sussex counties. However, their services cover all nine Northern New Jersey counties.

Each year Family Intervention Services, Inc.'s professional and support staff extend a helping hand to over 3,600 children and families as well as providing training and technical assistance to human services professionals and organizations throughout New Jersey. This private, non-profit social services organization believes that healthy families build strong communities and that strong communities protect and nurture children. To that end, they provide the support families need to be independent and self-sufficient in order to build and sustain healthy, productive and long-term family relationships. Over the years, Family Intervention Services, Inc. has had a positive impact on the lives of tens of thousands of children and families throughout the State.

The Applicant received tax-exempt bond financing in 2006 in the amount of \$1.2 million (P17508; 20-year term) to acquire an existing building to consolidate two offices in Morris County.

Family Intervention Services, Inc. is desperately in need of additional space to meet its goals and expand its services. At the same time, this social services agency needs to consolidate its three existing offices and operations in Fairfield, South Orange and Newark (all in Essex County) into a single location in order to gain operational efficiencies and improve service. This application is geared towards achieving these dual objectives.

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 acquire an existing two-story, 15,000 sf building with parking space plus pay the costs of issuance.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$1,450,000
Cost of Issuance	\$65,000

TOTAL COSTS

\$1,515,000

JOBS: At Application 180 Within 2 years 3 Maintained 0 Construction 0

PUBLIC HEARING:

DEVELOPMENT OFFICER: P. Ceppi

BOND COUNSEL: Wolff & Samson

APPROVAL OFFICER: D. Sucsuz

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

APPLICANT: Lakewood Cheder School Inc.

P28812

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 350 Courtney Rd

Lakewood Township (T/UA)

Ocean

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

The Lakewood Cheder School (the "School") is a nonsectarian 501(c)(3) not-for-profit corporation established in 1966. The School has a present enrollment of 3,400 students in kindergarten through eighth grade, with a dual curriculum of secular and Judaica courses. The boy's division is Lakewood Cheder School and the girl's school is known as Bais Faiga's.

The School received Authority assistance (P6021) in 1991 in the amount of \$3,455,000, Series R Project in the December 1991 Composite Issue, backed by a letter of credit and 90% Authority guarantee. Bond proceeds were used by the School to acquire 1 acre of land and construct a 20,000 square foot addition to a 46,000 square foot facility at 350 Courtney Road.

At an Authority Board meeting held in January 2005 the Board approved the current refunding (P16282) of the outstanding balance plus costs of issuance in the amount of \$2,050,000 of the 1991 Series R Project.

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

APPROVAL REQUEST:

Authority assistance will enable the applicant to acquire a 1.5 acre property adjacent to the current campus to be used for recreation area and a playground and refinance debt used to acquire other properties in the past. At the time of the final resolution, the applicant will also apply to the Authority for a refunding bond to include EDA prior financing (P16282).

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	\$7,922,576
Land	\$750,000
Construction of Playground	\$175,000
Finance fees	\$160,000
Legal fees	\$50,000
TOTAL COSTS	<hr/> \$9,057,576 <hr/>

JOBS: At Application 325 Within 2 years 6 Maintained 150 Construction 0

PUBLIC HEARING:

BOND COUNSEL: Wolff & Samson

DEVELOPMENT OFFICER: R. Fischer

APPROVAL OFFICER: M. Krug

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

APPLICANT: M & J Srour Properties, LLC

P28637

PROJECT USER(S): Dream On Me Industries *

* - indicates relation to applicant

PROJECT LOCATION: 170 Circle Drive North

Piscataway (T)

Middlesex

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Dream On Me Industries ("Dream on Me") was established in 1988 and was incorporated in 1996. The company is a manufacturer of mattresses for cribs, cradles, and youth beds. In addition, Dream On Me imports baby products such as cribs, walkers, strollers, diaper bags, and gift sets. The company operated out of a facility in Brooklyn, New York until 2009 when it signed a lease to move to Piscataway, New Jersey. The lease for the facility in Piscataway came with an option to purchase the building within 2 years. The business is now seeking financing to exercise that option and has formed M & J Srour Properties to purchase the building.

APPROVAL REQUEST:

Authority assistance will enable the applicant to purchase a 107,800 sq ft building in Piscataway, New Jersey. As a result of the purchase Dream On Me will create 70 new jobs for mostly unskilled and semi-skilled workers in New Jersey. In addition to the tax exempt bond, the company may be seeking a loan from the NJEDA. The remainder of the project costs will be financed from the applicant's equity.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$6,468,000
Renovation of existing building	\$500,000
Purchase of equipment & machinery	\$500,000
Legal fees	\$20,000
Finance fees	\$20,000
Accounting fees	\$20,000
TOTAL COSTS	<hr/> \$7,528,000 <hr/>

JOBS: At Application 22 Within 2 years 70 Maintained 0 Construction 15

PUBLIC HEARING:

BOND COUNSEL: Wolff & Samson

DEVELOPMENT OFFICER: K. Durand

APPROVAL OFFICER: K. McCullough

PUBLIC HEARING ONLY

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

APPLICANT: Fantasy Furniture, Inc. and/or an LLC/REHC to be formed P26092

PROJECT USER(S): Fantasy Furniture, Inc. * * - indicates relation to applicant

PROJECT LOCATION: 1460 Chestnut Avenue Hillside Township (T/UA) Union

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Incorporated in 1995, Fantasy Furniture, Inc. is a custom manufacturer of cabinets, credenzas and built-in furniture of all kinds for high end commercial, office and residential uses. Some of its clients are the contractors, designers and architects of luxury hotel and construction developments and retail store display fitters (visual merchandising) in New York and New Jersey. Fantasy Furniture, Inc., owned by Georghe Stavila, is also doing business under the names "GW Manufacturing" and "George Visual". It is expected that a real estate holding company will be formed to hold the title to the project location.

Fantasy Furniture, Inc. started out as a kitchen cabinetry and millwork facility. Today it can prototype, design, engineer and manufacture all types of cabinets, visual merchandising and built-in furniture under one roof utilizing the latest equipment such as precision CNC routers, molding machines, edge banders and panel saws. Fantasy Furniture, Inc. has grown quickly in a relatively short period of time. It has outgrown its current rented 30,000 sf manufacturing facility in Ridgewood, New York. Fantasy Furniture, Inc. is currently employing about 25 people in Ridgewood, New York. The company expects to grow to employ about 35 positions within two years of moving to New Jersey.

APPROVAL REQUEST:

Authority assistance will enable the acquisition and renovation of a 58,000 sq. ft. facility on 1.78 acres along with new machinery for use in manufacturing operations plus pay the cost of issuance.

This Application is being presented at the November 10, 2009 Board meeting for a Public Hearing only.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$3,300,000
Renovation of existing building	\$350,000
Purchase of equipment & machinery	\$150,000
Legal fees	\$20,000
Finance fees	\$20,000
Accounting fees	\$20,000
TOTAL COSTS	\$3,860,000

JOBS: At Application 0 Within 2 years 35 Maintained 0 Construction 11

PUBLIC HEARING: 11/10/09 (Published 10/27/09) **BOND COUNSEL:** Wolff & Samson

DEVELOPMENT OFFICER: M. Abraham **APPROVAL OFFICER:** D. Sucsuz

CAMDEN ECONOMIC RECOVERY BOARD



TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: November 10, 2009

RE: Cooper's Ferry Development Association, Inc.
Boyd and Morse Infrastructure Project
P018149

Request

The Members of the Authority are asked to approve the funding authorization for a modification to the \$3,570,000 non-recoverable infrastructure grant to Cooper's Ferry Development Association, Inc. ("CFDA") to amend the scope of work and extend the term of the grant agreement to October 31, 2010. Funds are provided from the Residential Neighborhood Improvement Fund established through the "Municipal Rehabilitation and Recovery Act" ("Act").

Background

On April 24, 2007, the Members approved a \$3,570,000 non-recoverable infrastructure grant to CDFDA to fund infrastructure improvements on three city blocks in the Marlton Section of Camden. On May 8, 2007, the Members of the Economic Development Authority authorized the funding of this non-recoverable grant.

The Boyd and Morse Infrastructure Project ("Project") is part of a joint project between the St. Joseph's Carpenter Society ("St. Joe's") and CFDA to rehabilitate approximately three of the worst city blocks in the Marlton section of the City for the development of 45 new units of housing and the rehabilitation of many others throughout the neighborhood.

Project Summary

In January 2006, a feasibility study was prepared by ABR Associates, a Camden based engineering firm, for CFDA and St. Joe's for the proposed reconstruction of all utilities and streetscape work at the project site. The feasibility study revealed that the existing roads and alleys in the area were in poor condition and showed signs of rutting, alligator cracking, potholes and a deteriorated sub-grade. In addition, this section of Camden utilizes a combined collection system for storm water runoff and sewer collection. The alleyways had many high and low points that were causing ponding and deteriorated the surfaces. The soil in this area has been mixed by excavation, filling, or other disturbances such that the original soil horizons have been destroyed. ABR Associates concluded that the estimated cost for the infrastructure improvements would be approximately \$3.5 million.

The project site is located along Baird Boulevard (between Rand & Morse Streets) to Bank Street (between Rand & Morse Streets). The property currently has two adjacent streets (Boyd and Morse) and three alleyways. Most of the adjacent property is a combination of occupied housing, vacant housing and vacant lots. The project involves the investigation and design of utility and road infrastructure and the development of a storm water management plan. Specific activities include rehabilitating some of the existing infrastructure and modifying the site conditions to alleviate and prevent the existing residential flooding. The project also includes the construction of new streets, alleys and sidewalks in and around the three block target area. Lastly, it includes the installation of new water lines, sewer lines, storm water lines, as well as gas lines, electrical services, and telecommunication services feeding approximately 120 existing homes and the proposed housing units.

The conceptual plan for the Carpenter Square housing development included the construction of 45 units however, based on input from the community and project architect, St Joe's decided to reconfigure the project and reduce the number of units to be constructed to 42 units.

CFDA has managed the project under the direction of Anthony Perno. All work was performed in accordance with NJ Department of Transportation ("DOT") Technical Requirements and all Federal, State and local laws.

Project Update

CFDA is requesting a modification to the scope of the project to reflect the actual costs. CDFA has employed several cost-saving strategies and best management practices to get the actual cost of the project construction to nearly \$300,000 less than originally projected. In addition, CFDA was able to reduce the cost of architect and engineering expenses by performing these functions in-house. As such, CFDA is seeking an increase in its management fee to cover these expenses, its public outreach on the project and for those costs related to a contract CFDA will enter into with St. Joes to acquire and demolish four vacant privately owned properties not contemplated in the original scope of work. The modified budget reflects the cost savings for which CFDA would

like to increase its project management fee by \$150,000 and reallocate \$298,990 to property acquisition and demolition. This budget modification will enable CDFA to acquire additional vacant properties that directly impact the future viability of the Project. CDFA will acquire the properties and demolish the structures before transferring the properties to St. Joe's. At this time, St. Joe's has control of 33 properties and is expected to acquire the balance of properties from the TLFC.

CFDA has worked diligently to bring this neighborhood project to fruition. Early on, there were delays in obtaining the regulatory approvals and agreements, however, the project is now 95% complete. The remaining items to be completed include the installation of fencing on existing properties in the area. CFDA is requesting an extension of their grant agreement until October 31, 2010 to allow sufficient time to complete the improvements and acquire and demolish the remaining four properties.

Original Budget

Uses of Funds:

Infrastructure	\$2,945,000
Engineering & Architectural Fees	425,000
Construction Management/Inspection	<u>200,000</u>
Total Uses of Funds	\$3,570,000

Sources of Funds:

ERB Infrastructure Grant	<u>\$3,570,000</u>
Total Sources of Funds	\$3,570,000

Revised Budget

Uses of Funds

Infrastructure	\$2,590,785
Engineering & Architectural Fees	330,225
Construction Management Inspection*	350,000
Acquisition/Demolition	298,990
<u>Total Uses of Funds</u>	<u>\$3,570,000</u>

Sources of Funds

ERB Infrastructure Grant	\$3,570,000
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Total Sources of Funds

\$3,570,000

*This includes project design and approvals, grants management and reporting, project accounting, public outreach, city coordination, utility coordination, site coordination, homeowner coordination, construction management and subcontractor fee for acquisition and demolition.

Disbursements

ERB funds will be disbursed to CFDA for the reimbursement of paid invoices or payment of unpaid invoices for services provided and completed in connection with the outlined project costs. To date, \$1,754,000 has been disbursed.

Project Eligibility and Benefits

The \$3,570,000 ERB grant to CFDA will fund the necessary infrastructure improvements in support of St Joe’s Carpenter Square Project of 42 new owner-occupied units in East Camden. Together, this project will transform the area once known as “The Alley”, a notorious site of crime and one of the largest open-air drug markets in the City during the 1990, into a safe and vibrant community.

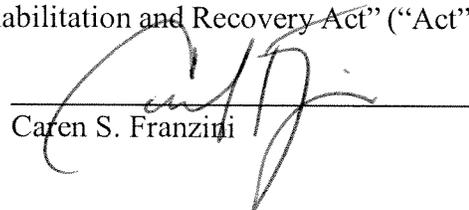
The project is consistent with the Municipal Rehabilitation and Recovery Act and is located within a “Transitional/Future Development Area” per the Strategic Revitalization (“SRP”) adopted by the ERB.

This project is eligible for continued funding under the ERB’s general criteria for project financing (#1a, b, c and d), priority objectives (#2c, d and e) and Transitional/Future Development Area objectives (#3b, ci, ii, iii). Further, the project is eligible for grant assistance as an infrastructure project under the ERB project assistance guideline #4, which defines eligibility for such projects and allows up to \$5 million of ERB funds to be used for infrastructure projects.

Recommendation

Staff has reviewed the modification for consistency with the Act and the Strategic Revitalization. It meets all eligibility and statutory requirements and will be an important element in the revitalization of the City.

The Members of the ERB approved this modification at its meeting on October 27, 2009. Accordingly, the Members of the Authority are asked to approve the funding authorization for a modification to the \$3,570,000 non-recoverable infrastructure grant to Cooper’s Ferry Development Association, Inc, (“CFDA”) to amend the scope of work and extend the term of the grant agreement to October 31, 2010. Funds are provided from the Residential Neighborhood Improvement Fund established through the “Municipal Rehabilitation and Recovery Act” (“Act”).


Caren S. Franzini

Prepared By: V. Pepe, Business Development Officer/South



TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: November 10, 2009

RE: Nueva Vida Homes, LLC
Predevelopment Work - Nueva Vida Homes Phase II
\$50,000 ERB Recoverable Predevelopment Grant
P23514

Request

The Members of the Authority are asked to approve the funding authorization for the request from Nueva Vida Homes, LLC (“Nueva Vida”) to increase the \$50,000 ERB recoverable predevelopment grant to \$100,000 to fund the increase in expenses associated with the predevelopment activities (“Project”) for Phase II of Nueva Vida Homes, a mixed income housing development located in the Cramer Hill neighborhood of Camden. These funds will be provided from the Demolition and Redevelopment Financing Fund established through the Municipal Rehabilitation and Economic Recovery Act (“Act”).

Background

On October 28, 2008 the Members approved a \$50,000 recoverable predevelopment grant to Nueva Vida to fund predevelopment activities for Phase II of Nueva Vida Homes project. On November 12, 2008, the Members of the New Jersey Economic Development Authority approved the funding authorization.

The Project is the second phase of a three-phase development that will total 66 newly constructed homes in the Cramer Hill section of the City of Camden (“City”). Cramer Hill Community Development Corporation (“CHCDC”) has successfully completed Phase I (Nueva Vida Homes Phase I) of this neighborhood revitalization project. Phase I consisted of 14 units and was completed in February 2008. The ERB provided CHCDC with an \$824,501 soft loan for this phase, which was approved on September 13, 2005 and closed on July 28, 2008.

Project Summary

Phase II of Nueva Vida Homes is a 20 unit new construction, mixed-income homeownership and neighborhood revitalization project. The Phase II design was created after several community meetings involving prospective buyers, past buyers and community members, and incorporates the community's suggestions. Built on scattered sites throughout a 3-block targeted area, all homes will be built as single family units. These 2-story homes will have 3 bedrooms with off-street parking and basements, encompassing either a 1,270 sf or a 1,350 sf enclosed area.

Specifically, Phase II development area is located between 24th and 28th Streets, from Harrison Avenue to Wayne Avenue. While the seventeen market rate units are expected to be priced at an approximately \$145,000 price point with no income restriction, the three affordable units are expected to be priced between \$70,000 and \$100,000, depending on certain percentage of county median income adjusted for family size. All buyers will participate in Nueva Vida's/CHCDC's one-on-one pre-purchase counseling program.

While the broader Phase II project and its construction financing will include land acquisition, site preparation, infrastructure improvements, construction, and soft costs, the subject of this memorandum is for funding certain predevelopment activities only. More specifically, the proceeds of this ERB predevelopment grant will be utilized towards the cost of work related to architectural, engineering and legal fees.

The Project costs and sources of funds for predevelopment activities:

Original Budget:

Uses of Funds:

Predevelopment Work		\$97,500
Appraisals	\$7,000	
Land Purchase Option Contract Fee to the City/CRA	\$5,000	
Planning/Zoning Board Fees	\$25,000	
Remington & Vernick Escrow (City Planning Doc. Rev.)	\$35,000	
HMFA Application Fee	\$1,000	
Geotechnical Engineer - Subsurface Evaluation	\$12,600	
Environmental Site Assessment - Phase I	\$5,000	
Predevelopment Loan Fee/Interest to TRF	\$6,900	
Engineering and Architectural Fees		\$77,400
Architect - Schematic Design	\$16,000	
Civil Engineer – Survey	\$27,100	
Civil Engineer - Infrastructure/Storm Water, etc.	\$25,000	

Civil Engineer - Subdiv. & Site Plan	\$7,800	
Civil Engineer - Permit Hearings	\$1,500	
Legal Fees		\$10,000
Total Uses of Funds		\$184,900

Sources of Funds:

Equity		\$84,900
The Reinvestment Fund (TRF) - Stage I Loan		\$50,000
ERB Recoverable Grant		\$50,000
Total Sources of Funds		\$184,900

Revised Budget

Uses of Funds:

Predevelopment Work		\$100,600
Appraisals	\$7,000	
Land Purchase Option Contract Fee to the City/CRA	\$5,000	
Planning/Zoning Board Fees	\$35,000	
Remington & Vernick Escrow (City Planning Doc. Rev.)	\$35,000	
HMFA Application Fee	\$1,000	
Geotechnical Engineer - Subsurface Evaluation	\$12,600	
Environmental Site Assessment - Phase I	\$5,000	
Engineering and Architectural Fees		\$117,400
Architect - Schematic Design	\$16,000	
Civil Engineer – Survey	\$27,100	
Civil Engineer - Infrastructure/Storm Water, etc.	\$65,000	
Civil Engineer - Subdiv. & Site Plan	\$7,800	
Civil Engineer - Permit Hearings	\$1,500	
Legal Fees		<u>\$10,000</u>
<u>Total Uses of Funds</u>		<u>\$228,000</u>

Sources of Funds:

Equity		\$78,000
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The Reinvestment Fund (TRF) - Stage I Loan	\$50,000
ERB Recoverable Grant	<u>\$100,000</u>
Total Sources of Funds	\$228,000

The Applicant has invested \$61,931 of the expenses incurred in the budget. These expenses include geotechnical/environmental (Phase I), appraisals, architectural expenses and expenses related to the removal and addition of lots.

Project Update

The Cramer Hill neighborhood is an area with a high percentage of underutilized land but maintains a strong homeownership base. Recent market sales of area homes over the past six months have averaged about \$94,400. A total of 96 sites (lots) will be targeted for redevelopment and 75 of those are currently owned by the City or the Camden Redevelopment Agency (“CRA”). Phase II will focus on 22 City and CRA-owned parcels to develop 20 new homes. The final phase will be developed on privately-held parcels, which will be acquired through various strategies, including tax lien foreclosures.

In early February, 2009 CHCDC was notified that several key parcels were sold by the City of Camden through its Public Auction process. The sale of the parcels reduced the number of units to be developed and made the proposed development of Phase II unfeasible. On February 24, 2009, the City introduced an Ordinance amending the transfer of City property to the Cramer Hill CDC that would remove eight properties and add four properties. The additional four parcels would allow the CHCDC to develop 20 homes on 22 City owned parcels. The Ordinance was passed in March, 2009.

The additional four parcels are located along 24th Street between Harrison Avenue and Pierce Avenue. In order to include the four parcels in the development, CHCDC has incurred substantial additional predevelopment expenses. Additional expenses include environmental, geo-technical, and civil engineering specific to the 24th Street parcels.

Schematic drawings and civil engineering work have been revised and completed. The construction financing and the permanent financing are still being finalized. Marketing and sales will begin at the end of this year through the CHCDC’s housing counseling division. The site plan approval is also expected by November, and the predevelopment work (Project) has just begun and is expected to be completed by year-end. Then, the construction stage is expected to begin. The homes are expected to be completed and sold by year-end 2010.

Nueva Vida/CHCDC will contribute \$84,900 as equity. TRF is contributing \$50,000. The Stage I TRF Loan closing has taken place. There is a financing gap in the amount of \$50,000. The proposed \$50,000 ERB predevelopment recoverable grant is required to close this financing gap and fully fund the predevelopment expenses. The ERB predevelopment grant would allow Nueva Vida to proceed with the Planning Board and Zoning Board applications. The Planning Board and Zoning Board approvals are prerequisites to submit the NJHMFA CHOICE soft loan applications.

Project Applicant

Formed in January 2008, Nueva Vida is a wholly-owned subsidiary of CHCDC. It was organized to undertake the development of the remaining phases of the Nueva Vida Homes project.

Founded in 2003, CHCDC is a nonprofit community development corporation operating in the Cramer Hill area of Camden. This 501(c)(3) organization is dedicated to building a thriving, safe, family-oriented community that is economically and culturally diverse.

Nueva Vida (developer) and CHCDC (sponsor/parent) have partnered with Interface Studios, Architects, LLC (Architect), Stantec Consulting Services (Civil Engineering), and Larsen & Landis (Structural Engineering). A bid for the general contractor will be prepared and held later.

