



MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: June 14, 2011
SUBJECT: Agenda for Board Meeting of the Authority June 14, 2011

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Bond Projects

Loans/Grants/Guarantees

Incentive Programs

Board Memorandums

Authority Matters

Real Estate

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

May 13, 2011

MINUTES OF THE MEETING

Members of the Authority present: Vice Chairman Joseph McNamara, Acting Chairman; Matt McDermott representing the Executive Branch; Wayne Staub representing the Commissioner of the Department of Environment Protection; Joe Latoof representing the Department of Labor and Workforce Development; Nancy Graves representing the Commissioner of the Department of Banking and Insurance; Public Members: Laurence Downes, Marjorie Perry, Charles Sarlo, Raymond Burke, First Alternate Public Member; Elliot M. Kosoffsky, Second Alternate Public Member; and Kevin Brown, Third Alternate Public Member.

Present via conference call: Steve Petrecca representing the State Treasurer, Timothy Carden, Public Member; and Rodney Sadler, Non-Voting Member.

Absent from the meeting: Al Koepp, Chairman; and Richard Tolson, Public Member.

Also present: Caren Franzini, Chief Executive Officer of the Authority; Sudi Solomon, Deputy Attorney General; Nicole Crifo, Governor's Authorities' Unit; and guests.

Vice Chairman McNamara 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 April 12, 2011 regular and executive session meeting minutes. A motion was made to approve the minutes by Mr. Latoof, seconded by Mr. Burke, and was approved by the 13 voting members present.

The next item of business was the approval of the April 25, 2011 regular and executive session special meeting minutes. A motion was made to approve the minutes by Mr. Brown, seconded by Mr. Latoof, and was approved by the 13 voting members present.

Ms. Franzini stated that Board Member Steven Plofker had resigned from the board to accept an appointment to another board from Governor Christie. Vice Chairman McNamara asked for a resolution thanking Mr. Plofker for his service to the board. On a motion by Mr. Latoof, and seconded by Mr. Brown the resolution was approved.

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

BOND RESOLUTIONS

PROJECT: Triangle Manufacturing Co. Inc. **APPL.#36048**
LOCATION: Upper Saddle River/Bergen Cty.
PROCEEDS FOR: equipment purchase
FINANCING: \$2,750,000 Tax-Exempt Bond
MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Latoof **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT:1

PRELIMINARY RESOLUTIONS

PROJECT: Century Packaging, Inc. **APPL.#36372**
LOCATION: East Brunswick/Middlesex Cty.
PROCEEDS FOR: equipment purchase
MOTION TO APPROVE: Mr. Brown **SECOND:** Ms. Graves **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

PROJECT: Congregation Meoros Nosson Inc. **APPL.#36404**
LOCATION: Lakewood/Ocean Cty.
PROCEEDS FOR: refinance existing debt
MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Latoof **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

PROJECT: Precision Properties, LLC. **APPL.#36566**
LOCATION: Plainfield/Union Cty.
PROCEEDS FOR: building acquisition
MOTION TO APPROVE: Mr. Brown **SECOND:** Mr. Carden **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT:4

PROJECT: Postcard Press, Inc. **APPL.#36406**
LOCATION: TBD
PROCEEDS FOR: equipment purchase
MOTION TO APPROVE: Mr. Brown **SECOND:** Mr. Latoof **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

DIRECT LOANS

PROJECT: South Olden Avenue Realty Group **APPL.#36074**

LOCATION: Hamilton/Mercer Cty.

PROCEEDS FOR: building construction

FINANCING: \$785,000 direct loan

MOTION TO APPROVE: Mr. Brown **SECOND:** Ms. Perry **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT:6

Mr. Latoof abstained because he is on the board of a not-for-profit that leases properties from L & F Properties.

LOCAL DEVELOPMENT FINANCING FUND

PROJECT: Damascus Bakery NJ LLC **APPL.#36346**

LOCATION: Newark/Essex Cty.

PROCEEDS FOR: building acquisition

FINANCING: \$1,000,000 Local Development Financing Fund loan & modification of existing EDA direct loan

MOTION TO APPROVE: Mr. Staub **SECOND:** Mr. Latoof **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PROJECT: Damascus Bakery NJ LLC **APPL.# 17790**

LOCATION: Newark/Essex Cty.

PROCEEDS FOR: building acquisition

REQUEST: \$499,283 Direct Loan modification to have NJEDA's third lien position on the real property changed to a fourth lien on this property.

MOTION TO APPROVE: Mr. Latoof **SECOND:** Mr. Brown **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

PROJECT: Damascus Bakery, Inc. **APPL.#17629**

LOCATION: Newark/Essex Cty.

FINANCING: \$7,750,000 Tax Exempt Bond with 12.9% Authority guarantee

REQUEST: Consent to change the existing fixed rate interest of 5.44% to a floating tax exempt equivalent rate of 30 day LIBOR + 275 basis points with an interest rate swap to the 11/01/2017 maturity.

MOTION TO APPROVE: Mr. Staub **SECOND:** Mr. Brown **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

CAMDEN ECONOMIC RECOVERY BOARD

PROJECT: The Cooper Health System **APPL.#35976**

LOCATION: Camden/Camden Cty.

FINANCING: \$1,000,000 non-recoverable grant from Higher Education and Regional Health Care Fund

REQUEST: Approve the funding authorization for a \$1 million non-recoverable grant under the Higher Education and Regional Health Care Development Fund to Cooper to fund a portion of the permanent financing for the Cooper Cancer Institute, a new, 5-story comprehensive cancer center.

MOTION TO APPROVE: Mr. Staub SECOND: Mr. Latoof AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

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

MOTION TO APPROVE: Mr. Latoof SECOND: Mr. Brown AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PROJECT: Globe Petroleum Inc. **APPL.#34177**

LOCATION: Red Bank/Monmouth

PROCEEDS FOR: upgrade, closure and site remediation

FINANCING: \$106,676 Petroleum UST Remediation, Upgrade, & Closure Fund Grant

PROJECT: Ramon Quinones **APPL.#34837**

LOCATION: North Plainfield/Somerset

PROCEEDS FOR: upgrade, closure and site remediation

FINANCING: \$128,886 Petroleum UST Remediation, Upgrade, & Closure Fund Grant

PROJECT: Tim Wallace **APPL.#34444**

LOCATION: Somers Point/Atlantic

PROCEEDS FOR: upgrade, closure and site remediation

FINANCING: \$168,036 Petroleum UST Remediation, Upgrade, & Closure Fund Grant

FOR INFORMATION ONLY: Summary of all Petroleum Underground Storage Tank Program Delegated Authority Approvals for the month of April 2011.

INCENTIVE PROGRAMS

ITEM: Business Retention and Relocation Assistance Grant Sales and Use Tax Exemption (BRRAG STX) Proposed Rule Amendments

REQUEST: Approve proposed rule amendments to the BRRAG STX Program which conform to recent rule amendments recently approved by the EDA Board and proposed for adoption as part of the BRRAG Program; authorize staff to promulgate the amendments for rulemaking in the NJ Register.

MOTION TO APPROVE: Mr. Latoof SECOND: Mr. Brown AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

ITEM: Delegated Authority Revisions to Economic Redevelopment and Growth (ERG) Grant, Urban Transit Hub Tax Credit (HUB), and Business Retention and Relocation Assistance Grant (BRRAG)

REQUEST: Approve revisions to the incentives delegations to incorporate the new programs of ERG and HUB, consistent with other delegations to staff, and to revise the BRRAG delegations.

MOTION TO APPROVE: Ms. Perry SECOND: Mr. Latoof AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

**BUSINESS EMPLOYMENT INCENTIVE PROGRAM, BUSINESS RETENTION AND
RELOCATION ASSISTANCE GRANT PROGRAM, AND SALES AND USE TAX
EXEMPTION**

PROJECT: Aeropostale, Inc. **APPL.#36345**
LOCATION: TBD & Wayne Twp./Passaic **BUSINESS:** business management
& support services

GRANT AWARD: 40% Business Employment Incentive grant, 10 years

MOTION TO APPROVE: Mr. Kosoffsky SECOND: Ms. Perry AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

GRANT AWARD: \$328,500 (estimate), 1 year Business Retention and Relocation Assistance Grant

MOTION TO APPROVE: Mr. Kosoffky SECOND: Mr. Latoof AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

PROJECT: Bed Bath & Beyond Inc. and Subsidiaries **APPL.#36408**
LOCATION: Union Twp./Union Cty. **BUSINESS:** business management &
support services

GRANT AWARD: 65% Business Employment Incentive grant, 10 years

MOTION TO APPROVE: Ms. Perry SECOND: Mr. Brown AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: Dicaperl Minerals Corp., Dicalite Management Group, Inc. **APPL.#36360**
and Affiliates

LOCATION: Pennsauken/Camden **BUSINESS:** manufacturing

GRANT AWARD: 80% **Business Employment Incentive grant**, 10 years

This item was held from consideration.

PROJECT: EMX, LP and Subsidiaries **APPL.#36331**

LOCATION: TBD **BUSINESS:** plastics

GRANT AWARD: 45% **Business Employment Incentive grant**, 10 years

MOTION TO APPROVE: Mr. Latoof **SECOND:** Mr. Burke **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

GRANT AWARD: \$981,000 (estimate), 2 years **Business Retention and Relocation Assistance Grant**

MOTION TO APPROVE: Mr. Latoof **SECOND:** Mr. Brown **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

PROJECT: Farmers Insurance Exchange and Affiliates **APPL.#36409**

LOCATION: TBD **BUSINESS:** financial services

GRANT AWARD: 35% **Business Employment Incentive grant**, 10 years

MOTION TO APPROVE: Mr. Staub **SECOND:** Ms. Perry **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: Farmers Insurance Exchange and Affiliates **APPL.#36567**

LOCATION: TBD **BUSINESS:** financial services

GRANT AWARD: 35% **Business Employment Incentive grant**, 10 years

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: Hartford Fire Insurance Company **APPL.#36335**

LOCATION: Hoboken/Hudson Cty. **BUSINESS:** financial services

GRANT AWARD: 80% **Business Employment Incentive grant**, 10 years

This item was held from consideration.

PROJECT: Merisel Americas, Inc. and Affiliates **APPL.#36405**

LOCATION: Carlstadt/Bergen Cty. **BUSINESS:** printing & publishing

GRANT AWARD: 55% **Business Employment Incentive grant**, 10 years

MOTION TO APPROVE: Mr. Latoof **SECOND:** Mr. Staub **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: Realogy Corporation
LOCATION: Parsippany/Morris Cty. **BUSINESS:** real estate services
MAX PURCHASE AMOUNT: Up to \$25,060,000
ESTIMATED AWARD: \$1,445,987 Sales and Use Tax Exemption
MOTION TO APPROVE: Mr. Brown **SECOND:** Ms. Perry **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

PROJECT: Rosetta Marketing Group, LLC **APPL.#36410**
LOCATION: TBD **BUSINESS:** professional services
GRANT AWARD: 35% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Ms. Perry **SECOND:** Mr. Latoof **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

GRANT AWARD: \$371,250 (estimate), 1 year **Business Retention and Relocation Assistance Grant**
MOTION TO APPROVE: Mr. Latoof **SECOND:** Mr. Staub **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

PROJECT: Spectra East Inc. **APPL.#36407**
LOCATION: TBD **BUSINESS:** health care
GRANT AWARD: 40% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Latoof **SECOND:** Ms. Graves **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

GRANT AWARD: \$3,105,000 (estimate), 3 years **Business Retention and Relocation Assistance Grant**
MOTION TO APPROVE: Mr. Latoof **SECOND:** Mr. Burke **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

PROJECT: TBB, Inc. d/b/a O Padeiro **APPL.#36371**
LOCATION: Woodbridge/Middlesex Cty. **BUSINESS:** food products
GRANT AWARD: 80% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Brown **SECOND:** Ms. Perry **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: ThromboGenics, Inc. and Affiliates **APPL.#36374**
LOCATION: TBD **BUSINESS:** biotechnology
GRANT AWARD: 35% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. Latoof **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: VISH LLC **APPL.#36312**
LOCATION: N/A **BUSINESS:** manufacturing
GRANT AWARD: 30% **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Mr. Latoof **SECOND:** Ms. Perry **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

BOARD MEMORANDUMS

ITEM: Restructure of Defaulted Hazardous Discharge Site Remediation Fund (HDSRF) and Underground Storage Tank (UST) loans.

REQUEST: 1) Consent to restructuring defaulted HDSRF and UST loans for borrowers unable to repay within the maximum 10 year term in order to maximize collection opportunities while supporting the clean-up of environmentally contaminated sites and 2) delegate loan extension and restructuring approvals to the Director of Finance and Bond Management or Credit Underwriting.

MOTION TO APPROVE: Mr. Latoof **SECOND:** Mr. Brown **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

PROJECT: Mybar Realty Company **APPL.#19033**

LOCATION: Newark/Essex Cty.

FINANCING: \$385,193 Hazardous Discharge Site Remediation Fund loan

REQUEST: 1) Extend the HDSRF loan maturity four years to 11/1/15 to provide necessary time to complete environmental remediation and to sell the subject property and 2) extend a second principal moratorium for twelve months to March 1, 2012 to provide continued payment relief.

MOTION TO APPROVE: Mr. Latoof **SECOND:** Ms. Graves **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

FOR INFORMATION ONLY: The next item is a summary of projects approved under Delegated Authority in April 2011.

New Jersey Business Growth Fund: Executive Lawn Service, Inc. or Nominee

NJ Main Street Program: MammaMia Produce, LLC; Puerto Rican Action Board, Inc.

Preferred Lender Program: Bounderby, LLC

Preferred Lender Program – Modification: 502 Pleasant Valley LLC

AUTHORITY MATTERS

ITEM: US Treasury Grant Opportunity – State Small Business Credit Initiative (SSBCI)

REQUEST: Authorize the Chief Executive Officer to execute a grant agreement and other related documents for \$33,760,698 with the U.S. Treasury, subject to the Treasury’s approval of the EDA’s application.

MOTION TO APPROVE: Mr. Latoof SECOND: Mr. Burke AYES: 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to discuss restructuring of a loan for SWP Real Estate, LLC.

MOTION TO APPROVE: Mr. Brown SECOND: Mr. Latoof AYES: 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

The Board returned to Public Session.

Executive Session Item: Consent to a principal moratorium on the subject bonds and approve a principal moratorium on the EDA direct loan in conjunction with EDA bond moratorium.

MOTION TO APPROVE: Mr. Brown SECOND: Ms. Perry AYES: 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 24

PUBLIC COMMENT

There was no comment from the public.

There being no further business, on a motion by Mr. Brown, and seconded by Ms. Perry, the meeting was adjourned at 11:20 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



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: June 14, 2011

RE: Chief Executive Officer's Report to the Board

JBOC Approves EDA Proposal for Use of BEIP Residual Funds

The Joint Budget and Oversight Committee (JBOC) has approved EDA's request to deploy up to \$13 million in funds from BEIP bond proceeds to support technology and life science industry in New Jersey.

As part of the BEIP amendments in 2003 (P.L. 2003, c.274), EDA was authorized to issue economic development bonds to support "designated industries" that are considered key to the State's economic growth (primarily technology focused, with the exception of financial services and logistics). In 2004, the Authority received the approval of JBOC to issue up to \$60 million in economic development bonds to fund economic development programs authorized. Subsequently, the investments became the launch pad for a portfolio of products branded as the Edison Innovation Fund which includes equity-like investment vehicles that support research and development, commercialization, and growth of life sciences and technology companies.

The \$13 million will be used to 1) capitalize EDA's *Edison Innovation Fund* to provide subordinated convertible debt to technology companies that have succeeded in attracting angel and venture capital investments; 2) provide funding for a new Tech Stars initiative, a competitive, mentorship-driven, early stage investment program; and 3) provide pre-development funding for activities to support the development of a technology center at Fort Monmouth. As we advance elements of the Fund we will keep the Members advised of our progress and seek approvals as required.

Edison Innovation Green Growth Fund Launched

In response to market demand for a companion program to the State's Clean Energy Manufacturing Fund (CEMF), EDA recently announced the launch of the Edison Innovation Green Growth Fund (EIGGF). Funded by the New Jersey Board of Public Utilities, the EIGGF program offers assistance in the form of loans with a performance grant component of up to \$1 million to New Jersey class I renewable or energy efficiency clean technology companies that have begun generating commercial revenues and are seeking matching funding to support the

growth of their clean technology businesses. With the positive performance of the company, up to 50 percent of the funding may be converted to a performance grant and interest rates for this program will be fixed for a five-year term, based on the risk profile and location of the company.

Eligible technologies for funding include energy efficiency equipment and technology that reduce electric or natural gas consumption, such as furnaces, boilers and air conditioning systems with higher efficiencies than existing energy codes or standards. Lighting systems such as LED lights, and energy monitoring and control systems which conserve the use of gas or electricity, are also eligible under the program.

FINANCING ACTIVITY

In the first five months of 2011, EDA closed financing and incentives totaling over \$451 million for 69 projects that are expected to spur the creation of just over 6,800 new, full-time jobs and leveraging over \$2 billion in total public/private investment.

- In lending activity, EDA closed financing totaling over \$171 million for 53 projects that are expected to spur the creation of just over 250 new, full-time jobs and leveraging over \$330 million in total public/private investment.
- Through our incentive programs, EDA closed on 16 projects totaling over \$280 million in estimated benefits that are expected to create just over 6,500 new, full-time jobs and leveraging over \$1.7 billion in total public/private investment.

Among the businesses assisted in May:

Advance Healthcare Services Inc., which closed on a \$125,000 Small Business Fund loan. Jersey City-based Advance Healthcare Services Inc. provides home health care services in the Jersey City and surrounding areas in Hudson County. This assistance will support the creation of an estimated 30 new jobs.

Specialty Vehicle Solutions, which closed on a \$180,000 participation in a \$810,000 TD Bank loan through the Preferred Lender Program. Specialty Vehicle Solutions, LLC designs and manufactures custom surveillance vehicles and mobile command units for law enforcement agencies nationwide. This assistance will enable the company to purchase a 22,828 square foot light industrial building in Trenton, which will support 25 existing jobs as well as the creation of an estimated 5 new jobs.

Ricetz Corporation, which closed on an \$80,000 guarantee of a \$320,000 PNC Bank loan through the New Jersey Business Growth Fund. Ricetz Corporation operates as a sheet metal fabricator whose business is derived from New Jersey school systems, Fortune 1000 companies, construction companies, and new residential contractors. This assistance will support the creation of 8 estimated new jobs, as well 5 existing jobs.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees or exhibitors at 32 events in May. These included the New Jersey Governor's Conference for Women in Atlantic City, Greenbaum's 5th Annual Real Estate Conference in Woodbridge, NAIOP 24th Annual Commercial Real Estate Awards Gala in Somerset, and the C-Suite Economic Summit at Rutgers Bloustein School of Public Policy.

Additionally, EDA staff participated in several groundbreakings and grand openings in May including the groundbreaking of the Weehawken Garage at the Weehawken Ferry Terminal, and the grand opening of the Marriott Fairfield Inn & Suites in Millville - a project EDA assisted through the Local Development Financing Fund .



statement) and the State will not be providing its typical disclosure regarding its financial information and other matters. The purchaser of the 2011 Series A Bonds will be selected by an Authorized Officer of the Authority, pursuant to a competitive solicitation via Treasury's RFP process and in accordance with Executive Order No. 26, in consultation with the State Treasurer, Attorney General's Office and Bond Counsel, and subject to the following parameters:

- (i) the final maturity of the 2011 Series A Bonds shall be not later than twenty-four (24) years from the date of the original issuance and delivery of the 2011 Series A Bonds;
- (ii) the true interest cost on the 2011 Series A Bonds issued as fixed rate bonds shall not exceed six percent (6%) per annum;
- (iii) the maximum interest rate on the 2011 Series A Bonds issued as variable interest rate bonds shall not exceed twelve percent (12%) and the initial rate shall not exceed the maximum fixed rate of (6%) per annum; and
- (iv) the redemption price for any 2011 Series A Bonds shall not exceed one hundred two percent (102%) of the principal amount of such 2011 Series A Bonds.

The purchaser will be required to purchase the 2011 Series A Bonds for its own account and not with a view towards distributing or reselling any of the 2011 Series A Bonds, unless such distribution or resale is in compliance with applicable federal and state securities laws applicable to any subsequent resale or distribution of the 2011 Series A Bonds.

The Members of the Board are requested to approve certain actions and delegation of actions to an Authorized Officer, in consultation with, the Treasurer, Bond Counsel and the Attorney General's Office, as applicable. These actions and delegations are more fully stated in the First Supplemental Resolution, which is incorporated herein by reference; the actions will be memorialized in one or more Series Certificates. These actions and delegations may include, without limitation: the authority to (i) determine the terms of the 2011 Series A Bonds, including, without limitation, whether they will be fixed interest rate or variable interest rate bonds in accordance with the First Supplemental Resolution, and with respect to the variable interest rate bonds, including but not limited to, the Index (as defined below), and/or percentage thereof, the spread above Index the reset period and any other applicable reset terms, (ii) select and approve the direct purchaser of the 2011 Series A Bonds, subject to the competitive solicitation process and the parameters described above, and award the sale of the 2011 Series A Bonds to the successful bidder, in accordance therewith, which (A) in the case of fixed interest rate bonds, offers the interest rate or rates which will produce the lowest true interest cost to the Authority over the life of the 2011 Series A Bonds, and (B) in the case of variable interest rate bonds, offers the lowest spread to the Index selected; or, if such Authorized Authority Representative, upon consultation with the State Treasurer, Bond Counsel and the Attorney General of the State so determines, to reject any or all bids and so far as permitted by law, to waive any irregularities or informalities in such proposals; and (iii) enter into a direct bond purchase contract with the selected bond purchaser for the direct purchase and sale of all (but not less than all) of the 2011 Series A Bonds without the provision of any disclosure by the State regarding its financial information and other matters; in consultation with the State Treasurer, Attorney General's Office and Bond Counsel. As used in this Memorandum, "Index" means "either the London Interbank

Offered Rate (“LIBOR”) or rates promulgated by the Securities Industry and Financial Markets Association (“SIFMA”).”

Professionals for the 2011 Series A Bonds were selected as follows: McManimon & Scotland was selected as Bond Counsel through a competitive RFP/RFQ process in accordance with Executive Order No. 26 performed by the Attorney General's Office on behalf of Treasury for State appropriation backed transactions. Through Treasury's competitive RFP process, The Bank of New York Mellon was selected as Trustee and paying agent. The First Supplemental Resolution authorizes the execution and delivery of the Lease and such other documents as may be necessary or advisable in connection with the issuance of the 2011 Series A Bonds. It also authorizes Authority staff to take all necessary actions incidental to the issuance of the 2011 Series A Bonds subject to the State Treasurer's approval.

RECOMMENDATION

Based upon the above description, the Members are requested to: (i) approve the adoption of the General Bond Resolution and First Supplemental Resolution authorizing the issuance of the 2011 Series A Bonds in the principal amount not to exceed \$9 million as well as other matters in connection with the issuance and purchase thereof and otherwise described above; (ii) authorize the Authorized Officers of the Authority to (A) select and approve the direct bond purchaser, subject to the competitive solicitation process and the above-mentioned parameters, (B) determine the terms of the 2011 Series A Bonds, as specified above, including, without limitation, whether they will be fixed interest rate or variable interest rate bonds, and with respect to the variable interest rate bonds, including but not limited to, the Index and/or percentage thereof, the spread above Index, the reset period and any other applicable reset terms, and (C) enter into the bond purchase contract with the bond purchaser for the direct purchase and sale of all (but not less than all) of the 2011 Series A Bonds without State disclosure; (iii) authorize the execution and delivery of the Lease and such other documents as may be necessary or advisable in connection with the issuance of the 2011 Series A Bonds; (iv) authorize the use of the aforementioned professionals; and (v) authorize Authority staff to take all necessary actions incidental to the issuance of the 2011 Series A Bonds; subject to final review and approval of all terms and documentation by Bond Counsel and the Attorney General's Office.

A handwritten signature in black ink, appearing to be 'C. Wells', is written over a horizontal line.

Prepared by: Teresa Wells

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

APPLICANT: Century Packaging, Inc.

P36372

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 42 Edgeboro Road

East Brunswick Township (N)

Middlesex

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

APPLICANT BACKGROUND:

Century Packaging, Inc. (Century), formed in 1986, is a full service manufacturer that specializes in designing folding cartons to customer specification. The applicant handles all aspects of carton creation, from the prototype phase to graphic layout, manufacturing and delivery of the final product. Century's customers are nationwide, with a primary focus on the New York, New Jersey, Pennsylvania tri-state area. Industries served by the applicant include cosmetic, pharmaceutical, healthcare, nutritional, food, bakery products, automotive & industrial hardware and pet products.

The Authority approved at its August 2009 Board meeting a \$2.5 million tax-exempt bond (P26784), having an 84 month term with a fixed rate of 5.5%, for Century Packaging to acquire a Mitsubishi sheetfed press that closed in November 2009. The tax-exempt bond was acquired by People's Capital and Leasing Corp, who have also committed to fund the new tax-exempt bond request. Since the purchase of the 1st press in 2009, sales and production have increased 32%. A 7 year \$400,000 SLP loan (P11188) with a 25% Authority participation of \$100,000, and a 25% guarantee of principal outstanding, not to exceed \$75,000, closed in April 2000 and was subsequently paid off in May 2007, as agreed.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to acquire a Mitsubishi Diamond 3000LX 6-16 28"x40" 6 color sheetfed printing press with auxiliary equipment, similar to the one acquired in 2009. The applicant is projecting the acquisition of the new press will allow it to increase business an additional 20%. The project cost not covered by the tax-exempt bond will be funded by the applicant.

FINANCING SUMMARY:

BOND PURCHASER: People's Capital and Leasing Corp. (Direct Purchase)

AMOUNT OF BOND: \$1,620,000 Tax-Exempt Bond

TERMS OF BOND: 84 months; fixed rate based on the tax-exempt equivalent of 300 basis points over the seven (7) year People's Capital and Leasing Corp cost of funds. The estimated rate is 3.59% as of 5/31/2011.

ENHANCEMENT: N/A

PROJECT COSTS:

Purchase of equipment & machinery	\$1,800,000
Renovation of existing building	\$60,000
Legal fees	\$20,000
Finance fees	\$20,000
TOTAL COSTS	<hr/> \$1,900,000 <hr/>

JOBS: At Application 53 Within 2 years 7 Maintained 0 Construction 2

PUBLIC HEARING: 06/14/11 (Published 05/31/11) **BOND COUNSEL:** Wolff & Samson
DEVELOPMENT OFFICER: P. Ceppi **APPROVAL OFFICER:** M. Krug

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

APPLICANT: Moorestown Friends School Assoc.

P36075

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: Various

Moorestown Township (N) Burlington County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Moorestown Friends School Assoc., originally founded in 1785, is a 501(c)(3) not-for-profit located on a 48-acre campus in Moorestown, Burlington County. Contiguous classroom buildings consisting of a lower, middle and upper schools, house approximately 700 students from Pre-kindergarten to Grade 12, with two preschool classrooms right next to the Lower School Building. Athletic facilities include seven all-purpose playing fields, two baseball diamonds, five tennis courts, three gymnasiums and a Field House. The School was founded by the members of the Religious Society of Friends (also known as the Quakers) and has been reviewed and approved by the Attorney General's Office relating to the First Amendment's Establishment Clause. Larry Van Meter is the Head of the School.

Moorestown Friends School expanded their campus by acquiring approx. 5.45 acres of nearby and/or contiguous properties. In 2006, the School purchased 1.35 acres of land at 123 Chester Ave.; and in 2008, the School purchased the former Greenleaf Retirement facility on 28 - 32 Main Street, contiguous to the current campus, which contains 5 buildings and approx. 4.1 acres of land. The School wishes to convert some of the building space on this property into classrooms.

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

APPROVAL REQUEST:

Authority assistance will enable the Applicant to refinance an existing line of credit provided by TD Bank (dated November 2006 for 5 years at one month LIBOR plus 50 basis points) that was used to finance the acquisition of the two properties described above and related costs for planning, legal, environmental and engineering services to expand its campus. The amount of each series of bond will be determined by the allocation of the eligible project costs to each of the properties.

FINANCING SUMMARY:

BOND PURCHASER: Republic Bank (Direct Purchase)

AMOUNT OF BOND: \$6,000,000 (estimated) Series A
Tax-exempt Bond

\$6,000,000 (estimated) Series B
Tax-exempt Bond
For a total tax-exempt bond financing not
to exceed \$12,000,000

TERMS OF BOND: 27 years; interest only first 2 years and 25 yr. amortization thereafter; Fixed interest rate of 3.65% for first 10 years; subject to call options and rate resets on the 10th anniversary and every five years thereafter; rate resets will be based on the tax-exempt equivalent of 10 year Treasury plus 200 basis points, with floor of 5% taxable rate.

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	\$12,000,000
Finance fees	\$100,000
Legal fees	\$50,000
TOTAL COSTS	\$12,150,000

JOBS: At Application 125 Within 2 years 20 Maintained 0 Construction 0

PUBLIC HEARING: 06/14/11 (Published 05/31/11) **BOND COUNSEL** Wolff & Samson

DEVELOPMENT OFFICER: H. Friedberg

APPROVAL OFFICER: T. Wells

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

APPLICANT: Yeshivat Keter Torah

P35112

PROJECT USER(S): Yeshivat Keter Torah

* - indicates relation to applicant

Special Education Academy of Deal (SEAD)

PROJECT LOCATION: 1 Meridian Way

Eatontown Borough (N)

Monmouth

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

APPLICANT BACKGROUND:

Yeshivat Keter Torah (Keter Torah), was formed in 1999 under the leadership of Rabbi Mordechai Dabbah. The applicant's mission is to provide the Jersey Shore Sephardic community a K-12 boys school with an education rooted in the methodology and traditions of the Sephardic community. The school's current enrollment is 145 students, with plans to grow to 540 students on its proposed new campus. The project has been reviewed and approved by the Attorney General's Office relating to the First Amendment's Establishment Clause.

Please note, 44% of the building will be leased out to the Special Education Academy of Deal (SEAD). SEAD, formed in 2002 by Morris Sutton, is a special education program available to children who have learning disabilities such as Down Syndrome and other Neurological challenges. The school provides a nurturing community school with the advantage of having their special educational and therapeutic needs (OT, PT, Speech, Behavioral, etc.) met in a mainstream environment.