The financial condition of CHCDC reflects total support and revenue of \$2,720,500 at FYE ended December 31, 2008 and \$904,525 in 2007. The increase in support and revenues from 2007 to 2008 is mostly due to increases in government grants and net proceeds from the sale of homes. CHCDC's program service expenditures have increased, as has administrative and general expenses compared to 2007. The organization's financial condition as of December 31, 2008 reflects total assets of \$312,828 and liabilities of \$63,476. Again, these numbers are significantly less than 2007, \$1,415,541 and \$1,209,905 respectively, due to the reduction of the inventory of residential units as well as the related construction financing. The cash balance of \$203,584 reflects the home sales in 2008, an increase over the 2007 cash balance of \$66,483.

Security and Repayment

This ERB grant will be unsecured and repaid in full once the construction financing is closed.

Disbursement of Funds

The ERB funds will be disbursed based on satisfactory review of invoices submitted by the Applicant. To date, the initial grant request for \$50,000 has been fully funded.

Project Eligibility and Benefits

Located within a Neighborhood Opportunity Area, the Nueva Vida Homes Phase II project is consistent with the goals and objectives of the Strategic Revitalization Plan as it will increase moderate income (17 market rate units) and affordable (3 low income units) home ownership opportunities for Camden residents. The construction of these 20 units will result in stimulating further development and spur private investment in this neighborhood. Nueva Vida Homes, LLC has successfully leveraged ERB funds with private and other public monies at a ratio of more than 1:1.

The project is eligible for funding under the ERB's general criteria for project financing (#1 a, c, and d), and priority objectives (#2 a and e). There are sufficient funds available for the additional \$50,000 recoverable predevelopment grant request through the Demolition and Redevelopment Financing Fund established by the Act.

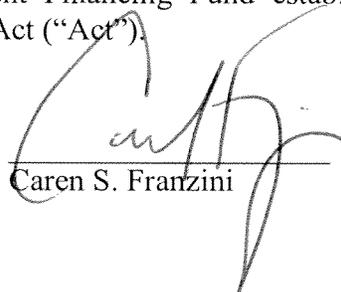
The project will convert 22 vacant lots into 20 newly constructed homes for moderate and low income families. This project will increase the value of the land as well as the long term tax base in this neighborhood, and in the City. Overall, it will improve neighborhood stability and generate attractive residential and economic development in the immediate area, which is in need of redevelopment. It is envisioned that this project will be instrumental in attracting more redevelopment and residents to other properties and areas of this neighborhood.

This project will not be feasible without ERB funding. The project is an attempt to continue redevelopment in a much needed area. This highly important and visible project has support from the community as well as good funding prospects from State and local governments and private non-profit organizations.

Recommendation

Staff has reviewed the application for consistency with the Act, the Master Plan and the Strategic Revitalization Plan adopted by the Board at its June 20, 2003 meeting. This Project meets the eligibility and statutory requirements, and would enhance the overall revitalization of the City of Camden.

The Members of the ERB approved this request at its meeting on October 27, 2009. Accordingly, the Members of the Authority are asked to approve the funding authorization for the request from Nueva Vida Homes, LLC ("Nueva Vida") to increase the \$50,000 ERB recoverable predevelopment grant to \$100,000 to fund the increase in expenses associated with the predevelopment activities ("Project") for Phase II of Nueva Vida Homes, a mixed income housing development located in the Cramer Hill neighborhood of Camden. These funds will be provided from the Demolition and Redevelopment Financing Fund established through the Municipal Rehabilitation and Economic Recovery Act ("Act").



Caren S. Franzini

Prepared By: Vivian Pepe, Business Development Officer/South



TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: November 10, 2009

RE: The Camden Redevelopment Agency
Radio Lofts
P017493

Request

The Members of the Authority are asked to approve the funding authorization for a modification to the \$1,997,716 non-recoverable infrastructure grant to the Camden Redevelopment Agency (“CRA”) to support the change in scope to the remedial action work plan (RAWP) for the former RCA Manufacturing Facility, Building 8 located in the Waterfront District of Camden. This change in scope resulted in an increase to the project budget of approximately \$1.5 million for which HDSRF grant funding has been approved. In addition, the Members are asked to allow for the ERB grant to be disbursed periodically in conjunction with funding from the New Jersey Redevelopment Authority (NJRA) to support the RAWP schedule and to be used as bridge financing for the HDSRF funds if required. Lastly, the Members are asked to extend the grant term to December 31, 2013 to allow sufficient time for the project to be completed and the air monitoring to be conducted. The ERB funds for the project will be provided from the Downtown Revitalization and Recovery Fund established through the Municipal Rehabilitation and Economic Recovery Act.

Background

On October 3, 2006, the Members approved a \$1,997,716 non-recoverable infrastructure grant to CRA to support the RAWP for the former RCA Building 8 which included asbestos abatement, lead-based paint abatement, PCB remediation, demolition, hazmat removal, along with other interior remediation, engineering, legal and project management fees. The total project costs were \$3,997,716 to be funded by the ERB grant and a \$2,000,000 grant from NJRA.

Project Summary

The Former RCA Manufacturing Facility, Bldg. 8 is a historic ten-story 153,373 sf vacant building located at Front and Cooper Streets. The CRA owns the property and has executed a purchase option agreement with Radio Lofts Associates, L.P. (“RLA”) to restore and renovate the facility. RLA, a limited partnership owned by Radio Lofts GP Corp. and Carl Dranoff, is proposing to rehabilitate this building into 99 “for sale” loft condominiums with ground floor retail, lobby and onsite parking spaces. In addition, a fitness center, residents lounge, catering kitchen and possible roof deck will be included. The project property is located across the street from The Victor Building which is the former RCA Nipper Building that Dranoff Properties renovated into 341 luxury loft rental apartments that includes retail and parking. This is a highly successful \$65 million historic rehabilitation.

Per an option agreement with CRA, RLA will purchase the property for \$1.00 conditioned upon the completion of the environmental remediation of the site. Closing is to be held within 30 days following the issuance of a No Further Action (“NFA”) letter from the New Jersey Department of Environmental Protection (“NJDEP”).

Development Team

The CRA is a City agency created in 1987 to coordinate all City development policy and planning activities. The CRA administers these activities in conjunction with the City Department of Development and Planning. Beginning in 2003, the CRA, with the department of Development and Planning, assumed the responsibility for five areas of activity using production and preservation; neighborhood commercial corridor revitalization; downtown development, other commercial, industrial, and institutional development; and infrastructure installation and improvement.

Brownfield Redevelopment Solutions (“BRS”) is CRA’s consultant on this project and has acted as the owner’s representative for preconstruction activities and will manage the flow of funds for the project. BRS has extensive experience in environmental assessment and remediation management and public funding management.

RLA was formed in 2006 as the sole member of a New Jersey Limited Liability company to be formed called Radio Lofts Urban Renewal Group, LLC. RLA is affiliated with Dranoff Properties, Inc. (“Dranoff”).

Pennoni Associates, Inc. (“Pennoni”) is Dranoff’s consulting engineer conducting the investigation work, preparing the remedial action work plan and eventually preparing the remedial action report. Pennoni, established in 1966, is a multi-disciplined consulting engineering firm which provides personalized services and solutions to meet the needs of its diverse clients.

CRA has entered into a Project Development Agreement (“PDA”) with Dranoff to implement the remediation activities. Per the terms of this agreement, Dranoff will contract for most of the project work.

Project Update

At the time of approval, the environmental investigation had been completed and the Remedial Investigation Report (“RIR”) and Remedial Action Work plan (“RAWP”) had been approved by the NJDEP. The remedial action activities were estimated to begin in October 2006 and be completed by November 2007.

A progression of events associated with the environmental work to be conducted at the project site were the result of changes needed to the RAWP based on additional data collected in the building interior and exterior components during the investigation phase. New sources of contamination were discovered as well as additional characterization of previously identified sources of contamination. Specifically, PCBs were detected in concentrations requiring remediation in the building’s interior paint, thus substantially expanding the PCB remediation effort to throughout the entire building. In addition, higher concentrations of PCBs were discovered that require the oversight of the US EPA, thus adding another layer of regulatory review and approval. Lastly, dioxin contamination was determined to exist on all floors vs. the three floors previously identified.

The additional contamination and expanded regulatory oversight made the existing RAWP obsolete. Additional efforts from CRA, Dranoff and other team members was required to prepare, review and approve a new RAWP for the interior of the building which was formally approved by the NJDEP on January 26, 2009. As a condition of this approval, post remediation air monitoring must now be conducted after the building interior construction is completed and before occupancy of the building occurs.

The expansion of the scope of work resulted in an increase in the project budget. Grants from the ERB and NJRA will be used to fund costs not covered by the HDSRF grant. Because ERB funds are needed for the air monitoring component, the CRA is seeking a longer grant term extension to allow sufficient time for the remediation and construction to be completed at which time the air monitoring will be conducted.

Original Uses of Funds

\$ 2,809,143 Remedial Action ***
 360,365 Engineering
 250,000 Project Management
 250,000 Contingency
 163,208 NJDEP estimated oversight fee
 will be verified prior to closing of the grant
 125,000 Legal Fees
40,000 CRA's representative fee

\$ 3,997,716 Total - Uses of Funds

***includes asbestos abatement, lead-based pain abatement, PCB remediation, soft demolition, hazmat removal, basement remediation, and fire standpipe installation

Original Sources of Funds

\$ 2,000,000 NJRA grant
1,997,716 ERB non-recoverable grant

\$ 3,997,716 Total - Sources of Funds

Revised Uses of Funds

Remedial Action Tasks	PROPOSED Budget	Funding Source	
		HDSRF	NJRA/ERB
Contracting Services			
Asbestos Abatement	355,300		355,300
Lead-Based Paint Abatement	86,900		86,900
PCB Remediation	1,500,050	1,125,038	375,012
Soft Demolition	648,600		648,600
Hazmat Removal	38,930		38,930
Basement	47,600		47,600
Site Security	72,712	27,267	45,445

Bonds & Insurance	43,658	16,372	27,286
Escalation	90,000		90,000
<i>subtotal</i>	<i>2,883,750</i>	<i>1,168,677</i>	<i>1,715,074</i>
Fire Standpipe	30,000		30,000
NJDEP Oversight	299,671	136,463	163,208
Engineering Services			
Plans/Specs (Pennoni)	20,225		20,225
Oversight/Sampling/Reporting (Pennoni)	686,366	195,951	490,415
Legal (Dranoff)	525,000		525,000
Project Management			
Project Management (Dranoff)	250,000		250,000
Owner's Representative (BRS)	100,000		100,000
Contingency (encumbered and unencumbered)	703,794	27,267	676,527
a) Pre-construction costs already encumbered against contingency	180,478		180,478
b) Estimated Pre-occupancy air sampling	125,000		125,000
c) Estimated Contaminated soil remediation	50,000		50,000
d) Estimated GW Sampling	25,000		25,000
e) Public notification	3,000		3,000

f) Unassigned	320,316	27,267	293,049
Total	5,498,806	1,501,091	3,997,716

Revised Sources of Funds

\$2,000,000	NJRA Grant
\$1,997,716	ERB Grant
<u>\$1,501,090</u>	HDSRF Grant
\$5,498,806	Total

Additional funding was required commensurate with the increase in the scope of work for the building interior remediation. With the assistance of BRS, CRA applied to the NJDEP for a HDSRF grant to address a portion of the PCB remediation efforts. After many months of negotiations, CRA’s request for funding was approved for 75% of the PCB remediation costs under the conservation and historic preservation clause of the HDSRF legislation.

Soil sampling conducted to date indicates that PCBs have migrated from the building interior and have impacted site soils. Historic fill requiring remediation is also present at the site. Additional soil sampling is slated to determine the extent of the contamination present in the soils. A RAWP to address the on-site soils will be prepared and submitted to the NJDEP for review and approval upon determination of the extent of contamination at the site. Once the RAWP is approved, the costs for conducting the soil remediation can be determined. It is anticipated that a combination of unencumbered funds from the project contingency budget and additional HDSRF monies will be used to cover the costs of the soil remediation.

Groundwater sampling conducted to date indicates the presence of organic contamination at the site. Additional groundwater investigation activities are slated to determine if the source of the contamination is coming from off-site. If it is determined that the source of the groundwater contamination is coming from the site, a RAWP to address the groundwater cleanup will be prepared and submitted to the NJDEP for review and approval. Once the RAWP is approved, the costs for conducting the groundwater remediation can be determined. It is anticipated that a combination of unencumbered funds from the project contingency budget and additional HDSRF monies will be used to cover the costs of the groundwater remediation, if it is required.

Security & Repayment

ERB’s financing is structured as a non-recoverable grant and will not require any security or repayment.

Disbursement of Funds

Per the PDA, Dranoff will contract for the majority of work to be performed at the project site. The CRA and/or BRS will review and approve the request for payments then prepare the appropriate drawdown requests from the corresponding public sources. Once CRA receives payment from the funders, a check will be issued to Dranoff who in turn will pay the respective contractors.

The scope of the HDSRF grant is narrowed to funding 75% of the PCB cleanup costs. As the PCB remediation effort will be conducted simultaneously with the asbestos and lead based paint remediation efforts, each contractor application for payment will include costs for both PCB and non PCB related activities. This requires accessing multiple funding sources in each individual drawdown request.

The format for the drawdown requests are designed to comply with the separate reporting requirements and processes of the three funding sources and to provide a high degree of accountability for the use of the funds.

NJDEP will be approving drawdown requests on the project funding based on milestones. As such, it may be necessary to use the NJRA and ERB funding to bridge the HDSRF funding until such time as the HDSRF funds are released in order to maintain the required project cash flow.

Final negotiations with the remediation contractor are underway. It is anticipated that a final contract will be executed before the end of October, 2009. As such, it is anticipated that mobilization to the site will begin on or around the middle of November, 2009.

Project Eligibility and Benefits

Located within an Employment Opportunity Area, the Former RCA Manufacturing Facility, Building 8 project is consistent with the goals and objectives of the Strategic Revitalization Plan. The project addresses a strong economic benefit to the City of Camden ("Camden") and is consistent with the Capital Improvement and Infrastructure Master Plan.

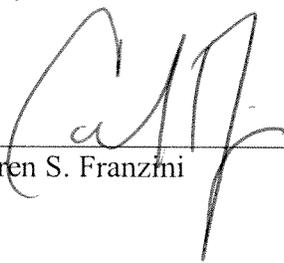
The project is eligible for funding under the ERB's general criteria for project financing (#1a, b, c, and d) and priority objectives (#2 a, b, c, d, and e). Per the Guide to Program Funds, infrastructure projects, including site remediation, are eligible for a grant if the costs are not eligible for grant funding from the Hazardous Discharge Site Remediation Funds ("HDSRF") and evidences that significant investment is likely to take place should the funding request be approved. The project will result in an estimated \$30,000,000 private investment. There are sufficient funds available for this \$1,997,716 grant request through the Downtown Revitalization and Recovery Fund.

Once the rehabilitation of the project site is completed, it is expected to employ 9 permanent full time positions.

Recommendation:

Staff has reviewed the modification for consistency with the Act and the Strategic Revitalization Plan adopted by the Board at its June 20, 2003 meeting. The project continues to meet the eligibility and statutory requirements and will enhance the overall revitalization of Downtown Camden.

The Members of the ERB approved this modification at its meeting on October 27, 2009. Accordingly, the Members of the Authority are asked to approve the funding authorization for a modification to the \$1,997,716 non-recoverable infrastructure grant to the Camden Redevelopment Agency ("CRA") to support the change in scope to the remedial action work plan (RAWP) for the former RCA Manufacturing Facility, Building 8 located in the Waterfront District of Camden. This change in scope resulted in an increase to the project budget of approximately \$1.5 million for which HDSRF grant funding has been approved. In addition, the Members are asked to allow for the ERB grant to be disbursed periodically in conjunction with funding from the New Jersey Redevelopment Authority (NJRA) to support the RAWP schedule and to be used as bridge financing for the HDSRF funds if required. Lastly, the Members are asked to extend the grant term to December 31, 2013 to allow sufficient time for the project to be completed and the air monitoring to be conducted. The ERB funds for the project will be provided from the Downtown Revitalization and Recovery Fund established through the Municipal Rehabilitation and Economic Recovery Act.


Caren S. Franzmi

Prepared By: Laura L. Wallick, Assistant Director, Business Development South



TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: November 10, 2009

RE: The Camden Redevelopment Agency
Tire & Battery Remediation
P20266

The Members of the Authority are asked to approve the funding authorization for a request for the extension of a \$700,000 non-recoverable infrastructure grant to the Camden Redevelopment Agency (the “CRA”) until December 31, 2010. The purpose of this grant is to support the environmental remediation work plan for the former Tire & Battery site located at 1350 Admiral Wilson Boulevard, which is in the Gateway Redevelopment Area of the City of Camden. The grant is funded from the Demolition and Redevelopment Financing Fund that was established through the Municipal Rehabilitation and Economic Recovery Act.

Background

On February 11, 2008 the Members approved a \$700,000 non-recoverable infrastructure grant to the CRA to support the environmental remediation work plan for the former Tire & Battery site located at 1350 Admiral Wilson Boulevard, which is in the Gateway Redevelopment Area of the City of Camden. On February 13, 2009, the Members of the New Jersey Economic Development Authority approved the funding authorization.

The former Tire & Battery facility is a one-story 18,000 sf vacant building on approximately 2 acres of land, across the street from the former Sears Building. The eminent domain acquisition of the site was completed in May, 2008. Pursuant to the Project Development Agreement (the "PDA") dated February 6, 2007, executed by Campbell Soup Company ("CSC"), the City, the County of Camden, and NJEDA, the demolition, clearing and remediation of the Tire & Battery site will prepare a key parcel toward the development of the Gateway Office Park. The cleared and remediated site will be conveyed to CSC for development as part of the Gateway Redevelopment Plan. The development of the Gateway Office Park is a critical element in ensuring the continued presence of CSC in the City and will help maintain the company's 1,200+ jobs. Additionally, the development of the office park will eventually encourage the creation of additional professional and research oriented jobs.

Project Applicant and Development Team

The CRA has a signed contract with Langan Engineering & Environmental Services, which has provided preliminary costs estimates and will assist with the RFP process for the selection of contractors.

Background

This known contaminated site has been a vacant eyesore and a threat to public health for more than thirty years. When CSC announced its plans in February 2007 to expand its World Headquarters and to serve as the Master Redeveloper of the Gateway office Park, the site was recognized as a major impediment to the redevelopment of the area as a Class A office park. The PDA, which outlined the obligations of CSC, the City of Camden, Camden County, the CRA and NJEDA relative to the development of the office park, obligated the CRA to acquire, clear and remediate the site prior to transferring it to CSC. In order to accomplish the remediation, CRA applied to ERB for a grant of \$700,000. CRA also secured funding from the New Jersey Hazardous Discharge Site Remediation Fund ("HDSRF") and applied for two grants from the US Environmental Protection Agency Brownfields Clean Up Grant Program. The entire project consists of demolishing, clearing, environmental investigation and remediation and related activities on the lot where the former Tire & Battery facility is located. First, the existing building was to be demolished. Following an environmental investigation, the underground storage tanks and contaminated soil would be removed with groundwater remediation and monitoring to follow. The ultimate goal of the project is to convey the cleared site to the NJDOT and CSC to support the development of a Class A office building including road infrastructure improvements pursuant to the PDA.

The funding requested by the CRA was to be used to support a portion of the environmental remediation of the project site. Other funds supplemented the remediation and supported the demolition, environmental investigation, DEP oversight and bid preparation costs.

Since this project and its funding will help the CRA, the City and NJEDA fulfill their obligations

Re: The Camden Redevelopment Agency
Tire & Battery Remediation
P20266

in the PDA and HDSRF grant funds are not eligible to fund the entire project cost, the Board approved an exception to the guidelines regarding the availability of recoverable grants for site remediation activities and instead approve this as a non-recoverable grant. Should CSC elect to excuse CRA and the City from the commitment to transfer the lots, the CRA and the City will be able to develop and maintain the parcels consistent with the redevelopment plan and the PDA.

Original Budget

Uses of Funds

UST/Soil Removal	\$465,000
Groundwater Remediation	\$230,000
Environmental Investigation	\$165,720
Demolition	\$150,000
Bid Preparation	\$30,000
DEP Oversight	\$16,573
<u>TOTAL - Uses of Funds</u>	<u>\$1,057,293</u>

Sources of Funds

ERB Grant	\$700,000
HDSRF	\$183,293
CSC	\$150,000
CRA (ERB CSC Due Diligence Funding)	\$24,000

TOTAL - Sources of Funds **\$1,057,293**

Revised Budget

Uses of Funds

UST/Soil Removal	\$421,485
Groundwater Remediation	\$258,000
Environmental Investigation	\$165,720
Demolition	\$150,000
Bid Preparation	\$36,000
DEP Oversight	\$16,573
Engineering	\$81,051
Grant Management	\$20,400
Contingency	\$284,064
<u>TOTAL - Uses of Funds</u>	<u>\$1,433,293</u>

Sources of Funds

ERB Grant	\$700,000
HDSRF	\$183,293

Re: The Camden Redevelopment Agency
Tire & Battery Remediation
P20266

CSC	\$150,000
EPA	\$400,000
<u>TOTAL - Sources of Funds</u>	<u>\$1,433,293</u>

The original budget did not provide for any engineering oversight or contingency and did not include the USEPA grants which the CRA has been awarded. These elements account for most of the variance between the original and revised budgets.

Project Update

The eminent domain acquisition of the site was completed in May 2008. Shortly thereafter, CSC, acting as the Redeveloper and at their own expense, demolished the structures on the site. Following demolition, CRA contracted first for the removal of petroleum product from several of the underground storage tanks. CRA then contracted for the removal of all eleven underground storage tanks and the contaminated soil associated with the tanks. Construction of a clean fill cap covering the fill, the preferred remedy, commenced on September 22, 2009 and is expected to be completed by the end of this year. Following completion of the cap, CRA will seek a "No Further Action" letter with a deed notice for the soil. Monitoring of ground water contamination and the determination of possible remediation alternatives will take additional time. It is anticipated that the transfer to CSC can take place after the NFA letter is issued, but prior to the ground water issues being resolved.

The project is currently 39% complete. With the completion of the clean fill cap by the end of this year, the project will be 74% complete.

Security and Repayment

Initially, the CRA applied to the USEPA for a \$200,000 grant for remedial activities at the project site. If approved, this grant was to be used to reduce or repay the ERB Grant. In fact, the CRA was awarded two grants totaling \$400,000. If the groundwater remediation does not exceed the revised budget amount, the unused balance will be returned to ERB.

ERB's financing will not require any security or repayment. The CRA will pursue recovery of the remedial costs from the responsible party if such action is financially feasible and will result in cost recovery.

Disbursement of Funds

The ERB funds will be disbursed to the CRA for the reimbursement of paid invoices or payment of unpaid invoices for services provided and completed in connection with the outlined remediation activity costs. To date, \$77,143 has been disbursed.

Project Eligibility and Benefits

Located within an Employment Opportunity Area the remediation project is consistent with the goals and objectives of the Strategic Revitalization Plan. The project addresses a strong economic benefit to the City and is consistent with the Capital Improvement and Infrastructure Master Plan. The amended Gateway Redevelopment Plan calls for exclusively office development in this area.

The project is eligible for funding under the ERB's general criteria for project financing (#1 a, b, c, and d) and priority objectives (#2 a, c, and e). Pursuant to the ERB Guide to Program Funds, infrastructure projects for site remediation are eligible for funding for remediation activities if the costs are not eligible for funding from the Hazardous Discharge Site Remediation Funds ("HDSRF") and evidences that significant investment is likely to take place should the funding request be approved.

This funding from the ERB is needed because the funds from other sources are insufficient to cover the cost of the remediation activities. The HDSRF grant funds are available for environmental investigation and will be used for such purpose but are not available for remediation activities for this type of site use.

The project will ultimately serve to facilitate a \$72 million private investment. There are sufficient funds available for this \$700,000 grant request through the Demolition and Redevelopment Financing Fund.

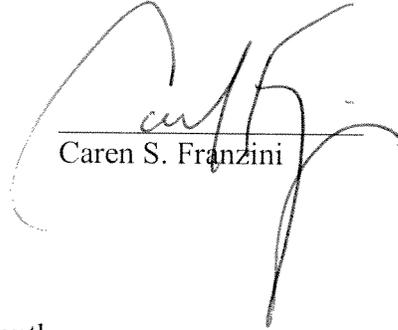
Recommendation

Staff has reviewed the extension request for consistency with the Act and the Strategic Revitalization Plan adopted by the Board at its June 20, 2003 meeting. The project continues to meet the eligibility and statutory requirements and will enhance the overall revitalization of Downtown Camden.

The Members of the ERB approved this extension at its meeting on October 27, 2009. Accordingly, the Members of the Authority are asked to approve the funding authorization for a request for the extension of a \$700,000 non-recoverable infrastructure grant to the Camden Redevelopment Agency (the "CRA") until December 31, 2010. The purpose of this grant is to support the environmental remediation work plan for the former Tire & Battery site located at 1350 Admiral Wilson Boulevard, which is in the Gateway

Re: The Camden Redevelopment Agency
Tire & Battery Remediation
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Redevelopment Area of the City of Camden. The grant is funded from the Demolition and Redevelopment Financing Fund that was established through the Municipal Rehabilitation and Economic Recovery Act.



Caren S. Franzini

Prepared By:

Vivian Pepe, Business Development Officer - South



TO: Members of the Authority

FROM: Caren Franzini
Chief Executive Officer

DATE: November 10, 2009

RE: The Salvation Army, a New York Corporation
Kroc Corp Community Center - P17483

Request:

The Members of the Authority are asked to approve the funding authorization for an extension of a \$4,000,000 non-recoverable infrastructure grant and a \$1,000,000 public purpose grant to The Salvation Army, a New York Corporation (“Salvation Army”) until December 31, 2011. The ERB Grant will be used to fund a portion of the permanent financing of the Kroc Corp Community Center (“Kroc Center”) in the Cramer Hill section of Camden. The funds will be provided from the Demolition and Redevelopment Financing Fund established through the “Municipal Rehabilitation and Economic Recovery Act”.

Background:

On September 7, 2006, the Members approved \$5 million in ERB Grant funding of which \$4 million was specifically for infrastructure work and \$1 million was to fund a portion of the permanent financing of the Kroc Center. The total project cost is estimated at \$36,238,621. The applicant is requesting an extension of the \$1,000,000 ERB public purpose grant as part of the take out financing for the Kroc Center and a \$4,000,000 ERB infrastructure grant towards the sports fields and courts, retaining walls, parking lot, curbing, fencing, utilities, grass pavers, trees, installation of a methane system, and piles. ERB funds will leverage \$27,000,000 from Ray and Jean Kroc Corps Community Center grant. The \$54 million for the proposed Kroc Center is being held by the Salvation Army, USA.

On September 12, 2006, the Members of the Economic Development Authority authorized the funding of these grants.

The Salvation Army is a nonprofit 501(c) (3) founded in 1878 having a presence in Camden since 1880. Its programs consist of disaster relief services, day care centers, summer camps, holiday assistance, services for the aging, AIDS education and residential services, medical facilities, shelters for battered women and children, family and career counseling, vocational training, correction services, and substance abuse rehabilitation. More than 30 million people per year are aided in some form by services provided by the Salvation Army.

In January 2004, The Salvation Army USA announced that it would be receiving a historic bequest of nearly \$1.6 billion from the estate of Mrs. Joan Kroc, widow of McDonald's Restaurant Corporation founder Ray Kroc. Mrs. Kroc's bequest does have use restricted uses - 50% is to be used as a lead grant to construct approximately 30 state-of-the-art Ray and Joan Kroc community centers in the underserved neighborhood across the United States. The other 50% is for the creation of initial endowments to sustain operations at each center.

Following a review of proposals from 28 cities in The Salvation Army's Eastern Territory, Camden was one of only eight locations awarded funds to create a Ray and Joan Kroc Corps Community Center and was ranked #1 on the list. The Camden Citadel received a total of \$54 million, of which half will be applied toward construction and half will be allocated to an operating endowment.

The Kroc Center will be a Salvation Army facility under the command of the Camden Corps of the Salvation Army ("Camden Corps"), which will be assisted by an Advisory Council made up of civic, business, neighborhood, and government leaders. Its purpose will be to provide spiritual, athletic, social services, performing arts and educational venues, and programs to promote self-actualization among its users. The Kroc Center will be a positive point of emphasis within the community and the Salvation Army.

As part of the \$54 million grant allocation, The Salvation Army in Camden must conduct a \$10 million fund-raising campaign to secure private support to complete the Kroc Center's capital and endowment needs. At this point in time the campaign has commitments of just over \$900,000. There are three requests of \$1 million or more pending with responses expected in November. There are another 60+ solicitations of \$100,000 or more currently underway.

Project Applicant and Development Team:

The Salvation Army-Camden NJ, located at 915 Haddon Avenue, serves Camden, Gloucester and Burlington Counties. The Camden Corps and the satellite units have an important role in the Camden community. Consolidating the activities in the Kroc Center would be counterproductive, with no offsetting efficiencies. Therefore, The Salvation Army has no plans to co-locate any on-going Camden Corps activities within the Kroc Center.

Kitchen & Associates Architectural Services ("K&A"), founded in 1971, will be the architect of this project. Incorporating both new construction and the modifications of existing structures, K&A's primary focus is in providing problem solving techniques, translating the unique needs of each client into successful, economical and functional

projects. Some of the diverse K&A projects in New Jersey include the Boys & Girls Club of Camden County, Senior Community Center in Collingswood, Trinity Presbyterian Church in Cherry Hill, and Zane School Offices in Collingswood.

J. J. DeLuca Company, Inc. (“DeLuca”) has 25 years of construction-industry experience and has been selected as the construction manager. DeLuca, a Philadelphia based general contractor, is licensed in several states, including Maryland, Delaware, Pennsylvania and New Jersey, specializes in the construction of commercial and institutional buildings, including hospital, health care, retail, multi-family housing and a variety of senior living facilities. DeLuca projects in New Jersey include Northgate II Highrise in Camden, New Brunswick Hope VI in New Brunswick, Inglis Gardens at Evesham in Evesham, Acme in Avalon and Quakerbridge Auto Mall in Lawrenceville.

The feasibility proposal work has been overseen by a steering committee of 25 community leaders from the public, private, and non-profit sectors plus representatives from organized community groups. Lockheed Martin (“LM”) and the Greater Camden Partnership (“GCP”) offered the needed support to organize this effort. LM provided support staff and facilities for Salvation Army, and GCP’s membership and connections in Camden have been invaluable in the process. Salvation Army’s Advisory Board endorsed the plans and directed the efforts and several Advisory Board members were very active in the effort.

Project Summary:

The site on which the Kroc Center will be built consists of 24 acres at the northeast corner of State Street and Harrison Avenue. This is part of the 85-acre Harrison Avenue Landfill site. The site is owned by the Camden Redevelopment Agency (“CRA”) and requires no residential or business relocations. It is ideally located in one of the primarily residential neighborhoods in Camden and is within close proximity of the waterfront development area. The plan for the Kroc Center consists of an Arts Center, a Town Plaza, an Athletic Center, and a Family Education Center.

The Kroc Center is planned to encompass 120,000 sq. ft. of interior space and will be complemented by outdoor facilities, including basketball courts, baseball fields, tennis courts, play areas and an outdoor performance area. All playing fields will be provided within secured exterior grounds. The Kroc Center will offer 1) day camps for children and wellness and fitness programs for all ages; 2) family support, education, recreation and cultural arts programs and services; and 3) offer a place for under-served residents to come and learn, socialize and have fun enjoying organized activities.

Project Update

CRA and the Salvation Army entered into an option agreement effective September 2005 for the purchase of the project site. The option has since expired but CRA is honoring the agreement until the Redevelopment Plan is approved. The plan was presented to the Planning Board in July and was heard again in August. It is expected that the plan will be officially adopted in the first quarter of 2010. CRA has asked Salvation Army to be the redeveloper. It is anticipated that the Salvation Army will accept once the plan is

approved and agree to be the redeveloper for the development of the site to ensure that it is environmentally safe and suitable for the construction of the Kroc Center.

There will be no cost to the Salvation Army for this remediation. To date, HDSRF has approved \$11,026,000 and another \$1.5 million is anticipated in December. In addition, DEP spent \$5 million to address the areas of high contamination on the non-Kroc Center portion of the landfill. In addition, the New Jersey DEP Office of Brownfield Reuse has committed to assisting the CRA as necessary in obtaining expedited reviews, approvals, and funding for this remediation.

Remediation has begun on the site and the next project is the mining of dredge materials in Palmyra and the transportation of the material to the Harrison Avenue Landfill. Bid solicitation has been completed and Luzon, Inc. has been chosen. The mining project is scheduled to begin in mid-November and entails the movement of 221,000 cubic yards of material being mined, transported and stockpiled. This project will involve 100 trucks a day for a period of 4 months with a cost of \$1.8 million. The planned route avoids residential streets. The transportation of the material should be concluded by the end of January, 2010. Beginning in April 2010, the existing municipal solid waste on the Kroc Center portion of the landfill will be re-graded and covered with at least 2 feet of the clean dredge material. The municipal solid waste under the proposed Kroc Center building will be removed down to native soil and replaced with the clean dredge material. The entire plan for the transport and reuse of the dredge material has been developed with the supervision, assistance, approval and funding of the NJ Department of Environmental Protection (DEP) Office of Brownfield Reuse. DEP will also provide oversight of the fill transportation and placement.

The Salvation Army-Camden has also increased the number of employees as a result of the Kroc Center Campaign. Sixteen months ago a Development Director was hired to head the campaign to raise the \$10 million required. About ten months ago, a Program Director was hired to develop programs for the center and more recently a clerical position was established to support the two Directors.

Original Budget

Uses of Funds

Construction of New Building	\$20,408,990
Infrastructure	5,017,773
Contingency	3,000,000
Equipment	2,500,000
Land Acquisition	500,000
Total Uses of Funds	\$33,590,463

Sources of Funds

Ray and Joan Kroc Community Center Grant	\$27,000,000
ERB Non-Recoverable Infrastructure Grant	4,000,000
ERB Public Purpose Grant	1,000,000
Casino Reinvestment Development Authority	1,590,463

Total Sources of Funds \$33,590,463

Revised Budget

Uses of Funds

Site Work	\$668,844
Acquisition of Property	969,200
Architect	2,295,963
Engineer	973,458
Pre-design and Predevelopment	250,000
Construction	26,331,156
Furniture/Fixture/Equipment	1,400,000
Contingency	2,750,000
Other (Dedication/Groundbreaking)	100,000

Total Uses of Funds **\$36,238,621**

Sources of Funds

Ray and Joan Kroc Community Center Grant	27,000,000
ERB Non-Recoverable Infrastructure Grant	4,000,000
ERB Public Purpose Grant	1,000,000
Capital Campaign	4,238,621

Total Sources of Funds **\$36,238,621**

The Salvation Army, USA will provide the bridge financing during construction

Design development drawings have been completed. Construction drawings are 90% complete. The Site Plan is ready, but submission is expected after the approval of the Redevelopment Plan. The Redevelopment Plan has been to the Planning Board twice. The Plan and the comments are being reviewed by outside counsel prior to the Planning Board's deliberation. Following deliberation, the Board will make its recommendation to City Council regarding the adoption of the underlying ordinance, which is anticipated at during the first quarter of 2010. The formal groundbreaking was held on October 1 and another for the community was held on October 3. Completion of the project is expected by December 2011.

Security and Repayment:

ERB's \$1,000,000 public purpose grant will be secured by a performance mortgage of which 10% will be forgiven each year over a ten-year period, provided the Salvation Army operates the facility as stated.

Disbursement of Funds:

The ERB funds will be disbursed based on submission of invoices for work performed submitted by the Salvation Army, a receipt of a Certificate of Occupancy, a Service Agreement for the \$1 million Public Purpose Grant, and a performance mortgage.

Project Eligibility and Benefits:

The Kroc Center advances the goal of the Strategic Revitalization Plan and meets the requirements of a revitalization project.

Conservatively, The Kroc Center estimates during its construction period, it will produce 110 local full-time jobs and 210 Camden area full-time positions. During its operation, the center will generate 60 local full-time positions and 95 Camden area part-time positions. Positions range from a General Manager, Aquatics Supervisor, Social Worker and Teen/Game Attendant. In addition, four departments of the Kroc Center, Administration, Program Management and Facility Operations will be looking to fill several positions. Camden residents will be sought for these jobs which will help prepare them for other employment opportunities through focused training and job readiness programs. There will also be a pool of volunteers assisting the Kroc Center.

The Kroc Center will fill a need in Camden for a place where children can play in a safe environment, where young people can find positive role models, where adults can learn the life skills to live as productive, contributing members of society and senior citizens can enjoy socializing in a safe and clean environment.

The project is eligible for the \$4,000,000 non-recoverable infrastructure grant as the ERB Guide to Program Funds project assistance guideline #4, allows for grants up to 100% of the total project costs not to exceed \$5,000,000, for the installation of utilities, sewers, roads, streetscape, sidewalks and related improvements. The ERB infrastructure grant will be used for sports fields and courts, retaining walls, parking lot, curbing, fencing, utilities, grass pavers, trees, installation of a methane system, and piles.

The project is also eligible for a \$1,000,000 a public purpose project grant. Under the ERB Guide to Program Funds project assistance guideline #9, allows for grants not to exceed 50% of the total cost of the project with a maximum grant amount of \$1,000,000 for projects that address a documented need with the likelihood of timely and demonstrable benefits for residents, a neighborhood or other area or for the municipality in general. The project may be privately or publicly sponsored. If necessary, the project may collect reasonable fees from users to sustain operations. The project must be available to intended users on a non-exclusive basis.

The project is eligible for funding under the ERB's general criteria for project financing (#1 a,b,c,d) and priority objectives for projects in Transitional/Future Development areas objectives (#3 a,b,ci, cii, ciii, and civ). There are sufficient funds available for this \$5,000,000 in total ERB funding requested through the Demolition and Redevelopment Financing Fund. Further, the project is eligible for grant assistance as a public purpose project because it scored 35 points based on a total of 41 points per the scoring guidelines.

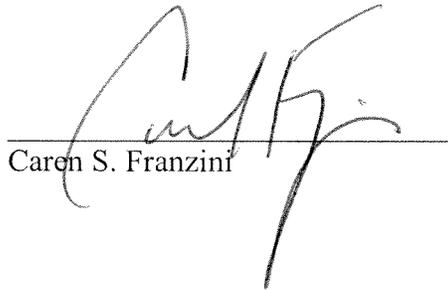
Contingencies:

1. Prior to closing on the ERB grant, the Salvation Army must provide commitments and/or evidence of funding from the Ray and Jean Kroc Corps Foundation, The Salvation Army USA, and/or other sources of funds needed to complete the project should these funds not be available.
2. \$4,238,631 in Capital Campaign Funding
3. Salvation Army entering into an Annual Service Charge Agreement with the City of Camden.

Recommendation:

Staff has reviewed the modification for consistency with the Act, the Master Plan and the Strategic Revitalization Plan adopted by the Board at its June 20, 2003 meeting. The project continues to meet the eligibility and statutory requirements and will enhance the overall revitalization of the City of Camden.

The Members of the ERB approved this extension at its meeting on October 27, 2009. Accordingly, the Members of the Authority are asked to approve the funding authorization for an extension of a \$4,000,000 non-recoverable infrastructure grant and a \$1,000,000 public purpose grant to The Salvation Army, a New York Corporation (“Salvation Army”) until December 31, 2011. The ERB Grant will be used to fund a portion of the permanent financing of the Kroc Corp Community Center (“Kroc Center”) in the Cramer Hill section of Camden. The funds will be provided from the Demolition and Redevelopment Financing Fund established through the “Municipal Rehabilitation and Economic Recovery Act”.


Caren S. Franzini

Prepared by:

Vivian Pepe, Business Development Officer/South

**PETROLEUM UNDERGROUND STORAGE TANK
PROGRAM**



MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: November 10, 2009
SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

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

<u>Private Grants:</u>	
James Boyce	\$108,545
Total UST funding for November 2009.	\$108,545

Prepared by: Lisa Petrizzi

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

APPLICANT: James Boyce

P28521

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 14 Alfred Way

Hopatcong Borough (N)

Sussex

GOVERNOR'S INITIATIVES:

() Urban Fund () Other Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

James Boyce is a homeowner who received a grant in the amount of \$6,436 in October 2004 under P16060 and a grant in the amount of \$8,977 in February 2007 under P17744 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 remedial activities and site restoration.

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

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of \$108,545 to perform the approved scope of work at the project site, for a total funding to date of \$123,958.

The NJDEP oversight fee of \$10,855 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\$108,545

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade,Closure,Remediation	\$108,545
NJDEP oversight cost	\$10,855
EDA administrative cost	\$250
TOTAL COSTS	\$119,650

APPROVAL OFFICER: L. Petrizzi



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: November 10, 2009

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

Pursuant to the Boards approval on May 9, 2006, the Chief Executive Officer ("CEO") and Sr. Vice-President ("SVP") of Operations have been given the authority to approve initial grants under the Hazardous Discharge Site Remediation Fund and Petroleum Storage Tank programs up to \$100,000 and supplemental grants up to an aggregate of \$100,000.

In August 2006, the Petroleum Underground Storage Tank Program legislation was amended to allow funding for the removal/closure and replacement of non-leaking residential underground storage tanks. The limits allowed under the amended legislation are \$1,200 for the removal/closure and \$3,000 for the removal/closure and replacement of a non-leaking residential underground storage tank.