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

APPROVAL REQUEST:

Authority assistance will enable the applicant to acquire a 7 acre site, with a 38,000 s.f. building that was previously used as a school, and refinance existing debt on properties owned by the applicant. The new school building will include 25 class rooms, a library, new science and computer labs, and a music room. The balance of project costs not covered by the tax-exempt bond will be funded with proceeds from the sale of a property in Lakewood.

FINANCING SUMMARY:

BOND PURCHASER: The Bank of Princeton (Direct Purchase)

AMOUNT OF BOND: \$2,400,000 Tax-Exempt Bond

TERMS OF BOND: 25 years; fixed rate for the first 5 years at 4.5%; rate adjustment every 5 years based on the tax-exempt equivalent of 300 basis points above the 5 year US Treasury Note, with a 4.5% floor.

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$2,400,000
Refinancing	\$400,000
Renovation of existing building	\$300,000
Finance fees	\$40,000
Legal fees	\$30,000
Accounting fees	\$30,000

TOTAL COSTS

\$3,200,000

JOBS: At Application 45 Within 2 years 10 Maintained 0 Construction 3

PUBLIC HEARING: 06/14/11 (Published 05/31/11) **BOND COUNSEL:** Wolff & Samson

DEVELOPMENT OFFICER: R. Fischer **APPROVAL OFFICER:** M. Krug

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

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

APPLICANT: Yeshiva Toras Aron, Inc.

P34036

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 500 Summer Avenue

Lakewood Township (T/UA)

Ocean

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

APPLICANT BACKGROUND:

Yeshiva Toras Aron, Inc., a New Jersey nonprofit corporation, operates an elementary school for boys. This private school opened in September 2004 and now serves students in grades pre-K through fifth grade.

Currently, there are 598 pupils in this school, with 4 parallel classes per grade having an average class size of 25.

The Applicant has completed the renovation and expansion of a 25,000 sq. ft. building, which was purchased in September 2009. This capital improvement project consisted mainly of building additions and expansion (including adding a complete second floor to house additional class rooms, additional lunch rooms, and a library).

This project has been reviewed and approved by the Attorney General's Office relating to the First Amendment's Establishment Clause.

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 refinancing of existing conventional debt, which was used to purchase and expand a school building (approx. 75,000 sq. ft. after expansion); monies or notes due to the local families who advanced or bridged the necessary renovation/expansion financing, which was used for the furnishing and improving of the same school building, and for reimbursement of the Applicant for work completed plus paying the cost of issuance.

The difference between the project costs and the bond amount is expected to be funded by the Applicant's equity.

FINANCING SUMMARY:

BOND PURCHASER: TD Bank, N.A. (Direct Purchaser)

AMOUNT OF BOND: Up to \$6,500,000 Tax-Exempt Bond

TERMS OF BOND: 25 years; floating rate at the tax-exempt equivalent of one-month LIBOR (as of May 2, 2011 0.20%) plus 217.5 bps; on the closing date Borrower shall enter into a swap agreement of at least 75% of the loan to a fixed rate (as of May 2, 2011, indicative 5-year tax-exempt swap fixed rate is 4.00%; 7-year and 10-year swap terms are also available); with a call option every 5, 7 or 10 years to correspond with the term of the swap selected by the Borrower

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	\$6,424,000
Cost of Issuance/Other	\$76,000
Finance fees	\$48,750
TOTAL COSTS	<u>\$6,548,750</u>

JOB: At Application 28 Within 2 years 10 Maintained 0 Construction 0

PUBLIC HEARING: 06/14/11 (Published 05/31/11) BOND COUNSEL: Wolff & Samson

DEVELOPMENT OFFICER: R. Fischer APPROVAL OFFICER: D. Sucsuz

PRELIMINARY RESOLUTIONS

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

APPLICANT: Congregation Yeshiva Yesodei Hatorah, Inc dba Yeshiva Yesodei P36173

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

PROJECT LOCATION: 2 Yesodei Court Lakewood Township (T/UA) Ocean

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

APPLICANT BACKGROUND:

Congregation Yeshiva Yesodei Hatorah, Inc., dba Yeshiva Yesodei Hatorah (Yeshiva), formed in 1995, is a Jewish based post high school program, with a current enrollment of 52 students. The applicant is a non-degree graduate studies program, focusing on the philosophy of the Talmud (Oral Law), a guide for a moral based lifestyle, and the analytical skills for life long learning. Rabbi Yisroel Treff is the Administrator, with Rabbi Shaye Treff serving as the head of school. The project is being reviewed by the Attorney General's Office relating to the First Amendment's Establishment Clause.

The applicant 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 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:

The applicant recently broke ground for a new state of the art 6 acre campus in Lakewood. Authority assistance will enable the applicant to refinance \$4 million in conventional debt used to acquire the property and do leasehold improvements. The interest savings will be used to provide additional services for the students, thus requiring creation of new jobs.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	\$4,000,000
Legal fees	\$40,000
Finance fees	\$40,000
TOTAL COSTS	<hr/> \$4,080,000 <hr/>

JOBS: At Application 14 Within 2 years 10 Maintained 0 Construction 0

PUBLIC HEARING: 06/14/11 (Published 05/31/11) **BOND COUNSEL:** Wolff & Samson

DEVELOPMENT OFFICER: R. Fischer **APPROVAL OFFICER:** M. Krug

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

APPLICANT: New Jersey Nonferrous Trading Inc. or its nominee

P36741

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 1460 Chestnut Avenue

Hillside Township (T/UA)

Union

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

APPLICANT BACKGROUND:

Established in January 2004, New Jersey Nonferrous Trading Inc. ("NJNFT"), a family owned wholesale business, is a scrap metal recycler of metal products specializing in copper, brass and aluminum. The Company engages in recovering nonferrous metals and nonferrous metal alloys from scrap metal. The location in Union Twp., NJ provides a convenient distance to both the pier and other major highways, allowing NJNFT to become both the supplier and consumer of large quantities of metals. With a supply of metal, NJNFT sells its materials domestically to smelting factories, foundries or other scrap yards. In addition, a portion of the business is wire stripping, in which the coating in copper electrical wire is stripped, cut and spooled, making it reusable and thereby qualifying as manufacturing and eligible for tax-exempt financing. There are currently 25 employees.

APPROVAL REQUEST:

Authority assistance will enable the applicant to finance a portion of the costs to acquire 1.78 acres and a 58,000 sq. ft. facility, make renovations and purchase new machinery and equipment to support its expansion plans. They will continue to maintain and operate their current facility in Union Twp., NJ.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	\$2,700,000
Purchase of equipment & machinery	\$900,000
Renovation of existing building	\$400,000
Legal fees	\$20,000
Finance fees	\$20,000
Accounting fees	\$20,000

TOTAL COSTS	\$4,060,000
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JOBS: At Application 25 Within 2 years 15 Maintained 0 Construction 12

PUBLIC HEARING:

BOND COUNSEL: Wolff & Samson

DEVELOPMENT OFFICER: D. Johnson

APPROVAL OFFICER: T. Wells

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

APPLICANT: TBB, Inc. d/b/a O Padeiro

P36724

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 1 Amboy Ave

Woodbridge Township (T/UA)

Middlesex

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

APPLICANT BACKGROUND:

Established in 1976, TBB, Inc. d/b/a O Padiero, is a manufacturer of fresh bakery products for regional distribution and parbaked frozen bakery products for national distribution. TBB is owned by Manuel Teixeira, a fifth generation baker from Portugal, with over 50 years experience in the baking industry and was the founder of Teixeira's Bakery, which he successfully operated in NJ for 24 years until 10 years ago when the company was sold. Mr. Teixeira also owns and operates Lusitania Bakery in Bethlehem, PA which has been baking a variety of fresh breads since 1996.

Teixeira's Bakery, under the ownership of Mr. Teixeira, received EDA assistance in 1988 and 1994 to acquire its facility in Newark via tax exempt bond financing in aggregate principal amount of \$6,284,000. The Bonds are paid in full.

At the May 2011 Board meeting, the Applicant was approved for an estimated 80% BEIP grant of approx. \$672,000 as an incentive to create 140 new jobs at the Project Location.

APPROVAL REQUEST:

Authority assistance will enable the applicant to purchase machinery and equipment for the bakery to be opened in Woodbridge Twp.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Purchase of equipment & machinery	\$9,895,000
Finance fees	\$75,000
Legal fees	\$30,000
TOTAL COSTS	<u><u>\$10,000,000</u></u>

JOBS: At Application 0 Within 2 years 140 Maintained 0 Construction 0

PUBLIC HEARING:

BOND COUNSEL: McManimon & Scotland

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: T. Wells

CAMDEN ECONOMIC RECOVERY BOARD



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

TO: Members of the Economic Recovery Board

FROM: Caren S. Franzini
Chief Executive Officer

DATE: June 14, 2011

RE: City of Camden – Carnegie Library Stabilization
P35568

Request

The Members of the Authority are asked to approve the funding authorization for a recoverable grant up to \$1,000,000 under the Demolition and Redevelopment Financing Fund established through the “Municipal Rehabilitation and Economic Recovery Act” (“Act”) to the City of Camden to fund the stabilization of the Carnegie Library located in the Lanning Square neighborhood of Camden.

Background

On March 28, 2006, the Members approved a \$1,000,000 infrastructure grant to the Camden Redevelopment Agency (CRA) to fund the stabilization of the Carnegie Library, a property owned by the City of Camden. In November, 2009 CRA advised EDA in writing that the stabilization project would not be moving forward at that time, but the rehabilitation of the building was still a priority in the larger vision of future planning for the Lanning Square neighborhood.

The City of Camden is now actively pursuing the stabilization and restoration of the library. This project will reclaim one of the finest landmarks in the City. Located at the intersection of Broadway and Line Street, the two-story neoclassical building was constructed by the firm of J. E. and A. L. Pennock in 1905 as the first free library in Camden. After serving Camden for 81 years, the library closed its doors in December, 1986 and moved its collection to the downtown library located at 318 Federal Street, which was closed in 2010, due to the City’s budget constraints. The Carnegie Library building was placed on the national Register of Historic Places in October, 1992. Since its closing, the building has suffered significant damage and physical decay. Without the benefit of a sound roof for the last decade or so, water has infiltrated the building and impacted its structural fabric. As a result, large sections of the second and first floors have collapsed, and several of the limestone and masonry sections have shifted.

In 2005, emergency stabilization and preliminary planning measures were taken by the City to prevent demolition. Since then, no other actions have been taken toward stabilization. From an exterior inspection, the building has not suffered any further significant damage. The interior of the building, however, can only be accurately assessed once the project commences and the interior of the building has been examined. In order to stabilize the building, partial restoration of the building is required, including the demolition and rebuilding of the north and east walls as well as considerations for future adaptive reuse of the building.

Project History

In February, 2004, CRA awarded French and Parrello Associates (FPA) a contract for architectural and engineering services. In June, 2005, FPA completed survey and analysis work in preparation for the stabilization project. This current phase of the project seeks to build upon the Preservation Plan, drawing and specifications that were previously completed. In order to complete Phases 1 and 2 of the stabilization, these documents must be updated.

In November, 2004 the City of Camden was approved for a grant in the amount of \$460,513 from the New Jersey Historic Trust (NJHT). The grant provides funds for planning documents and building stabilization. Criteria for funding specify that grant recipients must demonstrate the ability to match the funds requested to complete the proposed work. The grant initially expired in May, 2010. In June, 2010 through the efforts of CFDA, the NJHT Board of Trustees approved an extension to the grant agreement to May, 2012.

In October 2006, CRA and the City of Camden passed resolutions to make a joint venture on the Carnegie Library stabilization. The City then released an RFP for construction management services in February, 2008. In April 2008, Scungio Borst and Associates (SBA) was awarded the contract.

In October, 2010, CFDA submitted a proposal to the City to provide project management services for this project. In December, 2010, City Council passed a resolution approving CFDA's proposal as project manager.

In order to complete this project in a cost-effective and timely manner, the CFDA proposed using the consultants previously contracted be retained to work on the stabilization project; French and Parrello Associates (FPA) for architecture/engineering and Scungio Borst and Associates (SBA) as construction management. In March 2011, the City's legal department determined both contracts were no longer valid. As such, CFDA drafted a request for proposal (RFP) for the architectural/engineering services and construction management services. Issuance of the RFPs is contingent upon approval of the ERB funding.

Project Summary

The stabilization project is comprised of three phases. Phase I is the Preservation Plan and Stabilization Recommendations. Phase II includes the Drawings and Specification/Construction. The stabilization of the structure would complete Phase II, preparing the building for the final stage of adaptive reuse. Phase III will include the adaptive re-use of the building.

Expenditures for Phase I and a portion of Phase II totaling \$238,633 and were funded by CDBG funding (2003/2004) and Friends of Carnegie Library funding: 1) Phase I Mortar Report and Recommendations (\$47,975); 2) Phase II drawings and specs for enclosing the building (\$63,345) and engineering costs (\$25,300); 3) stabilization of the north and east walls (\$62,450) and 4) preservation and selective demolition (\$21,000).

This project will focus on Phase II of the stabilization. The objective is to prevent future building decline and prepare for a full restoration of the structure. Without the stabilization project, Carnegie Library may one day soon have to be demolished due to its degrading condition. Besides the aforementioned demolition and rebuilding of the north and east walls, the scope of work includes the installation of anchors on all four wall, the removal of the existing roof structure and all first and second floor framing and columns, new steel columns and footings, new steel beams and parapets, new roof structure, removal of cornice stones, re-pointing, wall repair and door and window sealing and ventilation. Once the interior of the building has been inspected, the scope of work may be altered according to the existing conditions of the library.

Phase III will return the Carnegie Library back to Camden's residents as a public facility. Once the stabilization is complete, the City of Camden has stated its willingness to engage a private developer for the redevelopment of the property. It is a priority of the City to make sure that this property is restored in as timely manner and as such has committed to issuing a request for interest (RFI) simultaneously with the stabilization to identify potential developers with the capacity to return the facility to public use. The City believes that the rehabilitation of Carnegie Library will not only restore one of Camden's premier buildings, but will also be a catalyst for redevelopment in the emerging Lanning Square neighborhood.

By September, 2011 the City expects to identify funding for Phase III and secure the funding by June 2012. The completion of the stabilization of the Carnegie Library is scheduled for May, 2012 in accordance with the grant agreement with NJHT. The renovation design work and construction documentation for Phase III is anticipated to be completed by February, 2013. The construction bidding process is anticipated by February 2013, with construction to begin in May, 2013 and completion anticipated by March, 2014.

Although there is no definite end use determined for the Carnegie Library Building, the City is actively looking for opportunities that meet the current needs of the Broadway corridor and will create synergies with new development in the Lanning Square neighborhood. The City believes

that with proper planning, budget and a sequenced approach, the Library, which is 16,800 sf., will be in operation again.

In fall, 2010, construction started at the Cooper Medical School of Rowan University (CMSRU), a 200,000 sf. six-story state of the art medical school building at South Broadway and Benson Street. It is anticipated that the CMSRU will open its doors to the first class of medical students in 2012. Campuses often need ancillary facilities so the close proximity of the library could be beneficial for the medical school, with the building potentially servicing as an office facility or medical library. Other potential uses include office space, a museum showcasing the industrial history of Camden and a community center for the arts.

Project Budget

Uses of Funds

	<u>Cost</u>	<u>NJHT</u>	<u>ERB</u>
Construction	\$1,048,701	\$229,732	\$818,969
General Conditions	163,351	35,784	127,567
Construction Management	48,482	10,621	37,861
Insurance & Taxes	19,979	4,376	15,603
Architecture & Engineering	180,000	180,000	0
<u>Total Uses</u>	<u>\$1,460,413</u>	<u>\$460,513</u>	<u>\$1,000,000</u>

Sources of Funds

ERB Grant	\$1,000,000
New Jersey Historic Trust	460,513
<u>Total</u>	<u>\$1,460,413</u>

Funding from NJHT will be expended first. ERB funding will be used to finance construction services and management fees.

Security and Repayment

This ERB funding is structured as a recoverable grant and will be unsecured. If the City sells the property to a private developer, NJEDA will require 50% of the proceeds for up to 100% of the ERB grant amount. If the city maintains ownership of the property for public use, the ERB grant will be non-recoverable. Because the City is unable to pledge a mortgage on City owned properties, the grant agreement will contain appropriate language reflecting these stipulations.

Disbursement of Funds

The ERB funds will be disbursed receipt and satisfactory review of invoices submitted by the City and signed off by City of Camden officials.

Project Eligibility and Benefits

The Project advances the goal of the Strategic Revitalization Plan (SRP) and meets the requirements of a revitalization project. The Carnegie Library is located at the intersection of Broadway and Line Street, which is defined as a “neighborhood business district”, by the SRP and designated as both an Opportunity Employment Area and a Neighborhood Opportunity Area. The Carnegie Library Stabilization Project advances the goals of the SRP by targeting and potentially spurring additional redevelopment for a key neighborhood in Camden. The restoration of the Library would also enhance the aesthetic experience to the Broadway Corridor and provide tremendous amenity for city residents.

The Project is in close proximity to the Cooper Medical School campus, currently under construction and will add to the institutional presence that the City is trying to establish on the Broadway Corridor.

The project is also consistent with the City’s Master Plan because it promotes economic development by stabilizing an existing building and potentially restoring the property back to a use which will create jobs and increase tax revenue for the City.

According to the City’s Master Plan, capitalizing on the City’s Physical and Historical Assets is a key component of the redevelopment process of the City. Although the Library is located outside the historic district, it is identified on the overall City map entitled Historic Resources. A study sponsored by the NJHT entitled Partners In Prosperity documents the economic benefits on a State-wide basis that can be obtained from promoting historic preservation techniques. History is becoming a major draw of tourists who turn out to be generous spenders in the local economy. The restoration of older historic buildings, particularly in Camden, that are structurally sound, can create jobs and add income to the City’s economy. Preservation of historic resources through conservation and rehabilitation provides a cost effective strategy towards revitalization.

The project is eligible for funding under the ERB’s general criteria for project financing (#1 a, b, c, d), priority objectives (#2 d, e) and will be used for façade restoration which is consistent with the project assistance guidelines. There are sufficient funds available for this \$1,000,000 financing request through the Demolition and Redevelopment Financing Fund.

This project meets the guidelines for a recoverable grant based on the stabilization required of the building, and the benefit the revitalization of this property will have on the neighborhood and the City.

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. The project meets the eligibility and statutory requirements and will enhance the overall revitalization of the City of Camden.

The Members of the ERB approved this request at its meeting on June 8, 2011. Accordingly, the Members of the Authority are asked to approve the funding authorization for a recoverable grant up to \$1,000,000 under the Demolition and Redevelopment Financing Fund established through the Municipal Rehabilitation and Economic Recovery Act ("Act") to the City of Camden to fund the stabilization of the Camden Carnegie Library in the Lanning Square neighborhood of Camden.



Caren S. Franzini

Prepared By: V. Pepe



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

TO: Members of the Economic Recovery Board

FROM: Caren S. Franzini
Chief Executive Officer

DATE: June 14, 2011

RE: Rowan University
P36026

Request

The Members of the Authority are asked to approve the funding authorization for a \$9,000,000 non-recoverable grant under the Higher Education and Regional Health Care Development Fund (HERHC) established through the Municipal Rehabilitation and Economic Recovery Act (Act) to Rowan University (“Rowan”) to fund a portion of the construction and permanent financing for a six-story, 200,000 sq. ft. academic medical research and education facility in the Lanning Square neighborhood in Camden.

Background

The HERHC fund allows funds to be used to provide grants to nonprofit educational institutions and regional health care facilities. Article 5, Section 52(a) of the Act authorizes grants from the Higher Education and Regional Healthcare Development Fund to support educational institutions. Each educational institution is required to raise one dollar for every dollar provided by the State. Receipt of ERB grants is also conditioned on the nonprofit negotiating a service agreement with the City of Camden for payment in lieu of taxes.

Article 5, Section 52(a) of the Act authorized \$9,000,000 from the Higher Education and Regional Healthcare Development Fund to the University of Medicine and Dentistry (UMDNJ). For the past thirty years, UMDNJ has been the only institution in New Jersey to offer medical degrees.

In June, 2009, Governor Jon Corzine signed an Executive Branch Government Reorganization Plan (Executive Order No. 002-2009) directing the transfer of all of UMDNJ’s rights, title, interests and obligations under the Development Agreement dated September 26, 2006 between the City of Camden (City), UMDNJ and Cooper Health System (Cooper), to Rowan University. The Order contemplated the establishment of a working relationship between Rowan University and Cooper University Hospital to develop a new four-year allopathic medical school in Camden, thereby permitting for the transfer of these funds to Rowan University.

In November, 2009, UMDNJ and Rowan executed an Assignment and Assumption Agreement transferring all of UMDNJ's rights, title, interest and obligation in the Development Agreement and Escrow Agreement to Rowan. The City and Cooper consented to the Agreement.

Applicant

Rowan University has evolved from its humble beginning in 1923 as a two-year school for preparing teachers for South Jersey classrooms then named the Glassboro Normal School, to a comprehensive University with a strong regional reputation.

The school's program was expanded to four years in 1934 and in 1937 the school changed its name to New Jersey State Teachers College at Glassboro. The college gained a national reputation as a leader in the field of reading education and physical therapy when it opened a clinic for children with reading disabilities in 1935 and added physical therapy for the handicapped in 1944. The college was one of the first in the country to recognize these needs and was in the forefront of the special education movement.

In 1946 a junior college program created to serve World War II veterans taking advantage of the GI Bill.

In the 1950s, the curriculum was expanded, enrollment increased and several buildings were added to the campus. In 1958, the school's name was changed to Glassboro State College to better reflect its mission.

The College continued to grow, doubling its enrollment and becoming a multi-purpose institution. In 1969, the University opened a campus in Camden to expand its educational services.

In 1980s, Rowan expanded by establishing the first doctoral program among the state's public institutions and adding the Colleges of Engineering and Communication.

In July 1992, industrialist Henry Rowan and his wife, Betty, donated \$100 million to the institution, then the largest gift ever given to a public college or University in the history of higher education. Later that year, the school changed its name to Rowan College of New Jersey to recognize its benefactors' generosity. The college achieved University status in 1997 and changed its name to Rowan University.

Development Team

The development team includes CUH2A, a Division of HDR as the architect, Camden County Improvement Authority (CCIA) as the construction manager and Joseph Jingoli & Son, Inc. (JJS) as the general contractor.

CUH2A serves academic, corporate, and government and institutional markets. It was founded in 1962 and is headquartered in Lawrenceville, New Jersey. The company plans and designs research facilities, specializing in science and technology projects.

CCIA was created by the Camden County Board of Chosen Freeholders to provide tax-exempt financing for public facilities, redevelopment projects and non-profit organizations. In addition, the CCIA serves as the County's economic development agency providing site location, project financing and job-training assistance to private businesses. CCIA issued \$113,206,357 in bonds to finance the project, with TD Bank, NA serving as the Trustee. The CCIA has been involved in structuring over \$500 million in tax-exempt and taxable revenue bonds deals and has unlimited capacity to issue additional bonds for qualified projects.

JJS, headquartered in Lawrenceville, NJ is a national constructor providing general contracting and construction management services for public and private entities and government institutions, primarily in New Jersey, New York, and Pennsylvania. The fourth-generation family-owned company has been in operation since 1922 and specializes in utility infrastructure services, as well as correctional, education, health care, office, retail, and entertainment projects. The company also is involved in real estate development, landfill services, and other endeavors.

Project Summary

The development of the Cooper Medical School of Rowan University will be the first new medical school created in the state in more than 30 years and the first-ever four-year allopathic medical school in South Jersey.

The Cooper Medical School of Rowan University is a component unit (School) within Rowan University, a public institution of higher education within the New Jersey system of higher education. The Medical School became a component unit by action of the Governor through Executive Order. The Medical School is being constructed at the intersection of South Broadway and Benson Street. When completed, it will provide laboratory and clinical education that meets high academic standards, an environment conducive to the undergraduate medical training of future physicians and also establish and maintain an effective environment for research scientists and other health professionals. The charter class will begin with 50 students in the fall of 2012 and will increase to 100 over the first five years. Once fully developed, the program will support more than 200 students. Cooper Medical School will have approximately 500 faculty members which includes basic scientists and physicians. The school will provide more physicians for New Jersey and will offer more opportunities for state citizens to receive a medical education.

For three decades, Cooper has served as the primary clinical campus for UMDNJ/Robert Wood Johnson Medical School, a two-year program. The physician faculty is already highly experienced in training medical students. Additionally, Cooper has a strong physical presence, including the state-of-the-art 11-floor Roberts Pavilion at Cooper University Hospital, which has

been fully modernized to accommodate the clinical training needs of a four-year allopathic medical school. At a time when there is a physician shortage nationally and in the State of New Jersey, the evolution of Cooper into a four-year medical school is considered a natural progression.

The Liaison Committee on Medical Education (LCME), the nation's primary accrediting entity for medical education programs, must grant preliminary accreditation status before students can be accepted. The five-step accreditation process is completed once the first class graduates. Cooper Medical School is at step one. More than 140 Cooper and Rowan professionals are defining every aspect of the new school, working to set the standards, including those for curriculum, faculty policy, admissions criteria, educational resources, affiliations with other health institutions and overall campus setting.

Rowan anticipates 40 new full time positions and 60 part time positions will be created within two years of the completion of the medical school.

The project is expected to create 300+ construction jobs. The Cooper Medical School of Rowan University project established a pre-apprenticeship program and is tracking the number of Camden City and Camden County participants in the program. This will provide opportunities for Camden residents to work on the construction phase of the project.

A number of green building strategies are being incorporated into the building and site design and are consistent with the interim guide on green building strategies. The building is designed to be certified under the LEED rating system with a goal of achieving the Silver Certification Level. It is anticipated the project will be completed in June, 2012.

National surveys indicate medical schools create at least \$3 in economic activity for every \$1 spent. South Jersey loses \$2 billion in economic activity to Philadelphia medical centers each year. Cooper Medical School of Rowan University will begin to reverse the trend of medical dollars going across the bridge to Pennsylvania and Delaware.

Project Budget

Uses of Funds

Acquisition

Land	\$3,253,720
Relocation	1,351,566

Total Acquisition

\$ 4,605,286

Improvements

Building Construction	75,657,054
Demolition	1,509,230
Construction Manager (JJS)	2,049,924
Public Art Allowance	199,815
FFE – General	12,000,000
FFE – IT/AV	2,000,000
Other Related Improvements*	12,440,080

Total Improvements

\$ 105,856,103

Professional Services

Project Manager (CCIA)	\$2,329,342
Owner's Representative	250,000
Architect	6,358,680
Legal	395,000
Commissioning Agent	150,000
LEED Administration	400,000

Total Professional Services

\$ 9,883,022

Financing and Other Costs

Bond Cost of Financing	\$1,700,000
Construction Interest	5,059,697
Insurance	124,590
Rowan Reimbursement	1,633,378
Apprentice Labor Pool	199,815
Testing and Inspections	150,000
Permits and Fees	600,000
Utility Connection Fees	500,000
Third Party Reviews	200,000

Total Financing and Other Costs

\$ 10,167,480

Contingencies

Construction	\$4,282,217
Project	3,212,249

Total Contingencies

\$7,494,466

Total Project Costs

\$138,006,357

Sources of Funds

Tax Exempt Bond Proceeds	\$113,206,357
State Appropriations (2009 and 2010)	15,800,000
ERB Grant	9,000,000

Total Sources of Funds **\$138,006,357**

*Rowan anticipates using these funds for additional site improvements, such as the acquisition of property for further expansion and parking, as well as fitting out and equipping lab space on the 4th floor.

Security and Repayment

This ERB funding is a non recoverable grant and will be unsecured.

Disbursement of Funds

As allowed by Guideline #8, ERB funds will be used for construction financing for this mandated project. Funds will be disbursed on a pro rata basis for the reimbursement of the construction costs based upon receipt and satisfactory review of AIA Application and Certification for Payment and supporting documentation. Rowan has provided a copy of the Executed Service Agreement with the City of Camden, indicating it will pay \$180,000 (2% of the ERB grant amount) each year for twenty years (\$3,600,000 total). Payments will be made quarterly, with the initial payment being pro rated from the date Rowan receives a certificate of occupancy to the end of that quarter.

Project Eligibility and Benefits

This project is consistent with the Strategic Revitalization Plan (SRP) and with the City’s Master Plan which recognizes higher educational institutions like Rowan as major stakeholders in the economic well being of the City’s residents. This project adds to the tremendous real estate development these institutions already have in Camden. The project is located within an “Employment Opportunity Area” per the SRP which calls for ERB assistance to projects in this and other “Opportunity Areas” in the City in order to attract private investment, create tax ratable, expand the local economy and produce jobs for Camden residents. In addition, the project will create 40 permanent full-time and 60 permanent part-time jobs.

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, b, c, d and e). Rowan has executed a \$3,600,000 Service Agreement with the City of Camden. Rowan has executed a Service Agreement with the City and has also provided evidence of attaining the \$1 to \$1 match required under the Act. There are sufficient funds available for this \$9,000,000 grant request through the Higher Education and Regional Health Care Development Fund established by the Act.

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. The project meets the eligibility and statutory requirements and will enhance the overall revitalization of the City of Camden.

The Members of the ERB approved this request at its meeting on June 8, 2011. Accordingly, the Members of the Authority are asked to approve the funding authorization for a \$9,000,000 non-recoverable grant under the Higher Education and Regional Health Care Development Fund (HERHC) established through the Municipal Rehabilitation and Economic Recovery Act (“Act”) to Rowan University (“Rowan”) to fund a portion of the construction and permanent financing for a six story, 200,000 sq. ft. academic medical research and education facility in the Lanning Square neighborhood in Camden.



Caren S. Franzini

Prepared By: V. Pepe

**PETROLEUM UNDERGROUND STORAGE TANK
PROGRAM**



MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: June 14, 2011
SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

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

Private Grant:

Mary Brasch \$107,339

Total UST funding for June 2011..... \$107,339

Prepared by: Lisa Petrizzi

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

APPLICANT: Mary Brasch

P34118

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 78 Barker Ave.

Shrewsbury Township (N)

Monmouth

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

APPLICANT BACKGROUND:

Mary Brasch received a grant in October 2009 in the amount of \$392,611 under P#27665 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 to perform additional remediation due to extensive soil contamination and pilings are technically eligible.

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 \$107,339 to perform the approved scope of work at the project site, for a total funding to date of \$499,950.