Below is a summary of the Delegated Authority approvals processed by Program Services for the period October 01, 2009 to October 31, 2009

Summary:	# of Grants	\$ Amount
Leaking tank grants awarded	42	\$796,679
Non-leaking tank grants awarded	171	\$445,067

Applicant	Description	Grant Amount	Awarded to Date
Allen, Richard J. and Marsha V. (P28513)	Initial grant for site remediation	\$3,000	\$3,000
Appello, Anthony and Sheila (P27990)	Initial grant for upgrade, closure and remediation	\$4,730	\$4,730
Baldwin, Chris (P27787)	Initial grant for upgrade, closure and remediation	\$6,767	\$6,767
Berube, Ronald (P28045)	Initial grant for upgrade, closure and remediation	\$16,524	\$16,524
Bianco, Richard (P26582)	Initial grant for upgrade, closure and remediation	\$9,995	\$9,995
Carroll, Steve (P28468)	Initial grant for upgrade, closure and remediation	\$4,277	\$4,277
David, Adkins (P27833)	Initial grant for upgrade, closure and remediation	\$6,835	\$6,835
Emmanuel Auto Service (P28175)	Supplemental grant for upgrade, closure and remediation	\$44,868	\$81,055
Fisezi, Michael J. (P28374)	Supplemental grant for upgrade, closure and remediation	\$4,427	\$21,407
Fond, Barry A. (P27997)	Initial grant for upgrade, closure and remediation	\$8,639	\$8,639

Applicant	Description	Grant Amount	Awarded to Date
Francis, Flammarion (P28384)	Supplemental grant for upgrade, closure and remediation	\$19,707	\$31,475
Hanley, Valerie (P27290)	Initial grant for upgrade, closure and remediation	\$10,129	\$10,129
Harrington, William (P27174)	Initial grant for upgrade, closure and remediation	\$98,520	\$98,520
Harvey, Leroy (P26990)	Initial grant for upgrade, closure and remediation	\$87,061	\$87,061
Khan, MD Mahabub (P27993)	Initial grant for upgrade, closure and remediation	\$25,947	\$25,947
Kolby, Cynthia (P27806)	Supplemental grant for upgrade, closure and remediation	\$2,296	\$12,326
Lattanzio, Patricia (P28188)	Supplemental grant for upgrade, closure and remediation	\$15,288	\$108,979*
Lembeck, Carol and George (P26704)	Initial grant for upgrade, closure and remediation	\$3,363	\$3,363
Mackenzie, James and Beth (P27947)	Initial grant for upgrade, closure and remediation	\$8,979	\$8,979
Manganaro, Phyllis (P27800)	Initial grant for upgrade, closure and remediation	\$18,197	\$18,197
Martinez, Richard (P27502)	Initial grant for upgrade, closure and remediation	\$9,389	\$9,389
Matthews, Steven (P27624)	Initial grant for upgrade, closure and remediation	\$6,457	\$6,457
Menza, Daniel (P28471)	Initial grant for upgrade, closure and remediation	\$30,754	\$30,754
Merrill, Dana (P27784)	Initial grant for upgrade, closure and remediation	\$46,733	\$46,733
Morando, James and Denise (P27980)	Initial grant for upgrade, closure and remediation	\$24,247	\$24,247
Mulligan, Patrick (P27732)	Initial grant for upgrade, closure and remediation	\$13,600	\$13,600
Noble, Keith (P28190)	Supplemental grant for upgrade, closure and remediation	\$6,057	\$20,493
Nunes, Mario (P27289)	Initial grant for upgrade, closure and remediation	\$17,910	\$17,910
Orchard, Cathleen and Robert (P27986)	Initial grant for upgrade, closure and remediation	\$3,314	\$3,314
Petrucha, Richard and Ellen (P28554)	Supplemental grant for upgrade, closure and remediation	\$6,468	\$26,007
Pickail, Charles (P28462)	Initial grant for upgrade, closure and remediation	\$5,409	\$5,409
Poulsen, Brady (P27671)	Initial grant for upgrade, closure and remediation	\$36,266	\$36,266
Presto, Patrick (P27816)	Initial grant for upgrade,	\$6,966	\$6,966

Applicant	Description	Grant Amount	Awarded to Date
	closure and remediation		
Quinn, Frances (P28550)	Supplemental grant for upgrade, closure and remediation	\$6,234	\$36,066
Rafferty, Michael and Virginia (P27169)	Initial grant for upgrade, closure and remediation	\$23,676	\$23,676
Raggio, Patricia A. (P28342)	Supplemental grant for upgrade, closure and remediation	\$1,700	\$6,825
Rose, James (P27943)	Initial grant for upgrade, closure and remediation	\$19,072	\$19,072
Tortorello, Marie (P27500)	Initial grant for upgrade, closure and remediation	\$44,940	\$44,940
Vandeman, Kelly (P27811)	Initial grant for upgrade, closure and remediation	\$12,693	\$12,693
Vanderveer, Howard and Rosalind (P26681)	Supplemental grant for upgrade, closure and remediation	\$3,843	\$14,857
White, Joseph S. and Cynthia (P27960)	Supplemental grant for upgrade, closure and remediation	\$5,318	\$16,328
Zajac, Carol (P28382)	Supplemental grant for upgrade, closure and remediation	\$66,084	\$179,463*

42 Grants

**Total Delegated Authority
funding for Leaking
applications.**

\$796,679

Abatemarco, Beatrice and Michael (P28476)	Grant to remove an underground storage tank	\$1,200	\$1,200
Abdelhafez, Mohamed and Nina Jochowitz (P28761)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Adams, Fred (P28423)	Grant to remove an underground storage tank	\$1,200	\$1,200
Aiello, Megan and Frank (P28289)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Alea, Renato M. and Iluminada S. (P28508)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Asfor, Anthony and Judith (P27596)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Aurand, Gary (P28405)	Grant to remove an underground storage tank	\$1,200	\$1,200
Awadallah, Mohammed and Maha (P28581)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,412	\$2,412
Balk, Ruslan and Tatyana	Grant to remove an underground	\$3,000	\$3,000

Applicant	Description	Grant Amount	Awarded to Date
(P28182)	storage tank and install an above ground storage tank		
Becker, Betty Lynn and Charles R. (P28507)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Becker, Henry and Theresa (P28873)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Beers, Robert and Stephanie (P28668)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Bell, David T. and Denise M. (P28399)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Bellows, Scott and Donna (P28396)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,847	\$2,847
Benner, William and Catalina (P28490)	Grant to remove an underground storage tank	\$1,200	\$1,200
Bercarich, Walter and Florence (P28450)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Berkery, John W. and Diana (P28622)	Grant to remove an underground storage tank	\$1,200	\$1,200
Bertram, Peter M. and Anita R. (P28400)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,625	\$2,625
Bohanan, Clifton and Joyce A. (P28702)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Bohomolec, Michael and June Kirk (P28402)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,811	\$2,811
Bosco, Robert V. (P28348)	Grant to remove an underground storage tank	\$1,200	\$1,200
Brundage, Paul and Noemi (P28583)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Bruno, Filomena A. (P28480)	50 % grant to remove an underground storage tank	\$600	\$600
Buck, Brian R. and Colleen O. (P28683) Tank A	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Bugyi, Paul and Doris (P28546)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Buist, Dorothy (P28327)	Grant to remove an underground	\$3,000	\$3,000

Applicant	Description	Grant Amount	Awarded to Date
	storage tank and install an above ground storage tank		
Burdick, David C. (P28689)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Byma, Richard and Rosina (P28240)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Calabrese, Michael (P28266)	Grant to remove an underground storage tank	\$1,200	\$1,200
Camera, John and Leonore (P28230)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Carlotz, Joseph and Marsha (P28575)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,988	\$2,988
Carter, Ann and Brian (P28360)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Choo, Yong and Insoon (P28502)	Grant to install an above ground storage tank	\$3,000	\$3,000
Connolly, Steve and Karen (P28474)	Grant to remove an underground storage tank	\$1,200	\$1,200
Conroy, Robert and Laurie (P28494)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,770	\$2,770
Cooke, Robert and Laura Geran (P28505)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Crozier, John and Diane (P28840)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,188	\$2,188
DeGroot, Thomas, Jr. and Deborah (P28285)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
DeLeo, Craig (P27444)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Demsy, Edward and Lynn (P28415)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,900	\$2,900
Devlin, George and Joyce (P28495)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
DiTroia, Kerry (P27845)	Grant to remove an underground storage tank	\$1,200	\$1,200
Diez, Mario and Janice	Grant to remove an underground	\$1,200	\$1,200

Applicant	Description	Grant Amount	Awarded to Date
(P28429)	storage tank		
Dimpegno, Margaret (P28064)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Duerr, Barbara and Paul (P28290)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Earley, Kathleen (P28644)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Ewasko, Elaine (P28708)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Fahmie, Nicholas (P28485)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Falcone, Joseph and Lisa (P28459)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Faletti, Michael and Maureen (P28306)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Ferguson, Doug and Dona (P28837)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Festa, Arthur and Anna (P28518)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Fisher, Joseph F. (P28686)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Fossetta, Robert F. and Linda S. (P28493)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Garcia, Aureliano and Margarita (P28642)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,997	\$2,997
Gargiulo, Jeff and Laura (P28358)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Gavito, David and Heather S. (P28657)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Gazzo, Barbara (P28728)	Grant to remove an underground storage tank	\$1,200	\$1,200
Geiger, Patrick (P28487)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000

Applicant	Description	Grant Amount	Awarded to Date
Geraghty, Audrey and John D. Ware (P28440)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Gerber, Brian and Michelle (P28013)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Gianni, Mariano and Josephine (P28291)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Good, Raymond and Eleanore (P28555)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,900	\$2,900
Gordon, Guy and Laurie (P28543)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Gorman, Margaret and Matthew (P28448)	Grant to remove an underground storage tank	\$1,200	\$1,200
Greco, Anthony and Christine (P28771)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,988	\$2,988
Green, Clarence and Patrice Tank A (P28704)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Greenberger, Nathan and Ritane (P28674)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Gurth, Matthew and Laura (P28706)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Haggerty, Darren (P28132)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,921	\$2,921
Hall, Daniel and April (P27736)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Haun, Eric J. (P28537)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,953	\$2,953
Heil, Richard F. and Sharon L. (P28707)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Heller, Matthew (P27018)	Grant to remove an underground storage tank	\$1,200	\$1,200
Herold, Phillip J. and Barbara J. (P28488)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,930	\$2,930
Honickman, Irwin (P28604)	Grant to remove an underground storage tank and install an above	\$3,000	\$3,000

Applicant	Description	Grant Amount	Awarded to Date
	ground storage tank		
Hunt, Mark L. and Mary A. (P28753)	Grant to remove an underground storage tank	\$1,045	\$1,045
Hurley, Robert and Janice (P28656)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Huston, George (P28497)	Grant to install an above ground storage tank	\$3,000	\$3,000
Jawor, Dennis and Linda (P28512)	Grant to remove an underground storage tank	\$1,200	\$1,200
Jensen, Tom and Lisa (P28426)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Johnson, Edward and Connie (P28772)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,988	\$2,988
Juliano, Clara (P28173)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Kade, Monika (P28784)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Kale, Jeffrey N. and Robin J. (P28209)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Katechis, Spiro and Dawn (P28482)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Kazmierski, Peter and Ann (P28325)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Kerwin, Lynda (P28586)	Grant to remove an underground storage tank	\$1,200	\$1,200
Klein, Richard and Gladys (P28705)	Grant to remove an underground storage tank	\$1,200	\$1,200
Knight, Martha E. and Kevin R. (P28107)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Kokawski, Elaine and Richard (P28871)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Koss, Fred (P28496)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Kuhn, Gary (P28511)	Grant to remove an underground storage tank	\$1,200	\$1,200
L'Estrange, Fiona (P28768)	Grant to remove an underground	\$3,000	\$3,000

Applicant	Description	Grant Amount	Awarded to Date
	storage tank and install an above ground storage tank		
LaParch, Kenneth H. and Jennifer A. (P28397)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Lacher, Edward (P28311)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Lane, Patricia (P28835)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,897	\$2,897
Larson, Sr., Charles (P28538) Tank B	Grant to remove an underground storage tank	\$1,200	\$1,200
Larson, Sr., Charles (P28539) Tank A	Grant to remove an underground storage tank	\$1,200	\$1,200
Laurie, Robert and Genine (P28541)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Leppert, Lesley and Jon McKeever (P28422)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Liekfet, Fred R., Sr. and Doris E. (P28498)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Lightcap, Marlene (P27191)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Linskey, Theresa (P28536)	Grant to remove an underground storage tank	\$1,200	\$1,200
Lore, Janet and Duane (P28406)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,391	\$2,391
Maceyak, Fran and Edward (P28144)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Manzi, Thomas and Elizabeth (P28534)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Martell, Harry R. (P28544)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Mason, Roger A. (P28329)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,975	\$2,975
McAlonie, Jacqueline F. (P28745)	Grant to remove an underground storage tank	\$1,200	\$1,200

Applicant	Description	Grant Amount	Awarded to Date
McCoy, Tonia and Thomas (P28565)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
McDurmon, Patricia M. (P28241)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,600	\$2,600
Mensel, Richard and Julie (P28738)	Grant to remove an underground storage tank	\$1,200	\$1,200
Meyer, Sharon (P28653)	Grant to install an above ground storage tank	\$2,930	\$2,930
Micich, Audrey (P28298)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,759	\$2,759
Moffitt, Harry J. (P28071)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Monaghan, Kathleen and Larry (P26588)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Monroe, Robert and Bogumila (P28357)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Mooney, Jr., John and Kim (P28516)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,936	\$2,936
Morrow, Matthew C. and Elaine M. (P28277)	Grant to install an above ground storage tank	\$3,000	\$3,000
Myhovych, Inna and Petro (P28039)	Grant to remove an underground storage tank	\$1,200	\$1,200
Newhart, Patricia (P28248)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,700	\$2,700
Nicholas, Elizabeth (P28304)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Niemiera, Joseph and Gina (P28250)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Nimbley, Arthur J., III and Allyson M. (P28608)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Niziol, Stephen and Teresa (P28609)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Nolan, Sean E. and Patience M. (P28563)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000

Applicant	Description	Grant Amount	Awarded to Date
Ortiz, Edna E. (P28243)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Panzica, James (P28181)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,675	\$2,675
Pedersen, Christian and Sandra (P28506)	50 % grant to remove an underground storage tank and install an above ground storage tank	\$1,500	\$1,500
Pepe, Joseph, Sr. and Marcia (P27812)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Racich, Claire (P28739)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Reichenbach, Kathleen (P28227)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Renard, Michael J. and Lynne C. (P28587)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Reveal, Daniel E. and Karen H. (P28531)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Ricciardi, Jim and Dorothy (P28525)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,501	\$2,501
Rice, Nicole and James, Jr. (P28355)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Richards, Wayne and Doris (P28688)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,990	\$2,990
Richmond, James and Laurie (P28693)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Ritchie, David G. , III and Patsy F. (P28577)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Roberts, Diana (P28517)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Roth, Alvin M. and Louise E. (P28662)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Sanchez, Miguel (P28428)	Grant to remove an underground storage tank and install an above	\$3,000	\$3,000

Applicant	Description	Grant Amount	Awarded to Date
	ground storage tank		
Sally, Dennis and Eileen M. (P28744)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,250	\$2,250
Schifman, Kari (P28887)	Grant to remove an underground storage tank	\$1,200	\$1,200
Schneider, Roy and Linda (P28592)	Grant to remove an underground storage tank	\$1,200	\$1,200
Scott, Georgette and Christopher (P28260)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,800	\$2,800
Shannon, Brian and Karen (P28479)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,300	\$2,300
Shaw, Joseph J. and Margaret E. (P28576)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,988	\$2,988
Shields, David A. and Amy E. (P28365)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Skorupski, Susan (P28556)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,300	\$2,300
Spagnolia, Ronald J. and Marguerite A. (P28478)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
St. Raphael the Archangel Episcopal Church (P26671)	Grant to remove an underground storage tank	\$1,200	\$1,200
Stearns, Walter and Mary (P28515)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Sullivan, Peter J. and Denise (P28692)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Suppa, Rinaldo (P28441)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,810	\$2,810
Svenson, Terry (P28163)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,964	\$2,964
Taylor, Josephine (P28113)	Grant to install an above ground storage tank	\$3,000	\$3,000
Tessler, Ari and Yitel (P28431)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Tischler, Herbert (P28072)	Grant to remove an underground storage tank	\$1,200	\$1,200

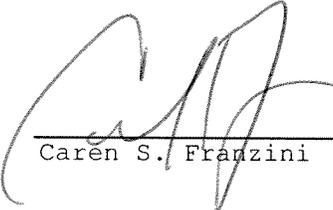
Applicant	Description	Grant Amount	Awarded to Date
Titus, Soon S. (P28274)	50 % grant to remove an underground storage tank and install an above ground storage tank	\$1,500	\$1,500
Trenk, Fred and Cheryl (P28491)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Varga, Jerald and Lori (P28582)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Wargo, Stasia (P28760)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Weiss, Nachum and Reillah (P27894)	Grant to remove an underground storage tank	\$1,200	\$1,200
White, John and Kathryn (P28646)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Whitney, Aaron and Annie (P28401)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,650	\$2,650
Wilson, Kenneth E. and Donna M. (P28473)	Grant to remove an underground storage tank	\$1,200	\$1,200
Wohl, Phyllis (P28630)	Grant to remove an underground storage tank and install an above ground storage tank	\$2,988	\$2,988
Zeek, David (P28410)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000
Zimmer, Andrew (P28251)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,000	\$3,000

171 Grants

**Total Delegated Authority
funding for Non-Leaking
applications.**

\$445,067

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



Carén S. Franzini

**HAZARDOUS DISCHARGE SITE REMEDIATION FUND
PROGRAM**



MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: November 10, 2009
SUBJECT: Hazardous Discharge Site Remediation Fund Program

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

<u>Municipal Grant:</u>	
Borough of Glassboro (Frm. Migrant Worker's Camp).....	\$170,035
<u>Private Loan:</u>	
Seaboard Service	\$493,338
Total HDSRF funding for November 2009.....	\$663,373

Prepared by: Lisa Petrizzi

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

APPLICANT: Borough of Glassboro (Frm. Migrant Worker's Camp)

P28615

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 152 South Delsea Drive

Glassboro Borough (T/UA)

Gloucester

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

The Borough of Glassboro received a grant in March 2008 under P19771 in the amount of \$77,704 to perform Remedial Investigation (RI) activities. The project site, identified as Block 427, Lots 16 and 31.01 is a former migrant labor camp for area farmers which has potential environmental areas of concern (AOC's). The Borough of Glassboro currently owns the project site and has satisfied Proof of Site Control. It is the Borough's intent, upon completion of the environmental investigation activities, to redevelop the project site as a municipal park and recreation center.

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

APPROVAL REQUEST:

The Borough of Glassboro is requesting supplemental grant funding to perform additional RI activities in the amount of \$170,035 at the Former Migrant Worker's Camp project site, for a total funding to date of \$240,675.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$170,035

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$170,035
EDA administrative cost	\$500
TOTAL COSTS	<u><u>\$170,535</u></u>

APPROVAL OFFICER: C. Cope

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS DISCHARGE SITE REMEDIATION PROGRAM**

APPLICANT: Seaboard Service

P27170

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 1630-1636 Poplar Road

Ocean Township (N)

Monmouth

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Seaboard Services, Inc. ("SSI") owns the property located at 1630-1636 Poplar Road in Ocean which is in need of environmental remediation. SSI is responsible for 50% of the clean-up cost with the prior owner, OXY USA, Inc., responsible for the other half. In 2007, SSI received a \$750,000 HDSRF loan to partially fund the remediation. Subsequently, the project costs have increased and the company is requesting a supplemental loan in the amount of \$493,338. NJDEP has reviewed the project and determined that the costs are technically eligible. In addition, NJDEP stated that the project requires special consideration as there is an immediate environmental concern since the location is in a residential area and there is the potential for offsite migration of contaminants. SSI is not currently generating any revenue and intends to sell the property upon completion of the remediation.

APPROVAL REQUEST:

Approval is recommended for a \$493,338 loan as proposed due to the immediate environmental concern. In addition, the property will be sold upon completion of the remediation and the proceeds will be used to repay the proposed loan.

FINANCING SUMMARY:

LENDER: Hazardous Discharge Site Remediation Fund

AMOUNT OF LOAN: \$493,338

TERMS OF LOAN: 3-year term with no monthly payments required. Interest to be accrued and capitalized. Principal plus all accrued interest is due upon maturity or sale of the property.

PROJECT COSTS:

Remedial Action	\$493,338
EDA administrative cost	\$5,434
TOTAL COSTS	\$498,772

APPROVAL OFFICER: S. Brady



TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

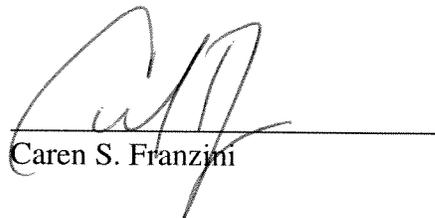
DATE: November 10, 2009

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

Pursuant to the Board's approval on May 9, 2006, the Chief Executive Officer ("CEO") and Sr. Vice-President of Operations ("SVP") have been given the authority to approve initial grants under the Hazardous Discharge Site Remediation Fund and Petroleum Underground Storage Tank programs up to \$100,000 and supplemental grants up to an aggregate of \$100,000.

Below is a summary of the Delegated Authority approval processed by the Division of Program Services for the month of October 2009.

Applicant	Description	Grant	Awarded to Date
Zigmund Sulewski P28141	25% matching grant to perform remedial action activities	\$49,333	\$49,333
Wycoff Cleaners P27863	Supplemental 25% matching grant to perform remedial action activities	\$23,903	\$102,677
2 Grants	Total Grant Funding for October 2009	\$73,236	



Caren S. Franzini

Prepared by: Lisa Petrizzi, Sr. Finance Officer

CLEAN ENERGY PROGRAMS

MEMORANDUM

TO: EDA Board Members

FROM: Caren S. Franzini
Chief Executive Officer

RE: New Jersey Clean Energy Solutions:
Clean Energy Solutions Capital Investment
For Information Only

DATE: November 10, 2009

This memo was drafted as a follow up to a discussion that took place at the Directors Loan Review Committee on November 2, 2009. This memo is for informational purposes only to give the Board additional background on how the EDA is planning to address Renewable Energy Certificate (REC) collateral that will be pledged as a part of financing clean energy projects under the Clean Energy Solutions Capital Investment program.

All solar system projects with grid connected generators that have participated and passed an inspection by the New Jersey Clean Energy Program can sell and trade Solar Renewable Energy Credits (SREC). SRECs are a part of a larger class of RECs and in many cases are considered an “environmental attribute” of the project or system. An SREC is a tradable certificate that represents all the clean energy benefits of electricity generated from a solar electric system. A SREC can be sold or traded separately from the power. The SREC is issued once a solar facility has generated 1,000 kWh of production. SRECs have a market value and therefore serve as a source of revenue and financing for the solar project.

For projects applying for financing under the Clean Energy Solutions Capital Investment Program (“CESCI”), the EDA will include in its collateral all environmental attributes associated with the project, including in the case of solar photovoltaic projects – SRECs. In addition to including SRECs specifically as collateral, in the case where applicants cannot meet a debt service coverage ratio (“DSCR”) of 1.2x the EDA will require an actual assignment of SREC proceeds to the level such that the SRECs combined with other company cash flows represent a DSCR of at least 1.2x.

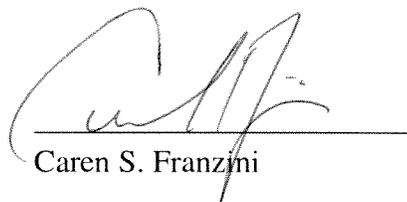
As staff has reviewed the financing structures of various solar projects submitted under the CESCI program, an opportunity presents itself for the Authority to adopt a renewable energy credit policy that would provide for accelerated payment of principal to result in expedited loan satisfaction and recycling of funds back to the CESCI fund that would in turn allow for more loans under the program, which is currently oversubscribed by more than \$100 million

in requests. For all solar projects, in addition to its annual loan payment obligation (amortized over 10 years, paid monthly) the applicant will be required on an annual basis to remit all monies received from SREC sale proceeds up to an amount that is proportional to the contribution EDA's financing represents in total project costs. For example, if EDA provides \$5MM to support a project with total project costs of \$10MM, this represents a 50% contribution. In this case, in addition to its annual loan payment obligation, the borrower would be required to remit all monies received from SREC sale proceeds during the annual period in an amount that would equal up to 50% of the total annual SREC proceeds received by the borrower. If debt service coverage is below 1.2x, the applicant will also be required to remit additional SREC proceeds sufficient to cover the gap.