The NJDEP oversight fee of \$10,734 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 \$107,339

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation	\$107,339
NJDEP oversight cost	\$10,734
EDA administrative cost	\$250
TOTAL COSTS	<hr/> \$118,323 <hr/>

APPROVAL OFFICER: C. Frazier



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: June 14, 2011

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 Managing Director of Finance & Development 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 Finance & Development for the period May 01, 2011 to May 31, 2011

Summary:		# of Grants	\$ Amount
	Leaking tank grants awarded	21	\$318,703
	Non-leaking tank grants awarded	26	\$64,089

Applicant	Description	Grant Amount	Awarded to Date
Bennet, Barbara and Debra Hanson (P35846)	Supplemental grant for upgrade, closure and remediation	\$11,777	\$41,308
Cook, Holly (P34342)	Initial grant for upgrade, closure and remediation	\$8,144	\$8,144
Cornelisse, Joseph W. (P34726)	Initial grant for upgrade, closure and remediation	\$19,183	\$19,183
DeSarno, Louis (P33722)	Partial initial grant for upgrade, closure and remediation	\$10,913	\$10,913
Dopf, Evan and Joanne (P34343)	Partial initial grant for upgrade, closure and remediation	\$2,675	\$2,675
Drangula, Phillip and Michelle (P34718)	Initial grant for upgrade, closure and remediation	\$22,434	\$22,434
Easter, Nicola (P31173)	Initial grant for upgrade, closure and remediation	\$13,990	\$13,990
Estate of Demetrio Cefalu (P33083)	Initial grant for upgrade, closure and remediation	\$17,255	\$17,255
Fonte, Madeline (P34694)	Initial grant for upgrade, closure and remediation	\$3,008	\$3,008
Houston, Willis (P34692)	Initial grant for upgrade,	\$6,692	\$6,692

Applicant	Description	Grant Amount	Awarded to Date
	closure and remediation		
Konieczko, Walter (P34688)	Initial grant for upgrade, closure and remediation	\$12,651	\$12,651
Lawrenceville Fuel Co. (P34213)	Initial grant for upgrade, closure and remediation	\$17,627	\$17,627
Moore, Doris E. (P34943)	Initial grant for upgrade, closure and remediation	\$7,017	\$11,930
Morton, Randall B. (P33847)	Initial grant for upgrade, closure and remediation	\$14,893	\$14,893
Paas, Harry (P34379)	Initial grant for upgrade, closure and remediation	\$21,728	\$21,728
Recasino, Marc (P33689)	Partial initial grant for upgrade, closure and remediation	\$7,598	\$7,598
Saint James Church (P34278)	Initial grant for upgrade, closure and remediation	\$52,361	\$52,361
Santo, Anthony (P33219)	Initial grant for upgrade, closure and remediation	\$16,153	\$16,153
Schroeder, Karl (P35186)	Initial grant for upgrade, closure and remediation	\$22,312	\$22,312
Walerko, Emil J. (P34794)	Initial grant for upgrade, closure and remediation	\$16,839	\$16,839
Yuppa, William (P35864)	Initial grant for upgrade, closure and remediation	\$13,453	\$13,453

21 Grants

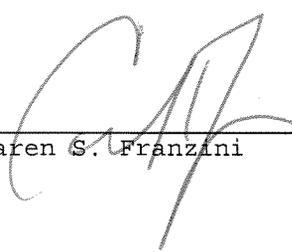
**Total Delegated Authority
funding for Leaking
applications.**

\$318,703

Appleton, Gary R. and Joann (P35420)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,300	\$3,300
Aravec, John T. and Rondi (P36396)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,300	\$3,300
Darcy, Richard and Geraldine (P34880)	Partial grant to remove an underground storage tank	\$900	\$900
DeSandre, John (P32395)	Grant to remove an underground storage tank	\$1,500	\$1,500
Divjak, Gail (P35535)	Grant to remove an underground storage tank	\$1,500	\$1,500
Donatiello, Patricia M. and Alan (P32739)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,300	\$3,300
Esgro, Philip J. (P30446)	Grant to remove an underground storage tank	\$1,100	\$1,100

Applicant	Description	Grant Amount	Awarded to Date
First Memorial Presbyterian Church of Dover (P34259)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,500	\$3,500
Frappier, William R. and Nancy J. (P35359)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,500	\$3,500
Holzli, John (P36591)	Grant to remove an underground storage tank and install an above ground storage tank	\$4,680	\$4,680
Hubbard, Lawrence N. and Linda Joy (P35351)	Grant to remove an underground storage tank and install an above ground storage tank	\$5,500	\$5,500
Kessler, Michael A. and Carol S. (P35539)	Grant to remove an underground storage tank	\$1,500	\$1,500
LoPetro, Sylvester (P32884)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,500	\$3,500
Mohrle, James and Catherine (P35399)	Grant to remove an underground storage tank	\$1,800	\$1,800
Murray, Paula (P35433)	Grant to remove an underground storage tank	\$1,500	\$1,500
Newman, Dorothy (P35282)	Grant to remove an underground storage tank	\$1,500	\$1,500
Nicosia, Joseph A. and Donna B. (P35536)	Grant to remove an underground storage tank	\$1,500	\$1,500
O'Sullivan, Thomas P. and Eileen T. (P32972)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,209	\$3,209
Paramithis, Gloria J. (P35429)	Grant to remove an underground storage tank	\$1,500	\$1,500
Pencak, Elizabeth (P34164)	Grant to install an above ground storage tank	\$3,500	\$3,500
Perilstein, Mark A (P34283)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,200	\$3,200
Rae, Daniel and Diane (P31530)	Grant to remove an underground storage tank	\$1,500	\$1,500
Saia, Matthew and Irma (P35538)	Grant to remove an underground storage tank	\$1,500	\$1,500
Sickles, Patricia L. and Charles (P35423)	Grant to remove an underground storage tank	\$1,500	\$1,500
Simcox, Sharon and William A. III (P35416)	Grant to remove an underground storage tank and install an above ground storage tank	\$3,300	\$3,300
Walsh, Janet (P35422)	Grant to remove an underground storage tank	\$1,500	\$1,500

Applicant	Description	Grant Amount	Awarded to Date
26 Grants	Total Delegated Authority funding for Non-Leaking applications.	\$64,089	



Caren S. Franzini

Prepared by: Lisa Petrizzi, Sr. Finance Officer

INCENTIVE PROGRAMS

BUSINESS EMPLOYMENT INCENTIVE PROGRAM
BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT
SALES AND USE TAX EXEMPTION

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

PROJECT SUMMARY – BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT

APPLICANT: Church & Dwight Co., Inc

COMPANY ADDRESS: 469 North Harrison Street Princeton Mercer County
 800 Airport Road Lakewood Ocean County
 326 Cranbury Half Acre Road Cranbury Middlesex County

PROJECT LOCATION: 469 North Harrison Street Princeton Mercer County
 800 Airport Road Lakewood Ocean County
 200 Princeton South Corporate Center Ewing Mercer County

GOVERNOR’S INITIATIVES: () NJ Urban Fund () Edison Innovation Fund (X) Core

APPLICANT BACKGROUND: Church & Dwight Co., Inc. (Church & Dwight), founded in 1846, established offices in NJ in 1967. The applicant is a publicly held consumer products company, best known for its Arm & Hammer Baking Soda, and is the leading U.S. producer of sodium bicarbonate. Over the past 10 years, Church & Dwight has acquired 7 of its current 8 "power brands" to become a diversified global packaging goods company, with the "power brands" accounting for 80% of revenues and profits. Among the brand names are Arm & Hammer, Trojan, Oxiclean, Spinbrush, First Response, Nair, Orajel, and Xtra. Today, the applicant has 3,500 employees worldwide, with approximately 1,000 employees in NJ. Church & Dwight’s New Jersey facilities include its global and US headquarters in Princeton, and research & development in Princeton and Cranbury, in addition to a personal care products manufacturing plant in Lakewood. Approximately 60% of the US payroll is located in New Jersey.

The Board approved at its March 2011 meeting 2 BEIP grants and a BRRAG for Church & Dwight. Subsequent to the March 2011 Board meeting the applicant's management was made aware of a 250,000 s. f. twin tower build-to-suit property available in Ewing Township, Mercer County, to create a new state of the art global headquarters. Rather than renovate and create the 105 new jobs at the existing Princeton corporate headquarters the BEIP jobs will be hired to eventually work in Ewing.

<u>Board Approved</u>	<u>March - 2011</u>			<u>Grant</u>	<u>Request - June 2011</u>		
	<u>LOCATIONS</u>	<u>JOBS</u>	<u>TERM</u>	<u>Amount</u>	<u>LOCATIONS</u>	<u>JOBS</u>	<u>TERM</u>
BEIP – P35667	Princeton	105	10 years	\$1,516,725	Ewing	105	No Change
BEIP - P35855	Lakewood	28	10 years	\$ 719,040	No Change	28	No Change
Total Beip Jobs		<u>133</u>				<u>133</u>	
BRRAG	Princeton	682	5 years		Ewing	514	6 years
	Cranbury	40	5 years		Princeton	240	6 years
	Lakewood	252	5 years		Lakewood	250	6 years
Total Retained Jobs		<u>974</u>				<u>1,004</u>	

MATERIAL FACTOR/NET BENEFIT:
 Church & Dwight is seeking a new BRRAG grant that represents a significant change from what was approved by the Authority at its March 2011 meeting. The original plan included retaining jobs at three locations; 682 jobs at the global headquarters in Princeton, 40 jobs at its Cranbury research and development center and 252 manufacturing jobs in Lakewood. Instead of consolidating jobs to its current Princeton global headquarters, Church & Dwight is now considering relocating the global headquarters to a 250,000 s.f. build-to-suit facility in Ewing and converting the current corporate office in Princeton to a research and development center. As a result of these options, the applicant is seeking to retain and relocate a total of 1,004 jobs; 514 jobs from Princeton to Ewing, relocate 40 jobs from the Cranbury research and development facility to the Princeton facility and retain 200 additional jobs for a total of 240 jobs at the Princeton site, and 250 jobs at the Lakewood manufacturing facility. The applicant's alternate plan is to move the global headquarters to Bucks County, PA, and the Lakewood

and Cranbury facilities to its York, PA facility, which opened in September 2009. In September 2009 the applicant closed its New Brunswick, NJ Liquid Laundry Detergent plant and moved it to the new 1.1 million s. f. York, PA site, with local approval already in place to increase the facility to 1.8 million s.f. Church & Dwight is estimating project cost for equipment and leasehold improvements would be roughly \$72 million for the Ewing project and \$7.5 million for the Princeton project. Church & Dwight is also requesting the Board approve an STX of \$2,520,00 for the Ewing project and an STX of \$262,500 for the Princeton project at the June 2011 Board meeting. A favorable decision by the Authority to award the BRRAG grant is a material factor in the applicant's decision to continue its expansion in NJ. The applicant has also demonstrated that the grant of these tax credits will result in a net positive benefit to the State of \$165 million.

APPROVAL REQUEST:

TAX CREDIT TERM: 6 years
COMMITMENT DURATION: 11 years

The Members of the Authority are asked to approve the proposed BRRAG benefit to Church & Dwight Co., Inc to encourage the company to relocate within New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award amount and the term. If the criteria met by the company differs from that shown herein, the award amount and the term will be raised or lowered to reflect the award amount and the term that corresponds to the actual criteria that have been met.

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in NJ unless the applicant had a pre-application meeting with the Authority during the grandfathering period.
2. If the applicant enters into a lease for the project site, the term of the lease will be no less than 11 years, exclusive of any renewal options.
3. Expenditures totaling at least twice as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before 6/30/2013 in order to remain eligible for the bonus award.
4. No employees subject to a BEIP grant or another BRRAG are eligible for calculating the benefit amount of this BRRAG.
5. If the applicant remains in a location at which it currently operates, expenditures totaling as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before 6/30/2013.

APPLICANT'S FISCAL YEAR ENDS:

December 31

CAPITAL INVESTMENT MUST BE SPENT BY:

June 30, 2013

TOTAL ESTIMATED GRANT AWARD OVER TERM:

\$13,554,000

STATE FISCAL YEAR 1 APPROVAL (SFY2014)	\$ 2,259,000
STATE FISCAL YEAR 2 APPROVAL (SFY2015)	\$ 2,259,000
STATE FISCAL YEAR 3 APPROVAL (SFY2016)	\$ 2,259,000
STATE FISCAL YEAR 4 APPROVAL (SFY2017)	\$ 2,259,000
STATE FISCAL YEAR 5 APPROVAL (SFY2018)	\$ 2,259,000
STATE FISCAL YEAR 6 APPROVAL (SFY2019)	\$ 2,259,000

ELIGIBLE BRRAG JOBS:

1,004

YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:

\$ 1,500

YEARLY BONUS TAX CREDIT AMOUNT PER EMPLOYEE:

\$ 750

YEARLY TAX CREDIT & BONUS

\$ 2,250

ANTICIPATED AVERAGE WAGES:

\$ 90,000

ESTIMATED TOTAL GROSS ANNUAL PAYROLL:

\$90,360,000

ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 10YRS:

\$35,451,240

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:

\$79,500,000

APPLICANT HAS BEEN IN NJ SINCE:

1967

PROJECT IS: (X) Expansion () Relocation

CONSTRUCTION: (X) Yes () No

BUSINESS DEVELOPMENT OFFICER: K. Durand **APPROVAL OFFICER:** M.Krug

APPROVAL REQUEST:

STX COMMITMENT DURATION: 5 years

The Applicant has represented that the availability of this financial assistance will be an important inducement to undertake this project and to relocate full-time jobs within the State. The Authority staff recommends the award of the proposed Sales and Use Tax Exemption benefit.

EWING

ESTIMATED ELIGIBLE EXPENSES: \$ 36,000,000
ESTIMATED VALUE OF STX: \$ 2,520,000
STX ELIGIBLE EMPLOYEES: 514
TOTAL JOBS TO BE LOCATED AT THE PROJECT SITE: 619
ANTICIPATED AVERAGE WAGES: \$90,000
PROJECT LOCATION IS IN PLANNING AREA 1 OR 2: TBD
PROJECT IS: () Expansion (X) Relocation
CONSTRUCTION: (X) Yes () No

Ewing - STX benefit calculation formula:

Estimated Eligible Property x Sales Tax Rate = Estimated Gross Sales Tax Liability	$\$36,000,000 \times 0.07 = \$2,520,000$
(Retained Full-Time Jobs (STX Eligible Jobs) / Estimated Total Occupants of the Facility) x Regulatory 20% Automatic Increase for All STX Projects = Proportionate Value (Pro Rata Eligible Scope) with 20% Increase	$514/619 = .083 \times 1.2 = 100\%$
Adjusted Proportionate Value x Estimated Gross Sales Tax Liability = Estimated Amount of the Sales and Use Tax Exemption Certificate	$100\% \times \$2,520,000 = \$2,520,000$

PRINCETON

ESTIMATED ELIGIBLE EXPENSES: \$ 3,750,000
ESTIMATED VALUE OF STX: \$ 262,500
STX ELIGIBLE EMPLOYEES: 240
TOTAL JOBS TO BE LOCATED AT THE PROJECT SITE: 240
ANTICIPATED AVERAGE WAGES: \$90,000
PROJECT LOCATION IS IN PLANNING AREA 1 OR 2: TBD
PROJECT IS: () Expansion (X) Relocation
CONSTRUCTION: (X) Yes () No

Princeton - STX benefit calculation formula:

Estimated Eligible Property x Sales Tax Rate = Estimated Gross Sales Tax Liability	$\$3,750,000 \times 0.07 = \$262,500$
(Retained Full-Time Jobs (STX Eligible Jobs) / Estimated Total Occupants of the Facility) x Regulatory 20% Automatic Increase for All STX Projects = Proportionate Value (Pro Rata Eligible Scope) with 20% Increase	$240/240 = 1.00 \times 1.2 = 1.20$ (max = 1.00)
Adjusted Proportionate Value x Estimated Gross Sales Tax Liability = Estimated Amount of the Sales and Use Tax Exemption Certificate	$1.00 \times \$262,500 = \$262,500$

BUSINESS DEVELOPMENT OFFICER: K. Durand **APPROVAL OFFICER:** M.Krug

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

APPLICANT: Data Centrum Communications, Inc.

P36599

PROJECT LOCATION: To be determined

Locations Unknown (N)

Unknown County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Data Centrum Communications, Inc., d/b/a Health Monitor Network, established in 1984, is a publishing and technology company in the healthcare field that specializes in providing patient education on general health, diabetes, arthritis and many other topics through physician and healthcare professionals' offices and directly to patients' homes. The company publishes seven bimonthly and quarterly publications accounting for almost 8 million publications every seven weeks. In addition to regular publications, Health Monitor information can also be found on mobile phones, iPads, websites, etc. The company is currently located in Paramus, Bergen County with 36 full time employees. The applicant is economically viable.

MATERIAL FACTOR:

Data Centrum Communications, Inc. requests approval of a BEIP grant to support the relocation of its current office and creating 80 new full-time employees. As a result of this recent and anticipated growth, the company must relocate its current offices and is considering several sites in Bergen County, NJ and Rockland County, NY. Management has indicated a favorable decision to award a BEIP grant is a material factor to relocate and expand its business in NJ. Based on certain smart growth criteria, the award percentage could go as high as 80% once the location is finalized for an estimated award of \$1,635,200.

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 Data Centrum Communications, 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: \$ 715,400

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

NJ EMPLOYMENT AT APPLICATION: 36

ELIGIBLE BEIP JOBS: Year 1 40 Year 2 40 Base Years Total = 80

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$8,942

ANTICIPATED AVERAGE WAGES: \$80,000

ESTIMATED PROJECT COSTS: \$1,360,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$2,044,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$2,350,600

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

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: D. Johnson

APPROVAL OFFICER: T. Wells

FORMULA EVALUATION

<u>Criteria</u>		<u>Score</u>
1. Location:	Locations Unknown	N/A
2. Job Creation	80	2
	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:	\$1,360,000	1
7. Average Wage:	\$ 80,000	4

TOTAL: **9**

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan	20%	_____
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: **9 = 30 %**

Construction/Renovation : **5 %**

Bonus Increases : **0 %**

Total Score (not to exceed 80 %): **35 %**

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT

APPLICANT: The Great Atlantic & Pacific Tea Company, Inc.

COMPANY ADDRESS: 2 Paragon Drive Montvale Borough Bergen County

PROJECT LOCATION: To Be Determined

GOVERNOR'S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core

APPLICANT BACKGROUND:

The Great Atlantic & Pacific Tea Company, Inc. ("A&P") was established in 1859 as a consumer goods retailer. The company now operates conventional supermarkets, discount food stores, and drug stores. With its corporate headquarters in Montvale, New Jersey, A&P operates 361 stores in the United States under several retail banners including Waldbaum's, Pathmark, Best Cellars, The Food Emporium, Super Fresh, and Food Basics.

In December 2010, A&P filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in order to increase liquidity due to the challenges created by increased competition and a weak economy. As part of this process, a formal plan of reorganization will, among other things, resolve A&P's obligations arising prior to the petition date, establish a revised capital structure and liquidity for the newly reorganized entities and establish the framework for corporate governance upon exit from bankruptcy. JP Morgan Chase has already committed to provide \$800 million in debtor-in-possession financing to A&P.

MATERIAL FACTOR/NET BENEFIT:

A&P has initiated a comprehensive operational and real estate analysis in order to meet its near term and long term goals of streamlining operating costs. The company is evaluating locations in Northern New Jersey and Rockland County, New York to maintain its corporate headquarters. The applicant has simultaneously applied for a BRRAG and STX to provide an incentive to retain 805 eligible jobs in New Jersey. The applicant has demonstrated that the grant of the BRRAG and STX credits will result in a net positive benefit to the state of \$177.3 million.

APPROVAL REQUEST:

TAX CREDIT TERM: 5 year
COMMITMENT DURATION: 10 years

The Members of the Authority are asked to approve the proposed BRRAG benefit to The Great Atlantic & Pacific Tea Company to encourage the company to relocate within New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award amount and the term. If the criteria met by the company differs from that shown herein, the award amount and the term will be raised or lowered to reflect the award amount and the term that corresponds to the actual criteria that have been met.

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in NJ unless the applicant had a pre-application meeting with the Authority during the grandfathering period.
2. If the applicant enters into a lease for the project site, the term of the lease will be no less than 10 years exclusive of any renewal options.
3. Expenditures totaling at least twice as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before 08/31/2012 in order to remain eligible for the bonus award.

4. No employees subject to a BEIP grant or another BRRAG are eligible for calculating the benefit amount of this BRRAG.
5. If the applicant remains in a location at which it currently operates, expenditures totaling at least as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before 08/31/2012.
6. The approval of the award by the Authority will be subject to the concordance of the company's forthcoming bankruptcy plan with the capital investment and employment figures as detailed herein.

END OF APPLICANT'S FISCAL YEAR:

FEBRUARY 28

CAPITAL INVESTMENT MUST BE MADE BY:

AUGUST 31, 2012

TOTAL ESTIMATED GRANT AWARD OVER TERM:

\$ 6,243,750

STATE FISCAL YEAR 1 APPROVAL (SFY 2013):

\$ 1,248,750

STATE FISCAL YEAR 2 APPROVAL (SFY 2014):

\$ 1,248,750

STATE FISCAL YEAR 3 APPROVAL (SFY 2015):

\$ 1,248,750

STATE FISCAL YEAR 4 APPROVAL (SFY 2016):

\$ 1,248,750

STATE FISCAL YEAR 5 APPROVAL (SFY 2017):

\$ 1,248,750

ELIGIBLE BRRAG JOBS:

805

YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:

\$ 1,500

BONUS AWARD PER EMPLOYEE:

\$ 51.24

TOTAL YEARLY TAX CREDITS INCLUDING BONUS:

\$ 1,551.24

ANTICIPATED AVERAGE WAGES:

\$ 77,800

ESTIMATED TOTAL GROSS ANNUAL PAYROLL:

\$ 62,629,000

ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 10 YRS:

\$ 19,602,555

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:

\$ 12,487,500

OPERATED IN NEW JERSEY SINCE:

1925

PROJECT IS: () Expansion (X) Relocation

CONSTRUCTION/RENOVATION: (X) Yes () No

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: K. McCullough

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – SALES & USE TAX EXEMPTION (STX)**

APPLICANT: The Great Atlantic & Pacific Tea Company, Inc.

COMPANY ADDRESS: 2 Paragon Drive Montvale Borough Bergen County

PROJECT LOCATION: To Be Determined

GOVERNOR'S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core

APPLICANT BACKGROUND:

The Great Atlantic & Pacific Tea Company, Inc. ("A&P") was established in 1859 as a consumer goods retailer. The company now operates conventional supermarkets, discount food stores, and drug stores. With its corporate headquarters in Montvale, New Jersey, A&P operates 361 stores in the United States under several retail banners including Waldbaum's, Pathmark, Best Cellars, The Food Emporium, Super Fresh, and Food Basics.

In December 2010, A&P filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in order to increase liquidity due to the challenges created by increased competition and a weak economy. As part of this process, a formal plan of reorganization will, among other things, resolve A&P's obligations arising prior to the petition date, establish a revised capital structure and liquidity for the newly reorganized entities and establish the framework for corporate governance upon exit from bankruptcy. JP Morgan Chase has already committed to provide \$800 million in debtor-in-possession financing to A&P.

PROJECT DESCRIPTION:

A&P has initiated a comprehensive operational and real estate analysis in order to meet its near term and long term goals of streamlining operating costs. The company is evaluating locations in Northern New Jersey and Rockland County, New York to maintain its corporate headquarters. The applicant has simultaneously applied for a BRRAG and STX to provide an incentive to retain 805 eligible jobs in New Jersey. A&P forecasts making a capital investment of \$12,487,500 in the new facility, of which \$7,087,500 would be eligible materials.

SCOPE OF STX BENEFITS:

Authority assistance will induce the applicant to relocate its operations to a new, approximately 200,000 sq ft facility (location/facility TBD). The business will be exempt from sales and use tax for eligible property located or placed at the eligible business location(s) for the renovation project pursuant to the terms and conditions of a project agreement. The sales tax exemption certificate applies only to property purchased for installation at the approved project site(s) and will allow the business to purchase machinery, equipment, furniture and furnishings, fixtures, and building materials, other than tools and supplies, without the imposition of sales and use tax. The sales tax exemption (STX) is administered pro rata to reflect the eligible scope of the project, based on the number of retained STX eligible full-time jobs, increased no more than 20 percent, relative to the sum of all of jobs/employees located at the approved project site(s) during the commitment duration period, subject to the Act, Regulations, and the terms of the Project Agreement. The recommended benefit is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended benefit amount. If the criteria met by the company differs from that shown herein, the benefit amount will be raised or lowered to reflect the benefit amount that corresponds to the actual criteria that have been met.

APPROVAL REQUEST:**STX COMMITMENT DURATION:** 5 years

The Applicant has represented that the availability of this financial assistance will be an important inducement to undertake this project and to relocate full-time jobs within the State. The Authority staff recommends the award of the proposed Sales and Use Tax Exemption benefit. The approval of the award by the Authority will be subject to the concordance of the company's forthcoming bankruptcy plan with the capital investment and employment figures as detailed herein.

ESTIMATED ELIGIBLE EXPENSES:	\$	7,087,500
ESTIMATED VALUE OF STX:	\$	496,125
STX ELIGIBLE EMPLOYEES:		805
TOTAL JOBS TO BE LOCATED AT THE PROJECT SITE:		865
ANTICIPATED AVERAGE WAGES:	\$	77,800
PROJECT LOCATION IN PLANNING AREA 1 OR 2:		TBD

PROJECT IS: () Expansion (X) Relocation**CONSTRUCTION/RENOVATION:** (X) Yes () No**DEVELOPMENT OFFICER:** M. Abraham**APPROVAL OFFICER:** K. McCullough

STX benefit calculation formula:

Estimated Eligible Property x Sales Tax Rate = Estimated Gross Sales Tax Liability	$\$7,087,500 \times 0.07 = \$496,125$
(Retained Full-Time Jobs (STX Eligible Jobs) / Estimated Total Occupants of the Facility) x Regulatory 20% Automatic Increase for All STX Projects = Proportionate Value (Pro Rata Eligible Scope) with 20% Increase	$805/865 = 0.93 \times 1.2 = 1.12$ (max = 1.00)
Adjusted Proportionate Value x Estimated Gross Sales Tax Liability = Estimated Amount of the Sales and Use Tax Exemption Certificate	$1.00 \times \$496,125 = \$496,125$

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

APPLICANT: Hyponex Corporation

P36601

PROJECT LOCATION: 248 Stickles Pond

Newton Town (T)

Sussex County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Hyponex Corporation (Hyponex), formed in 1988, is a wholly owned subsidiary of The Scotts Miracle-Gro Company (Scotts), the world's largest marketer of consumer branded lawn and garden products. Global headquarters for Hyponex and Scotts is Marysville, Ohio. Hyponex manufactures soil and mulch products at 26 plants in 19 states under the Scotts Miracle-Gro®, Hyponex, Earthgro and Scotts Nature Scapes brands. The applicant is economically viable.

MATERIAL FACTOR:

Hyponex is seeking a BEIP grant to support creating 30 jobs in Newton, Sussex County to staff a 60,000 s.f. manufacturing facility. Also under consideration is a site in Woodland, Washington. The applicant is considering purchasing the respective property in each scenario. The facility will be used to grow value added soils and mulch products under the Scotts Miracle-Gro company portfolio of products. The new manufacturing facility is part of a strategic plan to spread manufacturing and distribution across the United States. A favorable decision by the Authority to award the BEIP grant is a material factor in the applicant's decision to start a new manufacturing plant in NJ, with opportunity for expansion in the future.

APPROVAL REQUEST:

PERCENTAGE: 45%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Hyponex 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: \$ 74,250

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

NJ EMPLOYMENT AT APPLICATION: 0

ELIGIBLE BEIP JOBS: Year 1 15 Year 2 15 Base Years Total = 30

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$2,475

ANTICIPATED AVERAGE WAGES: \$32,500

ESTIMATED PROJECT COSTS: \$11,700,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$165,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$173,250

PROJECT IS: (X) Expansion () Relocation _____

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: Ohio

APPLICANT OWNERSHIP: (X) Domestic () Foreign

DEVELOPMENT OFFICER: D. Johnson

APPROVAL OFFICER: M. Krug

FORMULA EVALUATION

<u>Criteria</u>	<u>Score</u>
1. Location: Newton Town	N/A
2. Job Creation 30	1
Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk: 0	0
4. Industry: agricultural	0
Designated : _____ Non-Designated : <u> X </u>	
5. Leverage: 3 to 1 and up	2
6. Capital Investment: \$11,750,000	2
7. Average Wage: \$ 32,500	2

TOTAL: **7**

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% <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: **15 %**

Total Score :

Total Score per formula: 7 = 25 %

Construction/Renovation : 5 %

Bonus Increases : 15 %

Total Score (not to exceed 80 %): 45 %

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

APPLICANT: Mediacom Communications Corporation.

P36720

PROJECT LOCATION: 1 International Boulevard Mahwah Township (N) Bergen County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Mediacom Communications Corporation (MCC), formed in 1995, is the nation's eighth largest cable television company and one of the leading cable operators focused on serving the smaller cities in the United States, with a significant concentration in the Midwest and Southeast regions. The applicant offers a wide array of broadband products and services, including traditional and advanced video services, high-definition television, and high-speed Internet access and phone service. MCC employs 4,510 all in the US, and has 35 facilities across the US, with corporate headquarters in Middletown N.Y. The applicant is economically viable.

MATERIAL FACTOR:

MCC is seeking a BEIP grant to support relocating and consolidating 250 jobs, currently in its Middletown, NY corporate headquarters and Goshen, NY engineering and network management testing facility, into one 70,000 s.f. facility in Mahwah. Also under consideration is expanding their current 41,000 s.f. combined foot print in Middletown or Goshen. Project costs are estimated to be \$3.8 million. 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 move the corporate office and expand future operations in NJ.

APPROVAL REQUEST:

PERCENTAGE: 65%

TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Mediacom Communications 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: \$ 5,322,687
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 0

ELIGIBLE BEIP JOBS: Year 1 217 Year 2 33 Base Years Total = 250

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$21,290

ANTICIPATED AVERAGE WAGES: \$91,000

ESTIMATED PROJECT COSTS: \$3,800,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$8,188,750

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$6,960,437

PROJECT IS: (X) Expansion (X) Relocation New York

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New York

APPLICANT OWNERSHIP:(X) Domestic () Foreign

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: M. Krug

FORMULA EVALUATION

<u>Criteria</u>	<u>Score</u>
1. Location: Mahwah Township	N/A
2. Job Creation 250	4
Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk: 0	0
4. Industry: communications	0
Designated : _____ Non-Designated : <u> X </u>	
5. Leverage: 3 to 1 and up	2
6. Capital Investment: \$3,800,000	2
7. Average Wage: \$ 91,000	4

TOTAL: 12

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: 12 = 40 %

Construction/Renovation : 5 %

Bonus Increases : 20 %

Total Score (not to exceed 80 %): 65 %

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

APPLICANT: Crane Group International, LLC

P36723

PROJECT LOCATION: 1441 Chestnut Avenue

Hillside Township (T/UA) Union County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Crane Group International, LLC ("CGI"), founded in 2004, produces steel framed, all-inclusive commercial and residential structures. Domestically, CGI's target customers are builders and developers of affordable housing. CGI is also active in emerging markets, working directly with foreign governments to provide prefabricated structures to areas in need. CGI uses a panelized product system to manufacture the units and all structures include steel framing and roof trusses, wall and roof panels, wiring and plumbing, floor covering, kitchen/bathroom fixtures, lighting, cabinets, countertops, a furnace and hot water heater. Each unit is built to local code and tested to withstand 150 mph winds and 7 on the Richter scale while also meeting ENERGY STAR requirements for energy efficiency. The applicant is economically viable.

MATERIAL FACTOR:

The company has completed the development phase of its life cycle and is poised to move into a new facility to begin mass production. CGI is targeting a 200,000 sq ft manufacturing facility with ample office and storage space. Under consideration is a location in Hillside, New Jersey as well as one in Saint Mary Parish in Louisiana. The applicant is requesting a BEIP grant to provide incentive for the company to locate the project 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 Crane Group International, 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: \$ 1,007,964
(not to exceed an average of \$50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 6

ELIGIBLE BEIP JOBS: Year 1 90 Year 2 93 Base Years Total = 183

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: \$5,508

ANTICIPATED AVERAGE WAGES: \$38,000

ESTIMATED PROJECT COSTS: \$4,250,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 \$1,259,955

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 \$881,968

PROJECT IS: (X) Expansion () Relocation

CONSTRUCTION: (X) Yes () No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: (X) Domestic () Foreign

DEVELOPMENT OFFICER: D. Johnson

APPROVAL OFFICER: K. McCullough

<u>Criteria</u>		<u>Score</u>
1. Location:	Hillside Township	N/A
2. Job Creation	183	3
	Targeted : _____ Non-Targeted : <u> X </u>	
3. Job at Risk:	6	0
4. Industry:	other manufacturing	0
	Designated : _____ Non-Designated : <u> X </u>	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	\$4,250,000	2
7. Average Wage:	\$ 38,000	2
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%	<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>20%</u>
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:

60 %

Total Score :

Total Score per formula:	9 = 30 %
Construction/Renovation :	5 %
Bonus Increases :	60 %
Total Score (not to exceed 80 %):	80 %

BOARD MEMORANDUMS

MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: June 14, 2011

Subject: Business Employment Incentive Program Legal Review and Summary of Administrative Changes to the entities on the Grants
American Home Assurance Company,
National Union Fire Insurance Company of Pittsburgh, PA,
Chartis Property Casualty Company f/k/a AIG Casualty Company, Inc. f/k/a Birmingham Fire Insurance Company of Pennsylvania,
Chartis Claims, Inc. f/k/a AIG Domestic Claims, Inc. f/k/a AIG Claim Services, Inc.,
Chartis Claims, Inc. f/k/a AIG Domestic Claims, Inc. f/k/a AIG Technical Services, Inc.,
Chartis Claims, Inc. f/k/a AIG Domestic Claims, Inc. f/k/a AIG Insurance Services, Inc.,
Chartis Insurance Agency, Inc. f/k/a AIG Commercial Insurance Agency, Inc. f/k/a American International Surplus Lines Agency, Inc.,
Global Loss Prevention, Inc. f/k/a AIG Consultants, Inc.,
A.I. Credit Corp.,
AIG Global Services, Inc. f/k/a AIG Technologies, Inc. f/k/a American International Group Data Center, Inc.,
AIG SunAmerica Asset Management Corp.

Purpose:

This memorandum addresses the legal matters of the applicants, collectively known as AIG, related to the company's applications for name changes to existing Business Employment Incentive Program grants.

Background:

American International Group, Inc., through its subsidiaries, provides insurance and related services in the United States and internationally. It operates in four segments: General Insurance, Domestic Life Insurance and Retirement Services, Foreign Life Insurance and Retirement Services, and Financial Services.

The General Insurance segment provides property and casualty insurance, as well as various personal lines. The Domestic Life Insurance and Retirement Services segment offers life insurance products that include a range of protection products comprising individual term and universal life insurance, and group life and health products; payout annuities that consist of single premium immediate annuities, structured settlements, and terminal funding annuities; and group retirement products, and individual fixed and variable annuities.

The Foreign Life Insurance and Retirement Services segment provides insurance and investment-oriented products, such as whole and term life, investment linked, universal life and endowments, personal accident and health products, and fixed and variable annuities, as well as group products, including pension, life, and health.

The Financial Services segment engages commercial aircraft and equipment leasing, capital markets operations, consumer finance, and insurance premium financing. American International Group also provides reinsurance products. The company, founded in 1967 and based in New York City, employs nearly 100,000 full-time employees and has a current market capitalization of approximately \$36 billion.

The business activities of AIG and its affiliates are regulated by a number of federal, state, and international laws; and also self regulatory organization rules.

From time to time and as is the case with large multi-national conglomerates of the applicant's size, AIG has become the subject of litigation, examinations, inquiries, or investigations.

Analysis of Litigation as Grounds for Possible Disqualification:

Pursuant to the Authority's regulations on 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: commission of an offense indicating a lack of business integrity; violation of any law governing the occupations or professions of regulated industries; and violation of any law which may bear upon a lack of responsibility or moral integrity.

Listed below are the facts of the actions and the fines assessed and paid, as provided by AIG and reviewed by EDA staff and the Attorney General's Office:

2006 Consolidated Settlement:

AIG reported to EDA that in February 2006 it reached a resolution of claims and matters under investigation with the Department of Justice (DOJ), the Securities Exchange Commission (SEC), the Office of the New York Attorney General (NYAG) and the New York State Department of Insurance (DOI). AIG recorded an after-tax charge of \$1.15 billion relating to these settlements in the fourth quarter of 2005. Pursuant to this settlement, AIG neither admitted nor denied liability; however, it was required to publicly acknowledge its misconduct in deceiving the investing public and regulators. Some employees involved in these actions either pleaded guilty or were convicted as a result of their involvement in the reported matters.

The settlements were accompanied by resolved investigations conducted by the SEC, NYAG and DOI into allegations that AIG had participated in bid-rigging schemes and paid insurance brokers to steer business to AIG, used fraudulent insurance transactions to bolster the quality and quantity of its earnings and underreported to state insurance departments the amounts of workers' compensation premiums it had collected and on which it owed taxes, as further described below.

As a result of these settlements, AIG made payments or placed amounts in escrow in 2006 totaling approximately \$1.64 billion, \$225 million of which represented fines and penalties.

- A. More specifically, AIG settled investigations into a \$500 million finite reinsurance transaction with General Re Corporation, a subsidiary of Berkshire Hathaway, in which AIG admitted that it had improperly accounted for this transaction as reinsurance when no risk was transferred. This reinsurance transaction with General Re Corporation was also the subject of federal indictments of three former senior General Re executives and one former AIG executive on February 1, 2006 on 16 counts of conspiracy, securities fraud and mail fraud as a result of a reinsurance transaction entered into between subsidiaries of the two companies.

In February 2008, the five individuals were convicted on all counts as a result of their roles in the General Re transaction. The AIG executive, former Vice President of Reinsurance, Chris Milton, was sentenced to four years in prison. He is still out on bail pending the outcome of his appeal.

- B. In addition, AIG settled allegations that it hid underwriting losses by improperly accounting for those losses as investment losses with an off-shore entity, Capco Reinsurance. The settlement also resolves SEC claims involving AIG's use of Union Excess Reinsurance Co., another off-shore reinsurer, to which AIG ceded about 50 reinsurance contracts while concealing its control of that entity.

AIG paid \$700 million in disgorgement and a \$100 million penalty to the SEC covering the above described finite reinsurance and other accounting improprieties. The \$800 million was deposited into a fund under the supervision of the SEC as part of the settlements to be available to resolve claims asserted against AIG by investors. On April 14, 2008, the Court overseeing this "Fair Fund" approved a plan for distribution of monies in the fund, and on May 18, 2009 ordered that the distribution agent be authorized to commence distribution of Fair Fund monies to eligible and approved claimants.

- C. In resolution of the bid-rigging allegations, AIG agreed to pay \$375 million into an "Excess Casualty Fund" administered by the NYAG and the DOI. This fund is to compensate AIG policyholders who purchased or renewed AIG excess casualty insurance policies, not including excess workers' compensation policies, through Marsh & McLennan Companies, Inc. or Marsh Inc., from January 1, 2000, through September 30, 2004.

Several former AIG employees pleaded guilty to charges related to the bid-rigging, described above, in New York state court. In October 2004, Karen Radke - a former American Home senior VP and Jean Tateossian - a former manager of national accounts for American Home, pleaded guilty to the Class E felony of Scheme to Defraud in the First Degree. In January 2005, two additional former employees, John Mohs - a former American Home manager and Carlos Coello - a former underwriter for American Home Assurance, pleaded guilty to the Class E felony of Scheme to Defraud in the First Degree and the misdemeanor Scheme to Defraud in the Second Degree, respectively.

In addition, on January 29, 2010, Judge Yates of the New York Supreme Court vacated the guilty pleas of the former AIG employees involved in the bid-rigging scheme. The judge also reduced the charges against Mohs, Radke and Tateossian to the Class A misdemeanor Scheme to Defraud in the Second Degree and the charges were eventually

dismissed. On January 29, 2010, Judge Yates vacated Coello's guilty plea and dismissed the complaint in the interests of justice - presumably, because of their cooperation with the government's investigation pursuant to plea agreement.

- D. In addition, AIG agreed to pay \$346 million to states that suffered harm as a result of AIG's practices involving underpayment of workers' compensation premium taxes and related fees from 1982 through 1996 and a \$25 million fine to the DOJ. AIG also paid a \$100 million fine to the State of New York and is barred from seeking indemnification pursuant to any insurance policy for this \$100 million fine or for the \$343.5 million workers' compensation payment or the \$375 million Excess Casualty Fund payment discussed above.

2008 Multi-State Settlement:

AIG also reported to EDA that the 2006 regulatory settlements with the SEC, DOJ, NYAG and DOI discussed above did not resolve investigations by regulators from other states into insurance brokerage practices and related to the conduct described in the 2006 Consolidated Settlement disclosure. Similarly, again AIG neither admitted nor denied liability.

AIG entered into agreements effective January 29, 2008 with the Attorneys General of the States of Florida, Hawaii, Maryland, Michigan, Oregon, Texas and West Virginia; the Commonwealths of Massachusetts and Pennsylvania; and the District of Columbia; as well as the Florida Department of Financial Services and the Florida Office of Insurance Regulation, relating to their respective industry-wide investigations into insurance producer compensation and insurance placement practices.

Specifically, the investigation, spearheaded by the Texas Attorney General, focused on AIG's failure to disclose contingent commissions it paid to insurance brokers. According to the attorney general, Marsh McLennan devised a scheme that gave commercial policyholders the appearance of a legitimate competitive policy bidding process when in fact Marsh secretly pre-designated certain insurers to win bids, and the results for policyholders were actually inflated rates, not competitive bids. The anti-competitive scheme succeeded because insurers such as AIG earned preferred status with Marsh by paying the contingent commissions to insurance brokers, which it failed to disclose to its policyholders.

The settlements call for total payments of \$12.5 million to be allocated among the ten jurisdictions representing restitution to state agencies and reimbursement of the costs of the investigation. The agreement with the Texas Attorney General also settles allegations of anticompetitive conduct relating to AIG's relationship with Allied World Assurance Company and includes an additional settlement payment of \$500,000 related thereto.

2008 Pennsylvania Settlement:

In addition, AIG also disclosed that it entered into an agreement effective March 13, 2008 with the Pennsylvania Insurance Department relating to the Department's investigation into the affairs of AIG and certain of its Pennsylvania-domiciled insurance company subsidiaries. The settlement called for total payments of approximately \$13.5 million, of which approximately \$4.4 million was paid under previous settlement agreements.

Of the \$13.5 million, \$9 million represents penalties and investigative cost related to allegations of bid-rigging and filing false financial information. This action by Pennsylvania stems from the allegations, described above, that AIG and General Re engaged in a deal in 2000 that was disguised as a reinsurance contract.

According to the Pennsylvania insurance commissioner, the penalty paid by AIG is the largest penalty ever paid to the Insurance Department to resolve violations of Pennsylvania insurance laws and reflects the seriousness of the violations and the fact that Pennsylvania is the primary regulator of AIG commercial property-casualty insurance companies.

Mitigating Factors:

Several mitigating factors regarding the conduct described in this memorandum are worthy of consideration. Principally, the described conduct occurred during the long tenured reign of ousted former CEO Maurice Greenberg who in 2005, amid the investigation led by the New York Attorney General, was forced out by AIG's board, having refused to cooperate with the company's own probe.

Additionally, AIG was proactive in conducting internal investigation and in admitting wrongdoing regarding the described conduct. Shortly after the federal and state regulators contacted AIG about the General Re transaction, AIG commenced an internal investigation that eventually led to a restatement of its prior accounting for approximately 66 transactions or items.

In its restatement, AIG admitted not only that its accounting for certain transactions had been improper, but also that the purpose behind some of those transactions was to improve financial results that AIG believed to be important to the market. AIG also conceded in its restatement that certain transactions may have involved documentation that did not accurately reflect the true nature of the arrangements and misrepresentations to members of management, regulators and AIG's independent auditors. The restatement also summarized the sham reinsurance transactions with General Re and transactions involving Capco and Union Excess that AIG accounted for improperly.

Furthermore, in the settlement agreements, AIG agreed to certain undertakings designed to ensure that future transactions will be properly accounted for and that senior AIG officers and executives receive adequate training concerning their obligations under the federal securities laws.

AIG's remedial measures include, among other things, (i) appointing a new Chief Executive Officer and Chief Financial Officer; (ii) putting forth a statement of tone and philosophy committed to achieving transparency and clear communication with all stakeholders through effective corporate governance, a strong control environment, high ethical standards and financial reporting integrity; (iii) establishing a Regulatory, Compliance and Legal Committee to provide oversight of AIG's compliance with applicable laws and regulations; (iv) enhancing its "Code of Conduct" for employees and mandating that all employees complete special formal ethics training and (v) hiring an independent consultant who suggested – and AIG adopted - a series of new internal accounting procedures to protect from transactions similar to the General Re transaction from occurring in the future.

In this consolidated resolution AIG's cooperation during the investigation and its remediation efforts in response to material weaknesses identified by its own internal review was noted. From the outset of the investigation, AIG gave complete cooperation to the investigation.

In particular, the SEC for its part noted AIG (i) promptly provided information regarding any relevant facts and documents uncovered in its internal review; (ii) provided the staff with regular updates on the status of the internal review; and (iii) sent a clear message to its employees that they should cooperate in the investigation by terminating those employees, including members of AIG's former senior management, who chose not to cooperate in the investigation.

With regard to the multi-state settlement, during the term of the settlement agreements, which run through early 2018, AIG will continue to maintain certain producer compensation disclosure and ongoing compliance initiatives as described. AIG will also continue to cooperate with the industry-wide investigations.

Similarly, as regards the 2008 Pennsylvania settlement, during the term of the settlement agreement, which runs for a period of three years from May 1, 2008, AIG is to provide annual reinsurance reports, as well as maintain certain producer compensation disclosure and ongoing compliance initiatives.

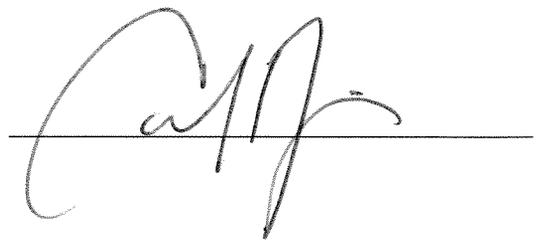
Of additional note, AIG received approximately \$182 billion dollars in U.S Treasury and Federal Reserve Bank assistance commonly known as the "AIG bailout". This assistance consisted of various credit facilities and purchases of troubled assets in exchange for equity in the company.

Ultimately, the U.S. government held a stake of 92% of AIG. Recent stock sales have unwound the government's position in AIG down to 77%. Overall, taxpayers have so far recouped more than \$41 billion this year from their investment in AIG, according to AIG President and CEO Robert Benmosche.

Since the bailout, government and company officials have been working to settle AIG's obligations, sell business units and repay its bailout money.

Conclusion:

Staff has performed a review of these actions with assistance from the Attorney General's Office. Staff has weighed the seriousness of the offenses in conjunction with the mitigating factors presented by AIG and staff does not believe disqualification is warranted.

A handwritten signature in black ink, appearing to read 'MS', is written over a horizontal line.

Prepared by: Marcus Saldutti



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: June 14, 2011

SUBJECT: American Home Assurance Company and Affiliates/AIG
BEIP Grants: P12490, P13380, P14375, P15826
Project Locations: Berkeley Heights, Union County and Jersey City, Hudson County

Modification Request:

- I. Consent to administrative changes in the American Home Assurance Company and AIG SunAmerica Asset Management Corp. (collectively "AIG") Business Employment Incentive Program grants. These changes do not materially impact the company's initially projected job creation numbers.
 - A. Name changes:
 - (i) Birmingham Fire Insurance Company of Pennsylvania to AIG Casualty Company to Chartis Property Casualty Company;
 - (ii) AIG Domestic Claims, Inc. to Chartis Claims, Inc.;
 - (iii) American International Surplus Lines Agency, Inc. to AIG Commercial Insurance Agency, Inc. to Chartis Insurance Agency, Inc.;
 - (iv) AIG Consultants, Inc. to Global Loss Prevention, Inc.; and
 - (v) AIG Technologies, Inc. to AIG Global Services, Inc.
 - B. Delete the following grantees from the grants as they are no longer operating companies:
 - (i) AIG Marketing, Inc.; and
 - (ii) AIU North America (New Jersey), Inc. from the grant.

Consent to the continuation of the BEIP grants notwithstanding legal issues reviewed by staff, in consultation with the Attorney General's Office. (Details attached).

Background

AIG and its affiliates are operating subsidiaries of American International Group were formed in 1967, is a nationwide provider of commercial umbrella/excess liability and primary and excess workers' compensation insurance.

Since 2000, AIG has been awarded 4 BEIP grants to expand its operations in New Jersey as detailed below:

Grant I - (P12490)

AIG and affiliates were approved for an 80% grant for 10 years in July 2000 with a new employment commitment of 589 at its facility in Berkeley Heights Twp., Union County. The minimum eligibility threshold of 75 was reached in August 2001 and approximately 1,000 jobs were reported on the 2010 annual BEIP report. Approximately \$3.7 million has been awarded on this grant.

Grant II - (P13380)

A second grant was approved in June 2001 at 75% for 10 years with a new employment commitment of 147 at its facility in Jersey City, Hudson County. The Minimum Eligibility Threshold of 25 was reached in December 2002 and approximately 100 jobs were reported on the 2010 annual report. Approximately \$3.9 million has been awarded on this grant

Grant III - (P14375)

A third grant was approved in July 2002 at 70% for 10 years with a new employment commitment of 400 at its facility at 90 Hudson Street, Jersey City, Hudson County. The NEC on this grant was reduced to 281 at the end of the base years. The Minimum Eligibility Threshold of 25 was reached in January 2003 and approximately 350 jobs were reported on the 2010 annual BEIP report. Approximately \$2.8 million has been awarded on this grant.

Grant IV - (P15826)

A fourth grant was approved in June 2004 at 80% for 10 years with a new employment commitment of 300 at its facility at 101 Hudson, Street, Jersey City, Hudson County. The Minimum Eligibility Threshold of 25 was reached in July 2004 and approximately 600 jobs were reported on the 2010 annual report. Approximately \$1.3 million has been awarded on this grant.

In summary, AIG projected to create 1,317 jobs at approval. As of 12/31/10, the grantees reported approximately 2,050 jobs, which is nearly 56% higher than was initially projected.

Economic Viability:

AIG has been significantly impacted by the downturn in the economy to the extent that it required a bailout from the Federal Government in 2008 to remain in operation.

Prior to the company's financial deterioration in 2008, combined revenues were \$86.5MM and \$81.5MM in 2006 and 2007, respectively. Revenues declined to \$73 million in 2008 and along with charges against revenues for losses sustained in the capital markets and credit swaps, they reported a negative revenue position and a \$100 million net loss at 12/31/08.

As a result, the U.S. Treasury took control of AIG and provided \$182 billion in bailout money to keep it operating credit facilities and purchases of troubled assets in exchange for equity in the company. Until recently, the U.S. government held a stake of 92% of AIG, but in May 2011, its stock sales reduced the government's position to 77%. To date, taxpayers have so far recouped more than \$41 billion this year from their investment in AIG according to the company.

In 2009, the company only partially regained market share/acceptance/confidence, as evidenced by the stabilization of revenues to \$75 million (net of capital losses). In 2010, net revenues increased modestly to \$77 million but due mostly to market stabilization which reduced net realized capital charges to revenues.

The 10-Q for 1Q11 reflects lagging revenues and a net loss of \$543 million due to tsunami claims in Japan and a one-time charge of \$3.3 million associated with the extinguishment of debt. Despite nearly doubling of the stock price in 2010, Q11 performance and lack of investor confidence caused stock prices to decline by 42% earlier this month.

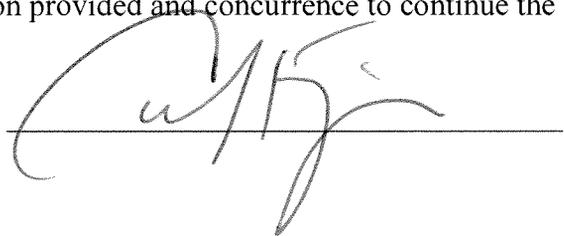
Since the bailout, government and company officials have been working to settle AIG's obligations, sell business units and repay its bailout money. While operating challenges may continue over the next few years, government support continues, as evidenced by the recent announcement that it would sell more stock in AIG to further stabilize operations. Because AIG has the ongoing support of the federal government, it appears to be economically viable at this time.

Litigation Matters:

Staff along with the Office of the Attorney General has reviewed all legal matters pertaining to the company and recommends continuing the grant without disqualification. Supporting this recommendation is staff's review with guidance from the Attorney General's Office wherein it has concluded that the violations and the mitigating factors presented by AIG do not warrant disqualification. (see attached).

Recommendation:

Consent to administrative changes to the grantees summarized above and continue the grants, subject to the Board's review of the legal information provided and concurrence to continue the grants without disqualification.

A handwritten signature in black ink, appearing to be 'C. H. J.', is written over a horizontal line.

Prepared by: Karen Gallagher



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini, Chief Executive Officer
DATE: June 14, 2011
SUBJECT: Projects Approved Under Delegated Authority - **For Informational Purposes Only**

The following projects were approved under Delegated Authority in May 2011:

New Jersey Business Growth Fund:

- 1) DB Land Holdings LLC and Innovative Orthodontics, LLC (P36725) are located in Gloucester City, Camden County. DB Land Holdings LLC is a real estate holding company formed to purchase adjacent office space to the current location. Innovative Orthodontics, LLC was founded in 2006 by Dr. Daniel Bills. PNC Bank approved a \$145,800 bank loan with a five-year, 25% guarantee of principal outstanding, not to exceed \$36,450. Proceeds will be used to purchase additional office space. Currently, the company has eight employees and plans to create five new positions within the next two years.
- 2) Emad Jacob MD PC and 716 Jacob Properties, LLC (P36581) located in Kearny Town, Hudson County, was formed in 2008 as a primary care doctor that currently operates from a leased facility adjacent to the project property. PNC Bank approved a \$316,800 bank loan with a five-year, 25% guarantee, not to exceed \$79,200. Proceeds will be used to purchase the project property. The company currently has two employees and plans to create two new positions over the next two years.
- 3) Interfashion Cosmetics Corp. (P36691), located in Teterboro Borough, Bergen County, was founded in 1989 as a custom house formulator and manufacturer of cosmetics, skin care, bath and body products for wholesalers and retailers. PNC Bank approved a \$500,000 bank loan with a five-year, 50% guarantee of principal outstanding, not to exceed \$250,000. Proceeds will be used to purchase equipment and machinery. Currently, the company has 45 employees and plans to create ten additional jobs within the next two years.

- 4) RMF Sales Associates LLC & PowerComm Solutions, Inc. (P36751), are located in Flemington Borough, Hunterdon County. PowerComm Solutions, Inc. manufactures instruments for measuring and testing of electricity or signals, and offers specifically designed products and accessories to simplify the alignment and maintenance of Power System Relay Communication Systems. They also train utility professionals on alignment and maintenance of power line carrier systems. PNC Bank approved a \$216,000 bank loan with a five-year 25% guarantee of principal outstanding, not to exceed \$54,000. Proceeds will be used to purchase commercial property. The company currently has and will maintain three employees.

NJ Main Street Program:

- 1) Fulcrum Facilities Services, LLC (P36598), located in Millburn Township, Essex County, was formed in 2007 as a provider of facilities management, real estate advisory and corporate event/promotion services. Peapack-Gladstone Bank approved a \$500,000 working capital line of credit, contingent upon a 50% EDA guarantee, not to exceed \$250,000. Currently, the company has thirteen employees and plans to create two additional jobs within the next two years.

Small Business Fund Program:

- 1) Hexacon Electric Company, Inc. (P35961), located in Roselle Park Borough, Union County, was founded in 1932 as a manufacturer of a large variety of soldering equipment that is sold to various industries, primarily in the United States. The company was approved for a \$70,245 loan used to purchase equipment. The company currently has and will maintain 28 employees.
- 2) Personalized Independent Living Opportunities and Training, Inc. located in Waterford, Camden County, was established in 1992 as a not-for-profit organization providing training and employment assistance for individuals with disabilities. PILOT currently employs 100 people. PILOT was approved for an \$81,717 Small Business Loan Fund loan (P35948) to refinance a matured CED loan originally used to relocate their administrative offices to Waterford, New Jersey. The SBLF loan will have an interest rate of 5 year treasury plus 1% (currently at floor of 3%) and a five-year term with a ten year amortization.

Camden ERB:

- 1) Catapult Learning, LLC (P34846), founded in 1976, was incorporated in 2003 as a privately owned limited liability company and the leading provider of educational services to schools and districts nationwide. In August 2010 Catapult moved from Philadelphia, PA to Camden, NJ and leased 13,675 sq. ft. of space at Two Aquarium Drive. The company was approved for a \$205,125 Business Lease Incentive Grant over a five-year period. The company currently has 44 employees and plans to create seven new positions over the next two years.

- 2) Refat Elsayed is the owner of three retail storefront properties on Haddon Avenue in Camden, NJ. In one of these properties, 1184 Haddon Avenue, Mr. Elsayed currently occupies 2,000 sq. ft. of space for his business, Mario's Pizza. With the grant proceeds, Mr. Elsayed is planning to make façade improvements and interior renovations to 1208 and 1210 Haddon Avenue for prospective tenants and was approved for \$8,891 for 1210 Haddon Avenue (P30996) and \$8,988 for 1208 Haddon Avenue (P30954) to be disbursed upon completion of the projects. The one confirmed tenant, a hair salon at 1210 Haddon Avenue, is expected to create two new positions within the next two years.

Community Economic Development Program:

- 1) Waterford Township (P31089), located in Waterford Township, Camden County, is a municipality in Camden County. The company was approved for a \$50,000 Community Economic Development Program loan. Loan proceeds will be used to conduct a feasibility study to determine which parcels/corners within a larger area would benefit the most from commercial redevelopment.

New Jersey Business Growth Fund - Modification:

- 1) Stir-Up, LLC (P36568), located in Newark City, Essex County, is a real estate holding company that owns the project property. The operating company, Stirrup Metal Products Corp. was established in 1932 and operates as a metal stamping and sheet metal manufacturer. PNC Bank has approved an extension of a \$617,073 loan with a five-year, 25% guarantee of principal outstanding, not to exceed \$154,268.25. Original loan proceeds were used to refinance real estate. All other terms and conditions of the original approval remain unchanged.

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Prepared by: D. Lawyer
SM/gvr

REAL ESTATE



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Acquisition and Rehabilitation of Five State Police Barracks
Approval of Budget, Lease Agreement, and Agreement for Purchase of Property

DATE: June 14, 2011

Summary

The Members are asked to approve the following for the acquisition and rehabilitation of five State Police barracks (Barracks) and the land on which they are located: (1) budget for the acquisition and rehabilitation; (2) Agreement and Lease between the Authority and Treasury, Division of Property Management and Construction (Treasury); and (3) Agreement for Purchase of Property between the Authority and B & S Partners to purchase the Barracks. Contemporaneously herewith, the Members are approving a General Bond Resolution and First Supplemental Resolution authorizing the issuance of the Authority's State Lease Revenue Bonds (State Police Barracks Project) 2011 Series A (the "Bonds"), which are being issued to finance the acquisition and rehabilitation of the Barracks and the land on which they are located and the costs of issuance relating to the Bonds. Rental payments under the Lease will be used to pay debt service on the Bonds and are subject to appropriation.

Background

Project History

In November 2007, Treasury completed five property condition assessment reports for leased State Police Barrack facilities located at Bellmawr, Upper Deerfield, Hope Township, Perryville, and Wilburtha. These reports concluded that the five stations required approximately \$1.2 million to fund deferred maintenance. Subsequently in 2008, Treasury completed a preliminary lease versus purchase analysis for the five barracks. In this analysis, Treasury concluded that the purchase and rehabilitation of the five barracks would be more economically beneficial to the State than to continue leasing these five facilities. In addition, Treasury completed a condition report on the Frankford Township facility and updated the analysis to include its acquisition.

In January 2009, the Members approved a Memorandum of Understanding and Feasibility Budget for the potential acquisition and rehabilitation of the State Police Barracks. Also at this time, Treasury decided not to proceed with the acquisition of the Wilburtha facility through the

Authority. The Barracks included in the Project are: Bellmawr, Upper Deerfield Township, Frankford Township, Hope Township, and Perryville.¹

In May 2009, the Members approved the following: (1) the reimbursement resolution for eligible project costs that would be incurred prior to the issuance of the bonds; and (2) the selection of Jarmel Kizel Architects (Jarmel Kizel) as the project’s architect and engineer, and Skanska as the project’s construction manager. In October 2009, the Members approved the acquisition of the Barracks and authorized negotiation of the Agreement for Purchase of Property.