EDA will provide for an annual "true up" date to capture the annual SREC monies due. In the event the borrower does not sell any SRECs during the previous year, no payments will be due beyond its annual loan payment obligation. Note that our collateral will likely speak to the broader concept of environmental attributes and to the extent we contemplate projects that have the ability to generate other environmental attributes, we may want to extend this concept to capture those as well (e.g. Offshore Wind – ORECs, other Class 1 – RECs).

Currently, personal guarantees are required for any project that does not meet the 1.2x debt service coverage requirement. This policy also allowed for the pledge of other assets equal to 120% of the CESCO loan amount. This could include other collateral and/or assignment of assets (e.g. renewable energy credits), in lieu of the guarantees. The new policy requires the remittance of SREC proceeds from all solar projects, which brings all projects to debt service coverage of a minimum 1.2x. Therefore, the requirement for guarantees is no longer necessary.

In the event there are projects that have financial models that do not fit the above policy, staff will review the requests and make appropriate recommendations to the Board to consider.



Caren S. Franzini

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - CLEAN ENERGY SOLUTIONS CAPITAL INVESTMENT PROGRAM**

APPLICANT: Fishermen`s NJ Offshore Windfarm, LLC

P28876

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: [not applicable - project is Atlantic City (T)

Atlantic

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Fishermen's NJ Offshore Windfarm, LLC is a special-purpose entity, formed and owned 100% by Fishermen's Energy of New Jersey, LLC, to sponsor and own a 350MW offshore wind farm. Based in Cape May, New Jersey, Fishermen's Energy of New Jersey, LLC is an offshore wind-energy developer, founded in 2007 and owned by a group of individuals who own and operate commercial fishing companies based in New Jersey.

This project involves the construction of a meteorological tower in the Atlantic Ocean at a location approximately 10 miles east off the coast of Atlantic City, NJ.

APPROVAL REQUEST:

A \$3,074,000 term loan under the Clean Energy Solutions Capital Investment program is requested.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$3,074,000

TERMS OF LOAN: Eleven months no payments, followed by a final payment of all outstanding principal. Zero percent interest rate.

PROJECT COSTS:

Tower Construction	\$4,680,077
Soft Costs	\$970,328
Tower Equipment	\$497,600
TOTAL COSTS	<u><u>\$6,148,005</u></u>

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

DEVELOPMENT OFFICER: R. Fischer

APPROVAL OFFICER: D. Lawyer

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - CLEAN ENERGY SOLUTIONS CAPITAL INVESTMENT PROGRAM

APPLICANT: Mejor Betty, LLC

P28461

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 36 Butler St

Elizabeth City (T/UA)

Union

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Mejor Betty, LLC., ("Mejor" or the "Company") is a real estate holding company that owns a 400,000 square foot commercial building operating under the trade name of the Elizabeth Industrial Center, LLC. The Elizabeth Industrial Center is currently leased to 13 commercial businesses.

This project involve Mejor's purchase and installation of a 650kW solar electric system consisting of 3,025 215 WDC solar panels. The solar system is estimated to reduce greenhouse gas (GHG) emissions by 11,671 Metric Tons over its 25-year useful life.

APPROVAL REQUEST:

A \$2,000,000 term loan under the Clean Energy Solutions Capital Investment program is requested.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$2,000,000

TERMS OF LOAN: Ten-year full payout. Zero percent interest rate.

PROJECT COSTS:

Solar System	\$4,000,000
TOTAL COSTS	<u>\$4,000,000</u>

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

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: D. Lawyer

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - CLEAN ENERGY SOLUTIONS CAPITAL INVESTMENT PROGRAM**

APPLICANT: Merlin Industries, Inc

P28574

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 2904 E. State Street Extension Hamilton Township (T)

Mercer

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Merlin Industries, Inc. ("MI") is a manufacturer and distributor of pool covers and liners. The company is seeking to purchase a 383kW solar electric system that is expected to save the applicant approximately \$50,000 in annual energy expenses. The project has a total cost of \$2,007,300 and will be funded via a \$405,110 loan from Bank of America, a \$602,190 Federal grant and a \$1 million CESCO loan.

APPROVAL REQUEST:

Approval is recommended for a \$1 million CESCO loan as proposed.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$1,000,000

TERMS OF LOAN: 10-year term and amortization. 0% interest rate.

PROJECT COSTS:

Purchase of equipment & machinery	\$2,007,300
TOTAL COSTS	<u>\$2,007,300</u>

JOBS: At Application 189 Within 2 years 10 Maintained 189 Construction 0

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: S. Brady

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - CLEAN ENERGY SOLUTIONS CAPITAL INVESTMENT PROGRAM**

APPLICANT: Nautilus Solar WPU, LLC

P28571

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 300 Pompton Rd.

Wayne Township (N)

Passaic

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Nautilus Solar Energy, LLC was founded in 2006 and operates as a developer, financier, owner and operator of solar energy facilities. They have projects in operation, construction and development in the Northeast, Southwest and Western US. Nautilus delivers clean, renewable electricity to commercial, industrial, not for profits, schools and municipalities.

The borrower is a new, single purpose entity which will own assets specifically for a project to benefit William Paterson University, a public institution founded in 1855 with over ten thousand students and 1,100 employees. The solar system being installed is estimated at 3 mega-watts and will produce roughly 3,450,000 kilo-watt hours of clean renewable energy in its initial year of operation.

APPROVAL REQUEST:

Approval is recommended for a \$5 million loan from the Clean Energy Solutions Capital Investment Program which when combined with \$5.9 million in equity from the applicant's majority owner and a \$4.7 million federal grant will collectively provide the necessary funds to complete this project.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$5,000,000

TERMS OF LOAN: Ten-year full payout. Zero percent interest rate.

PROJECT COSTS:

Purchase of equipment & machinery	\$15,418,000
Legal fees	\$125,000
Accounting fees	\$25,000
TOTAL COSTS	\$15,568,000

JOBS: At Application 6 Within 2 years 10 Maintained 0 Construction 0

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: M. Conte

INCENTIVE PROGRAMS

BUSINESS EMPLOYMENT INCENTIVE PROGRAM

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

APPLICANT: Atlantic Coast Media Group, LLC

P29034

PROJECT LOCATION: 50 Harrison Street

Jersey City (T/UA)

Hudson County

GOVERNOR'S INITIATIVES:

Urban Fund Other Urban Edison Core Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Atlantic Coast Media Group, LLC (ACMG), formed in 2005 in Virginia, moved to New Jersey with the acquisition of Urban Nutrition, a Hoboken based company. The applicant is one of the leading multi-channel direct marketers of proprietary health and beauty brands for the age defiant "baby boomer" generation, utilizing TV, print, direct mail, online and radio, all directed to the consumer end user. Among the products marketed by ACMG are Hydroxatone for anti-wrinkle, Hydrolyze for under eye dark circles, Celtrixa for stretchmarks, and Restaid for sleep. ACMG employs 196 people, with 187 employees in NJ. In fiscal 2008 employee count increased 95%, with a 65% increase in headcount in fiscal 2009 to date. In addition, the applicant outsources its call center to a group in Dover, New Hampshire, and certain fulfillment activity to a company in Connecticut. The applicant is economically viable.

MATERIAL FACTOR:

Atlantic Coast Media Group, LLC is seeking a BEIP grant to create 304 new jobs in Jersey City to support its growth trend. Also under consideration is moving administrative staff and warehouse staff, approximately 64 jobs, to Dover, New Hampshire, and increase usage of their current outsourced call center vendor. This would result in the loss of 187 jobs for New Jersey. Management is projecting cost to move to a new facility in Jersey City will be approximately \$1.2 million. (The applicant is not eligible for a BRRAG grant as it has not been in New Jersey for 10 years.) A favorable decision by the Authority to award the BEIP is a material factor in the applicant's decision to expand in New Jersey.

APPROVAL REQUEST:

PERCENTAGE: 80%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Atlantic Coast Media Group, LLC to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 3,696,397
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 187

ELIGIBLE BEIP JOBS: Year 1 195 Year 2 109 Base Years Total = 304

ANTICIPATED AVERAGE WAGES: \$58,350

ESTIMATED PROJECT COSTS: \$1,183,049

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$4,620,496

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$3,234,347

PROJECT IS: Expansion Relocation Hoboken

CONSTRUCTION: Yes No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: Domestic Foreign

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: M. Krug

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Jersey City	N/A
2. Job Creation	304	4
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	187	1
4. Industry:	wholesale	0
	Designated : _____ Non-Designated : <u> X </u>	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$1,183,049	1
7. Average Wage:	\$ 58,350	3
TOTAL:		11

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan	20%	<u> 20% </u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs	30%	<u> </u>
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	<u> 20% </u>
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	<u> </u>
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	<u> </u>
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	<u> </u>
Located in an area designated by the locality as an "area in need of redevelopment"	10%	<u> </u>
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	<u> </u>
Company is within 5 miles of and working cooperatively with a public or non-profit university on research and development	10%	<u> </u>
Total Bonus Points:		40 %

Total Score :

Total Score per formula:	11 = 35 %
Construction/Renovation :	5 %
Bonus Increases :	40 %
Total Score (not to exceed 80 %):	80 %

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

APPLICANT: Catapult Holdings, Inc.

P28762

PROJECT LOCATION: Two Aquarium Drive

Camden City (T/UA)

Camden County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Catapult Holdings, Inc., d/b/a Catapult Learning (formerly know as Sylvan at School and Sylvan Education Solutions) is one of the leading providers of educational services to public, charter, private and religious school students throughout the United States. It collaborates with educational institutions and community organizations to provide research-based educational and support services that improve student achievement. Catapult Learning has been serving the community for more than 30 years and has a portfolio of programs and services in a variety of areas: special education, school based pediatric therapy childhood programs as well as programs that feature the development skills and strategies in reading, math, writing and test taking. With hundreds of learning centers and 2,500 employees nationwide, Catapult Learning has 13 learning centers in NJ with approximately 1,200 employees. The company is economically viable.

MATERIAL FACTOR:

Catapult Holdings, Inc. is seeking a BEIP grant to offset the costs of relocating its headquarters from Philadelphia, PA. Catapult is evaluating office space and is considering staying in Pennsylvania, in the city or the suburbs of Philadelphia, or Camden NJ. Management has indicated the BEIP grant is a material factor to relocate to NJ.

APPROVAL REQUEST:

PERCENTAGE: 80%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Catapult Holdings, Inc. to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 1,160,000
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 1,193

ELIGIBLE BEIP JOBS: Year 1 46 Year 2 34 Base Years Total = 80

ANTICIPATED AVERAGE WAGES: \$65,000

ESTIMATED PROJECT COSTS: \$550,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$1,450,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$1,015,000

PROJECT IS: () Expansion (X) Relocation Philadelphia, PA

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: Pennsylvania

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: H. Friedberg

APPROVAL OFFICER: T. Wells

FORMULA EVALUATION

<u>Criteria</u>	<u>Score</u>
1. Location: Camden City	N/A
2. Job Creation 80 Targeted : _____ Non-Targeted : <u> X </u>	2
3. Job at Risk: 0	0
4. Industry: educational services Designated : _____ Non-Designated : <u> X </u>	0
5. Leverage: 1 to 1	0
6. Capital Investment: \$550,000	1
7. Average Wage: \$ 65,000	3
TOTAL:	6

Bonus Increases (up to 80 %):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan	20%	<u>20%</u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	<u>20%</u>
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	<u>15%</u>
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	_____
Company is within 5 miles of and working cooperatively with a public or non-profit university on research and development	10%	_____

Total Bonus Points: **55 %**

Total Score :

Total Score per formula:	6 = 25 %
Construction/Renovation :	5 %
Bonus Increases :	55 %
Total Score (not to exceed 80 %):	80 %

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

APPLICANT: INTEX Millwork Solutions LLC

P28763

PROJECT LOCATION: 20 Bogden Blvd.

Millville City (T/UA)

Cumberland County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

INTEX Millwork Solutions LLC, established in 2006, specializes in the design and fabrication of custom architectural trim and millwork such as railings, columns, newels, panels, brackets and moldings for distinctive homes and buildings. The company has also innovated a line of fabricated, ready-to-install PVC window and door surrounds, and offers standard PVC millwork lengths and decorative accessories. INTEX is currently located in Williamstown, NJ with 25 employees. The Company is economically viable.

MATERIAL FACTOR:

INTEX Millwork Solutions LLC is seeking a BEIP grant to offset the costs of relocating and expanding its business in NJ. The current business plan is to expand the business from 15,000 sq. ft. to 36,000 sq. ft. and purchase cutting-edge engineering software to become the leading supplier of custom engineered architectural millwork and creating 50 new jobs. The alternative is relocating to Virginia. INTEX Millwork has represented that the BEIP grant is a material factor to expand in NJ.

APPROVAL REQUEST:

PERCENTAGE: 80%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage INTEX Millwork Solutions LLC to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 299,000
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 25

ELIGIBLE BEIP JOBS: Year 1 20 Year 2 30 Base Years Total = 50

ANTICIPATED AVERAGE WAGES: \$40,000

ESTIMATED PROJECT COSTS: \$1,680,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$373,750

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$261,625

PROJECT IS: (X) Expansion (X) Relocation Williamstown, NJ

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: (X) Domestic () Foreign

DEVELOPMENT OFFICER: H. Friedberg

APPROVAL OFFICER: T. Wells

FORMULA EVALUATION

<u>Criteria</u>	<u>Score</u>
1. Location: Millville City	N/A
2. Job Creation 50 Targeted : _____ Non-Targeted : <u> X </u>	1
3. Job at Risk: 25	1
4. Industry: paper/wood Designated : _____ Non-Designated : <u> X </u>	0
5. Leverage: 3 to 1 and up	2
6. Capital Investment: \$1,680,000	1
7. Average Wage: \$ 40,000	2
TOTAL:	7

Bonus Increases (up to 80 %):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan	20%	<u>20%</u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	<u>20%</u>
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	<u>15%</u>
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	_____
Company is within 5 miles of and working cooperatively with a public or non-profit university on research and development	10%	_____

Total Bonus Points:

55 %

Total Score :

Total Score per formula:

7 = 25 %

Construction/Renovation :

5 %

Bonus Increases :

55 %

Total Score (not to exceed 80 %):

80 %

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

APPLICANT: Nebraska Meat Corporation

P28590

PROJECT LOCATION: TBD

Locations Unknown (N) Unknown County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Nebraska Meat Corporation, founded in New York in 1980, is a manufacturer and wholesaler of case-ready smoked meat products. In 1996, the business moved its operations to Newark, New Jersey. The company cures and smokes the meat on site, then packages and sells it to retailers, wholesale distributors and food service institutions nationally as either bulk frozen, case-ready frozen, or case-ready thawed products. The company is economically viable.

In addition to its primary plant in Newark, the company also leases a 50,000 sq ft refrigerated distribution center in Edison, New Jersey. Nebraska is currently looking to improve operations by moving both facilities into one larger location. Under consideration are several options in the Bronx, New York as well as possible sites in Rockaway, Kearny, and Elizabeth, New Jersey. The company will increase its headcount as a result of the move.

MATERIAL FACTOR:

The applicant is seeking a BEIP grant to support creating 50 new full-time jobs in New Jersey. Management has indicated that a favorable decision by the Authority to award the BEIP grant is a material factor in the company's decision to increase employment in New Jersey. Nebraska has also applied for a BRRAG to provide incentive for the company to retain its 400 current employees in New Jersey.

APPROVAL REQUEST:

PERCENTAGE: 20%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Nebraska Meat Corporation to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 34,000

(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 400

ELIGIBLE BEIP JOBS: Year 1 25 Year 2 25 Base Years Total = 50

ANTICIPATED AVERAGE WAGES: \$22,000

ESTIMATED PROJECT COSTS: \$1

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$170,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$221,000

PROJECT IS: (X) Expansion (X) Relocation Newark and Edison

CONSTRUCTION: () Yes (X) No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: (X) Domestic () Foreign

DEVELOPMENT OFFICER: D. Johnson

APPROVAL OFFICER: K. McCullough

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Locations Unknown	N/A
2. Job Creation	50	1
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	400	2
4. Industry:	food products	0
	Designated : _____ Non-Designated : <u> X </u>	
5. Leverage:	1 to 1	0
6. Capital Investment:	\$0	0
7. Average Wage:	\$ 22,000	1
TOTAL:		4

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan	20%	_____
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	_____
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	_____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	_____
Company is within 5 miles of and working cooperatively with a public or non-profit university on research and development	10%	_____

Total Bonus Points: **0 %**

Total Score :

Total Score per formula:	4 = 20 %
Construction/Renovation :	0 %
Bonus Increases :	0 %
Total Score (not to exceed 80 %):	20 %

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

APPLICANT: NicOx Inc. and Affiliates

P28915

PROJECT LOCATION: 20 Independence Blvd

Warren Township (N)

Somerset County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

NicOx Inc. is the U.S. subsidiary of NicOx S.A., a French bio-pharmaceutical company listed with NYSE Euronext - Paris (COX). Founded in 1996 and headquartered in Sophia Antipolis, France, NicOx S.A., together with its subsidiaries, focuses on the research, development and future commercialization of drugs and biotechnology compounds for cardiometabolic and inflammatory diseases in France, Italy, and the United States. Their U.S. regional headquarters in Warren Township, New Jersey was opened in October 2007.

NicOx has the most advanced research and development platform in the field of nitric oxide-donating compounds. Nitric oxide-donating compounds harness the beneficial qualities of nitric oxide to develop new treatments and drugs with potentially enhanced therapeutic properties. The company has developed a broad and balanced product pipeline (from anti-inflammation, hypertension/cardiovascular risk reduction, pulmonary, glaucoma, and diabetic retinopathy, to dermatological solutions). One drug candidate for osteoarthritis has successfully completed a Phase III clinical program, another drug candidate has completed a Phase I Proof-of-Principle study and three further drug candidates are in development with partners. The company has strategic partnerships, research and development collaborations, and license agreements with several leading biotechnology, pharmaceutical, and specialist companies on both sides of the Atlantic.

The company is economically viable, and is looking for a larger space to accommodate its growth in the United States.

MATERIAL FACTOR:

The applicant is seeking a BEIP grant to support creating 20 new positions in New Jersey. The company has represented that a favorable decision by the Authority to award the BEIP grant is a material factor in the applicant's decision to remain in and relocate within New Jersey and therefore to pick New Jersey over Pennsylvania. The Authority staff recommends the award of the proposed BEIP grant.

APPROVAL REQUEST:

PERCENTAGE: 60%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage NicOx Inc. and Affiliates to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 611,961
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 16

ELIGIBLE BEIP JOBS: Year 1 10 Year 2 10 Base Years Total = 20

ANTICIPATED AVERAGE WAGES: \$118,850

ESTIMATED PROJECT COSTS: \$500,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$1,019,935

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$917,941

PROJECT IS: (X) Expansion (X) Relocation Warren Township, NJ

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: _____

APPLICANT OWNERSHIP: () Domestic (X) Foreign France

DEVELOPMENT OFFICER: J. Colon

APPROVAL OFFICER: D. Sucsuz

FORMULA EVALUATION

<u>Criteria</u>	<u>Score</u>
1. Location: Warren Township	N/A
2. Job Creation 20 Targeted : <u> X </u> Non-Targeted : _____	1
3. Job at Risk: 16	1
4. Industry: Biotechnology Designated : <u> X </u> Non-Designated : _____	2
5. Leverage: 3 to 1 and up	2
6. Capital Investment: \$500,000	1
7. Average Wage: \$ 118,850	4
TOTAL:	11

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan	20%	<u>20%</u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	_____
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	_____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	_____
Company is within 5 miles of and working cooperatively with a public or non-profit university on research and development	10%	_____
Total Bonus Points:		20 %

Total Score :

Total Score per formula:	11 = 35 %
Construction/Renovation :	5 %
Bonus Increases :	20 %
Total Score (not to exceed 80 %):	60 %

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

APPLICANT: Oxford Instruments Superconducting Technology LLC

P28892

PROJECT LOCATION: 600 Milik Street

Carteret Borough (T/UA) Middlesex County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Oxford Instruments Superconducting Technology, LLC (Oxford), based in Carteret, developed the world's first superconducting magnet in 1959 under the corporate name, Airco Superconductors, and has been developing and manufacturing superconductors for the medical diagnostic market since then. Airco was acquired by Oxford Instruments Plc, and changed its name to Oxford Instruments Superconducting Technology, LLC in 1988. Today there are over 30,000 MRI systems in the world, and Oxford was involved in supplying one third of them. In 2009, Oxford was approved to participate in a \$15 billion global research and development project by the European procurement agency, ITER, to prove that electricity by fusion is economically feasible. The parent company is a global business with over 25 offices and factories in Europe, USA, China and Japan and more than 1,300 employees worldwide. Oxford products are also supplied into diverse markets which include energy, the environment, health and research. The applicant is economically viable.

MATERIAL FACTOR:

Oxford is seeking a BEIP grant to support creating 75 new manufacturing related jobs, in Carteret, to meet increased product demand. Also under consideration are existing facilities in Maryland and California, where the applicant has excess capacity. Management is estimating the expansion project will cost in excess of \$6 million. Senior management has indicated a favorable decision by the Authority to award the BEIP grant is a material factor in the applicant's decision to expand in NJ.