Throughout 2010 and in the first quarter of 2011, Real Estate Development Division staff, along with the engaged professionals, finalized the financial analysis and presented it to Treasury. The analysis concluded that it would be more beneficial to purchase and rehabilitate the facility(s) than to seek new leases for the Barracks under the following conditions: (1) the financing term would not exceed 24 years; (2) that the acquisition and rehabilitation costs did not exceed the preliminary budget amounts; (3) that the architect/engineer and construction manager would develop a scope of work for the Barracks rehabilitation that was limited to the allotted construction funds in the preliminary budget. In January of this year, Treasury approved the project to proceed under these assumptions.

Project’s Estimated Economic Impact and Job Creation

The following chart summarizes the Project’s estimated direct (the actual construction value) and indirect (money spent in the community due to the construction) impact on the State’s economy:²

Direct Spending (Construction Value)	\$1,295,000
Direct Sales Tax³	\$0
Indirect One Time Spending	\$783,123
Indirect Sales Tax	\$27,409
Direct One Time Earnings (Construction)	\$647,500
Direct One Time Taxes on Earning	\$32,375
Indirect One Time Earnings	\$323,113
Indirect One Time Taxes on Earnings	\$16,156
Total One Time Construction Tax Benefits	\$75,940

As noted in the chart, the project will spur an additional \$783,123 of indirect spending in the five local communities and generate an additional \$323,113 in earnings. The tax benefit to the State from the project is estimated at \$75,409. During construction, the Project will create approximately 5 to 6 full-time equivalent jobs with an average salary of \$95,000.

¹ Attached as Exhibit A is a map showing the locations of the Barracks.

² The economic impact analysis was developed using the net benefit analysis model used for the Urban Transit Hub Tax Credit and Economic Recovery Redevelopment Growth Grant programs.

³ Because the Authority’s projects are exempt from sales tax, see N.J.S.A. 34:1B-15, the tax is not included in the model’s estimate for the construction.

Project Budget

The following chart is a summary of the project budget, which Treasury has approved:

Uses	% Project	\$ SF	Total
Acquisition	66%	\$139	\$5,711,000
Improvements	16%	\$35	\$1,428,000
Professional Services	6%	\$12	\$509,000
Finance/Administration/Contingency	8%	\$16	\$662,000
Administrative Fee	4%	\$9	\$350,000
Total Uses	100%	\$211	\$8,660,000

Attached to this memo as Exhibit B is the budget which provides detail for the categories listed in the summary chart. The budget reflects the following assumptions:

1. The negotiated sales prices for the Barracks approved by Treasury.
2. Rehabilitation allowance developed from reports provided by Treasury and later updated with the Authority's assistance.
3. Preliminary scope of work prepared by Jarmel Kizel based on site investigations and the reports provided by Treasury.

To provide flexibility in this multi-property project, one contingency is included to pay for change orders in any budget category.

Lease Between the Authority and Treasury

On March 21, 2011, the Space Lease Utilization Review Committee (SLUC) approved the concept of the State leasing the Barracks from the Authority with the transaction financed through bonds. The Lease term will be coterminous with the bond financing term, and will include the following responsibilities for the Authority:

1. To acquire the Barracks
2. To rehabilitate the Barracks
3. To deed the property to Treasury for \$1.00 at the end of the Lease term.

During the Lease term, Treasury will be responsible for the following:

1. To pay the lease payments
2. To repair and maintain the Barracks
3. To pay for operating expenses
4. To pay the trustee's administrative fee
5. To pay the Authority's project fee and administrative expenses as outlined in the Lease
6. To insure the properties.

In addition to the above terms, the Lease addresses compensation for the Authority's participation in the transaction. For the acquisition and rehabilitation of the Barracks, the Authority will receive a rehabilitation service fee in the amount of \$350,000, which will be paid

from bond proceeds in monthly installments as the construction progresses. During the Lease term, the Authority will be reimbursed for staff time and out of pocket expenses, as opposed to a predetermined annual fee, which payment, as with any payment from the State, is subject to appropriation. In the event that the Authority is not made whole in the performance of any of its obligations under this Agreement, the State Treasurer has agreed to recommend that an appropriation for the amount required to reimburse the Authority be included in the Governor's Budget Message for the next fiscal year.

The Authority will be reimbursed by the State for claims related to the property (tort or otherwise) arising out of the negligence of Treasury, its officers, employees or officials with respect to the Project Facilities. The State will also reimburse the Authority for "back-up" insurance that the Authority purchases for the facilities. In practice, this reimbursement provision means that the Authority, as it has with other Authority financed State facilities, will forward claims that occur at the sites to Treasury for disposition. As mentioned above, the State's obligation to reimburse the Authority is subject to appropriation and if the Authority is not made whole, the Treasurer has agreed to recommend that an appropriation in the amount needed to reimburse the Authority be included in the next fiscal year's Governor's Budget Message.

The remedies upon an event of default have changed from the State office building transactions undertaken by the Authority and the State in the past. Previously, assuming an appropriation was in place, failure to pay rent or to undertake a covenant was an event of default that the Authority hypothetically could remedy by re-letting the property to another entity. This remedy, however, has never been assigned to the Trustee, in recognition of the fact that the bonds are sold on the strength of the Lease revenue stream, rather than the value of the underlying property. In order to conform the Lease to this financing structure, and in recognition of the fact that the Authority would not dispossess the State of its facility, this remedy has been removed from this transaction.

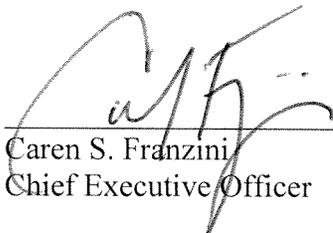
A copy of the Lease, substantially in final form, is attached to this memo as Exhibit C.

Agreement for Purchase of Property

The Authority has agreed to purchase the properties from B & S Partners, a New Jersey partnership, in the amount of \$5.6 million. The Seller is the current landlord of the existing facilities which were constructed in the late 1980s for occupancy by the State Police. DPMC has approved the purchase price and the Agreement for Purchase of Property. The following change to the Authority's standard purchase agreement was negotiated with Seller. In lieu of the Authority's standard provision that the seller indemnify the Authority for any environmental contamination that might exist at the property being purchased, the Authority will procure pollution legal liability insurance for all five sites which will provide protection against environmental claims on behalf of the Authority and Treasury. Treasury has agreed to reimburse the Authority for premiums and deductibles related to such insurance as an Authority administrative fee. This change is suggested because the State Police have been the sole occupants of the Barracks. A draft of the Agreement for Purchase of Property, substantially in final form, is attached to this memo as Exhibit D.

Recommendation

I ask that the Members approve the project budget, Lease Agreement, and Agreement for Purchase of Property for the Barracks. The final documents may be subject to revision, although the basic terms and conditions will remain consistent with those in the attachments. The final terms of the Agreements will be subject to the approval of the Chief Executive Officer, Treasury, and the Attorney General's Office.



Caren S. Franzini
Chief Executive Officer

Prepared by: David Nuse
Donna Sullivan
Juan Burgos

EXHIBIT A

Troop Area Responsibilities

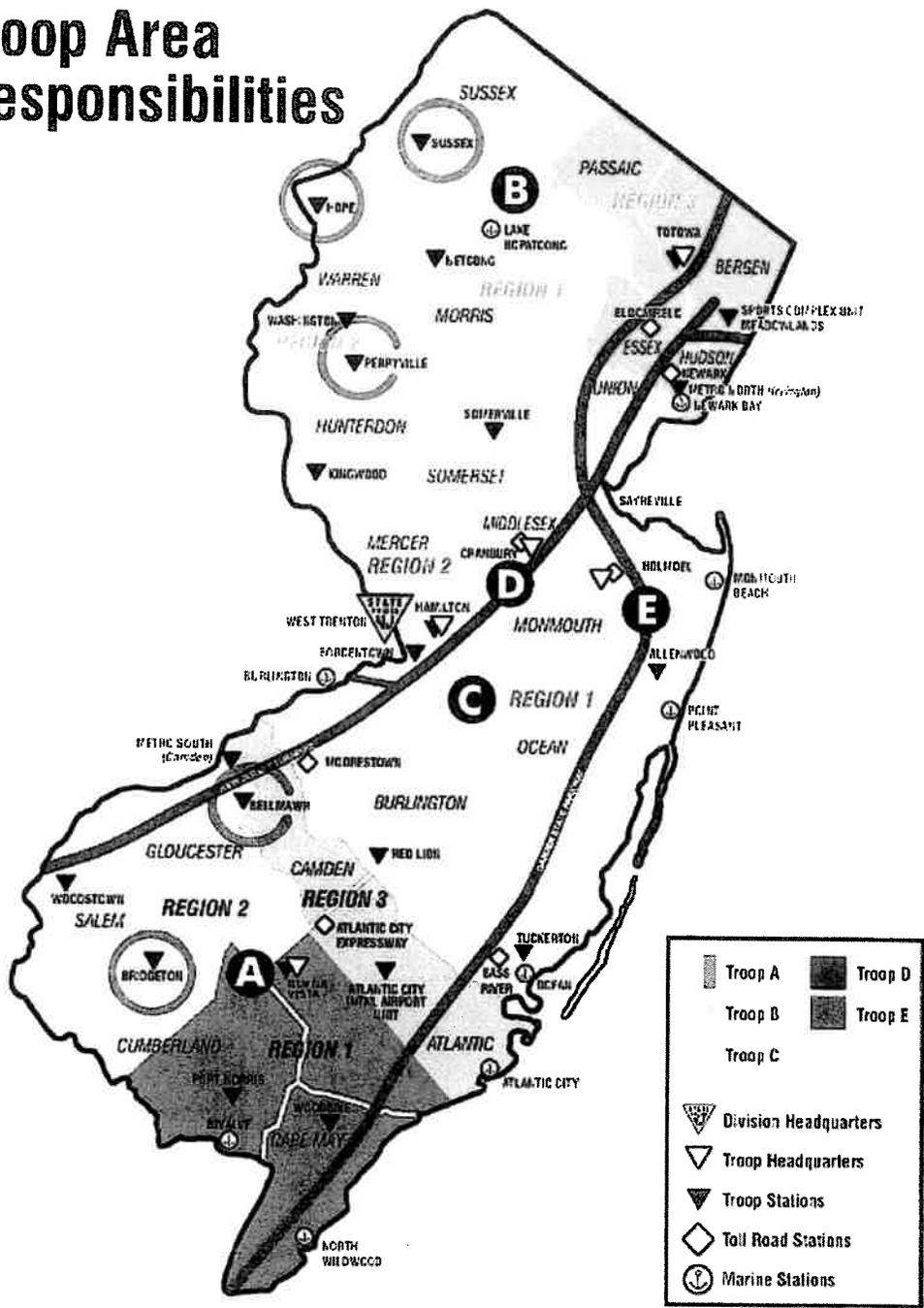


EXHIBIT B

State Police Barracks

PCR REPORT - Budget

		Cost per Square Foot	Estimated Square Foot**	Estimated Budget
I Acquisition				
1	Barracks	\$136.65	40,980	\$5,600,000
2	* Closing Costs			\$56,000
3	Real Estate Taxes (2 Quarters)			\$55,000
Sub Total				\$6,711,000
II Improvements				
1	Rehabilitation	\$40.74	40,980	\$1,399,000
2	Construction Management (CM) Fee			\$29,000
Sub Total				\$1,428,000
III Professional Services				
1	Architect / Engineer (A/E)			\$292,000
2	A/E Preconstruction			\$162,000
3	CM - Pre Construction			\$55,000
Sub Total				\$509,000
IV Finance / Administration				
1	Bond Fees			\$43,000
2	Permits and Fees			\$38,095
3	Builder's Risk/Liability Insurance/PLL Insurance			\$150,000
4	Legal			\$60,000
5	DL & WD Worker Training Fee			\$7,000
6	Project Contingency			\$363,905
Sub Total				\$662,000
V Administrative Fee				
1	Rehabilitation Service Fee			\$350,000
Sub Total				\$350,000
VI Total Uses				
		Project %	\$ SF	
I.	Acquisition	66%	\$139	\$5,711,000
II.	Improvements	16%	\$35	\$1,428,000
III.	Professional Services	6%	\$12	\$509,000
V.	Finance	8%	\$16	\$662,000
IV.	Administrative Fee	4%	\$9	\$350,000
Total		100%	\$211	\$8,660,000

EXHIBIT C

M&S Draft

June 1, 2011

AGREEMENT AND LEASE
(STATE POLICE BARRACKS PROJECT)

BETWEEN

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY,

and

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

DIVISION OF
MANAGEMENT
CONSTRUCTION

PROPERTY
AND

Dated as of June __, 2011

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ARTICLE I
DEFINITIONS AND GENERAL PROVISIONS

SECTION 1.1 Definitions Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the Resolution. In addition, the terms set forth in this section shall have the meanings ascribed to them for all purposes of this Agreement unless the context clearly indicates some other meaning. Words in the singular shall include the plural and words in the plural shall include the singular where the context so requires.

"**Act**" shall mean the New Jersey Economic Development Authority Act, constituting Chapter 80 of the New Jersey Laws of 1974, as amended from time to time.

"**Additional Bonds**" shall mean Bonds or notes authenticated and delivered on original issuance pursuant to Section 2.4 or Section 2.5 of the Resolution.

"**Additional Rent**" shall mean the rent specified in Section 4.1 (b) hereof.

"**Administrative Expenses**" shall mean, from and after the Closing Date, reimbursement payable from time to time during the Lease Term by the State to the Authority, subject to the prior approval of the State, of reasonable expenses incurred by the Authority as owner of the Project Facilities or in carrying out its duties under this Agreement and the Resolution, including, without limitation, actual costs of the Real Estate Development Division of the Authority; contingent general liability and pollution legal liability insurance premiums and deductibles payable by the Authority, travel expenses; accounting, reporting and auditing costs (to the extent normally incurred in accordance with generally accepted accounting principles), litigation and legal fees and costs, whether for law firm attorneys or New Jersey Division of Law including expert witness fees, if any, and the cost of postage, reproduction expenses and telephones, provided, however, that (i) all the above expenses have been incurred with respect to the Project; (ii) all expenses are supported by documentation, which shall be reasonably acceptable to the State; and (iii) the expenditures are subject to appropriate internal controls within the Authority. Administrative Expenses also shall include, at any time and without limitation, the fees and expenses of the Trustee, including any amounts due the Trustee pursuant to the reimbursement provisions of the Resolution (to the extent such payment is required pursuant to Section 9.5 thereof), any paying or tender agents, any other Fiduciaries acting under the Resolution, the fees and expenses of any provider of a Credit Facility acting under the Resolution and the initial and annual fees of the rating agencies with respect to the Bonds, to the extent such fees and expenses are not paid from the proceeds of sale of the Bonds.

"**Aggregate Debt Service**" for any period shall mean, as of any date of calculation, the sum of the amounts of the Debt Service for such period with respect to all Bonds issued and Outstanding under the Resolution.

"**Agreement**" shall mean this Agreement and Lease dated as of June __, 2011 between the Authority and the State, and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof and of the Resolution.

"**Anticipated Project Completion Date**" shall mean, subject to the occurrence of force majeure or other events beyond the reasonable control of the Authority, the estimated date of

_____, 2012.

"**Authority**" shall mean the New Jersey Economic Development Authority, a public body corporate and politic and an instrumentality of the State, created pursuant to, and existing under, the Act, and any successor thereto.

"**Authority Rehabilitation Service Fee**" shall mean the fee in the amount of \$350,000 payable by the State in installments during the Rehabilitation Phase from the proceeds of the Bonds, as a Cost of the Project, to compensate the Authority for rehabilitation services and construction services performed at Project Facilities. The first such installment in the amount of \$35,000 to be paid on the Closing Date and the balance of the fee to be paid in monthly installments based on the percentage of completion of rehabilitation with the remaining balance, if any to be paid by the State in full on the final Completion Date.

"**Basic Rent**" shall mean the rental payment specified in Section 4.1(a) hereof.

"**Bellmawr Project**" shall mean the acquisition of land and the existing State Police barracks building thereon, and the rehabilitation of such building, parking facilities and all other structures and improvements, located in Bellmawr, New Jersey and described in Exhibit A-1.

"**Bond**" or "**Bonds**" shall mean any bond or bonds, or note or notes, as the case may be, authenticated and delivered, under and pursuant to the Resolution.

"**Bond Counsel**" shall mean any lawyer or firm of lawyers nationally recognized in the field of municipal finance and satisfactory to the State and the Authority.

"**Bond Retirement Fund**" shall mean the fund so designated and created pursuant to Section 5.2 of the Resolution.

"**Closing Date**" shall have the meaning given to such terms in Section 2.2 hereof.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended and supplemented

"**Completion Certificate**" shall mean the certificates to be duly executed by an Authorized Authority Representative and delivered to the Trustee pursuant to Section 5.3(6) of the Resolution upon each Completion Date.

"**Completion Date**" shall mean the date of completion of the rehabilitation of each Project Facility, as evidenced by the delivery to the Trustee of the Completion Certificate.

"**Construction Contract**" shall mean the construction contract to be entered into between the Authority and Skanska USA Building, Inc., for the rehabilitation of the Project Facilities substantially in the form attached hereto as Exhibit B.

"**Construction Fund**" shall mean the fund so designated and established pursuant to Section 5.2 of the Resolution.

"**Cost**" or "**Cost of the Project**" shall mean and be deemed to include, together with any other proper item of cost (within the meaning of the Act) related to the Project not specifically mentioned herein, whether incurred prior to or after the date of this Agreement, (i) costs and

expenses of the Authority incurred in connection with the acquisition by purchase of any real property required for the Project, relocation of occupants, demolition of any existing structures with respect to the Project, construction, reconstruction, rehabilitation, renovation, fit-up, repair, restoration, improvement and operation of all or any part of the Project Facilities, including Administrative Expenses, and the Authority Rehabilitation Fee; (ii) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of the Rehabilitation Phase of the Project Facilities which is not paid by the contractor or contractors for the Project Facilities or otherwise provided for, including any costs incurred in obtaining title insurance with respect to the Project Site and the cost of any insurance premiums and deductibles payable by the Authority; (iii) the costs and expenses of the Authority for test borings, surveys, appraisals, studies, estimates, plans and specifications and preliminary investigations therefor, and for supervising acquisition, development and rehabilitation, as well as for the performance of all other duties required by or consequent upon the proper acquisition, development and rehabilitation of the Project Facilities, including, without limitation, any required environmental testing and remediation; (iv) impositions (to the extent not included in Basic Rent under Section 4.1(a) hereof), taxes, utility charges and maintenance and repair costs incurred in respect of the Project during the Rehabilitation Phase; (v) compensation and expenses of the Trustee, paying agent, fiduciaries, financial advisory, legal, accounting, financial and printing expenses and all other expenses incurred in connection with the issuance of any Bonds; if any; (vi) any sums required to reimburse the Authority or the State for advances made by either of them for any of the above items, or for any other costs incurred and for work done by either of them, which are properly chargeable to the Project, including, without limitation, pursuant to Sections 5.6 and 5.7 hereof; (vii) deposits in the Debt Service Fund for the payment of interest accruing in whole or in part on the Bonds prior to and during rehabilitation and for such additional period as the Authority may reasonably determine to be necessary in accordance with the provisions of the Resolution, including all amounts required by the Resolution to be paid from the proceeds of Bonds into the Debt Service Fund; (viii) the payment of any notes or other indebtedness of the Authority (including any interest and redemption premiums) issued to temporarily finance the payment of any item or items of Cost of the Project, and (ix) such other expenses not specified herein as may be necessary or incidental to the acquisition of any land or improvements with respect to the Project Facilities, the demolition of any existing structures with respect to the Project Facilities, the construction, reconstruction, rehabilitation, repair, improvement and operation of all or any part of the Project Facilities, the financing thereof and the placing of the same in use and operation, including the cost of any insurance premiums and deductibles payable by the Authority. Cost or Cost of the Project as defined herein also shall be deemed to include, without limitation, the cost and expenses incurred by any agent of the Authority for any of the above mentioned items.

"Credit Facility" shall mean a letter of credit, line of credit, surety bond, policy of municipal bond insurance, loan agreement, purchase agreement or other credit agreement, facility or insurance or guaranty arrangement pursuant to which the Authority or another person is entitled to obtain funds to pay Bonds and interest thereon tendered for payment at or prior to maturity, purchase or redemption in accordance with the Resolution.

"Debt Service" for any period shall mean, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of (i) the interest payable during such period on such Series of Bonds except to the extent such interest is to be paid from deposits made from

Bond proceeds deposited into the Capitalized Interest Account of the Debt Service Fund established for such Series of Bonds, and (ii) the amount payable in respect of the Principal Installments during such period. In the case of Variable Interest Rate Bonds, with respect to a particular period and date of calculation, the interest rate thereon shall be calculated on the assumption that such Bonds will bear interest during such period at the Maximum Interest Rate for such Bonds, provided that, if on such date of calculation the interest rate on such Bonds shall then be fixed for a specified period, the interest rate used for such specified period for the purposes of the foregoing calculation shall be such actual interest rate. For purposes of this definition, the principal and interest portions of the Accreted Value and Appreciated Value of Capital Appreciation Bonds and Capital Appreciation and Income Bonds, respectively, becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of interest or Principal Installments payable in such manner and during such period of time as is specified in the Supplemental Resolution authorizing such Bonds.

"Debt Service Fund" shall mean the fund so designated and created pursuant to Section 5.2 of the Resolution.

"Event of Nonappropriation" shall mean the failure by the State Legislature to appropriate for any Fiscal Year during the Lease Term the amount required to pay all Rentals and any other amounts the State is required to pay under this Agreement coming due in such Fiscal Year, as evidenced by either (i) a provision in the State's annual appropriations act for such Fiscal Year so stating, or (ii) a certificate of an Authorized State Representative so stating.

"Expiration Date" shall have the meaning given to such term in Section 2.2 hereof.

"Final Rebate Computation Date" shall mean the day upon which the last Bond is paid in full.

"Fiscal Year" shall mean (i) with respect to the State, each twelve (12) month period beginning July 1 and ending on June 30, or such other twelve (12) month period constituting the Fiscal Year of the State and (ii) with respect to the Authority, each twelve (12) month period beginning January 1 and ending on December 31, or such other twelve (12) month period constituting the Fiscal Year of the Authority.

"Franklin Project" shall mean the acquisition of land and the existing State Police barracks building thereon, and the rehabilitation of such building, parking facilities and all other structures and improvements, located in Franklin Township, New Jersey and described in Exhibit A-2.

"Hope Project" shall mean the acquisition of land and the existing State Police barracks building thereon, and the rehabilitation of such building, parking facilities and all other structures and improvements, located in Hope, New Jersey and described in Exhibit A-3.

"Improvements" shall mean all buildings, structures, parking facilities and other improvements, including all site improvements, now existing or hereafter rehabilitated on the Project Sites, and shall include, without limitation, a State Police barracks building and all site improvements relating thereto, on each Project Site, all in accordance with the Plans and Specifications.

"Initial Rebate Computation Date" shall mean the last day of the first Bond Year.

"Interest Payment Date" shall mean any date on which interest on the Bonds is due and payable.

"Lease Documents" shall mean any document or instrument executed in connection with the transactions contemplated by this Agreement, including, but not limited to, this Agreement and the Resolution.

"Lease Term" shall mean the duration of the leasehold estate created in this Agreement as specified in Section 2.2 hereof.

"Outstanding" when used with reference to Bonds, shall mean, as of any date, Bonds theretofore or thereupon being issued, authenticated and delivered under the Resolution except:

- (i) Bonds canceled by the Trustee at or prior to such date,
- (ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Resolution and set aside for such payment or redemption, provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in Article IV of the Resolution or the Authority shall have irrevocably instructed the Trustee to call such Bonds for redemption as provided in Article III of the Resolution;
- (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article II of the Resolution or Section 4.6 or Section 11.6 of the Resolution,
- (iv) Bonds deemed to have been paid as provided in Section 12.1 of the Resolution;
and
- (v) Option Bonds deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Bonds on the tender date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution

"Permitted Encumbrances" shall mean and include:

(i) undetermined liens and charges incident to rehabilitation or maintenance, and liens and charges incident to rehabilitation or maintenance now or hereafter filed on record which are being contested in good faith and have not proceeded to judgment provided that the Authority shall have set aside adequate reserves with respect thereto, such reserves to be reimbursed by the State in the event that they are expended;

(ii) the lien of taxes and assessments which are not delinquent,

(iii) the liens of taxes and assessments which are delinquent but the validity of which is being contested in good faith and with respect to which the Authority shall have set aside adequate reserves, such reserves to be reimbursed by the State in the event that they are

expended, unless by the contesting of the validity of such tax or assessment any of the Project Facility or the interest of the Authority may be in danger of being lost or forfeited,

(iv) minor defects and irregularities in the title to the Project Site which do not in the aggregate, in the reasonable judgment of an Authorized Authority Representative, materially impair the use of the Project Facility for the purposes for which it is or may reasonably be expected to be held;

(v) easements, exceptions or reservations for the purposes of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not, in the reasonable judgment of an Authorized Authority Representative, materially impair the use of such property for the purposes for which it is or may reasonably be expected to be held;

(vi) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Project Facility which do not, in the reasonable judgment of an Authorized Authority Representative, materially impair the use of the Project Facility for the purposes for which it is or may reasonably be expected to be held;

(vii) any obligations or duties affecting any portion of the Project Facility to any municipality or governmental or other public authority with respect to any right, power, franchise grant, license or permit;

(viii) present or future zoning laws and ordinances, if any, applicable to the Project Facility;

(ix) riparian rights of the United States of America or the State of New Jersey;

(x) this Agreement and the Resolution; and

(xi) such items as are listed on Schedule B, Section __, of the title searches for each Project Site issued by Valley National Title Services, as agent for Lawyers Title Insurance Company, a copy of which is annexed hereto as Exhibit C.

"Perryville Project" shall mean the acquisition of land and the existing State Police barracks building thereon, and the rehabilitation of such building, parking facilities and all other structures and improvements, located in Perryville, New Jersey and described in Exhibit A-4.

"Plans and Specifications" shall mean the schematic plans and specifications for the rehabilitation of the Project Facilities developed by _____ and to be completed (with joint input from and subject to the reasonable approval of, the State) under contract with the Authority and implemented pursuant to the contracts let under Article III of this Agreement, a copy of which is annexed hereto as Exhibit D, including without limitation the Construction Contract attached hereto as Exhibit B.

"Principal Installment" shall mean, for any Principal Installment Date, so long as any

Bonds are Outstanding, (i) the principal amount of Bonds due on such Principal Installment Date for which no Sinking Fund Installments have been established, and (ii) the unsatisfied balance (determined as provided in Section 5.6 of the Resolution) of any Sinking Fund Installments due on such Principal Installment Date for such Bonds.

"Principal Installment Date" shall mean any date on which any Principal Installment shall become due.

"Project" shall mean the acquisition of the land and existing buildings thereon and the rehabilitation of the Improvements thereon, consisting of the Upper Deerfield Project, the Hope Project, the Perryville Project, the Bellmawr Project and the Franklin Project, all as described in Exhibit A hereto and including without limitation, any repairs, rehabilitation, renovations, improvements or restoration or remediation of said Project, together with such changes or modifications as architectural or engineering designs or changes in needs of the State indicate are necessary; provided that such changes or modifications do not materially change the scope or use of the above buildings or structures, do not adversely affect the rehabilitation schedule and are within the budget for the Project.

"Project Facilities" shall mean the Project Sites together with the Improvements.

"Project Sites" shall mean the real estate described in Exhibit A hereto.

"Punch List" shall mean the written list of incomplete or unsatisfactory items and schedule for their completion submitted by the State to the Authority after the Completion Date.

"Rebate Computation Date" shall mean the Initial Rebate Computation Date, the last day of each Bond Year thereafter, and the Final Rebate Computation Date.

"Rebate Expert" shall mean shall mean a firm of investment bankers, financial consultants, attorneys or accountants that is experienced in the calculation of amounts required to be rebated to the United States under Section 148(f) of the Code.

"Rehabilitation Phase" shall mean the period of time commencing upon the execution of this Agreement and terminating upon the Completion Date.

"Rentals" shall mean the sum of Basic Rent, Additional Rent and Supplemental Rent set forth in Section 4.1 hereof.

"Resolution" shall mean the State Lease Revenue Bond Resolution of the Authority adopted June ___, 2011, as amended and supplemented, including as supplemented by the First Supplemental State Lease Revenue Bond Resolution of the Authority adopted June ___, 2011.

"Series" shall mean all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II of the Resolution or Section 4.6 or Section 11.6 of the Resolution, regardless of variations in maturity, interest rate, sinking fund installments, or other provisions.

"State" shall mean the State of New Jersey, Department of the Treasury, Division of Property Management and Construction.

"State Legislature" shall mean the New Jersey State Legislature.

"State Police" shall mean the New Jersey State Police, Facility and Building Management Unit.

"State Treasurer" shall mean the Treasurer of the State of New Jersey.

"Supplemental Rent" shall mean the rent specified in Section 4.1(b).

"Trustee" shall mean Bank of New York Mellon and its successor or successors as Trustee pursuant to the Resolution.

"Upper Deerfield Project" shall mean the acquisition of land and the existing State Police barracks building thereon, and the rehabilitation of such building, parking facilities and all other structures and improvements, located in Upper Deerfield Township, New Jersey and described in Exhibit A-5.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" or "persons" shall include firms, corporations, associations, natural persons and public bodies unless the context shall otherwise indicate, and the singular and plural forms of words shall be deemed interchangeable whenever appropriate. Reference to a person other than a natural person shall include its successors.

ARTICLE II
LEASE OF PROJECT FACILITY; TERM OF LEASE AGREEMENT

SECTION 2.1. Lease of Project Facility. The Authority hereby agrees to comply with the terms and conditions of this Agreement and agrees to acquire the Project Facilities and rehabilitate or cause to be rehabilitated the Improvements and to lease to the State the Project Facilities under the terms and conditions hereof. The State hereby agrees to comply with the terms and conditions of this Agreement and to accept and lease from the Authority the Project Facilities during the Lease Term, on the terms and conditions hereof and of the Resolution.