APPROVAL REQUEST:

PERCENTAGE: 80%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Oxford Instruments Superconducting Technology LLC to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 642,900
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 140

ELIGIBLE BEIP JOBS: Year 1 50 Year 2 25 Base Years Total = 75

ANTICIPATED AVERAGE WAGES: \$48,000

ESTIMATED PROJECT COSTS: \$6,100,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$803,625

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$562,537

PROJECT IS: (X) Expansion () Relocation _____

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: Massachusetts _____

APPLICANT OWNERSHIP: (X) Domestic () Foreign

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: M. Krug

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Carteret Borough	N/A
2. Job Creation	75	2
	Targeted : <u> X </u> Non-Targeted : _____	
3. Job at Risk:	0	0
4. Industry:	Medical device technology	2
	Designated : <u> X </u> Non-Designated : _____	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$6,100,000	2
7. Average Wage:	\$ 48,000	2
TOTAL:		10

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan	20%	<u>20%</u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	<u>20%</u>
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	_____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	_____
Company is within 5 miles of and working cooperatively with a public or non-profit university on research and development	10%	_____

Total Bonus Points: **40 %**

Total Score :

Total Score per formula:	10 = 35 %
Construction/Renovation :	5 %
Bonus Increases :	40 %
Total Score (not to exceed 80 %):	80 %

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Warren Township	N/A
2. Job Creation	20	1
	Targeted : <u> X </u> Non-Targeted : _____	
3. Job at Risk:	0	0
4. Industry:	Biotechnology	2
	Designated : <u> X </u> Non-Designated : _____	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$80,000	0
7. Average Wage:	\$ 130,000	4
TOTAL:		9

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan	20%	<u>20%</u>
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs	30%	_____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	_____
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20%	_____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15%	_____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15%	_____
Located in an area designated by the locality as an "area in need of redevelopment"	10%	_____
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10%	_____
Company is within 5 miles of and working cooperatively with a public or non-profit university on research and development	10%	_____
Total Bonus Points:		20 %

Total Score :

Total Score per formula:	9 = 30 %
Construction/Renovation :	0 %
Bonus Increases :	20 %
Total Score (not to exceed 80 %):	50 %

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

APPLICANT: Xybion Corporation and Affiliates

P28899

PROJECT LOCATION: TBD

Locations Unknown (N) Unknown County

GOVERNOR'S INITIATIVES:

Urban Fund Other Urban Edison Core Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Xybion Corporation, located in Cedar Knolls, New Jersey, currently specializes in the design, development and support of innovative software products and services. Its subsidiary, Xybion Medical Systems Corporation, specializes in providing the drug and preclinical research industries and their contract research partners with toxicology and pathology data management software, primarily through its Pristima™ software system, a premier preclinical data management system in today's market.

Since 1977, Xybion has been producing software solutions and providing professional services to the pharmaceutical, agrochemical and chemical research communities. The Pristima™ systems software suite is a unique enterprise solution that integrates all activities, promotes effective data interchange between groups, reduces staff training, and minimizes system support costs across an organization's global research facilities and laboratories.

Xybion was an employee owned company until February 2008, when it was acquired by Banerjee Group LLC, a small, minority-owned private company owned by Dr. Pradip K. Banerjee.

Xybion is economically viable, and is considering acquiring and relocating a Pennsylvania high technology business to New Jersey. The target Pennsylvania company specializes in the validation of manufacturing and business systems, and software development.

MATERIAL FACTOR:

The applicant is seeking a BEIP grant to support immediately relocating 60 existing positions to New Jersey, and creating 10 additional new positions. The company has represented that a favorable decision by the Authority to award the BEIP grant is a material factor in the applicant's decision to relocate to New Jersey and therefore to pick New Jersey over Pennsylvania. The Authority staff recommends the award of the proposed BEIP grant.

APPROVAL REQUEST:

PERCENTAGE: 35%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Xybion Corporation and Affiliates to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: \$ 497,963
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 28

ELIGIBLE BEIP JOBS: Year 1 60 Year 2 10 Base Years Total = 70

ANTICIPATED AVERAGE WAGES: \$70,000

ESTIMATED PROJECT COSTS: \$3,500,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$1,422,750

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$1,636,163

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

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: K. Hashmi **APPROVAL OFFICER:** D. Sucsuz

FORMULA EVALUATION

<u>Criteria</u>	<u>Score</u>
1. Location: Locations Unknown	N/A
2. Job Creation 70	1
Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk: 0	0
4. Industry: printing and publishing	0
Designated : _____ Non-Designated : <u> X </u>	
5. Leverage: 3 to 1 and up	2
6. Capital Investment: \$3,500,000	2
7. Average Wage: \$ 70,000	3

TOTAL: **8**

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan	20% _____
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs	30% _____
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20% _____
Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter)	20% _____
Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan	15% _____
10% or more of the employees of the business receive a qualified transportation fringe of \$ 30.00 or greater.	15% _____
Located in an area designated by the locality as an "area in need of redevelopment"	10% _____
Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site	10% _____
Company is within 5 miles of and working cooperatively with a public or non-profit university on research and development	10% _____

Total Bonus Points: **0 %**

Total Score :

Total Score per formula:	8 = 30 %
Construction/Renovation :	5 %
Bonus Increases :	0 %
Total Score (not to exceed 80 %):	35 %

**BUSINESS RETENTION AND RELOCATION ASSISTANCE
GRANT**

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

APPLICANT: Nebraska Meat Corporation

COMPANY ADDRESS: 124 Malvern Street Newark City Essex County

PROJECT LOCATION: TBD

GOVERNOR’S INITIATIVES:

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

APPLICANT BACKGROUND:

Nebraska Meat Corporation, founded in New York in 1980, is a manufacturer and wholesaler of case-ready smoked meat products. In 1996, the business moved its operations to Newark, New Jersey. The company cures and smokes the meat on site, then packages and sells it as either bulk frozen, case-ready frozen, or case-ready thawed products. Nebraska has the largest market share of this smoked meat category in the United States and services retailers, wholesale distributors and food service institutions nationally.

In addition to its primary plant in Newark, the company also leases a 50,000 sq ft refrigerated distribution center in Edison, New Jersey. Nebraska is currently looking to improve operations by moving both facilities into one larger location. Under consideration are several options in the Bronx, New York as well as possible sites in Rockaway, Kearny, and Elizabeth, New Jersey. The company will increase its headcount as a result of the move.

MATERIAL FACTOR:

The applicant is seeking a BRRAG to support retaining and relocating 400 full-time jobs in New Jersey. Management has indicated that a favorable decision by the Authority to award the BRRAG is a material factor in the company’s decision to increase employment in New Jersey. Nebraska has also applied for a BEIP grant to provide incentive for the company to increase its employment in New Jersey.

APPROVAL REQUEST:

TERM: 5 years

The Members of the Authority are asked to approve the proposed BRRAG grant to Nebraska Meat Corporation to encourage the company to relocate within New Jersey. The recommended grant is based on the Project Evaluation Factors set forth on the attached BRRAG Scoresheet and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award amount. If the criteria met by the company differs from that shown on the Scoresheet, the award amount will be raised or lowered to reflect the award amount that corresponds to the actual criteria that have been met.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT:	\$ 480,000
GRANT AMOUNT PER RETAINED EMPLOYEE (see attached scoresheet):	\$ 1,200
NEW JERSEY EMPLOYMENT AT APPLICATION:	400
ELIGIBLE BRRAG JOBS:	400
ANTICIPATED AVERAGE WAGES:	\$ 22,000
ESTIMATED PROJECT COST:	TBD
ESTIMATED TOTAL GROSS PAYROLL:	\$ 8,800,000
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 1YR:	\$ 136,000
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 5YRS:	\$ 680,000

PROJECT IS: () Expansion (X) Relocation

CONSTRUCTION: () Yes (X) No

APPROVAL OFFICER: K. McCullough

DEVELOPMENT OFFICER: D. Johnson

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Business Retention and Relocation Assistance Grant of Tax Credits
SCORESHEET – Project Evaluation Factors (NJAC 12A:2-1.8)

This scoring system is used to determine the award amount for BRRAG projects retaining 50 to 499 jobs. The award amount determined under the project evaluation factors is an initial determination and is subject to adjustment under the Act, the regulations thereunder, and the terms and conditions of the Project Agreement. Project Evaluation Factors (NJAC 12A:2-1.8)

Company: Nebraska Meat Corporation

Date Scored: 11/10/2009

1. Full-time jobs retained – maximum points = 5

Range	Eligible Jobs Retained	Score
5 = 410 – 499		
4 = 320 – 409	400	4
3 = 230 – 319		
2 = 140 – 229		
1 = 50 – 139		

2. Quality of the retained jobs (based on average salary of retained jobs) – maximum points = 4

Range	Avg. Salary	Score
4 = \$75,001 +		
3 = \$50,001 - \$75,000		
2 = \$30,001 - \$50,000		
1 = \$19,001 - \$30,000	\$22,000	1
0 = up to \$19,000		

3. Capital investment by the applicant in project – maximum points = 5

Range	Capital Investment	Score
5 = \$3,500,000 to \$19,000,000+		
4 = \$2,900,000 to \$3,499,000		
3 = \$2,200,000 to \$2,899,000		
2 = \$1,500,000 to 2,199,000		
1 = \$700,000 to \$1,499,000		
0 = \$0 to \$699,000	TBD	0

4. Designated industry type – maximum points = 3

Range	Industry	Score
3 = manufacturing	Food Manufacturing	3
2 = targeted = (life science/biotech)		
0 = non-targeted		

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Business Retention and Relocation Assistance Grant of Tax Credits
SCORESHEET – Project Evaluation Factors (NJAC 12A:2-1.8)**

5. Job creation/attraction component (impact on the state if the project moved to another state) - maximum points = 5

Range	New Jobs	Score
5 = 100 or more new jobs		
4 = 80-99		
3 = 70-79		
2 = 60-69		
1 = 50-59	50	1
0 = <50		

6. Smart Growth Targeted Areas – maximum points = 4

Description	Type	Score
4 = located in an area targeted for growth pursuant to the State Development and Redevelopment Plan, the Pinelands Comprehensive Management Plan, Highlands Commission Management Plan, and the Meadowlands Development Commission Plan. This includes brownfield sites.		
0 = non- growth area	TBD	0

7. Retained jobs average at least 1.5 times the hourly minimum wage – maximum points = 2

		Score
2 = yes		
0 = no	No	0

8. Commitment to the State of New Jersey

a. Duration of operations - maximum points = 3

Range of Years	Year Started in NJ	Score
3 = 20 plus years of operation in the state		
2 = 15-19 years		
1 = 10-14 years	1996	1

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Business Retention and Relocation Assistance Grant of Tax Credits
SCORESHEET – Project Evaluation Factors (NJAC 12A:2-1.8)

8 b. Total employees in New Jersey – maximum points = 3

Range	Number of Employees in NJ	Score
3 = 350 or greater	400	3
2 = 200-349		
1 = 50-199		

9. Urban Enterprise Zone – maximum points = 3

		Score
3= if relocating from non-UEZ site to a site within an UEZ		
0 = no	TBD	0

Totals – Value Per Retained Job and Score

Range	Value Per Retained Job	Score
31-36 = \$1,500		
25-30 = \$1,400		
19-24 = \$1,300		
13-18 = \$1,200	\$1,200	13
7-12 = \$1,100		
0-6 = \$1,000		

BROWNFIELD REIMBURSEMENT PROGRAM



MEMORANDUM

To: Members of the Board

From: Caren S. Franzini
Chief Executive Officer

Date: November 10, 2009

Subject: **Application for Brownfield Reimbursement Agreement
P&F Hackensack, LLC**

Summary:

The Members are asked to approve the Brownfield application of **P&F Hackensack, LLC** for reimbursement of clean-up costs for a Hackensack, Bergen County redevelopment project under a Brownfield Remediation/Development Reimbursement Agreement with the New Jersey Economic Development Authority (“Authority”) and the State Treasurer, pursuant to the Brownfield and Contaminated Site Remediation Act, P.L. 1997, c. 278 (N.J.S.A. 58:10B-1 et seq.) (the “Act”). The recommended reimbursement is not more than **\$484,500, or 22%** of the total estimated remediation costs or **\$2,175,507**. The reimbursement was limited by the available taxes that are to be generated by the project.

Project Description:

- The property (“Site”) is approximately 3.85 acres, the former EVAL Oil Terminal located at 374 to 380 south River Street and 400 to 416 South River Street near Shafer Place-South, River Street Redevelopment Area, Hackensack, Bergen County
- The Site was formerly used as a petroleum bulk storage facility that is now abandoned with vacant buildings and dilapidated structures.
- On December 1, 2006, P&F Hackensack, LLC acquired the title to the property pursuant to a tax certificate sale and subsequent final order of foreclosure. P&F Management Company, LLC, (the Developer) seeks to further remediate and develop the property into a 144 market-rate, apartment-style multi-family condominium dwelling.
- P&F Hackensack, LLC and/or P&F Management Company, LLC are not responsible parties for any of the historic fill or present contamination on or at the Site.
- The City of Hackensack asked the Hackensack Planning Board authorized the study of the property to classify the Site as “in need” of redevelopment under N.J.S.A. 40A:12A-1 to -49 et seq. City Council concluded that the property conditions manifest a physical and economic deterioration.
- Site-wide soil and groundwater testing was conducted and contaminants revealed are in excess of NJDEP standards and are the result of contamination from total petroleum hydrocarbons (TPHC), volatile organic compounds (VOC) and base neutral organic compounds (BN). Groundwater

analytical results also indicate high concentrations of benzene and lead that far exceed NJDEP standards

- Following remediation, redevelopment plan is for beneficial reuse. Approximately 149 full-time jobs will be realized during remediation and new construction development.
- Eligible Taxes for reimbursement are estimated CBT Tax of \$397,000 and Sales Tax on Construction Materials estimated at \$572,000. These were the limiting factors for reimbursement amount

Anticipated remediation costs: \$484,500

Recommended reimbursement: Up to \$484,500 (22% of \$2,175,507)

The Authority received an application for a Brownfield Redevelopment Agreement from P&F Hackensack, LLC requesting the reimbursement of up to 50% of approved remediation costs for a Redevelopment Project. In accordance with the Act, approval of the application by the Authority and the State Treasurer requires finding that the site, the redevelopment project and the clean-up meet statutory economic development and fiscal requirements. Reimbursement under the Redevelopment Agreement is contingent upon the Department of the Treasury (“Treasury”) finding that the Project generates sufficient tax revenue to exceed the reimbursement amount and upon the Department of Environmental Protection (DEP) determination that the remediation costs are eligible under the Act and the Agreement.

Reimbursement starts once the project has been constructed on the remediated site only after eligible costs have been approved by DEP and new tax revenues have been generated. Treasury annually tracks taxes received from job sites and remits reimbursement equal to a percentage of funds collected during the year.

Recommendation:

Authority staff has reviewed the P&F Hackensack, LLC application and finds that it is consistent with eligibility requirements of the Act. Treasury, in reviewing the application, has notified the Authority of the adequacy of the Project’s estimated tax revenues and specified the percentage reimbursement of remediation costs. Therefore, it is recommended that the Members approve the P&F Hackensack, LLC application and authorize the CEO of the Authority to execute a Brownfield Redevelopment Agreement with P&F Hackensack, LLC and the State Treasurer.



Caren S. Franzini

Prepared by: Alex Pavlovsky, Urban & Site Development

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
BROWNFIELD AND CONTAMINATED SITE
REMEDICATION ACT PROGRAM (BCSRP)
PROJECT SUMMARY
P&F Hackensack, LLC
November 10, 2009**

Applicant:

- **Owner(s) History:** Former owner EVAL Oil Terminals, Inc., in the early 1990's EVAL ceased operations, failed to make tax payments and subsequently abandoned the property. On December 1, 2006 an affiliated entity of the current owner, P&F Hackensack, LLC acquired title to the property pursuant to tax certificate sale and subsequent final order of foreclosure.
- **Developer(s):** Glen Fishman, founder and chief executive officer, P&F Management Company, LLC
- **Project Representative and Brownfield Reimbursement Application Preparer:** George J. Brandt, P&F Management Company, LLC (same address and telephone as Developer). Lawra J. Dodge, Excel Environmental Resources, Inc., 111 North Center Drive, North Brunswick, NJ 08902.
- **Site Location:** The property ("Site") is approximately 3.85 acres, the former EVAL Oil Terminal located at 374 to 380 south River Street and 400 to 416 South River Street near Shafer Place-South, River Street Redevelopment Area, Hackensack, Bergen County, New Jersey. The Site is adjacent to the Hackensack River which bounds the property on the eastern side which is contiguous to US Interstate 80. Tax Block 15, Lot 1 and 5, and Tax Block 16.01, Lot 1.
- P&F Hackensack, LLC and P&F Management Company, LLC are not accountable, or responsible for any contamination that has occurred or found in soil or groundwater at the Site.
- A pre-application meeting was held in January 2008, and P&F Hackensack, LLC entered into a Memorandum of Agreement (MOA) with the NJ Department of Environmental Protection under an approved Remedial Action Work Plan (RAWP)/Remedial Action Report (RAR) for NJDEP Case No. 97-8-22-1132-08 assigned to NJ case manager, Ellen Hutchinson. A copy of the MOA was provided in the submission of the Brownfield Reimbursement application.

Programs:

- The Brownfield and Contaminated Site Remediation Program (BCSRP) remediation application was presented based on pre-application meeting results. The benefit will be administered as a reimbursement of approved remediation costs based on the collection of applicable taxes from the project site contained in the application submission.
- The subject property has been abandoned over the years and remains underdeveloped and the developer has proved the Site's soil and groundwater has a historical hazardous discharge of contamination. P&F Management has undertaken a feasibility study and results indicate the project is appropriate for the BCSRA Program. The remediation and development project will enhance and promote job creation and economic development along the Hackensack River.

Project:

- The subject property (Site) which is a former service station building and garage as well as a bulk-oil storage facility is now abandoned and in a dilapidated condition. Typically during 1940 thru 1980's barges would access the property via the Hackensack River and offload home heating fuel, gasoline and kerosene to fourteen aboveground storage tanks through a network of

underground fill pipes. Tanker trucks accessed the facility and for retail sales distribution of petroleum products through a system of tank truck loading racks.

- A site-wide Preliminary Assessment (PA), Site Investigation (SI), and Remedial Investigation (RI) of soil and groundwater quality was conducted and summarized in at the PA and SI/RI Report submitted to NJDEP in November 2008 by Excel Environmental Resources, Inc.
- Contaminated soil is evidenced at various levels throughout the property and are in excess of NJDEP standards, and are the result of a contamination from total petroleum hydrocarbons (TPHC), volatile organic compounds (VOC) and base neutral organic compounds (BN). Groundwater analytical results indicate that subsurface groundwater contamination exceeds NJDEP standards and is primarily attributable to high concentrations of benzene and lead.
- On February 4, 2008, P&F Hackensack, LLC entered into a Memorandum of Agreement with NJDEP under and approved Remedial Work Plan (RAWP)/Remedial Action Report (RAR) for NJDEP Case No. 97-8-22-1132.

Description of Jobs

- The Developer has agreed to and understands that from onset through completion during the remediation, redevelopment and construction, they are obligated to abide by NJ Prevailing Rules and Regulations.
- During remediation, development and new construction activities, 149 full-time jobs in construction (union) and construction-related industries will be realized for approximately 12 months duration.

Qualifications:

- P&F Hackensack LLC is eligible to enter into a Brownfield Redevelopment Agreement as it is not liable for the contamination of any of the property pursuant to the New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10B-27(a).
- P&F Hackensack LLC and/or P&F Management, LLC have not discharged any “contaminant” at the site, nor are they associated with any entity that is in any way responsible for hazardous substances contamination or discharge emanating from the site, or with any person who is liable for cleanup and removal costs at the site.

1. The economic feasibility of the redevelopment project

- The Owner and Developer are committed to the project and engaged Coldwell Banker new Homes and condominiums of Parsippany, NJ and Impact Realty Associates of Hackensack to perform market area analysis of the proposed development. Results of the market area analysis indicate the project and business plan were appropriate for the project Site and provide a beneficial reuse.
- The Land Use Map adopted by the City of Hackensack on November 8, 2001, encourages the development of a continuous riverfront or river-walk greenway park system along the Hackensack River and establishment of business and residential land use at the Site.
- Approximately 149 full-time jobs will be realized during remediation and new construction development.

2. The extent of the economic and related social distress in the municipality

- The City of Hackensack asked the Hackensack Planning Board authorized the study of the property to classify the site area as “in need” of redevelopment under N.J.S.A. 40A:12A-1 to -49 et seq. City Council concluded that the property conditions manifested physical and economic deterioration.
- The property is an identified Brownfield site and is currently underutilized, contaminated and is perceived by the community as a social and economic blighted by the City of Hackensack
- Establishment of a new multi-tenant residential option will provide tenants with an opportunity to access the New Jersey Transit South River Rail Street Station within one-half mile of the new residence.
- The quality of life issues to the surrounding residential area will be greatly improved with the establishment of a green area and open-landscaped space, and as such, the proposed redevelopment will vastly improve the overall environmental quality of the site.

3. The degree to which the redevelopment project will advance State, regional, and local development and planning strategies

- The project shall bring social and economic benefits through the restoration of the site, production of new employment opportunities and ever increasing tax revenues.
- Redevelopment of the Site advances the goals and objectives of the Hackensack’s Master Plan for this designated South River Street Redevelopment Area within which the property is situated.
- Redevelopment of the property will restore the underutilized and contaminated property to productive commercial use.

4. The likelihood that the redevelopment project shall upon completion be capable of generating new tax revenue in an amount in excess of the amount necessary to reimburse the developer for the remediation costs as provided in the redevelopment agreement

- Upon completion the project will generate new tax revenue in an amount in excess of the the amount necessary to reimburse the developer for remediation costs incurred in the development of the project.
- Consistent with policy for residential projects, the developer was awarded a reimbursement of \$484,500 which is 50% of new taxes estimated to be \$969,000. This amounts to 22% of the remediation costs of \$2,175,507

5. The relationship of the development project to a comprehensive local development strategy, including other major projects undertaken within the municipality

- Redevelopment of this area is strongly supported by the City of Hackensack and advances local and county development and planning strategies.
- The proposed redevelopment will improve the local economy by generating new sales, corporate and real estate taxes, new local construction and permanent employment opportunities, as well as a commuter option for the tenants that occupy the new multi-family development project.

6. The need of the redevelopment agreement to the viability of the redevelopment project

- The Brownfield Redevelopment Agreement is a critical factor in the owner and developer’s decision to commit to the Site-wide remediation and redevelopment of the site.
- The BCSRA provides incentive for the completion of the remediation and development of the Site in a timely manner and is vital to the project’s viability and return to productive use.

- No lender is willing to consider construction financing without the completion of the work contemplated under the RAWP.
7. **The degree to which the redevelopment project enhances and promotes job creation and economic development.**
- During redevelopment construction activities for an estimate 16 months duration, approximately 149 union construction workers will be employed.
 - The jobs and wages generated by the sale of the homes of the proposed multi-family residential project will create an estimated 20 new permanent jobs employing people with a wide range of skills to maintain and administer the residence structure.

Recommended Reimbursement

After completing an independent review of the application, the Treasurer recommends authorizing P&F Hackensack, LLC to be eligible for reimbursement of up to **Up to \$484,500 (22% of \$2,175,507)** of approved remediation costs, pending the issuance of a No Further Action Letter (NFA) from the Department of Environmental Protection (DEP). The reimbursement was limited by the available taxes that are to be generated by the project.

**ECONOMIC REDEVELOPMENT AND GROWTH (ERG) GRANT
PROGRAM**



MEMORANDUM

To: Members of the Board

From: Caren S. Franzini
Chief Executive Officer

Date: November 10, 2009

RE: Application for State Incentive Grant Agreement
Newport Office Center VI, LLC

Request

The Members are asked to approve the application of Newport Office Center VI, LLC (Newport) for reimbursement of certain taxes for a Jersey City, Hudson County project under a "state incentive grant" by the EDA pursuant to the Economic Redevelopment and Growth (ERG) Grant program set forth in N.J.S.A. 52:27D-489c (Act). The recommended reimbursement is not more than **\$14,600,000, or 19.87%** of the total eligible project costs of \$73,484,997 (total project costs are \$81,326,054).

Program Summary

The ERG program is an incentive grant program for entities undertaking a development project that is challenged by a project financing gap. The source of the grant funding is future incremental state or local taxes. In order to be eligible for the program, the Authority must find the following:

- 1) That there is in fact a project financing gap;
- 2) That, after the application of all state and local public assistance (including any ERG grants) that the project provides a net benefit to the State, in the case of a state incentive grant, or the municipality, in the case of a local incentive grant;
- 3) That the project is a planning area 1 or 2, a designated center, a transit village or federally owned land approved for closure under a federal Base Realignment Closing Commission action, except that the state may not finance projects that otherwise qualify solely by being a transit village;
- 4) That the State revenues to be realized from the redevelopment grant will be in excess of the amount needed to reimburse the developer for the financing gap. In addition, in deciding whether to enter into a grant, the Authority also must consider the seven criteria the Authority customarily considers for a Brownfields grant, such as the feasibility of the project and whether the project is consistent with the State Plan.

An ERG grant cannot exceed 20 percent of the project costs or 75% of the incremental new taxes. In addition, a developer is required to contribute 20 percent of the project costs as developer capital and the grant term cannot exceed 20 years. No payments under the grant agreement are made by the State until the State has received the incremental new tax revenue. Various state taxes are allowable under a State ERG grant as eligible to be reimbursed to the developer including State Sales Taxes and Corporate Business Taxes, and various local taxes are allowable under a local ERG grant to be reimbursed to the developer including property taxes in areas in need of redevelopment.

Geographic Eligibility

The project is located in Planning Area 1, at 570 Washington Boulevard, Jersey City.

Project Description and Financing

- The project consists of the relocation of operations and 1,600 employees of The Depository Trust & Clearing Corporation (DTCC), a financial services company. The company provides a single point of clearance and settlement services for the equities, debt, and derivative markets. DTCC will lease 415,000 sf of office space from Newport. Newport's investment in the building, as well as upgrades to the premises for DTCC is estimated to cost \$81,326,054 of which \$73,484,997 are eligible under the ERG program..
- JP Morgan Chase had leased a portion of the premises, 332,000 square feet, which has since become vacant. DTCC plans to bring its employees from New York City to fill that space and add to it under a sublease with Chase.
- EDA staff has reviewed the application and determined that the market-based limitations on funding provide sufficient basis for determining that a project financing gap exists which is not covered by other funding sources.
- Newport will contribute \$19,627,566 or 24% as equity to the project, meeting the minimum requirement of 20%.

Net Benefit Analysis

The net benefit analysis takes into account the recommended amount of the ERG grant, as well any other State grants to the project. DTCC Corp was awarded a UEZ Grant for \$1M, and a BEIP grant for \$70M under a previous Board Approval. The Authority has taken that into account when conducting the required Net Benefit Analysis and has found that the present value of the Net Positive Benefits to the State of NJ is \$104.5M over a 15 year period (75% of the lease term). This number is obtained by taking the annual CBT, Gross Income Tax, Property tax and Indirect spillover tax revenues from earnings and expenditures minus the local costs, over a 15 year period. We then take the present value of this figure and subtract out the present value of all local and state grants to the project. The resulting figure is the present value of the Net Positive Benefits to the State of NJ. It meets the standard of being at least 110% of the recommended grant assistance.

Statutory Criteria

1. The economic feasibility of the redevelopment project

The project is feasible as there is a large capital contribution by Newport for \$19,627,566 as well as Chase and DTCC for \$20,809,980 and \$29,024,121.

2. The extent of the economic and related social distress in the municipality

Jersey City exhibits some deteriorated areas and the current facility has been vacant as the previous tenant, Chase, had moved out of substantially all of the leased space.

3. The degree to which the redevelopment project will advance State, regional, and local development and planning strategies

Located in Planning Area 1, Jersey City is targeted for growth in the State Redevelopment Plan. The municipality has been making a concerted effort for many years to attract employers in the financial industry to the downtown. This project is consistent with those goals.

4. The likelihood that the redevelopment project shall upon completion be capable of generating new tax revenue in an amount in excess of the amount necessary to reimburse the developer for the remediation costs as provided in the redevelopment agreement

The CBT taxes are estimated to be \$2.4M annually, so the grant can be repaid in less than the maximum term of 20 years and is expected to be paid in approximately 9 years.

5. The relationship of the development project to a comprehensive local development strategy, including other major projects undertaken within the municipality

Over the last twenty years, Jersey City has zoned the central business district for commercial office space. This part of the Jersey City Downtown area has been successful as an office destination for major financial companies. This move by DTCC is consistent with the local strategy.

6. The need of the redevelopment agreement to the viability of the redevelopment project

The applicant has certified that after making all good faith efforts to raise additional capital based on the rent payment and other payments to be made by DTCC, additional capital cannot be raised from other sources. Pursuant to the gap analysis that is a requirement of the program, the Authority has verified that the rent is consistent with market and that a true funding gap exists for this project.

7. The degree to which the redevelopment project enhances and promotes job creation and economic development.

The project is expected to bring 1600 new permanent jobs into the State of New Jersey. There is also a projected 300 construction jobs to be generated by this project.

Reimbursement under the ERG Incentive Grant Agreement also is contingent upon the State Treasurer finding that the project is likely to generate sufficient tax revenue to exceed the reimbursement amount and upon the Authority determination that the total project costs are eligible under the Act and the Agreement. The State Department of Treasury has determined that project

will generate tax revenue that exceeds the reimbursement amount.

Reimbursement starts once the project has been constructed on the site only after eligible costs have been confirmed by EDA and new tax revenues have been generated. Treasury annually tracks taxes received from job sites and remits reimbursement equal to a percentage of funds collected during the year.

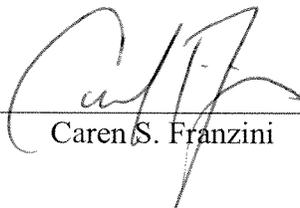
The eligible taxes for reimbursement are CBT taxes of \$2.4 million annually.

Total Eligible Project Cost: \$73,484,997 (\$81,326,054 total costs)

Recommended Grant: \$14,600,000 (19.87% of \$73,484,997)

Recommendation

Authority staff has reviewed the **Newport Office Center VI, LLC** application and finds that it is consistent with eligibility requirements of the Act. Treasury, in reviewing the application, has notified the Authority of the adequacy of the project's estimated tax revenues and specified the percentage reimbursement of total project costs. Therefore, it is recommended that the Members approve the Newport Office Center VI, LLC application and authorize the CEO of the Authority to execute an Incentive Grant Agreement with the Newport Office Center VI, LLC and the State Treasurer, subject: 1) final review and approval of the Office of the Attorney General, 2) subject to the filing of the proposed rules implementing the program with the Office of Administrative Law; and 3) approval by Jersey City of Newport Office Center VI, LLC application to the Authority for a ERG Grant.



Caren S. Franzini

Prepared by: Alex Pavlovsky, Urban & Site Development

BOARD MEMORANDUMS



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: November 10, 2009

SUBJECT: DPC Cirrus, Inc.
62 Flanders Bartley Road, Flanders, New Jersey
BEIP Grant – P10894

Modification Request:

DPC Cirrus, Inc. (“DPCC”) is requesting approval of:

- I. Sale of parent company, Diagnostic Products Corporation (“DPC”), to Siemens Medical Solutions (“SMS”). As a result of this sale, DPCC became Siemens Medical Solutions Diagnostics (“SMSD”).
- II. Name change from SMSD to Siemens Healthcare Diagnostics Inc. (“SHD”).
- III. Continuation of BEIP grant notwithstanding legal issues reviewed by staff, in consultation with the Attorney General’s Office. Details provided herein.

Background:

DPCC is the developer of the Immulite system, an automated system for the analysis of human fluids for the detection and quantitation of minute quantities of hormones, proteins associated with tumors and infectious diseases, therapeutic drugs, drugs of abuse and other molecules which provide diagnostic information to the medical community.

In June 1999, the EDA provided a 50% BEIP Grant for a term of 10 years with a New Employment Commitment (“NEC”) of 118. The Minimum Eligibility Threshold (“MET”) of 75 was reached December 1, 2001. To date, a total of \$382,489.83 (through grant year 2005) has been disbursed under the grant. Certifications of grant years 2006 through 2008 in the approximate amount of \$749,435 are pending the approval of this modification request. Current employment as of December 2008 was 263.

I. Sale of parent company, DPC to SMS, the new parent company. As a result of this sale, change of name of grantee DPCC to SMSD:

In July 2007, DPC was sold to SMS. In January 2008, as a result of this sale, the grantee, DPCC, a wholly owned subsidiary of DPC, changed its name from DPCC to SMSD. Notwithstanding the sale, the actual composition of the company at the project site remained the same and there was no resultant additional job growth at the project site.

The Siemens litigation in Section III is pertinent to your approval of this sale.

II. Name Change of SMSD to SHD:

Shortly after the sale and name change discussed in Section I above, SMS realigned its organization. Pursuant to this realignment, DPCC was placed in the diagnostic division of the healthcare sector. This realignment allowed for a more focused company structure to increase profitability and transparency while ensuring a quicker market response with closer customer contact. The Grantee has described this change as essentially a “branding” initiative and has submitted a second name change application requesting that its name be changed from SMSD to SHD. Notwithstanding the realignment, the actual composition of the company at the project site remained the same and there has been no resultant additional job growth at the project site.

III. Analysis of Litigation as Grounds for Disqualification:

As part of the Addition/Change of Name application submission, DPCC disclosed that its original parent company, DPC, along with its new parent company, SMS, had been involved in separate legal proceedings detailed below for which the Members could seek to disqualify the company from the BEIP Program.

Pursuant to the Authority’s regulations regarding disqualification, (N.J.A.C. 19:30-2.1 *et seq*), the Authority may decline to give financial assistance, or approval as a tenant in any Authority financed project, or contract with any persons for certain reasons which include: 1) commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract, or subcontract thereunder, or in the performance of such contract or subcontract or 2) commission of obstruction of justice or any other offense indicating a lack of business integrity or honesty.

Each of the two following matters could support disqualification under these criteria. They are summarized as follows:

DPC (Tianjin) Co. Ltd.:

In May 2005, DPC pled guilty to violating the Foreign Corrupt Practices Act (“FCPA”) in connection with payments totaling approximately \$1.6 million made from 1991 through 2002 by DPC (Tianjin) Co. Ltd. (“DPC Tianjin”), DPC’s Chinese subsidiary. These payments were made to hospitals in China in order to obtain or retain business with these hospitals. Pursuant to the Plea Agreement, DPC agreed to pay a \$2 million fine. DPC Tianjin agreed to obtain an independent compliance monitor for 36 months and implemented procedures to avoid future incidents of this nature.

Additionally, with respect to this misconduct, DPC entered into a Cease and Desist order with the United States Securities and Exchange Commission (“SEC”). In connection with the execution of the Cease and Desist order, DPC paid a fine of approximately \$2.8 million, which sum represented the disgorgement of the net profit of DPC Tianjin for the period of its misconduct, plus prejudgment interest.

Mitigating Factors:

DPCC does not believe these matters should impact its BEIP grant and has presented the following mitigating factors for the Board’s consideration:

1. When senior management of DPC became aware of the improper payments being made by DPC Tianjin in China, DPC promptly ordered DPC Tianjin to stop all such commission payments and made a voluntary disclosure to the federal government. The sentencing judge credited DPC’s cooperation in accepting the plea agreement.
2. Pursuant to its guilty plea, DPC Tianjin agreed to retain a compliance monitor for 36 months. DPC voluntarily implemented additional compliance policies and procedures in order to detect and prevent any further similar illegal conduct.
3. As a result of the 2006 sale, DPC is now also subject to the additional requirements of the Siemens Compliance Program, which includes comprehensive measures designed to:
 - Train company employees and its distributors regarding Siemens’ anti-corruption policies; and
 - Monitor, track and investigate compliance concerns.
4. The misconduct took place in China in 1991 through 2002 and has not been repeated.
5. DPC took responsibility for the misconduct, and has paid all fines and penalties imposed.
6. Employees directly involved in the matter are no longer employed by DPC or its subsidiaries.

7. None of Grantee's employees were involved with the payments to the Chinese hospital's staff.

Siemens Medical Solutions USA, Inc.:

In February 2007, Siemens Medical Solutions USA, Inc. ("SMS"), the current parent entity of Siemens Healthcare Diagnostics, Inc. ("SHD" (formerly Grantee DPCC)), pled guilty to a federal criminal charge of obstruction of justice. The plea arose in connection with a bid made in June 2000 to obtain a \$49 million contract for providing radiology equipment to a public hospital in Cook County, Illinois and the subsequent bid protest litigation.

The applicable bidding laws required bidders to set aside not less than 30% and 10%, respectively, of the total contract value for minority and women owned businesses. This requirement could be satisfied by the bidder forming a joint venture with minority/women enterprise(s) provided that: a) the minority/women business' participation in the joint venture had to reflect the set aside percentages with regard to the ownership, investment, control, management, risks and profit of the joint venture; b) the minority/women enterprise part of the joint venture was to be responsible for a clearly defined portion of work commensurate with the percentage of ownership it had in the joint venture using its own workforce and/or equipment and c) the work assigned to the minority/women enterprise in the joint venture must have been within its expertise to perform and clearly designated in an agreement with the bidder.

In its bid, SMS claimed to have joined a joint venture with a minority owned business which met the legal requirements. In fact, SMS had engaged a minority owned company only for purpose of obtaining the contract in a way that did not meet the legal requirements for the bid. Despite the legal requirements and representations in the bid to the contrary, SMS paid the minority owned company a flat fee that was much less than the requisite 30% share of the profits required by the bidding laws and retained total control over the performance of the contract.

After SMS won the hospital contract, a losing bidder challenged the award in federal court. SMS and its counsel continued to misrepresent the nature of its joint venture in the bid protest proceedings in Federal Court. Evidence was withheld to create the impression that the minority owned company was engaged in the joint venture to the extent required under the bidding law. The misrepresentations included: 1) falsely denying that there was a side agreement between SMS and the minority owned business which set different terms than those set forth in the bid documents; 2) misrepresenting that certain payments to the minority owned business were profit sharing when in fact they were flat fees to obtain its participation in the joint enterprise contrary to the bidding laws and 3) misrepresenting that there would be a sharing of the risk with the minority owned business when in fact there was not. The court enjoined the bid award to SMS and found that the minority owned enterprise could not perform the contract for which the bid was submitted and that the bid was improper because the side agreement with the minority owned business had not been disclosed. An appeal was filed but the bid protest was subsequently settled. Up to the time of the settlement, SMS continued to falsely maintain to the County that it had disclosed all of the terms of its agreement with the minority enterprise and that

it was paying the minority owned business as required by the bidding laws rather than the actual flat fee arrangement it had secretly made with the minority owned business.

In May 2007, SMS pled guilty to a federal criminal charge of obstruction of justice for its misconduct in the bidding and the bidding protest proceedings. SMS was sentenced and ordered to pay a fine of \$1 million and restitution of approximately \$1.5 million. No probation was ordered. Also in 2007, two Siemens employees (in-house counsel and the district business administrator for the Chicago area) pled guilty to federal criminal charges in connection with this misconduct. The two employees were sentenced to probation, a fine and community service. These employees are no longer employed by SMS, its parent, or any of its affiliates.

Mitigating Factors:

DPCC does not believe these matters should impact its BEIP grant and has presented the following mitigating factors for the Board's consideration:

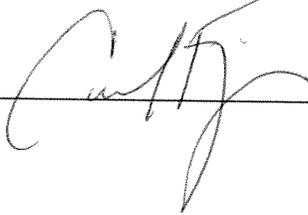
1. The incident was an isolated incident that occurred over eight years ago. The incident occurred prior to Siemens acquisition of DPC and has not been repeated. SMS took responsibility for that incident, and has paid all fines and penalties imposed by the court.
2. After the above conviction, SMS undertook the following corrective and preventative measures:
 - Enhancement of controls related to its government procurement process.
 - The Government Contract Group management now meets regularly with members of the SMS law department to consult on compliance issues pertinent to forms and certifications. The Government Contract Group also ensures that government contracts receive additional scrutiny and review.
 - SMS has significantly strengthened its Compliance Program through the dissemination of enhanced compliance policies and procedures governing conduct ranging from customer payments, kickbacks, compliance with government contracts and minority business enterprise requirements, as well as gifts and entertainment relating to private and public customers. Policies and procedures are reinforced through mandatory employee training.
 - SMS has appointed a full-time Compliance Officer.
 - SMS established a Request for Proposal ("RFP") Center, a key part of the Company's commitment to strengthening compliance with bidding requirements and laws. The RFP Center must review and approve all RFP's, including those to state and local public entities, regardless of the value of the transaction.

3. The two employees who were prosecuted for this misconduct no longer work for SMS.

Based on the information presented and the mitigating factors, staff recommends continuation of the BEIP Grant.

Recommendation:

- I. Staff recommends that the Members of the Authority approve the sale of parent company, DPC to SMS and the resultant name change wherein DPCC became SMSD.
- II. Staff also recommends that the Members of the Authority approve the name change from SMSD to SHD.
- III. Staff's recommends that the Members of the Authority approve the continuation of the BEIP grant notwithstanding legal issues based on the review of the mitigating factors by staff, in consultation with the Attorney General's Office.



A handwritten signature in black ink is written over a horizontal line. The signature is stylized and appears to be 'C. J. J.' or similar.

Prepared by: K. Gallagher



MEMORANDUM

TO: Members of the Board

FROM: Caren S. Franzini
Chief Executive Officer

RE: Recommendation to Include Not-For-Profits for Fast Start Loan Program Eligibility and Revise Program Name

DATE: November 10, 2009

Request:

The EDA Board is requested to approve the addition of not-for-profits as eligible entities for the Fast Start loan program. As well, staff is recommending to change the program name to the *Small Business Fund* to more accurately reflect the program's purpose and target audience. The specific program change recommendations are outlined below.

Background:

In November 2007, the EDA Board approved the creation of a new loan and guarantee product which allowed for expedited review and approval through EDA Delegated Authority¹ of loans up to \$300,000 to credit-worthy small, women, and minority-owned businesses using guarantor credit scores as a core underwriting parameter. Similar to small business loan programs offered by commercial banks, this new program was developed as a way to meet the needs of the small business community by expediting loan approvals under certain dollar thresholds while at the same time more efficiently utilizing staff internal resources. Previously, EDA had been using the same underwriting procedures, analyses, and scrutiny for loans, regardless of size. Additional to the internal operational efficiencies expected with this program, the inclusion of credit scores would give the EDA an additional level of comfort for businesses that did not have significant operating history.

¹ Delegated Authority = signatures of SVP Operations with Director of Credit Underwriting or Portfolio or Alternate SVP with both Directors

Effective with program launch, this program now serves as EDA's core small business program, helping to serve the needs of the small business community. Typically their financing requests are too big for our micro lenders, yet the companies are not mature enough to qualify for our other programs or traditional bank debt. This program is evidence of EDA's commitment to that marketplace by providing necessary access to capital.

As the program approaches the two year mark, consistent with EDA standard practice of periodic program reassessment, a cross-functional team consisting of representation from Business Development, Underwriting, Marketing, and Product Development was assembled to review program activity to date. As of this time, 8 loans and 1 guarantee have been approved under the Fast Start program in 2009, representing \$2.1 million in aggregate EDA exposure; with 2008 data represented by 7 loans and \$1.3 million in exposure. Based on the findings of the team, two change recommendations are now offered.

The first recommendation is to expand the category of eligible entities to include not-for-profits. These entities have expressed strong interest in this program, yet are not eligible under current program parameters. While the larger not-for-profits have been able to benefit from programs such as tax exempt bond financing, often the smaller not-for-profits have not been able to access capital for projects such as real estate acquisition. Expanding this program to not-for-profits is consistent with EDA's goal to broaden and strengthen our offerings to the small business community. Based on market demand, it has become evident that this is an important and necessary product for both our small for-profit and not-for-profit business base. Including not-for-profits under the program, within the Delegated Authority parameters, allows them to benefit from a program intended to meet critical financing needs on a timely basis.