SECTION 2.2. Term of Agreement. This Agreement shall commence on the date of issuance and delivery of Bonds by the Authority (the "Closing Date"), provided that the leasehold estate granted hereby shall commence simultaneously herewith and shall terminate, except for contingent reimbursement obligations of the State to the Authority under Section 4.3 hereof for claims not settled or reduced to judgment, upon the later to occur of (a) payment by the State of all obligations owed by the State pursuant to this Agreement, and (b) the date as of which all Bonds Outstanding are paid or deemed paid pursuant to the Resolution, subject to any and all other termination provisions contained herein (the "Expiration Date").

SECTION 2.3 Right of Re-Entry to Complete Project. If, on the Completion Date, there remains any work to be completed on the Project, the Authority shall be and is hereby granted a right to re-enter and to cause its agents, employees, contractors and subcontractors to enter and re-enter the Project Facilities as is reasonably required to complete such work, provided that the Authority shall provide the State with prior written notice thereof.

**ARTICLE III
REHABILITATION OF IMPROVEMENTS;
ISSUANCE OF BONDS; ADDITIONAL BONDS;
AND ADVANCES**

SECTION 3.1. Anticipated Project Completion Date. The Authority and the State hereby agree that the Anticipated Project Completion Date for all rehabilitation work on the Improvements shall be _____.

SECTION 3.2. Rehabilitation of Improvements. Subject to Sections 3.4 and 10.1 hereof, the Authority shall rehabilitate the Improvements pursuant to the Plans and Specifications, which rehabilitation is to be implemented pursuant to the contracts let under this Article III, including without limitation the Construction Contract. By their execution hereof, the State and the Authority approve the Construction Contract. Upon completion of rehabilitation of Improvements at each Project Site, the Authority shall deliver to the State a Completion Certificate with respect to the Project Facility located at such Project Site. The State hereby agrees that the issuance of a Completion Certificate shall serve to confirm the State's acceptance of the condition of the Project Facilities as complete and satisfactory in all respects and for all purposes, subject to completion of the Punch List items.

SECTION 3.3. Assignment of Rehabilitation Obligation. The rehabilitation of the Improvements shall be performed by the Authority, or such assignee of the Authority as is approved by the State, which approval shall not be unreasonably withheld or delayed.

SECTION 3.4. Issuance of Bonds. The Authority will use its best efforts, subject to prevailing market conditions and other circumstances beyond its reasonable control, to issue, sell and deliver Bonds in order to provide funds for payment of the Cost of the Project. The proceeds of the Bonds shall be applied as provided for in the Resolution.

SECTION 3.5. Construction Fund.

(a) The Authority has in the Resolution authorized and directed the Trustee to make payments from the Construction Fund to pay the Cost of the Project upon receipt of a requisition signed by an Authorized Authority Representative and approved in writing by an Authorized State Representative. The initial requisition shall be provided to the Trustee on the Closing Date and shall be for an amount sufficient to pay the Costs to acquire the Project Sites.

(b) Upon completion of the rehabilitation of the Improvements on all of the Project Facilities, as defined and authorized by the Resolution, as evidenced by the Completion Certificate for each of the Project Facilities to be delivered by an Authorized Authority Representative and approved by an Authorized State Representative and delivered to the Trustee as provided in Subsection 5.3 (6) of the Resolution, any balance in the Construction Fund (other than amounts needed to pay Costs of the Project not then due and payable or not then paid), upon the written direction of the State Treasurer, may be applied as directed by the State Treasurer, including to be applied to another State purpose or for the prepayment of Rentals; provided that the State shall deliver to the Trustee an opinion of Bond Counsel stating that such proposed use of the remaining proceeds of the Bonds shall not cause interest on the Bonds to be includible in the gross income of any holder thereof for Federal income tax purposes and shall not cause such interest to be treated

as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code. Any funds remaining in the Construction Fund which are not so applied as referred to above may, upon written direction of an Authorized Authority Representative, be transferred by the Trustee (x) to the Debt Service Fund and applied pursuant to Section 5.7 of the Resolution or (y) to the Bond Retirement Fund and applied pursuant to Section 5.9 of the Resolution.

SECTION 3.6. Default in Contractor's Performance. In the event of default of any contractor or subcontractor under any contract made in connection with the rehabilitation of the Improvements, the Authority will promptly proceed, either separately or in conjunction with others, to exhaust the remedies of the Authority against the contractor or subcontractor so in default. The Authority agrees to advise the State, in writing, of the steps it intends to take in connection with any such default. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing shall be paid into the Construction Fund.

SECTION 3.7. Investments. Any moneys held as part of the Construction Fund, Debt Service Fund or Bond Retirement Fund and not required for immediate disbursement and withdrawal, shall be invested or reinvested by the Trustee in Investment Securities (as defined in the Resolution) pursuant to direction of an Authorized State Representative or Authorized Authority Representative, as provided in the Resolution.

SECTION 3.8. Additional Bonds.

(a) Upon written request from the State to the Authority to issue Additional Bonds or Refunding Bonds, as applicable, to (i) pay for any Costs to the extent such Costs exceed the amount of available proceeds of the existing Bonds, (ii) refund any Bonds or (iii) repair, restore, reconstruct or replace the Improvements or any part thereof in the event of any damage or destruction to or condemnation of the Improvements or any part thereof, the Authority, subject to the approval of its Board Members in their sole discretion, shall use its best efforts, subject to prevailing market conditions and other circumstances beyond its reasonable control, to issue such Additional Bonds or Refunding Bonds, as applicable, for such purpose; provided, however, that the failure of the Authority to issue Additional Bonds or Refunding Bonds, as applicable, shall not release the State from any of the provisions of this Agreement.

(b) Notwithstanding the inability or failure of the Authority to issue Additional Bonds as provided in Section 3.8(a), in the event the available proceeds of the Bonds are insufficient to complete the Project, the State shall be and remain liable to provide for such completion, whether by the provision of funds of its own, revisions to the Plans and Specifications or both, in the State's sole discretion, subject to Section 4.4 (b).

(c) Except for Refunding Bonds which result in debt service savings, the Authority shall not issue Additional Bonds without the written consent of the Insurer, if any.

(d) From and after the Completion Date, the Authority shall be under no obligation to provide construction services or to rehabilitate, repair, restore, reconstruct or replace the Improvements.

SECTION 3.9. Advances by State and the Authority. The Authority and the State, to the

extent available proceeds of the Bonds are sufficient therefor, will be reimbursed from the proceeds of the Bonds for Costs of the Project paid or incurred on or after March 12, 2009 and advanced prior to the date of issuance of such Bonds by the Authority or the State, as the case may be.

**ARTICLE IV
RENTALS AND OTHER PAYMENTS**

SECTION 4.1 Payment of Rentals

(a) Subject to Section 4.4(b) hereof, on or before each Interest Payment Date and each Principal Installment Date occurring on or after the Closing Date, the State shall pay to the Authority or Trustee as Basic Rent a sum sufficient, together with the balance, if any, on deposit in the Debt Service Fund and available therefor, to pay the Aggregate Debt Service on the Bonds and on any Additional Bonds and Refunding Bonds, as applicable, issued pursuant to the Resolution that is due on such Interest Payment Date or Principal Installment Date.

(b) Subject to Section 4.4(b) hereof, the State shall pay to the Authority or any other persons entitled thereto (i) as Additional Rent for the Project, Administrative Expenses (to the extent such Administrative Expenses are not paid from the proceeds of the sale of the Bonds) and any other expenses characterized as Additional Rent in Section 4.1(c)(ii)(B) and Section 5.3(c) hereof ("Additional Rent") within sixty (60) calendar days of the receipt by an Authorized State Representative of vouchers and invoices detailing the nature thereof; and (ii) supplemental rent ("Supplemental Rent") in an amount sufficient to pay any and all amounts owing under any agreement between the Authority and any municipality in which a Project Site is located (the "Township Agreements" and each a "Township Agreement") in connection with a Project Facility. Provided, however, the State shall not have any obligation to pay Supplemental Rent unless the State, through the Department of Treasury, Division of Property Management and Construction, has approved and consented to the terms and conditions of the Township Agreement. The obligation of the State to pay Supplemental Rent shall be last in priority and shall be subject to the State having performed all of its obligations to pay all Basic Rent and Additional Rent and the State having paid and met all of its obligations to operate, maintain and repair the Project Facilities. Upon the Authority's direction, the State shall pay Supplemental Rent directly to such municipality.

(c) Tax Covenants - Rebate Requirement. (i) The State expects that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on any Bonds under Section 103 of the Code. The State will not directly or indirectly use or permit the use (including the making of any investment) of any proceeds of the Bonds or any other funds of the Authority or the State, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Code Section 148(a).

(ii) In connection with complying with the requirement for payment of the rebatable arbitrage to the United States with respect to the Bonds the Authority will take the following actions:

(A) On the Initial Rebate Computation Date and on each Rebate Computation Date thereafter, the Authority (or its Rebate Expert) shall (i) compute, the Rebatable Arbitrage with respect to the Bonds for the period ending on the applicable Rebate Computation Date, (ii) deliver an opinion to the State Treasurer, the State and Trustee, concerning its conclusions with respect to the amount (if any) of such Rebatable Arbitrage together with a written report providing a summary of the

calculations relating thereto and (iii) deliver an opinion to the State Treasurer, the State and Trustee that all of the gross proceeds of the Bonds (within the meaning of Code Section 148(f)), other than gross proceeds of the Bonds on deposit in a bona fide debt service fund (within the meaning of Code Section 148(f)(4)), have been expended on or prior to the Initial Rebate Computation Date. The costs of such computation of Rebateable Arbitrage shall be paid in the first instance by the Authority as a Cost of the Project and once all funds available to pay Costs of the Project have been fully expended, shall be payable by the State as an Administrative Expense.

(B) Upon receipt of the written report and opinion described in Section 4.1(c)(ii)(A) of this Agreement, the Trustee shall transfer from the Construction Fund to the Rebate Fund an amount equal to the Rebateable Arbitrage as set forth in such report. In the event the amounts in the Construction Fund and the Rebate Fund are insufficient to fund the Rebate Fund to the extent of the Rebateable Arbitrage, within ten (10) days of the State's receipt of the report furnished by the Authority pursuant to Subparagraph (A) above, the State shall pay or cause to be paid to the Trustee for deposit into the Rebate Fund the difference between the amount required to fund the Rebateable Arbitrage and the amounts then available for such purpose in the Construction Fund and the Rebate Fund, subject to Section 4.4(b) hereof. If the State fails to make or cause to be made any payment required pursuant to this Subparagraph (B) when due, the Authority shall have the right, but shall not be required, to make such payment to the Trustee on behalf of the State. Any amount advanced by the Authority pursuant to this Subparagraph (B) shall be added to the moneys owing by the State under this Lease and shall be payable as Additional Rent.

(C) In the event Rebateable Arbitrage is due, the Authority will direct the Trustee to withdraw from the Rebate Fund and pay over to the United States the Rebateable Arbitrage with respect to the Bonds in installments as follows; each payment shall be made not later than 60 days after the then current Rebate Computation Date and shall be in an amount which ensures that all of the Rebateable Arbitrage then payable with respect to the Bonds, as of the then current Rebate Computation Date, will have been paid to the United States.

(D) The Authority acknowledges that the State shall have the right at any time and in the sole and absolute discretion of the State to obtain from the Authority and the Trustee (to the extent the Authority has furnished the report required pursuant to Section 4.1(c)(ii)(A) hereof) the information necessary to determine the amount required to be paid to the United States pursuant to Section 148(f) of the Code. Additionally, the State may (i) review or cause to be reviewed any determination of the amount to be paid to the United States made by or on behalf of the Authority and (ii) make or retain a Rebate Expert to make the determination of the amount to be paid to the United States. The Authority hereby agrees to be bound by any such review or determination, absent manifest error. The costs of such review, including without limitation the reasonable fees and expenses of counsel or a Rebate Expert retained by the State, and any additional amounts for deposit in the Rebate Fund required as the result of any such review or determination, shall be paid in the first instance by the Authority as a Cost of the Project. Once all funds available to pay Costs of the Project have been fully expended, such amounts shall be payable by the State as an Administrative Expense.

(E) Notwithstanding any provision of this Subsection to the contrary, the State shall be liable, and shall reimburse the Authority and the Trustee for any liability for payments due to the United States pursuant to Code Section 148(f). Further, the State specifically agrees that neither the Authority nor the Trustee shall be held liable, or in any way responsible, and the State shall be responsible to pay any amount due or payable for any mistake or error in the filing of the payment or the determination of the amount due to the United States or for any consequences resulting from any such mistake or error. The provisions of this paragraph (E) shall survive termination of this Lease.

(F) The Authority and the State acknowledge that the provisions of this Subsection are intended to comply with Code Section 148(f) and the regulations promulgated thereunder and if as a result of a change in such Section of the Code or the promulgated regulations thereunder or in the interpretation thereof, a change in this Subsection shall be permitted or necessary to assure continued compliance with Code Section 148(f) and the regulations promulgated thereunder, then with written notice to the Trustee, the Authority and the State shall be empowered to amend this subsection and the Authority may require, by written notice to the State and the Trustee, the State to amend this subsection to the extent necessary or desirable to assure compliance with the provisions of Code Section 148 and the regulations promulgated thereunder; provided that the Authority shall require, prior to any such amendment becoming effective, at the sole cost and expense of the State, an opinion of Bond Counsel satisfactory to the Authority, the State Treasurer and the State to the effect that either (i) such amendment is required to maintain the exclusion from gross income under Code Section 103 of interest paid and payable on the Bonds or (ii) such amendment shall not adversely affect the exclusion from gross income under Code Section 103 of the interest paid or payable on the Bonds.

(G) The term "Rebatable Arbitrage" shall have the meaning assigned to such term as set forth in Treas Reg. § 1.148-1 et. seq.

(d) Excess in Rebate Fund. If at the close of any Bond Year, the amount in the Rebate Fund exceeds the amount that would be required to be paid to the United States under Subsection (e) if the Bonds were no longer Outstanding, upon certification thereof by the State to the Trustee, such excess shall promptly be paid to the State Treasurer.

(e) Excess Earnings. "Excess Earnings" for any period means the sum of

(i) the excess of:

(A) the aggregate amount earned during such period on all "Nonpurpose Obligations" (including gains on the disposition of such Obligations) in which "Gross Proceeds" of the issue are invested (other than amounts attributable to an excess described in this subparagraph (c)(i)), over

(B) the amount that would have been earned during such period if the "Yield" on such Nonpurpose Obligations (other than amounts attributable to an excess described in this subparagraph (c)(i)) had been equal to the yield on the issue, plus

(ii) any income during such period attributable to the excess

described in subparagraph (c)(i) above.

The terms "Nonpurpose Obligations," "Gross Proceeds" and "Yield" shall have the meanings given in Code Section § 148(f) and the regulations promulgated thereunder and shall be applied as provided therein.

(f) Payment of Rebate to the United States

(i) Within thirty (30) days after the close of the fifth Bond Year, and at least once in each five-year period thereafter, there shall be paid to the United States on behalf of the Authority the full amount required to be paid under Code Section 148(f). Within thirty (30) days after the Bonds are no longer Outstanding, there shall be paid to the United States on behalf of the Authority the full amount then required to be paid under Code Section 148(f). Each such payment shall be filed with the Internal Revenue Service Center, Ogden, Utah, accompanied by a copy of the Form 8038-T filed with respect to the Bonds.

(ii) The Authority shall file a written certification with the State and the Trustee indicating whether the Authority has complied with the six month exception to the arbitrage rebate requirement. In addition, the Authority shall furnish the State with notice of (i) the Authority's obligation to file its rebate calculation and make its rebate payment, if any, to the Internal Revenue Service, as described below in subparagraph (iii) and (ii) whether there are sufficient funds on deposit in the Construction Fund and Rebate Fund for such purposes. The Trustee shall have no obligation for the filing of any reminder notice to the Authority, preparation of the rebate calculation or the filing or payment thereof.

(iii) Not later than fifteen (15) days prior to each Rebate Payment Date, the Authority shall deliver to the Trustee, the State Treasurer and the State a certificate summarizing the determination of the amount then required to be paid pursuant to subparagraph (i) and if the amounts then held in the Construction Fund and the Rebate Fund and available for such purposes are sufficient for such purposes. Pursuant to Section 4.1(c)(ii)(B), within ten (10) days of the receipt of the report referred to in such section, the State shall pay or cause to be paid to the Trustee for deposit into the Rebate Fund the difference between the amount required to fund the Rebatable Arbitrage and the amounts then available for such purpose in the Construction Fund and the Rebate Fund, subject to Section 4.4(b) hereof. Upon receipt of the foregoing, the Trustee shall make the payment provided for in Subparagraph (i). The Trustee shall make such payment earlier at the request of the Authority accompanied by the foregoing certification and payment, if any payment is required, together with a certificate of the Authority that all of the Gross Proceeds of the issue have been expended for the governmental purpose of the issue and it is not anticipated that any other Gross Proceeds will arise during the remaining term of the issue.

(g) Records. The Authority shall keep such records as will enable it to fulfill its responsibilities under this Section and Code Section 148(f) and shall retain such records for at least six years following final payment of the Bonds. For purposes of the computations required

by Subsections (a) and (d), the Trustee shall upon written request furnish to the Authority with a copy to the State all information in the Trustee's control which is necessary for such computations.

(h) No Liability. The Trustee assumes no responsibility for compliance by the Authority or the State with the requirements of Code Section 148. The Trustee shall not be responsible for making or verifying the calculations necessary for determining compliance with Code Section 148, or for determining whether investment instructions given by the Authority comply with Code Section 148. The Trustee may conclusively rely on any certificate or other document provided by the State or the Authority with respect to Code Section 148.

SECTION 4.2. Prepayment of Rentals

(a) The State shall have the option to make from time to time prepayments in whole or in part of Basic Rent, together with interest accrued and to accrue and premium, if any, to be paid on any Bonds, for the purchase or redemption of which such prepayment is to be applied. The Trustee shall apply such prepayments in such manner consistent with the provisions of the Resolution as may be specified in writing by an Authorized State Representative at the time of making such prepayment.

(b) In the event that (i) any such partial prepayment is to be applied by the Trustee to the purchase or redemption of Bonds pursuant to the Resolution or (ii) Bonds are presented and surrendered by the State or the Authority to the Trustee for cancellation, the State shall be entitled to a credit for the principal amount of such Bonds so purchased, redeemed or canceled against the amount or amounts due under the provisions of Section 4.1(a) to the extent such principal amount of Bonds is similarly credited pursuant to the Resolution against payments required to be made to the Debt Service Fund.

SECTION 4.3 Reimbursement

(a) Both during the Lease Term and thereafter for claims arising during the Lease Term, the State shall reimburse the Authority for and the State shall pay any and all liability (including, without limitation, environmental liabilities of every kind and nature), loss, cost, damage, claims, judgment or expense, including reasonable attorneys' fees and expenses, which the Authority may sustain, be subject to or incur by reason of any claim, suit or action arising out of the actions of the State, its officers, employees or officials with respect to the Project Facilities, but subject to the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

(b) Both during the Lease Term and thereafter for claims arising during the Lease Term, the State shall reimburse the Authority for and the State shall pay any and all liability, loss, cost, damage, claims, judgment or expense, including reasonable attorneys' fees of any and all kinds or nature and however arising, imposed by law, which the Authority may sustain, be subject to or incur by reason of any claim, suit or action based upon personal injury, death, or damage to property, whether real, personal or mixed arising out of the negligence of the State, its officers, employees or officials with respect to the Project Facilities, but subject to the provisions of the New Jersey Tort Claims Act (N.J.S.A. 59:1-1 et seq.) including but not limited to N.J.S.A. 59:2-10; provided, however, that the Authority will not be reimbursed for its own negligence or willful misconduct.

(c) The Authority agrees as follows:

(i) The Authority shall give the Authorized State Representative prompt notice in writing of the filing of each such claim or any potential claim and the institution of each such suit or action once it has been properly served on the Authority.

(ii) The Authority shall not adjust, settle or compromise any such claim, suit or action without the approval of the State.

(iii) The Authority shall permit the State, if the State so chooses, to assume full control of the adjustment, settlement, compromise or defense of each such claim, suit or action.

(iv) The Authority shall not incur any cost for attorneys' fees, experts' testimony costs or any costs to defend the Authority or any of its members, officers, agents, servants, or employees unless such cost shall have been approved by an Authorized State Representative. This provision shall not be deemed to relieve any insurance company which has issued a policy of insurance as may be provided for in this Agreement from its obligation to defend the State, the Authority and any other insured named in such policy of insurance in connection with claims, suits or actions covered by such policy.

SECTION 4.4. Nature of Obligations of the State.

(a) Except as provided in this Section 4.4, the obligation of the State to pay Rentals and to pay all other amounts provided for in this Agreement and to perform its obligations under this Agreement shall be absolute and unconditional, and such Rentals and other amounts shall be payable without any rights of set-off, recoupment or counterclaim it might have against the Authority, the Trustee or any other person and whether or not the Improvements are completed, used or occupied by the State or available for use or occupancy by the State; provided, however, that the State's covenants pursuant to this Section 4.4(a) that its obligations under this Agreement are absolute and unconditional, and pursuant to Section 4.4(c) that it shall not terminate this Agreement or be excused from performing its obligations hereunder for any cause, shall not limit the State's rights to pursue any other remedy it might have against the Authority at law or equity.

(b) Notwithstanding anything in this Agreement or the Resolution to the contrary, the cost and expense of the performance by the State of its obligations under this Agreement and the incurring of any liabilities of the State under this Agreement, including, without limitation, the payment of all Rentals and the payment of all other amounts required to be paid by the State under this Agreement, shall be subject to and dependent upon appropriations being made from time to time by the State Legislature for such purpose. The State Legislature has no obligation to make such appropriation. The obligation of the State to pay amounts provided for in this Agreement shall not constitute a debt or liability of the State within the meaning of any Constitutional or statutory provisions or a pledge of the faith and credit of the State.

(c) The State will not terminate this Agreement (other than such termination as is provided for hereunder) or be excused from performing its obligations hereunder for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, failure of title, or frustration of purpose, or any damage to or destruction of any Project Facility, or the taking by

eminent domain of title to or the right of temporary use of all or any part of the Project Facilities, or the failure of the Authority to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Agreement.

SECTION 4.5. Nature of Obligations of the Authority. Except as provided in Section 4.3, the cost and expense of the performance by the Authority of any of its obligations under this Agreement shall be limited to the availability of the proceeds of Bonds of the Authority issued for such purposes or from other funds received by the Authority under this Agreement and the Resolution and available for such purposes.

SECTION 4.6 Net Lease. This Agreement is a "net lease", the intention of the parties being that this Agreement shall yield to the Authority the net annual Rentals specified herein during the Lease Term and that all costs, expenses and obligations of every kind and nature whatsoever relating to or arising out of the Project and the Project Sites shall be paid by the State.

SECTION 4.7 Assignment of Payments by Authority.

(a) It is understood that all payments by the State to the Authority under this Agreement (except payments pursuant to Sections 4.1(b) and (c)(ii)(E), 4.3, 5.3(c), 7.2, to the extent incurred by the Authority 9.2 and 9.3(b) hereof) are to be assigned by the Authority to the Trustee pursuant to the Resolution.

(b) The Authority agrees to notify the State by the execution of an appropriate instrument making such assignment to the Trustee, and the State agrees upon receipt of such notification, to pay to the Trustee at the trust office indicated in Section 9.1 of the Resolution all payments payable by the State to the Authority pursuant to this Agreement (except payments pursuant to Sections 4.1(b) and (c)(ii)(E), 4.3, 5.3(c), 7.2, to the extent incurred by the Authority, 9.2 and 9.3(b) hereof). Except as provided in this Section 4.6, the Authority shall not assign this Agreement or any other payments under this Agreement except as provided in Section 7.2 of this Agreement, and except for Permitted Encumbrances and as provided for in Section 6.7(b) of this Agreement, the Authority shall not sell or otherwise encumber its interest in the Project Facilities.

ARTICLE V
OPERATION AND MAINTENANCE; INSURANCE;
DAMAGE; DESTRUCTION AND CONDEMNATION

SECTION 5.1. Operation, Maintenance and Repair.

(a) During the Lease Term, the State shall be solely responsible for operating the Project Facilities, maintaining the same in good condition, and making all necessary repairs and replacements, interior and exterior, structural and non-structural. The State may contract with any responsible and experienced private entity to operate, manage or maintain the Project Facilities to the extent that such contract does not impair the tax-exempt status of the Bonds, but notwithstanding any such third party contract, the State shall remain primarily liable to the Authority for the operation, management and maintenance of the Project Facility; provided, however, that in the maintenance and operation of the Project Facilities, the State shall take into account the public purposes of the Authority. The parties hereto acknowledge that it is the intention of the State that the Project Facilities continue to be occupied, operated and maintained by the State Police and the State and State Police may enter into such agreements or documents or provide for such arrangement.

(b) The Authority will carry out or cause to be carried out the Rehabilitation work as set forth in the Plans and Specifications without causing any unnecessary interference with the State's obligation to operate, maintain and repair the Project Facilities pursuant to Section 5.1(a) hereof.

SECTION 5.2. Utilities, Taxes and Governmental Charges.

(a) Subject to Section 4.4(b) hereof, the State shall be responsible for the payment of all charges for water, electric, light, heat or power, sewage, telephone and other utility service rendered or supplied to or in connection with the Project Facilities during the Lease Term, and the Authority shall not be responsible for any such payments.

(b) Subject to Section 4.4(b) hereof, the State shall be responsible for the payment of all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by any Federal, State or any municipal government upon the Authority with respect to or upon the Project Facilities or any part thereof or upon any payments hereunder when the same shall become due. The Authority agrees to (i) duly observe and comply with all valid requirements of any governmental authority relative to the Project Facilities and (ii) not create or suffer to be created any lien or charge upon the Project Facilities or any part thereof, except Permitted Encumbrances, or upon the payments in respect thereof pursuant to this Agreement. The State agrees to pay or cause to be discharged or make adequate provision to satisfy and discharge, within sixty (60) days after the same shall come into force, any lien or charge upon the Project Facilities or any part thereof, except Permitted Encumbrances, or upon any payments hereunder and all lawful claims or demands for labor, materials, supplies or other charges which, if unpaid, might be or become a lien upon any payments hereunder. Notwithstanding anything to the contrary contained herein, the Authority shall not be obligated to pay any lawful taxes and/or assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges,

levied or assessed by any Federal, State or any municipal government upon the Authority with respect to or upon the Project Facilities.

(c) The Authority shall cooperate fully with the State in the payment of taxes or assessments voluntarily or payments in lieu of taxes and in the handling and conduct of any prospective or pending litigation with respect to the levying of taxes or assessments on the Project Facilities, subject to Section 5.2(b) above.

SECTION 5.3. Additions and Enlargements.

(a) During the term of this Agreement, the State shall have the right at any time and from time to time during the Lease Term, to request the Authority to make such additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of, the Project Facilities, as the State shall deem necessary or desirable in connection with the use of the Project Facilities. All such additions, enlargements, improvements, expansions, repairs, reconstruction and restorations when completed shall be of such character as not to reduce or otherwise adversely affect the value of the Project Facilities or the rental value thereof. All additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of, the Improvements shall be and become a part of the Improvements and be the property of the Authority unless otherwise conveyed pursuant to Article VIII.

(b) In the event that the State shall so request, the Authority may, subject to the approval of its members, in their sole discretion, and subject to the terms and provisions of the Resolution, but shall not be required to, make such additions, enlargements, improvements, expansions, repairs, reconstruction or restorations as are requested and use its best efforts, subject to prevailing market conditions and other circumstances beyond its reasonable control, to issue Additional Bonds to pay the Cost thereof. The State may, if it so elects, finance such additions, enlargements, improvements, expansions, repairs, reconstruction or restoration by means other than the issuance of Additional Bonds by the Authority; provided that such additions, enlargements, improvements and expansions to, or repairs, reconstruction or restoration of the Improvements so financed during the term of this Agreement shall be and become part of the Improvements unless otherwise conveyed pursuant to Article VIII.

(c) In the event the Authority agrees to make any such additions, enlargements, improvements, expansions, repairs, reconstruction and restoration, the cost thereof, to the extent not paid from the proceeds of Additional Bonds, shall be paid by the State as Additional Rent hereunder, subject to Section 4.4(b) hereof.

SECTION 5.4 Additional Rights of State. The Authority agrees that the State shall have the right, option and privilege of erecting, installing and maintaining at its own cost and expense such standard office partitions, railings, doors, gates, counters, lighting fixtures, radio towers (together with all necessary guy wires and anchors), signs, voice and data transmission cabling and equipment and such other equipment in or upon the Improvements as may in the State's judgment be necessary for its purposes, provided, however, that at no time shall the State obstruct or impede the rehabilitation of the Project Facilities, and provided further that during the Rehabilitation Phase the State shall exercise the within described right only upon the prior written approval of the Authorized Authority Representative, which approval shall not be unreasonably withheld. If the Authority's consent or approval is needed for the State's exercise of the above described rights because of the Authority's ownership of the Project Facilities, an Authority Representative will

provide such consent or approval. It is further understood and agreed that anything erected or installed under the provisions of this Section 5.4 shall be and remain the personal property of the State and shall not become part of the Improvements and may be removed, altered or otherwise changed, upon or before the termination of this Agreement; provided, however, that the State shall be liable for any and all damage to the Improvements caused by such removal, alteration or change.

SECTION 5.5 Insurance

(a) During the Rehabilitation Phase, the Authority, as a Cost of the Project, shall maintain or cause to be maintained with responsible insurers the following kind and amount of insurance, with such variations as shall reasonably be required to conform to customary insurance practice: Builder's Risk Insurance for the benefit of the State and the Authority during the Rehabilitation Phase which will protect against all risk of direct physical loss or damage, including flood and earthquake, resulting from any external cause; except as excluded under the standard all risk policy form. The limits of liability will be equal to 100 percent of the replacement value for the Improvements being rehabilitated, including items of labor and materials connected therewith whether in or adjacent to the structure insured, or while in transit and while temporarily located away from the Project Facility and materials in place or to be used as part of the rehabilitation. The net proceeds of any insurance recovery for a loss shall be deposited in the Construction Fund and applied to pay for the Cost of the Project.

(b) During the Lease Term, the State agrees to provide, without cost or expense to the Authority, either with responsible insurers or through self insurance for each Project Facility:

(1) Property Insurance in an amount equal to 100 percent (100%) of the full replacement cost of each Project Facility and providing for all risk protection, including flood and earthquake, with a deductible amount of not more than \$5,000. All such policies required by this subparagraph shall name the State, State Police, the Authority, and the Trustee as their respective interests may appear and shall contain standard clauses which provide for the net proceeds of any loss which is \$250,000 or less to be made payable directly to the State and the net proceeds of any loss in excess of \$250,000 to be made payable directly to the Trustee or the Authority, as their interests may appear. Any coinsurance requirement in the policy shall be eliminated through the attachment of an agreed amount endorsement, the activation of an agreed value option, or as is otherwise appropriate under the particular policy form.