As well, from a marketing messaging standpoint, the name "Fast Start" is not optimally suited to the program as it currently operates. Although originally intended to connote the principle of speed (through EDA Delegated Authority of approvals), what has been evidenced in practice is that the smaller loans to small businesses are often labor and time-intensive to process due to information lags from the customer side which is not atypical for this size customer. As a small business, it is very difficult to obtain all necessary financial underwriting material. While the turnaround is efficient once all of the documentation is received, EDA often does not receive complete documentation at application, which causes approval delays. A new product name more appropriate to the program purpose and target audience is therefore warranted. Renaming as Small Business Fund is also consistent with our other segments for program of this type, where we have used the word "Fund" to denote a financing product option.

Recommendation 1:

In order to meet customer demand for this program and continue to build upon our ongoing strategy to assist small businesses in New Jersey, we propose expanding the eligibility for the Fast Start program to allow not-for-profit organizations, which provide valued jobs and services in New Jersey, to apply for consideration.

The maximum loan amount would continue to be up to \$300,000. Eligibility for for-profit businesses would not change. Eligibility for not-for-profits would be as follows:

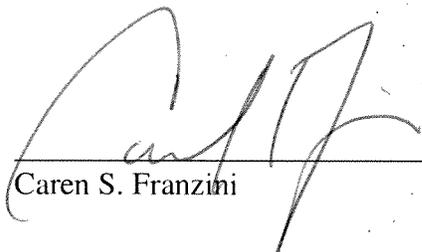
- In operation for at least 3 full years, minimum of 3 years of financial reporting with evidence of 3 years of satisfactory operations (minimum of 1 year is required for for-profit businesses)
- Debt service coverage ratio (DSCR) of not less than 1:1 (for-profits require guarantors, with specific credit score requirements, depending on amount requested)

Exhibit 1 summarizes the current program parameters and the proposed additions:

Consistent with current practice under Fast Start, applicants would be approved under Delegated Authority, regardless of whether or not they are a for-profit business or a not-for-profit, as long as they comply with the eligibility requirements. Our underwriting staff will evaluate loans in accordance with program guidelines. As well, project approvals would be reported to the EDA Board on a monthly basis, as is the standard procedure for all approvals under Delegated Authority. Staff will provide a review of the program to the Directors Loan Review Committee at least on a semi-annual basis and to the full Board annually and will monitor in particular the not-for-profit portfolio of projects assisted by the Fund. As with the original program definition, the underwriters' analysis (including consideration of the number of charge-offs, delinquencies, lien positions, and data around market value of real estate) may override credit scores and/or debt service coverage ratios to result in a declination. If a project does not fit the program parameters, or if the underwriter believes there is adequate cause to withhold approval, the project will either be declined or proceed through the normal approvals process of DLRC and the Board.

Recommendation 2:

To better reflect the program purpose and target audience and be consistent with EDA naming parameters, we propose changing the program name from "Fast Start" to the "Small Business Fund". From a program messaging standpoint, the revised program name more accurately reflects the program purpose and intended target audience.



Caren S. Franzini

Prepared by: Barbara Pierce

EXHIBIT 1

Recommended Fast Start Program Revisions

	FOR-PROFIT		NOT-FOR-PROFIT
PROGRAM LIMITS	\$125,000	\$300,000	<i>\$300,000</i>
PRODUCT TYPES	Loan, Participation, Guarantee	Same	<i>Same</i>
FUNDING SOURCE	Internal EDA Core Capital	Same	<i>Same</i>
USES	Fixed Assets, Working Capital	Same	<i>Same</i>
TERMS AND CONDITIONS	<u>Rate:</u> Fixed or Variable. 3% floor (fixed); 2% floor (variable) <u>Term:</u> 5 year maturity, but can go up to 10 years (5 year rate reset) <u>Amortization:</u> up to 20 years, depending on purpose of loan	Same	<i>Same</i>
GUARANTOR CREDIT SCORE	Greater than or equal to 650	≥ 700	<i>Not applicable</i>
LTV (Real Estate)	95%	100%	<i>100%</i>
LTV (Equipment)	85%	90%	<i>90%</i>
YEARS IN OPERATION	Minimum 1 year	Minimum 1 year	<i>Minimum 3 years</i>
DEBT SERVICE COVERAGE RATIO	N/A	N/A	<i>1.1 or greater</i>
FEES	\$300 application ½% commitment ½% closing ½% guarantee	Same	<i>Same</i>
PROHIBITIONS	No Line of Credit Refinancings generally prohibited	Same	<i>Same</i>
OTHER	Prevailing Wage applies for all construction renovations	Same	<i>Same</i>

Proposed program changes are in *italics*



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Fund for Community Economic Development

DATE: November 10, 2009

Summary

The Members are requested to accept three changes to the Fund for Community Economic Development (Fund): 1) the extension of the terms for an additional 10 years of the loans that PSE&G and JCP&L provided in 1997 to capitalize the Fund (new maturity will be November of 2020); 2) the reduction of the notes' interest rates to 2% fixed for PSE&G and 3% fixed for JCP&L (down from 4%, fixed); and 3) the alteration of the loan limit of the Real Estate component so that it follows the EDA Direct Loan limit. This latter change will result in increasing the current limit for this component from \$750,000 to \$1.25 million.

Background

In April of 1997, the Fund was created through a partnership with Public Service Electric and Gas (PSE&G), Jersey Central Power and Light (JCP&L), the New Jersey Economic Development Authority and the State of New Jersey. Both PSE&G and JCP&L provided funding in the form of low interest loans to capitalize the Fund in November of 1997.

The purpose of the Fund was to provide a new source of flexible financing to support urban community development, revitalize local economies and provide employment for urban residents. To accomplish these goals, the Fund targeted two important needs for capital in urban markets – those of small businesses and real estate development. Specifically, the Fund makes capital available to micro-lenders and other intermediary organizations, who effectively can reach small businesses in local markets (Loans to Lenders). For community development projects, the Fund provides predevelopment assistance and permanent financing with flexible terms to assist often difficult-to-fund projects.

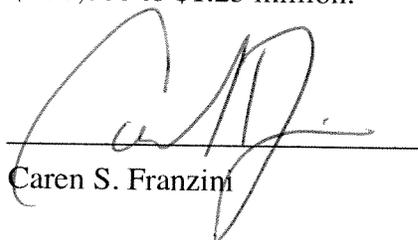
The Fund has been successful in achieving its two goals to provide capital for small businesses and community projects. From inception to June 2009, it has closed on 61 financings, providing \$15.2 million to micro-lenders and community development projects. These funds have leveraged another \$33.3 million from other public and private sources and it is estimated that nearly 1,000 full-time, permanent jobs have been created. More specifically, the Fund has provided 9 Loans to Lenders totaling nearly \$4 million, 26 predevelopment loans totaling nearly \$1 million and 32 real estate loans totaling \$10.3 million. These components together with the funds leveraged from other public and private sources have resulted in approximately \$48.5 million in total financing. The Fund has a current balance of \$2,300,000.

In December of 2008, the Members approved two changes to the Fund to assist development of grocery stores and supermarkets in urban areas. They were to: 1) allow up to \$4 million within the Loans to Lenders component to be used for supermarket and grocery store development, with a maximum of \$3 million per loan; and 2) reduce the interest rate for Loans to Lenders from 3% and two step-up periods of 4% and 5% to 2%, fixed for the term of the loan.

To continue to revolve the resources of the Fund and make them available to communities, both PSE&G and JCP&L have agreed to extend the terms of their loans to EDA for 10 years until November 2020. Also, in recognition of the current interest rate environment, they have agreed to lower the interest rates on their loans to 2% fixed and 3% fixed, respectively. In addition, staff recommends that the loan limit be changed to be consistent with other EDA Direct Loan products. This will result in an increase of the current limit of \$750,000 to \$1.25 million and will make much needed additional financing available to communities given the current scarcity of development capital. The Fund Business Plan will be amended to reflect the loan limit changes.

Recommendation

The Members are requested to accept three changes to the Fund for Community Economic Development (Fund): 1) the extension of the terms for an additional 10 years of the loans that PSE&G and JCP&L provided in 1997 to capitalize the Fund (new maturity will be November of 2020); 2) the reduction of the notes' interest rates to 2% fixed for PSE&G and 3% fixed for JCP&L (down from 4%, fixed); and 3) the alteration of the loan limit of the Real Estate component so that it follows the EDA Direct Loan limit. This latter change will result in increasing the current limit for this component from \$750,000 to \$1.25 million.



Caren S. Franzini



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: November 10, 2009

SUBJECT: Wood-Ridge Development, LLC
Wood-Ridge, New Jersey
\$750,000 Brownfields Redevelopment loan

Request:

Extend the loan maturity from October 1, 2009 to July 1, 2011. In return, Borrower will repay \$250,000 in five monthly installments of \$50,000 beginning December 1, 2009. Approval will permit the Borrower additional time to redevelop the property.

Background:

Wood-Ridge Development, LLC ("WRD") was formed by Messrs. Schron and Fruchthandler to develop the former Curtiss Wright manufacturing facility. Known as Wesmont Station, the project will be a mixed use community, including over 700 residential units along with commercial and open space, and a new train station on NJ Transit's commuter rail line.

In September 2006, the Members approved a \$750,000 Brownfields Redevelopment loan to finance environmental remediation expenses. Through a Brownfields Reimbursement agreement with NJ Treasury, the borrower will be reimbursed from the taxes generated on the property. Since 2006, borrower has remediated and received a No Further Action letter from the NJDEP on most of the site.

Due to the recession, sales of the remediated property have been postponed, resulting in a delay of any taxes being generated at the site and precluding tax reimbursements. Without this funding, the Borrower is unable to repay the matured loan and requested an extension. Wachovia Bank extended its 1st mortgage to 07/01/2011 with a 1 year extension at the Borrower's option.

Recommendation:

Staff recommends extending the maturity from October 1, 2009 to July 1, 2011. The extension will permit the Borrower additional time to redevelop the property and support the efforts of the Borrower and Borough of Wood-Ridge to redevelop a formerly contaminated and underutilized area of Wood-Ridge. Extension is subject to receipt of \$250,000 reduction in the loan balance payable over five months beginning December 1, 2009.

Prepared by: Natalia Nagovsky



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: November 10, 2009

SUBJECT: JVG Properties, LLC
\$6,100,000 Tax Exempt Bond (P14552) ("2004 Bonds")
Carlstadt Boro, Bergen County

Modification Request:

Consent to the sole bondholder's request to eliminate requiring a letter of credit to credit enhance the 2004 Bonds.

Background:

In April 2004 the members approved a \$6,100,000 tax-exempt conduit bond to JVG Properties, LLC, a real estate holding company formed to construct and equip a 35,000 sq. ft. manufacturing facility in Carlstadt for its related operating company, Citroil Enterprises, Inc. Citroil Enterprises is a family owned and operated manufacturer of flavors used in the food industry that began operation in 1960's.

The 2004 Bonds were privately placed by Roosevelt & Cross, Inc. as fixed rate bonds at 5.375% for 15 years. Washington Mutual Savings Bank originally provided a Letter of Credit as enhancement for the bonds. On June 14, 2005, the Members approved an amendment allowing the substitution of Sun National Bank as Letter of Credit Bank.

On September 23, 2009, Jacob Glueck, the father of the majority shareholder of Citroil and a principal of JVG, purchased the bonds directly from Roosevelt & Cross in order to eliminate the expense of maintaining the letter of credit. Mr. Glueck is now formally requesting that the Authority consent to that release. Mr. Glueck will receive an assignment of the existing collateral backing the Letter of Credit at the time it is released by Bank of New York, the Trustee.

Wolff & Samson, Bond Counsel, has reviewed the modification request and determined that the modification will result in a "reissuance" of the bonds, which will require the filing of an 8038 with the I.R.S.

Bond counsel has opined that the 2004 Bonds will continue to qualify as tax exempt bonds because the operating company, primary tenant in the building, continue to operate as a qualified manufacturing entity pursuant to the IRS code. Due to the IRS rules on "Related Persons", however, the income Mr. Glueck receives will not be exempt from his taxable income.

Mr. Glueck has acknowledged in writing, that as a "Related Party", as long as he holds the bonds and his daughter owns the Borrower and Citroil, the interest he earns on the bonds will be taxable.

Recommendation:

Consent to remove the letter of credit requirement for these tax-exempt bonds. As noted above, the bonds will remain tax-exempt to the Borrower project but interest earnings on the bonds by the Purchaser will be taxable due to his relationship to the borrower and operating entity.

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Prepared by: Nancy C. Meyers



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini, Chief Executive Officer
DATE: November 10, 2009
SUBJECT: Projects Approved Under Delegated Authority - **For Informational Purposes Only**

The following projects were approved under Delegated Authority in October 2009:

New Jersey Business Growth Fund:

- 1) Catherine M. Riccardi, DBA State Farm Insurance Agency (P28877), located in Haddonfield Borough, Camden County, was formed as an insurance services provider to clients in the Westmont, NJ area. Ms. Riccardi has owned and operated the agency since 1995. PNC Bank approved a five-year, 25% guarantee, not to exceed \$59,000. Loan proceeds will be used to purchase property. The company currently has three employees and plans to create an additional two new jobs within the next two years.
- 2) Schultes Inc. and A.C.S. & Sons, Inc. (P28769) is located in West Deptford, Gloucester County. A.C.S. & Sons, Inc. was founded in 1921 as a provider of various water and wastewater services to municipalities, private, commercial and industrial customers. Schultes, Inc. is a real estate holding company formed in 1986. PNC Bank approved a five-year, 25% guarantee, not to exceed \$250,000. Loan proceeds will be used to refinance real estate. The company currently has 50 employees and plans to create an additional 15 new jobs over the next two years.
- 3) Uptown Keyport Hotel LLC and Uptown Keyport Bar & Grill LLC (P28628) is located in Keyport Borough. Uptown Keyport Hotel LLC owns and operates a hotel in Keyport, NJ, where they lease the first floor to the operating company, Uptown Keyport Bar & Grill LLC, which operates as a restaurant. PNC Bank approved a \$500,000 loan with a five-year, 50% guarantee, not to exceed \$250,000. Loan proceeds will be used to refinance the existing mortgage. Currently, the company has five employees and plans to create an additional five new positions within the next two years.

Fast Start Direct Loan Program:

- 1) Direct Cabinet Sales Inc. (P28751), located in South Brunswick Township, Middlesex County, was formed in 1990 and distributes and installs kitchen cabinetry to residential, commercial and new construction markets. DCS currently has six showrooms. The company was approved for a \$300,000 loan to be used to purchase equipment and machinery. Currently, the company has 100 employees and plans to create an additional 27 new positions within the next two years.
- 2) Keep It Clean Janitorial Service and Supply (P28047), located in Trenton City, Mercer County, was originally formed in 1987 as a provider of janitorial services to commercial clients. The company was purchased in 1999 by the current owner, as a women and minority owned business. The company was approved for a \$100,000 loan to be used to facilitate business expansion. The company currently has sixteen employees and plans to create three new jobs within the next two years.

NJ Main Street Program:

- 1) 100 E. Taylor Avenue Associates, LLC & BSCS Associates, LLC (P28724) is located in Wildwood City, Cape May County. 100 E. Taylor Avenue Associates, LLC is a real estate holding company formed in 2006 to purchase the project property. BSCS Associates, LLC operates a bar and grill called Dogtooth Bar & Grill. Sun National Bank approved a \$995,000 loan, contingent upon a 25% (\$248,750) participation, and a 25% guarantee of principal outstanding, not to exceed \$186,583. The company currently has 26 employees and plans to create eight new jobs within the next two years

Preferred Lender Program:

- 1) Aries Realty Associates, LLC (P28420), located in Berlin Township, Camden County, is a real estate holding company created to purchase the project property. The operating company, ResinTech, Inc. was formed in 1986 as a manufacturer of ion exchangers for commercial water purification applications. Citizens Bank approved a \$937,500 loan contingent upon a 37.33% Authority participation, not to exceed \$350,000. Loan proceeds will be used to purchase the project property to facilitate business expansion. The company currently has 95 employees and plans to create one new position within the next two years.
- 2) MCB, LLC (P27934), located in Woolwich Township, Gloucester County, is a real estate holding company created in 2009 to purchase the project property. The operating company, Diversified Foam Products, Inc. was founded in 1983 as a manufacturer of plastic foam products, excluding polystyrene, which are used to insulate objects or reduce shock. Primary customers consist of equipment manufacturers and distributors in the flooring, major appliance, automotive, medical, sports and construction industries. TD Bank approved a \$3,250,000 loan contingent upon a 38.5% Authority participation, not to exceed \$1,250,000. The company currently has 68 employees and plans to create 30 new jobs within the next two years

Camden ERB:

- 1) 808 Market Street Associates, LLC (P28334), located in Camden City, Camden County, was formed in 2004 as a real estate holding company to purchase the project property. The company was approved for a \$20,000 Business Improvement Incentive Grant to be used for building renovations. Currently, the company has two employees and plans to create an additional four new jobs within the next two years.
- 2) Standard Merchandising Company (P28176), located in Camden City, Camden County, was formed in 1922 by the current owner's grandfather as a hosiery distributor and finisher including toe closing, dyeing, bleaching, inspecting, packing and shipping. The company was approved for a \$20,000 Business Improvement Incentive Grant to be used for site improvements. The company currently has 57 employees.

New Jersey Business Growth Fund - Modification:

- 1) Four Star Reproductions, Inc. (P27890) is located in Fairfield Borough, Essex County. On August 8, 2009, PNC Bank approved a \$670,000 loan with a 50% guarantee, not to exceed \$335,000. Subsequently, the loan amount has been increased to \$693,000 with a 50% guarantee, not to exceed \$346,500 based on receipt of actual payoff letters. The project remains in compliance with program requirements.

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Prepared by: S. Mania
SM/gvr

REAL ESTATE



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: November 10, 2009

SUBJECT: Portfields Memorandum of Understanding
Second Extension between the Port Authority of New York & New Jersey and
The New Jersey Economic Development Authority

Summary

The Members are asked to approve a second extension of a Memorandum of Understanding ("MOU") for the period beginning January 1, 2010 through December 31, 2011, between the Port Authority of New York & New Jersey ("PANYNJ") and the New Jersey Economic Development Authority in which each party will continue to fund Portfields development feasibility and planning studies and projects, and implement activities in support of Portfields development projects which will positively impact PANYNJ facilities in New Jersey.

A meeting of the Authority was held on Tuesday, November 14, 2006, and the Members of the Authority Board approved the extension of an existing MOU between the Authority and the Port Authority of New York and New Jersey up to December 31, 2009, with the understanding that each party will maintain its \$900,000 contribution commitment (\$300,000 per year by each party for three years). It should be noted that the Members approved the Authority's execution of the original MOU in January 2004, and a copy of the fully executed original MOU dated August 2, 2004 is attached.

The new extension agreement requires each party (EDA and Port Authority of NY/NJ) to contribute an amount not to exceed \$215,000 per year each for two (2) years for a total of \$860,000, to include a broad range of site feasibility and project implementation work by both parties. To date, the NJEDA and PANYNJ have spent approximately \$739,662 (\$369,831 each) on Portfields-related consultant services.

These services were instrumental in investigating, evaluating and identifying brownfields and other industrial sites in the established Port District(s) that could be transformed into productive properties to support emerging market opportunities for ocean and air-freight related warehousing and distribution operations.

Approval of an extension of the Authority/PANYNJ MOU up to December 31, 2011, would maintain each party's financial obligations under the original MOU (not to exceed \$900,000 by each party), subject to the availability of budgetary resources.

The Portfields work directly supports Governor Corzine's Economic Growth Strategy for New Jersey. International trade and strategic economic growth development require vibrant port development that includes remediation of designated brownfields sites and otherwise underutilized sites in and around New Jersey's Port district. The Portfields effort will help in meeting the Governor's priority for expanding the global competitiveness of New Jersey's businesses

Background

Many tenants at PANYNJ commerce sites continue to find it difficult to secure the space they need to properly support their business operations. In recent years, the private sector's demand for Port space and port-related facilities has outpaced the available resources. In addition, the steady expansion of the PANYNJ's port commerce facilities is putting pressure on some companies to identify alternative locations for their business operations. *Unless* alternative, proximal industrial sites are found and developed, firms will either be forced to relocate a greater distance from the Port resulting in less efficient goods movement and handling, or they may leave the region altogether.

The Portfields MOU between the PANYNJ and the Authority provides a vehicle for responding to these problems. It has facilitated an important step in the development of a comprehensive strategy, to promote the construction of high-value distribution centers near port commerce facilities. Seventeen (17) sites were identified as feasible for development and four (4) more sites have, recently been added to a Portfields site list. Most of these sites now have private sector sponsors, many of which together with the active support of the Authority are securing their project pre-development permits and approvals from regulatory agencies. For example, the Coca-Cola site in Newark has full site plan approvals for a distribution facility and the Greenfield Builders site in Elizabeth has had a 340,000 square foot warehouse facility built.

Under the MOU, Authority and PANYNJ matching contributions would continue to fund the preparation of studies, plans and project development assistance in order to advance port commerce related projects in the Port District of New Jersey where a large portion PANYNJ's port cargo facilities are located.

Under the second extended MOU, the parties, as required, can continue to retain the services of real estate development and environmental/planning consultants to advance the redevelopment of high-value distribution facilities on a number of short-listed industrial sites in close proximity to port commerce facilities. These services include: market analysis, infrastructure capacity and requirements, environmental assessment, conceptual development plan and costs, and potential real estate financing structures. Feasibility work will not exceed \$300,000 per year in total costs, with the balance dedicated to detailed analysis of planning options, alternative development strategies and work to advance the creation of necessary and appropriate public/private development partnerships. The form of the extended MOU is substantially in the same form as the originally approved January 2004 MOU and in the first extension.

The final document may be subject to revision, although the basic terms and conditions will remain consistent with those in the attached executed copy of the MOU. Any changes to the final terms of the MOU will be subject to the approval of the Chief Executive Officer and the Attorney General's Office.

Recommendation

In summary, I am requesting the Members' approval to extend until December 31, 2011, the original memorandum of understanding with the PANYNJ regarding the conduct and funding of Portfields development feasibility, planning studies and implementation activities for projects which will positively impact PANYNJ facilities in New Jersey, with the understanding that each party will have a contribution amount of \$215,000 per year over the next two (2) years for these purposes, as consistent with the original MOU.



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