(ii) Commercial general liability insurance written on an occurrence form, which shall not be circumscribed by any endorsements limiting the breadth of coverage, to cover any liability of the State or the Authority with respect to the Project Facilities. Said policy or policies shall provide for indemnification of the State and the Authority against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by the operation or ownership of the Project Facilities. The general liability policy or policies shall provide coverage in the minimum liability limits of (i) \$15,000,000 for each occurrence for bodily injury and property damage liability; and (ii) an annual aggregate of \$15,000,000 with a deductible amount of not more than \$25,000 per occurrence and in the aggregate. The above limits

shall pertain to a per location aggregate containing only the Project Facility located at each Project Site. The policies of insurance shall reflect this contractual limitation. Subject to the reasonable approval of the Authority, the foregoing limits may be obtained through the general liability policy or any combination of general liability insurance policies. The policy shall name the Authority and the Trustee as additional insureds and be primary to any other insurance available.

(c) During the Lease Term, the State shall obtain and maintain with responsible insurers authorized to do business in the State or in such other manner as may be required by the State and the Authority, any other insurance agreed to by the State and the Authority.

(d) The Authority shall obtain, as a Cost of the Project, title insurance for each Project Facility in an amount at least equal to the purchase price of each Project Site.

(e) All insurance policies obtained by the State under this Agreement shall be open to inspection by the Authority and the Trustee at all reasonable times. A complete description of all such policies shall be furnished annually by the State to the Authority and the Trustee, and if any change shall be made in any such insurance, a description and notice of such change shall be furnished by the State to the Authority and the Trustee at the time of such change. If a loss deductible (other than as set forth in 5.5(b)) for insured property perils or liability is selected and incorporated into the State's property or liability coverages, it shall be done with the approval of the Authority. The State shall be responsible for the amount of the deductible that the Authority shall incur from each loss for insured peril or liability.

(f) Notwithstanding any of the foregoing provisions of this Section 5.5, the State shall not be required to obtain or maintain any class or type of insurance required by this Agreement for which it is authorized and able to obtain and maintain an appropriate substitute arrangement under which the Authority would be fully protected from general public liability arising from its ownership or interest in the Project Facility, or under which assurance will be provided that funds will be available to repair, restore, rebuild or replace the Project Facility upon damage, loss or destruction of the Project Facility, as the case may be. No such arrangement or arrangements shall be substituted by the State for the insurance required to be obtained and maintained pursuant to the foregoing provisions of this Section, unless and until each such arrangement shall have been approved in writing by the Authority and the Trustee.

(g) In lieu of separate policies, the State may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event it shall deposit with the Authority and the Trustee a certificate or certificates of the respective insurers as to the amount of coverage in force upon each Project Facility.

SECTION 5.6. Damage or Destruction. During the Lease Term, the State agrees to notify in writing the Authority and the Trustee immediately of any damage to or destruction of the Project Facility or any portion thereof. In the event that the amount of any such damage or destruction does not exceed \$250,000, the State will forthwith undertake to repair, reconstruct and restore the Project Facility to substantially the same condition as existed prior to the event causing such damage or destruction and will apply the net proceeds of any insurance relating to such damage received by the State to the payment or reimbursement of the costs of such repair, rehabilitation, reconstruction and restoration. In the event the damage or destruction is estimated to exceed

\$250,000, then the State shall within 90 days after such damage or destruction elect one of the following options by written notice of such election to the Authority and the Trustee, provided however, that any amounts paid by the State hereunder shall be subject to appropriation:

(i) (A) Option A - Repair and Restoration. The State may elect to repair, reconstruct and restore the Project Facility. The State shall proceed forthwith to repair, reconstruct and restore the Project Facility to substantially the same condition as existed prior to the event causing such damage or destruction. So long as the State is not in default hereunder, any net proceeds of insurance relating to such damage or destruction received by the Trustee shall be deposited in the Construction Fund and be applied by the Trustee, together with any Additional Bonds issued by the Authority to finance the Cost of such repair, rehabilitation, reconstruction and restoration, to complete the payment of the Cost of such repair, rehabilitation, reconstruction and restoration. In the event that the State elects to repair, reconstruct and restore the Project Facility, the Authority agrees to direct the Trustee to make payment from the Construction Fund to pay the Cost of such repair, rehabilitation, reconstruction or restoration upon receipt of a requisition signed by an Authorized State Representative; provided however, that the Trustee shall not pay more than the aggregate amount of the net proceeds of any insurance relating to such damage or destruction received by the Trustee and any Additional Bonds issued by the Authority to finance such repair, together with any investment earnings thereon

(B) It is further understood and agreed that in the event that the State shall elect this Option A, the State shall complete the repair, rehabilitation, reconstruction and restoration of the Project Facility whether or not the net proceeds of insurance received for such purposes are sufficient to pay for the same. In the event the proceeds of insurance are insufficient to pay for same, the State shall either request the Authority to issue, subject to the reasonable discretion of the Authority and prevailing market conditions and other circumstances beyond the Authority's reasonable control, Additional Bonds pursuant to Section 3.8 hereof or the State shall finance the completion of such repair, rehabilitation, reconstruction and restoration from its own funds, subject to Section 4.4(b) hereof.

(ii) Option B - Application to Another State Purpose. The State may, in its discretion, elect to apply the net insurance proceeds to pay for the cost of any other lawful purpose of the State, as directed by the State Treasurer, provided that the State shall deliver to the Trustee, the State Treasurer and the Authority an opinion of Bond Counsel stating that such proposed use of the insurance proceeds shall not cause interest on the Bonds to be includable in the gross income of any holder thereof for Federal income tax purposes and shall not cause such interest to be treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code.

(iii) Option C - Prepayment of Rent. The State may elect to have the net proceeds of insurance payable as a result of such damage or destruction applied to the prepayment of Rentals hereunder. In such event the State shall, in its notice of election to the Authority, the State Treasurer and the Trustee, direct that such net proceeds, when and as received, be deposited in the Bond Retirement Fund.

SECTION 5.7. Condemnation.

(a) This Agreement and the interest of the State shall terminate as to any Project Facility or any portion thereof condemned or taken (other than by the State) for any public or quasi-public use when title thereto vests in the party condemning or taking the same (hereinafter referred to as the "Condemnation Date"). During the term of this Agreement, the State hereby irrevocably assigns to the Authority all right, title and interest of the State in and to any net proceeds of any award, compensation or damages (hereinafter referred to as an "award"), payable in connection with any such condemnation or taking during the Lease Term to the extent such award, compensation or damages is less than or equivalent to the amount of Outstanding Bonds. Such net proceeds shall be initially paid to the Trustee for disbursement or use as hereinafter provided in accordance with the written direction of the State.

(b) In the event of any such condemnation or taking, the State shall within 90 days after the Condemnation Date therefor elect one of the following three options by written notice of such election to the Authority and the Trustee.

(i) (A) Option A - Replacement or Restoration. The State may elect to use the net proceeds of the award made in connection with such condemnation or taking for replacement or restoration of the Project Facility as applicable, to be performed by the State. In such event, so long as the State is not in default hereunder, any such net proceeds received by the Trustee shall be deposited in the Construction Fund and be applied by the Trustee, together with the proceeds of any Additional Bonds issued by the Authority and available for such purposes, to finance the Cost of such repairs or to complete the payment of the Cost of such repairs all in accordance with the written direction of the Authority. In the event that the State elects to make the repairs to the Project Facility, the Authority agrees to direct the Trustee in writing to make payment from the Construction Fund to pay the Cost of such repairs upon receipt of a requisition signed by an Authorized State Representative; provided however, that the Trustee shall not pay more than the aggregate amount of the net proceeds of the award and any Additional Bonds issued by the Authority to finance such repairs, together with investment earnings thereon.

(B) It is further understood and agreed that in the event that the State shall elect this Option A, the State shall complete the replacement or restoration of the Project Facility whether or not the net proceeds of the award are sufficient to pay for the same. In the event the proceeds of the award are insufficient to pay for the same, the State shall either request the Authority to issue, subject to the reasonable discretion of the Authority and prevailing market conditions and other circumstances beyond the Authority's reasonable control, Additional Bonds pursuant to Section 3.8 hereof or the State shall finance the completion of such repairs from its own funds, subject to Section 4.4(b) hereof.

(ii) Option B - Application to Another State Purpose. In the event of a partial taking which does not impair or impede the use of the Project Facility for its intended purpose, the State may, in its discretion, elect to apply the net proceeds of the award to pay for the cost of any other lawful purpose of the State, as directed by the State Treasurer, provided that the State shall deliver to the Trustee, the State Treasurer and the

Authority an opinion of Bond Counsel stating that such proposed use of the net proceeds of the award shall not cause interest on the Bonds to be includable in the gross income of any holder thereof for Federal income tax purposes and shall not cause such interest to be treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code.

(iii) Option C - Prepayment of Rent. The State may elect to have the net proceeds payable as a result of condemnation applied to the prepayment of Rentals hereunder. In such event the State shall, in its notice of election to the Authority, the State Treasurer and the Trustee, direct that such net proceeds, when and as received, be deposited in the Bond Retirement Fund.

(c) The Authority shall cooperate fully with the State in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project Facility or any part thereof. In no event will the Authority voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceedings with respect to the Project Facility or any part thereof without the written consent of the State.

(d) In any event, the State shall reimburse the Authority for any and all costs incurred by the Authority in connection with any such condemnation or taking of any Project Facility, subject to Section 4.4(b) hereof. As used in this Section 5.7, the term "net proceeds" shall mean proceeds after payment of legal fees, expert witnesses, consultants costs and any and all other costs incurred by the Authority in connection with any such condemnation or taking of any Project Facility.

ARTICLE VI SPECIAL COVENANTS

SECTION 6.1. State's Right to Possession. Except as otherwise provided herein, the State shall be in sole possession of the Project Facilities during the Lease Term.

SECTION 6.2. Quiet Enjoyment. The Authority covenants and agrees with the State that upon the State's paying the Rentals and the other payments required under this Agreement and observing and performing all the terms, covenants and conditions on the State's part to be observed and performed, the State may peaceably and quietly have, hold and enjoy each Project Facility during the Lease Term.

SECTION 6.3. Compliance with Laws and Regulations. During the Lease Term, the State will promptly comply with, or cause to be complied with, all laws, rules, regulations and other governmental requirements, whether or not the same require structural repairs or alterations, which may be applicable to the Project Facility or the use or manner of use of the Project Facility. The Authority will cause the Rehabilitation work to be completed in a manner that complies with all applicable laws, rules, regulations and other governmental requirements..

SECTION 6.4. Covenant Against Waste. The State covenants not to cause or suffer or permit to exist or occur any waste, damage, disfigurement or injury to, or public or private nuisance upon, the Project Facilities.

SECTION 6.5. Right of Inspection. The State covenants and agrees to permit the Authority and the authorized agents and representatives of the Authority to enter the Project Facilities at all times during usual business hours for the purpose of inspecting the same; provided that the Authority has given the State reasonable advance written notice of such inspection.

SECTION 6.6. Intentionally Omitted.

SECTION 6.7. Assignment and Sale. (a) The State will not sell, sublease or otherwise dispose of or encumber its interest in the Project Facilities except as provided in Section 6.8. This Agreement may be assigned in whole or in part by the State upon written consent of the Authority and the Insurer, if any, (which consent shall not be unreasonably withheld) but no assignment shall relieve the State from primary liability for any of its obligations hereunder, and in the event of any such assignment the State shall continue to remain primarily liable for the payments specified in this Agreement and for performance and observance of the other agreements on its part herein provided.

(b) The State shall have the right, with the consent of the State Treasurer, to direct the Authority at any time, to sell all or any portion of the Project Facilities. The purchase price shall be the greater of (a) the fair market value of the Project Facility, as determined by an independent appraiser or (b) the amount required to redeem or defease the portion of Bonds allocated to such Project Facility as shown on Exhibit E hereto and pursuant to the Authority's Certificate of Tax and Non-Arbitrage executed as of the issue date of the Bonds and pursuant to Sections 4.2 or 11.1 of the Resolution, including, but not limited to an amount equal to principal, interest accrued and to accrue, and redemption premium, if any to the date of purchase or, if later, redemption of the Bonds.

(c) In the event the State directs the Authority to sell all or any portion of the Project Facilities, the Authority shall (i) transfer to the Trustee the portion of the purchase price required to redeem or defease the portion of Bonds allocated to such Project Facility on the date of purchase of the Project or (ii) apply to such funds to such other purpose as the State Treasurer shall direct; provided that the Authority shall deliver to the Trustee and the State an opinion of Bond Counsel stating that such proposed use of the purchase price shall not cause interest on the Bonds to be includable in the gross income of any holder thereof for Federal income tax purposes and shall not cause such interest to be treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code.

(d) The provisions of this Lease shall remain in effect for any portion of the Project Facilities not sold pursuant to this Section 6.7.

SECTION 6.8 Subletting

(a) The State may rent or sublease space in the Improvements, in excess of the requirements of State departments, agencies and employees, as determined by the Authorized State Representative, with the consent of the Authority and the Insurer, if any, (which consent shall not be unreasonably withheld). No sublease shall have any adverse effect upon this Agreement or the Bonds or affect or reduce the State's obligations hereunder. Any sublease agreement entered into by the State for space at any Project Facility shall provide that the sub-tenant shall (i) assume all of the tenant obligations of this Agreement; (ii) indemnify or reimburse, as applicable, the Authority for any loss or damage caused by sub-tenant's occupancy or use of the Project Facility; and (iii) provide insurance naming the Authority and the Trustee as additional insureds.

(b) The State shall not rent, sublease or otherwise dispose of all or any portion of the Project Facility if such rental, sublease or disposition would, based upon an opinion of Bond Counsel (a copy of which shall be delivered by the State to the Trustee, the State Treasurer and the Authority), cause interest on the Bonds to be includable in the gross income of any holder thereof for Federal income tax purposes or would cause such interest to be treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code.

SECTION 6.9. Consultation with Authorized State Representative. The Authority agrees to obtain the approval, which approval shall not be unreasonably withheld, of the Authorized State Representative concerning the terms and timing of proposed sales of all Bonds and the contents of all resolutions, certificates, applications, contracts, official statements, notices of sale, advertisements and other documents relating to financing the rehabilitation of the Project Facility that have not been executed and delivered as of the date hereof.

SECTION 6.10. Compliance with Laws. The parties to this Agreement agree to comply with all laws of the State applicable to the performance of this Agreement and all future acts supplemental thereto or amendatory thereof.

SECTION 6.11. Covenant Not to Affect the Tax Exempt Status of the Bonds. The State, and the Authority agree not to take any action or fail to take any action the result of which action

or inaction would cause the interest on the Bonds to lose the exclusion from gross income under Code Section 103 or cause interest on the Bonds to be treated as an item of tax preference under Code Section 57.

SECTION 6.12. Operation of the Project Facilities. The State shall operate or cause the Project Facilities to be operated as an authorized project for a purpose and use as provided for under the Act until the expiration or earlier termination of this Agreement.

SECTION 6.13. Request for Appropriation. The State agrees that in the event that the Authority is not made whole in the performance of any of its obligations under this Agreement, the State Treasurer will recommend that an appropriation for the amount required to make the Authority whole be included in the Governor's Budget Message for the next Fiscal Year. The State Legislature has no legal obligations to make such appropriation.

ARTICLE VII
EVENTS OF DEFAULT AND REMEDIES

SECTION 7.1 Events of Default.

(a) An "event of default" or a "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(i) Failure by the State to pay or cause to be paid when due the payments to be paid under Section 4.1(a) hereof, except if such failure is caused by an Event of Nonappropriation as described in Section 7.5 hereof;

(ii) Failure by the State to pay when due any payment to be made under this Agreement other than payments under Section 4.1(a) hereof which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the State by the Authority or the Trustee (to the extent the Trustee has received written notice from the Authority of such failure), except if such failure is caused by an Event of Nonappropriation as described in Section 7.5 hereof;

(iii) Failure by the State to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement, other than as referred to in subsections (i) and (ii) of this Section 7.1, which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the State by the Authority or the Trustee (to the extent the Trustee has received written notice from the Authority of such failure), unless the Authority shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the State within the applicable period and diligently pursued until the default is remedied; or

(iv) The entering of an order or decree appointing a receiver of the Project Facility or the Improvements or any part thereof or of the revenues thereof with consent or acquiescence of the State or the entering of such order or decree without the acquiescence or consent of the State if it shall not be vacated, discharged or stayed within ninety (90) days after entry.

(b) The foregoing provisions of subsections (a)(ii) and (a)(iii) of this Section 7.1 are subject to the following limitations: If by reasons of acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the Government of the United States or federal official, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes, blizzards, or other storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery; partial or entire failure of utilities; or any cause or event not reasonably within the control of the State, the State is unable in whole or in part to carry out its agreements herein contained, the State shall not be deemed in default during the continuance of such inability, provided, however, that there shall be no abatement in the Rentals payable by the

State hereunder in the event of the occurrence, and during the continuance, of any of the foregoing force majeure events. The State agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided that the settlement of strikes, lockouts and other disturbances shall be entirely within the discretion of the State, and the State shall not be required to make settlement of strikes, lockouts and other disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the State unfavorable to the State.

(c) Notwithstanding anything contained in this Section 7.1 to the contrary, a failure by the State to pay when due any payment required to be made under this Agreement or a failure by the State to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement, resulting from a failure by the State Legislature to appropriate moneys for such purposes or from the failure of the State Treasurer to recommend the inclusion of such an appropriation in the Governor's Budget Message for the next Fiscal Year shall not constitute an event of default under this Section 7.1.

SECTION 7.2. Remedies.

(a) Except as provided in Section 7.5, whenever any event of default referred to in Section 7.1 hereof shall have happened and be subsisting, any one or more of the following remedial steps may be taken, provided that written notice of the default has been given to the State by the Authority or by the Trustee and the default has not been cured:

(i) The Authority shall have the right to take any and all actions available to it at law or in equity to collect the payments then due and thereafter to become due, including the right to seek a judgment and to enforce performance and observance of any obligation, agreement or covenant of the State under this Agreement. The State's obligation to make any payments under this Agreement shall be construed to be executory in nature only to the extent of moneys actually appropriated by the State Legislature for such purpose.

(b) Any amounts collected pursuant to action taken under this Section 7.2 shall be applied first to the payment of principal of and interest on the Bonds then Outstanding in accordance with the provisions of the Resolution, or if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Resolution), second to the payment of any and all other amounts then due or thereafter to become due under this Agreement and third all funds remaining shall be paid to the State.

SECTION 7.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 7.4. No Additional Waiver Implied by One Waiver. In the event any

agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

SECTION 7.5. Event of Nonappropriation. (a) An Event of Nonappropriation with respect to the Bonds shall be deemed to have occurred under this Agreement if, in the case of the State's obligations to pay Rentals under this Agreement and its obligations to pay other amounts due under this Agreement, the State Legislature shall fail to appropriate funds to the Project for any Fiscal Year of the State in an amount sufficient to pay when due the Rentals and the other amounts the State is required to pay under this Agreement coming due in such Fiscal Year. An Event of Nonappropriation shall not be deemed to have occurred under the Agreement so long as a Default has occurred and is continuing under Section 7.1(a) of this Agreement.

(b) A failure by the State to pay when due any Rentals or other payments required to be made under the Agreement resulting from the occurrence of an Event of Nonappropriation shall not constitute an Event of Default under this Agreement.

(c) In addition, a failure by the Authority to pay when due any Debt Service required to be made under the Resolution or the Bonds, or a failure by the Authority to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Resolution or the Bonds, resulting from the occurrence of an Event of Nonappropriation shall not constitute an event of default under the Resolution.

(d) Upon the occurrence of an Event of Nonappropriation under this Agreement, the Trustee, on behalf of the Holders of the Bonds, has no remedies. The Trustee may not seek to terminate this Agreement or to accelerate the Bonds and has no rights to the Project. The State has no obligation to pay any Rentals or other amounts under this Agreement with respect to which an Event of Nonappropriation has occurred. However, the Agreement will not terminate, and the State will remain obligated to pay such Rentals, with interest thereon at the rate then in effect with respect to the Bonds, all future Rentals and all other amounts required to be paid under this Agreement, from State appropriations to the Project or Project Facilities.

(e) From and after the occurrence of an Event of Nonappropriation, and provided that there shall not have occurred and then be continuing any Default under the Resolution, all applicable Rentals received by the Trustee shall be applied as follows:

i. First to the payment of any prior applicable Debt Service which remain unpaid by reason of the occurrence of such Event of Nonappropriation in the order in which such prior Debt Service became due and payable, and, if the amount available shall not be sufficient to pay in full all the applicable Debt Service due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price and interest due on such date, to the persons entitled thereto, without any discrimination or preference;

ii. Second, to the payment, to the extent permitted by law, of interest on the amounts described in Paragraph (a) at the rate in effect on the Bonds, from the last payment date to which interest has been paid; and

iii. Third, as provided in Section 8.13 of the Resolution.

NOTWITHSTANDING ANYTHING CONTAINED IN SECTION 7.5 TO THE CONTRARY, A FAILURE BY THE STATE TO PAY WHEN DUE ANY RENT OR OTHER PAYMENT OBLIGATIONS REQUIRED TO BE MADE UNDER THIS AGREEMENT OR THE OTHER LEASE DOCUMENTS OR A FAILURE BY THE STATE TO OBSERVE AND PERFORM ANY COVENANT, CONDITION OR AGREEMENT ON ITS PART TO BE OBSERVED OR PERFORMED UNDER THIS AGREEMENT OR THE OTHER LEASE DOCUMENTS, RESULTING FROM THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION SHALL NOT CONSTITUTE AN EVENT OF DEFAULT UNDER SECTION 7.1 HEREOF.

ARTICLE VIII
CONVEYANCE UPON THE EXPIRATION DATE

SECTION 8.1. Conveyance Upon Expiration of Lease Term. Upon the Expiration Date and the Trustee's certification to the Authority that (i) all of the Bonds, including principal, interest and redemption premium, if any, have been paid in full or are deemed paid in full in accordance with the Resolution, and (ii) all other obligations incurred and to be incurred by the State in connection with the Project and under the Resolution and this Agreement have been paid in full (based upon a certificate from the Authority to the Trustee to such effect), the Authority shall, for the sum of One Dollar (\$1.00), transfer, convey, release, assign and set over to the State or its assignee or designee all of the Authority's right, title and interest in and to the Project Facilities, by execution and delivery of a Deed for each Project Facility and by such other legal instruments as may be required therefor. The State shall bear all costs and expenses in connection with the preparation of the documents of conveyance and the delivery thereof and all fees, assessments, taxes and charges payable in connection with the conveyance of the Authority's right, title and interest in and to the Project Facilities, subject to Section 4.4(b). Upon such conveyance and payment therefor as aforesaid, this Agreement shall cease and terminate and all obligations of the State and the Authority under this Agreement shall be terminated and extinguished other than the reimbursement provisions contained in Section 4.3 hereof.

SECTION 8.2. Option to Purchase Prior to Expiration of Lease. (a) The State shall have and may exercise, at any time prior to the expiration of the Lease Term if there shall not have occurred and then be continuing an Event of Default under this Agreement, the option to purchase any or all of the Project Facilities, subject to any then existing sub-lease with respect to, and any rights of any tenants, occupants or owners of, the Project Facilities, under the provisions of this Section upon payment to the Authority of the purchase price therefor in an amount as provided in Section 8.3 of this Agreement. The State may exercise such option by giving written notice thereof to the Authority and the Trustee at least sixty (60) days before the date that the purchase is to be consummated.

(b) In the event that the State exercises its option to purchase the Project Facilities, as set forth above, and becomes the fee owner of the Project Facility and the Project Site, the Authority's fee interest in the Project Facility and the Project Site shall merge with the State's leasehold interest under this Agreement.

SECTION 8.3. Purchase Price

(a) The purchase price payable by the State for the Project Facilities pursuant to Section 8.2 of this Agreement shall be the sum of One Dollar (\$1.00) plus such additional amount, if any, which, with all other funds available therefor, will be sufficient to provide for payment in full of all Bonds in conformity with the Resolution and all other Costs incurred and to be incurred by the Authority in connection with the Project and under the Resolution and this Agreement except for contingent reimbursement obligations of the State to the Authority under Section 4.3 for claims not settled or reduced to judgment. Such payment in full of the Bonds shall include the principal of all the Bonds then Outstanding, the redemption premium, if any, and all interest accrued and to accrue on the Bonds to their earliest redemption date or their maturity date, whichever is earlier and any expenses in connection with such payment in full

(b) The obligation to make payments required by this Section 8.3 shall be satisfied in the same manner as Bonds are deemed paid pursuant to Section 12.1 of the Resolution.

SECTION 8.4 Date of Settlement The purchase price of the Project Facility or Project Facilities under Section 8.3 of this Agreement shall be paid on a date of settlement and at a place to be mutually agreed upon by the Authority and the State.

ARTICLE IX

[RESERVED]

**ARTICLE X
REPRESENTATIONS AND WARRANTIES**

SECTION 10.1. Limitation of Representations and Warranties by Authority.

(a) Except as set forth in Section 10.1(b) hereof, the Authority makes no representations or warranties with respect to (i) the environmental condition of the Project Facilities (ii) the suitability of the Project Facilities for any particular use, including without limitation the State's intended use thereof, or (iii) the likelihood of zoning board or any other local or state governmental regulatory approval with respect to the Project Facilities or the Project.

(b) Upon delivery of the Bonds by the Authority, the Authority will use its best efforts to cause the Improvements to be rehabilitated in a diligent and workmanlike manner in accordance with the Plans and Specifications, if available.

(c) The Authority has the full legal right, power and authority to enter into this Agreement

(d) The execution, delivery and performance by the Authority of this Agreement does not and will not violate any provision of any law of the State or any applicable judgment, order or regulation of any court or any public or governmental agency or authority of the State and does not and will not conflict with or result in any breach of any of the provisions of, or constitute a default under, any agreement or instrument to which the Authority is a party or by which the Authority may be bound.

(e) This Agreement has been duly authorized, executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws relating to the enforcement of creditors' rights and general principles of equity.

SECTION 10.2. Assignment of Warranties. During the Lease Term, and to the extent same are obtained by the Authority and assignable, the Authority shall assign to the State all warranties issued or delivered to the Authority in connection with the acquisition and rehabilitation of the Project Facilities. The Authority shall reasonably cooperate with the State (at the expense of the State) to the extent enforcement of any such warranties becomes necessary.

SECTION 10.3 Representations and Warranties by State. The State represents and warrants as follows:

(a) Each Project Facility is in each and every particular manner essential for the State to perform its governmental purpose of providing for essential governmental services for the inhabitants of the State. The State shall use the Project Facilities during the Lease Term only to

perform its essential governmental functions.

(b) The State has the full legal right, power and authority to enter into this Agreement.

(c) The execution, delivery and performance by the State of this Agreement does not and will not violate any provision of any law of the State or any applicable judgment, order or regulation of any court or any public or governmental agency or authority of the State and does not and will not conflict with or result in any breach of any of the provisions of, or constitute a default under, in any material respect, any agreement or instrument to which the State is a party or by which the State or any of its properties is or may be bound.

(d) This Agreement has been duly authorized, executed and delivered by the State and constitutes a legal, valid and binding obligation of the State, enforceable in accordance with its terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws relating to the enforcement of creditors' rights and general principles of equity.

ARTICLE XI MISCELLANEOUS

SECTION 11.1. Surrender of Possession. Except as otherwise expressly provided in this Agreement and except in the event of conveyance to or purchase of the Project Facilities by the State, at the expiration or sooner termination of the Lease Term or upon the sale of all or any portion of the Project Facilities by the Authority, the State agrees to surrender possession of the Project Facilities peacefully and promptly to the Authority in as good condition as at the commencement of the Lease Term, loss by fire or other casualty covered by insurance, condemnation and ordinary wear, tear and obsolescence only excepted.

SECTION 11.2. Successors and Assigns This Agreement shall inure to the benefit of and shall be binding upon the State, the Authority and their respective successors and assigns, subject, however, to the provisions of Sections 6.7 and 6.8 hereof.

SECTION 11.3. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 11.4. Amendments, Changes and Modifications. This Agreement may be amended in writing by the parties, provided that the parties comply with the provision of Section 7.10 of the Resolution and the Authority has received an opinion of Bond Counsel that such amendment shall not cause the interest on the Bonds to be includable in the gross income of any Holder thereof for Federal income tax purposes or cause the interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code..

SECTION 11.5. Amounts Remaining under Resolution. It is agreed by the parties hereto that any amounts remaining in any fund or account created under the Resolution (except the Rebate Fund), upon expiration or sooner termination of the Lease Term, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Resolution) and the fees, charges and expenses of any Fiduciaries including, but not limited to, the Trustee and paying agents and the Authority in accordance with the Resolution, shall belong to and be paid to the State.

SECTION 11.6 Notices. All notices or other communications provided for in this Agreement shall be in writing and shall be delivered personally to, or sent by certified or registered mail or overnight delivery service providing receipt against delivery (such as Federal Express), to the respective offices of the Chief Executive Officer, New Jersey Economic Development Authority, 36 West State Street, P O Box 990, Trenton, New Jersey 08625-0990, the Managing Director of Real Estate, New Jersey Economic Development Authority, Trenton, New Jersey 08625, the State Treasurer, New Jersey Department of the Treasury, c/o Office of Public Finance, 50 West State Street, 5th Floor, P.O. Box 005, Trenton, New Jersey, 08625, Attention: Director, Office of Public Finance, the Director of the Division of Property and Construction Management, 33 West State Street, 9th Floor, P.O. Box 034, Trenton, New Jersey, 08625-0034, the Director of the Division of Risk Management, 20 West State Street, 6th Floor, P.O. Box 620, Trenton, N.J. 08625 or to such other representatives as the Authority or the State may from time to time designate in writing. Copies of all notices shall also be given to the Trustee at 385 Rifle Camp

Road, Woodland Park, New Jersey 07424, and to the Insurer, if any.

SECTION 11.7 Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original but all of which together shall constitute but one and the same instrument.

SECTION 11.8. Non-Waiver. It is understood and agreed that nothing contained in this Agreement shall be construed as a waiver on the part of the parties, or any of them, of any right not explicitly waived in this Agreement.

SECTION 11.9. Headings. The Article and section headings in this Agreement are inserted for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

SECTION 11.10 Applicable Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State.

IN WITNESS WHEREOF, the Authority has caused this Agreement to be signed by its Executive Director as its duly authorized officer and its official seal to be hereunto affixed and the State has caused this instrument to be executed in its name by the State Treasurer and the State's official seal to be hereunto affixed, all as of the day and year first above written.

[SEAL]

LESSOR

Attest:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

By: _____
Caren Franzini
Chief Executive Officer

LESSEE

Attest:

STATE OF NEW JERSEY, DEPARTMENT OF THE
TREASURY

By: _____
Andrew P. Sidamon-Eristoff
State Treasurer

EXHIBIT A

Description of Project Facilities

Exhibit A-1

Bellmawr Project

Exhibit A-2

Franklin Project

Exhibit A-3

Hope Project

Exhibit A-4

Perryville Project

Exhibit A-5

Upper Deerfield Project

EXHIBIT B
Construction Contract

(ON FILE AT THE AUTHORITY'S OFFICE)

EXHIBIT C

Schedule B to Title Reports

(ON FILE AT THE AUTHORITY'S OFFICE)

Exhibit C-1

Schedule B to Bellmawr Project Title Report

Exhibit C-2

Schedule B to Franklin Project Title Report

Exhibit C-3

Schedule B to Hope Project Title Report

Exhibit C-4

Schedule B to Perryville Project Title Report

Exhibit C-5

Schedule B to Upper Deerfield Project Title Report

EXHIBIT D

Project Facilities Contracts

(ON FILE AT THE AUTHORITY'S OFFICE)

EXHIBIT E

Allocation of Bond Proceeds to Project Costs per Project Facility

EXHIBIT D

AGREEMENT FOR PURCHASE OF PROPERTY

AGREEMENT made this ____ day of _____, 2011, by and between B & S Partners, a New Jersey partnership, whose address is 71 West Park Avenue 08360-3508, Vineland, New Jersey, hereinafter referred to as "Seller",

and

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY, an instrumentality of the State of New Jersey, whose address is 36 West State Street, P.O. Box 990, Trenton, New Jersey 08625-0990, hereinafter referred to as "Purchaser".

WHEREAS, Seller is the owner of real property described in this Agreement and,

WHEREAS, pursuant to N.J.S.A. 34:1B-5(d), Purchaser has the power to acquire property by condemnation and has entered into bona fide negotiations with Seller and desires to purchase the Property from Seller and,

WHEREAS, Seller and Purchaser have reached an agreement for the sale of property in question.

NOW, THEREFORE, for and in consideration of the sum of Five Million, Six Hundred Thousand Dollars (\$5,600,000) and also in consideration of the covenants contained herein, the Seller agrees to convey to the Purchaser, free from all encumbrances, except as this Agreement may otherwise provide, by Deed with covenants against Grantor's acts, the property described in the following paragraph.

1. Property to be Conveyed: All those certain lots, tracts or parcels of land together with any buildings and improvements thereon contained and the privileges contained and appurtenances thereto appertaining, including but not limited to all right, title and interest of Seller in and to any water rights, mineral rights, air rights, rights of surface support, adjoining strips and gores, and easements and rights-of-way (open, vacated or proposed) incidental thereto, and any award made or to be made in lieu thereof, and in and to any award for damage to the Property by reason of any change of grade in any rights-of-way, situate, lying and being in:

Street	Block	Lot	Municipality	County	Sale Price
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Street	Block	Lot	Municipality	County	Sale Price
133 Wellwood Avenue	70	6	Bellmawr	Camden	\$1,500,000
3 Landis Avenue	1903	3.01	Township of Upper Deerfield	Cumberland	\$1,200,000
501 Hope-Blairstown Road	5200	300	Township of Hope	Warren	\$900,000
90 Route 173 West	12	13	Township of Union	Hunterdon	\$1,000,000
27 US Highway 206	17	1.01	Township of Frankford	Sussex	\$1,000,000

in the State of New Jersey and more particularly described by the metes and bounds description attached hereto as Schedules A-1 through A-5 inclusive (the "Property").

2. Purchase Price: The purchase price is Five Million, Six Hundred Thousand Dollars (\$5,600,000).

3. Payment of Purchase Price: Purchaser agrees to pay the entire purchase price at the time of closing. The parties acknowledge that Seller has identified or will identify this Property as property to be sold as part of a like-kind exchange in accordance with Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), and that Seller intends to use such exchange funds for payment of the purchase price of another property or properties as identified by Seller.

4. Title: Seller shall give clear valid record title, marketable and insurable at regular rates by a title insurance company licensed to do business in New Jersey. If the Seller is unable to give such title satisfactory to the Purchaser, Purchaser shall have the right to declare this Agreement null and void, and, notwithstanding the prior acceptance of this offer, terminate this Agreement.

5. Closing Contingencies

5.1 Purchaser's obligation to purchase the Property is contingent upon Purchaser obtaining tax-exempt bond financing to acquire and renovate the Property upon terms and conditions satisfactory to the Purchaser and the NJ State Treasurer in their sole discretion. Nothing in this Agreement shall obligate or otherwise commit Purchaser to issues bonds or otherwise obtaining such financing or to accept the interest rate or other terms of bond financing unless and until: (i) such financing is

accepted and approved by the Purchaser's Board of members in its sole discretion, (ii) the payment terms for such financing are accepted and approved by the NJ State Treasurer in his sole discretion; (iii) receipt of a favorable opinion of bond counsel; and (iv) the actual sale and funding of such bonds.

5.2 Purchaser's obligation to purchase the Property shall be subject to Purchaser procuring pollution legal liability insurance ("PLL Insurance") covering all of the Property upon terms and conditions, including but not limited to amount and extent of coverage, premiums and deductibles, satisfactory to the Purchaser in its sole discretion.

5.3 Purchaser's obligation to purchase the Property shall be subject to the NJ State Treasurer approving the acquisition price and financing.

5.4 In the event that any of the contingencies set forth in Section 5.1, Section 5.2 or Section 5.3 are not satisfied to Purchaser's satisfaction by the Closing Date, Purchaser shall have the right to terminate this Agreement, not as an Event of Default; but, instead, by reason of a material contingency of this Agreement not being satisfied in a timely manner. Any such termination pursuant to this Section 5.4, shall be effective upon the delivery of a written Notice of Termination to the Seller by Purchaser and shall not entitle the Seller to any claim for damages, restitution, remedies or other relief against the Purchaser or the State of New Jersey.

6. Closing of Title:

6.1 It is agreed by the parties that each party will be ready on or before July 31, 2011 (the "Pre-Closing Date") to complete title closing for all of the Properties, however, all adjustments to the Purchase Price will be calculated and made as of the Closing Date. To that end:

a) Purchaser will complete its examinations, surveys, tests and environmental assessments of all of the Properties before the Pre-Closing Date;

b) Purchaser will seek to obtain a binding commitment for PLL Insurance that is satisfactory to Purchaser in Purchaser's sole discretion no later than the Pre-Closing Date;

c) Purchaser will seek to obtain final approval of its Board of Members of

substantially final forms of bond documents needed to complete the bond financing described in Section 5.1 of this Agreement no later than the Pre-Closing Date;

d) Seller will resolve and address any title issues or concerns raised by Purchaser pursuant to Section 4 of this Agreement no later than the Pre-Closing Date;

e) If Seller elects to complete title closing as an Exchange (as described in Section 14 of this Agreement), Seller will complete the transfer of title to the Qualified Intermediary no later than the Pre-Closing Date; and

f) Purchaser and Seller will agree upon final forms of appropriate documents of title, including deeds, affidavits of title, closing statements and any other commercially reasonable and necessary documents required by Purchaser or its title company for the Property (the "Closing Documents") no later than the Pre-Closing Date.

6.2 The closing of title shall take place during August 2011 on a date declared by Purchaser (the "Closing Date") on five (5) business days notice to Seller.

6.3 The closing of title shall take place at the offices of McManimon & Scotland, LLC, 1037 Raymond Boulevard, Suite 400, Newark, New Jersey on the Closing Date during regular business hours in accordance with the terms of this Agreement.

6.4 On the Closing Date, Seller shall deliver executed Closing Documents to Purchaser and Purchaser shall pay the Purchaser Price (subject to any mutually agreed adjustments for closing costs pursuant to Sections 8 and 9 of this Agreement) to Seller.

6.5 The Purchaser will reimburse the Seller for recording fees, transfer taxes and similar reasonable expenses incurred by the Seller incidental to conveying title to the Purchaser if paid by the Seller. It is expressly understood and agreed, however, that Seller shall be solely responsible for Seller's attorney fees.

7. Right of Entry: Provided that Purchaser either: (i) repairs any damage caused by Purchaser or its representatives and restores the Property to the condition it was in prior to Purchaser entering the Property; or (ii) proceeds to title closing without seeking any reduction in the Purchase Prices or other concession from Seller related to any damage caused by Purchaser or its representatives during entry upon the Property pursuant to this Paragraph, the Seller agrees to permit Purchaser or its duly authorized

representatives to examine, survey and undertake any tests necessary concerning the Property at any reasonable time prior to the closing of title. However, neither the Purchaser nor its employees or agents shall be liable to pay any damages for which it and/or they have no liability under the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq. The Seller and the Purchaser agree to be bound by the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

8. Adjustments: Rent on the Property under existing leases, municipal real estate taxes, water charges, sewer rents and all other utility charges shall be calculated and adjusted as of the Closing Date. Seller shall be responsible for any farmland rollback taxes assessed or to be assessed.

9. Assessments: All assessments for public improvements, whether confirmed or unconfirmed, which have been completed as of the date of closing, are to be paid in full by the Seller. Any assessment which has been completed and is payable in installments is to be fully paid by Seller.

10. Representations and Warranties of Seller: For the purpose of inducing Purchaser to enter into this Agreement and to consummate the transactions contemplated hereby pursuant to the terms and conditions hereof, to Seller's actual knowledge, Seller represents and warrants to Purchaser as follows:

10.1 Seller is the owner in fee simple of the Property herein agreed to be conveyed to Purchaser and, if an individual, is over eighteen years of age.

10.2 Each party executing and delivering this Agreement and all documents to be executed and delivered in regard to the consummation of the transaction contemplated hereby on behalf of Seller has due and proper authority to execute and deliver same. Seller has the full right, power and authority to sell and convey the Property to Purchaser as provided herein and to carry out its obligations hereunder without the joinder or consent of any other person or entity, and Seller has due and proper authority to execute and deliver all documents related to the consummation of the transactions.

10.3 The Property is now and has been held in peaceable and undisturbed possession by Seller since said Property was acquired and the title

has never been disputed, questioned or rejected to Seller's knowledge or belief, nor does Seller know any facts by reason of which said possession or title may be disputed or questioned, or by reason of which any claim to any part of said Property or any interest therein adverse to theirs might be set up or made.

10.4 No contract for the sale of the Property has been made and no option to purchase the same has been given to anyone other than Purchaser. Excluding mortgages recorded against the Property prior to the date of this Agreement, Seller will not otherwise sell, mortgage, encumber or otherwise dispose of the Property or any part thereof prior to closing, except to the Purchaser.

10.5 Seller will not permit anyone other than Purchaser who is not, as of the date of this Agreement, a tenant or occupant of the Property to occupy the Property subsequent to the date of this Agreement.

10.6 Except for the existing leases (the "Existing Leases") entered into by the State of New Jersey (the "Existing Tenant") and Seller, Seller represents and warrants to Purchaser that Seller has not entered into any other leases or written agreements with any tenants relative to the Property. Seller agrees to transfer all funds held as a security deposit(s) in connection with the Existing Leases directly to Purchaser at closing and represents the funds transferred are the entire amount held by Seller inclusive of interest, if applicable.

10.7 Effective as of the Closing Date, Seller will terminate all maintenance or service contracts or other contracts relating to the maintenance and operation of the Property that were entered into by Seller. Seller represents that all payments under such contracts are current and will be paid by Seller through the Closing Date.

10.8 No labor has been performed or material furnished for the Property (i) for which Seller has not heretofore fully paid, (ii) for which a mechanic's or materialman's lien or liens, or any other lien, can be claimed by any person, party or entity, or (iii) which will not, by the Closing Date, be removed.

10.9 Seller acknowledges that all legal work necessary to transfer title

shall be performed by Seller's attorney at Seller's sole expense.

10.10 Seller warrants that no person has been employed, directly or indirectly to solicit or secure this Agreement in violation of N.J.S.A. 52:34-15 et seq.

10.11 Seller does not have any knowledge of any legal action of any kind or character whatsoever affecting the Property which will in any manner affect Purchaser or title upon consummation hereof, nor has Seller knowledge that any such action is presently contemplated.

10.12 The execution and delivery of this Agreement and the consummation of the transactions herein contemplated will not conflict with any applicable law, ordinance, regulation, statute, rule, restriction or any judgment, order or decree of any court having jurisdiction over the Seller or the Property.

10.13 Seller has no actual knowledge of, and has received no notice of, any outstanding violation of, and the Property is currently in compliance with, any governmental law, rule, statute, ordinance, or regulation affecting the Property, including, without limitation, any applicable laws, rules, regulations, ordinances, permits, orders and directives relating to environmental protection. In the event Seller receives a notice or notices of any violation(s) subsequent to the date hereof, it will immediately provide Purchaser with a copy of same and will expeditiously correct same prior to the date set for closing. The amount due on the liens and encumbrances affecting the Property does not now and will not at the time of closing as herein provided exceed the Purchase Price.

10.14 No lien has been attached to any revenues or any real or personal property owned by the Seller and located in the State of New Jersey, including, but not limited to, the Property, as a result of the chief executive of the New Jersey Spill Compensation Fund expending monies from said fund to pay for "Damages", as such term is defined in N.J.S.A. 58:10-23.11b(d), arising from an intentional or unintentional action or omission of the Seller or of any previous owner and/or operator of said real property.

11. Environmental Provisions:

11.1 Seller agrees that it will comply with the requirements of the "Industrial Sites Recovery Act" ("ISRA") L. 1983 c. 330 N.J.S.A. 13:1K-6 et seq. and implementing New Jersey Department of Environmental Protection ("NJDEP") regulations before closing of title if ISRA is applicable. This Agreement will not in any way affect the jurisdiction of NJDEP over the Property.

11.2 Excluding activities undertaken by the Existing Tenant in the course of its operations at the Property, including, but not limited to, performing vehicle repairs, use and disposition of hazardous materials in performing vehicle maintenance and other activities, and in removing underground storage tanks at various Property locations, Seller affirms that to the best of Seller's knowledge and belief, the Property has never been remediated and is in compliance with all applicable local, state and federal laws, regulations, ordinances, permits, orders, or directives regarding pollutants, contaminants, solid waste and/or hazardous materials, substances or wastes ("Contamination"). Seller further represents that: (i) it has not discharged any hazardous substances or waste; (ii) it did not deposit or cause to be deposited solid waste on the Property; and (iii) it has no actual knowledge of the presence of solid waste on or buried in the Property. Seller does not have knowledge of any present or contemplated proceeding or administrative action arising out of the environmental condition of the Property.

11.3 The Purchase Price set forth in this Agreement is based on a valuation of the Property in a remediated condition in compliance with the requirements of NJDEP and assumes that there is no Contamination in, on or under the Property above actionable levels in excess of current applicable standards as set forth by NJDEP requiring remediation, cleanup or removal ("Remediation").

11.4 In event that Contamination is discovered at any of the Property before title closing and Seller fails or refuses to complete Remediation in a timely manner, Purchaser may terminate this Agreement relative to the particular Property containing such Contamination not as an Event of Default; but, instead, by reason of a material contingency of this Agreement not being satisfied in a

timely manner. Any such termination pursuant to this Section 11.5, shall be effective upon the delivery of a written Notice of Termination to the Seller by Purchaser and shall not entitle the Seller to any claim for damages, restitution, remedies or other relief against the Purchaser or the State of New Jersey.

11.5 Effective upon the closing of title, except for Contamination caused by Seller, Purchaser releases the Seller from any and all claims that Purchaser may now or in the future have against Seller arising out of or related to the existence of hazardous materials, environment conditions or Contamination at, under or on the Property. This release of environmental claims by Purchaser is made by Purchaser and only Purchaser and shall not be construed to bind any other governmental or private agency or entity. Seller recognizes and acknowledges that Purchaser does not have legal authority or power to make a release of environmental claims on behalf of the New Jersey Department of Treasury, New Jersey State Police, NJDEP or any governmental or private agency or entity other than on behalf of itself.

11.6 Purchaser reserves the right to file a complaint and pursue whatever relief is necessary if any Contamination caused by Seller is subsequently discovered in, on or under the Property which was not specifically revealed in writing by Seller prior to the signing of this Agreement or where Seller refuses to remediate the Contamination caused by Seller on the Property. Purchaser does not waive any rights that it might have to pursue administrative remedies or to bring suit under federal or state statutes or regulations or under common law related to Contamination caused by Seller and Purchaser hereby reserves the right to do so in the event any Contamination caused by Seller is discovered which preexisted the closing of title.

11.7 Purchaser may conduct, at its sole cost and expense, an initial environmental site screening and assessment of the Property, which activity may be limited, in Purchaser's sole discretion, to confirming the presence of Contamination on the Property as distinguished from defining the source and extent of Contamination. The failure of this screening to detect Contamination

shall not be a bar to any future recovery action by Purchaser in the event that Contamination caused by Seller is subsequently discovered. At any time prior to closing, Purchaser shall have the right to have its employees, agents, consultants and designees enter onto the Property to make test soil borings, other tests and inspections of the land, building improvements and machinery and to take samples and examine records as may be necessary to determine the existence of any such violations, or the existence of any Contamination at, on, under or emanating from the Property. Purchaser shall restore and repair all damage to the Property resulting from such tests and inspections, and Purchaser hereby assumes all responsibility for any injury to person or property resulting from the actions of Purchaser or its employees, agents, consultants, or designees while on the Property. However, neither the Purchaser nor its employees or agents shall be liable to pay any damages for which it and/or they have no liability under the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq. The Seller and the Purchaser agree to be bound by the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

11.8 Seller shall provide Purchaser copies of all correspondence, reports and documents relating NJDEP-required investigations and/or Remediation in a timely manner and shall afford Purchaser the opportunity to participate in all meetings and conferences with NJDEP.

11.9 The provisions of this Paragraph 11 shall survive the transfer of title to the Property.

12. Risk of Loss: The risk of loss or damage to the Property by fire or otherwise until closing of title is assumed by Seller.

13. Discharge of Liens: On or before the date of closing, the Seller shall cause to be properly released, satisfied and discharged all tenancies, mortgages, judgments, mechanic's and materialman's liens and other encumbrances and shall furnish proper evidence of having done so.

14. 1031 Exchange:

Seller may consummate the sale of the Property as part of a so-called like

kind exchange (the "Exchange") pursuant to § 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), provided that: (i) the Closing shall not be delayed or affected by reason of the Exchange nor shall the consummation or accomplishment of the Exchange be a condition precedent or condition subsequent to either parties obligations under this Agreement; (ii) the Exchange shall be accomplished through an assignment of this Agreement, or the Seller's rights under this Agreement, to a qualified intermediary as defined in the Code ("Qualified Intermediary") and Seller shall not be required to take an assignment of the purchase agreement for the Property or be required to acquire or hold title to any real property for purposes of consummating the Exchange; and (iii) the Seller shall pay any additional costs that would not otherwise have been incurred by either had the Seller not consummated its sale through the Exchange. The Purchaser shall not by this agreement or acquiescence to the Exchange (1) have its rights under this Agreement affected or diminished in any manner or (2) be responsible for compliance with or be deemed to have warranted to the Seller that the Exchange in fact complies with § 1031 of the Code.

15. Personal Property and Fixtures: This sale includes all articles of property that are attached to the Property that have become so much a part of the Property that their separation from it would lessen the value or damage the Property. Such articles are known as "fixtures". For the purpose of clarity, the following articles are specifically INCLUDED in this sale:

Gas fixtures	Cooking stove and hood
Electric fixtures	Oven and broiler
Lighting fixtures	Automatic dishwasher
Heating fixtures	Storm windows and doors
Hot water heater	Carpeting
Plumbing fixtures	Garbage disposal unit
Fireplace equipment	Generators

The following articles are specifically EXCLUDED:

None

16. Time of Essence: Except as may be otherwise specifically provided in this

Agreement, time is of the essence of this Agreement and each and every provision hereof.

17. Specific Performance: In the event Seller fails to comply with any of the provisions of the Agreement, then, in addition to all other legal remedies to which the Purchaser is entitled, Purchaser shall have the right to specific performance.

18. Assignment: Seller may not assign this Agreement without the prior written consent of Purchaser. Purchaser shall have the right to assign this Agreement without the consent of Seller to the State of New Jersey or any division thereof.

19. Binding Agreement: This Agreement shall bind not only the Seller and Purchaser but also their heirs, executors, administrators, successors and assigns. This Agreement shall not be binding upon the Purchaser until it is formally executed by its Chief Executive Officer or her duly authorized representative.

20. Entire Agreement: It is understood and agreed that all understandings and agreements between the parties are merged in this Agreement which alone fully and completely expresses their agreement. This Agreement may not be changed, altered or canceled orally, but only in writing signed by the parties.

21. Joinder: Seller agrees to join in and/or execute any applications, petitions, agreements or other documents requested by Purchaser prior to the Closing regarding or affecting the Property for the purpose of facilitating Purchaser's procurement of permits and approvals including but not limited to governmental permits, site plan/subdivision approvals and street vacations/dedications. Purchaser shall bear all costs and expenses associated therewith.

22. Miscellaneous:

- a) This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.
- b) Seller and Purchaser waive any statutory or common law presumption which would serve to have this document construed in favor and against either party as the drafter.
- c) This Agreement was negotiated pursuant to the Eminent Domain Act of 1971 and is the result of bona fide negotiations.

- d) The Seller and the Purchaser agree that any and all claims made or to be made against the Purchaser based in contract law, including but not limited to, costs and expenses and specific performance, shall be governed by and subject to the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

23. Political Campaign Contributions.

23.1 For the purpose of this Section 23, the following shall be defined as follows:

a) "Contribution" means a contribution reportable as a recipient under "The New Jersey Campaign Contributions and Expenditures Reporting Act" P.L. 1973, c. 83 (C.10:44A-1 et seq.), and implementing regulations set forth at N.J.A.C. 19:25-7 and N.J.A.C. 19:25-10.1 et seq., a contribution made to a legislative leadership committee, a contribution made to a municipal political party committee or a contribution made to a candidate committee or election fund of any candidate for or holder of the office of Lieutenant Governor. Currently, contributions in excess of \$300 during a reporting period are deemed "reportable" under these laws.

b) "Business Entity" means:

i. a for-profit entity as follows:

- A. in the case of a corporation: the corporation, any officer of the corporation, and any person or business entity that owns or controls 10% or more of the stock of corporation;
- B. in the case of a general partnership: the partnership and any partner;
- C. in the case of a limited partnership: the limited partnership and any partner;
- D. in the case of a professional corporation: the professional corporation any shareholder or officer;
- E. in the case of a limited liability company: the limited liability company and any member;
- F. in the case of a limited liability partnership: the limited liability partnership and any partner;

- G. in the case of a sole proprietorship: the proprietor; and
 - H. in the case of any other form of entity organized under the laws of this State or other state or foreign jurisdiction: the entity and any principal, officer, or partner thereof;
- ii. any subsidiary directly or indirectly controlled by the business entity;
 - iii. any political organization organized under section 527 of the Internal Revenue Code is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and
 - iv. with respect to an individual who is included within the definition of business entity the individual's spouse or civil union partner, and any child residing with the individual, provided, however, that, this Order shall not apply to a contribution made by such spouse, civil union partner, or child to a candidate for whom the contributor is entitled to vote or to a political party committee within whose jurisdiction the contributor resides unless such contribution is in violation of section 9 of P.L. 2005, c. 51 (C.19:44A-20.1 et seq.) ("Chapter 51").

c) PL 2005, c.51 – means Public Law 2005, chapter 51 (C. 19:44A-20.13 through C. 19:44A-20.25, inclusive) as expanded by Executive Order 117 (Gov. Corzine, September 24, 2008).

23.2 The terms, restrictions, requirements and prohibitions set forth in P.L. 2005, c. 51 are incorporated into this Agreement by reference as material terms of this Agreement with the same force and effect as if P.L. 2005, c. 51 were stated herein its entirety. Compliance with P.L. 2005, c. 51 by Seller shall be a material term of this Agreement.

23.3 Seller hereby certifies to the Authority that commencing on and after October 15, 2004, Seller (and each of its principals, subsidiaries and political organizations included within the definition of Business Entity) has not solicited or made any Contribution of money, pledge of Contribution, including in-kind Contributions, that would bar a contract agreement between Seller and the Authority pursuant to P.L. 2005, c. 51. Seller hereby further certifies to the Authority that any and all certifications and

disclosures delivered to the Authority by Seller (and each of its principals, subsidiaries and political organizations included within the definition of Business Entity) are accurate, complete and reliable. The certifications made herein are intended to and shall be a material term of this Agreement and if the Treasurer of the State of New Jersey determines that any Contribution has been made in violation of P.L. 2005, c. 51, the Authority shall have the right to declare this Agreement to be in default.

23.4 Seller hereby covenants that Seller (and each of its principals, subsidiaries and political organizations included within the definition of Business Entity) shall not knowingly solicit or make any contributions of money, or pledge of a contribution, including in-kind contributions, to a candidate committee or election fund of any candidate or holder of the public office of Governor of New Jersey or to any New Jersey state or county political party committee prior to the expiration or earlier termination of this Agreement. The provisions of this Paragraph 23.4 are intended to and shall be a material term of this Agreement and if the Treasurer of the State of New Jersey determines that any Contribution has been made by Seller (and each of its principals, subsidiaries and political organizations included within the definition of Business Entity) in violation of P.L. 2005, c. 51, the Authority shall have the right to declare this Agreement to be in default.

23.5 In addition to any other Event of Default specified in the Contract Documents, the Authority shall have the right to declare an event of default under this Agreement if: (i) Seller (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits a Contribution in violation of P.L. 2005, c. 51, (ii) Seller (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) knowingly conceals or misrepresents a Contribution given or received; (iii) Seller (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits Contributions through intermediaries for the purpose of concealing or misrepresenting the source of the Contribution; (iv) Seller (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits any Contribution on the condition or with the agreement that it will be

contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee; (v) Seller (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) engages or employs a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any Contribution, which if made or solicited by Seller (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) directly would violate the restrictions of P.L. 2005, c. 51; (vi) Seller (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) funds Contributions made by third parties, including consultants, attorneys, family members, and employees; (vii) Seller (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) engages in any exchange of Contributions to circumvent the intent of P.L. 2005, c. 51; (viii) Seller (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) directly or indirectly through or by any other person or means, does any act which would violate the restrictions of P.L. 2005, c. 51; or (ix) any material misrepresentation exists in any Political Campaign Contribution Certification and Disclosure which was delivered by Seller to the Authority in connection with this Agreement.

23.6 Seller hereby acknowledges and agrees that pursuant to P.L. 2005, c. 51, Seller shall have a continuing obligation to report to the Office of the State Treasurer, Political Campaign Contribution Review Unit of any Contributions it makes during the term of this Agreement. If after the effective date of this Agreement and before the entire Contract Price is paid by the Authority, any Contribution is made by Seller and the Treasurer of the State of New Jersey determines such Contribution to be a conflict of interest in violation of P.L. 2005, c. 51, the Authority shall have the right to declare this Agreement to be in default.

24. Seller is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC"), pursuant to C. 19:44A-20.13 (P.L. 2005, c. 271, section 3) during the TERM of this LEASE. Failure to so file can result in the imposition of financial penalties by

ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

25. Notices: Any notices required to be given under this Contract shall be mailed

to:

New Jersey Economic Development Authority
P.O. Box 990
Trenton, New Jersey 08625-0990
Attn: David E. Nuse, Director of Real Estate Development

and

B & S Partners
71 West Park Avenue
Vineland, New Jersey 08360-3508
Attention: Michael Fagan, Vice President, Assoc. General Counsel

All notices which must be given under this Agreement are to be given either by:

- (1) personal service,
- (2) certified mail, return receipt requested, addressed to the other party at their address specified above, or
- (3) overnight delivery service, addressed to the other party at their address specified above (e.g. Federal Express, United Parcel Service, DHL, United State Postal Service Next Day Mail).

26. Brokerage Commissions: Each party hereto represents to the other that no finders or brokers have been involved with the introduction of the Buyer and Seller and/or the purchase and sale of the Property.

27. Counterparts: This Agreement may be simultaneously executed in several counterparts, each of which shall be in original and all of which shall constitute but one and the same instrument.

The Seller and Purchaser have signed this Agreement as of the date first written above.

ATTEST:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY, Purchaser

David E. Nuse
Director of Real Estate Development

By: _____
Caren S. Franzini
Chief Executive Officer

B & S Partners, Seller

Witness to Seller

By: _____
Name: _____
Title: _____

AUTHORITY MATTERS



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Caren Franzini
Chief Executive Officer

Date: June 14, 2011

Subject: Revised Memorandum of Understanding between the Authority and the Department of State

Request:

The Members are asked to approve a revised Memorandum of Understanding between the Authority and the Department of State to clarify changes to funding related to personnel.

Background:

In 2008, several functions of the New Jersey Commerce Commission were consolidated with the EDA and other agencies throughout state government. The consolidation resulted in the establishment of the Business Retention and Attraction Division (BRAD) within EDA, which included staff focused on domestic and international business attraction and retention, outreach/event planning, and the business call center.

In early 2010, Governor Chris Christie and Lt. Governor Kim Guadagno announced the formation of the New Jersey Partnership for Action to streamline all business outreach and assistance activities. This Partnership operates with three interconnected and targeted organizational elements to attract new businesses and help existing businesses thrive by focusing on relationship-building and person-to-person outreach, promoting state incentives and resources, developing pro-growth policies, and assisting businesses in navigating state government and programs.

The MOU, approved by the Board in September 2010, supports the implementation of the Partnership for Action by having the BRAD staff and function work within the Department of State, overseen by Lt. Governor Guadagno, to support the efforts of the Business Action Center (BAC). By elevating the BRAD staff and function to the BAC under the Lt. Governor's purview, they are in a more effective position to support the Administration's efforts to lead economic development in the State, and better suited to meet the needs of businesses that require assistance with navigating regulatory issues and accessing the resources available for business

growth. The BAC works in close collaboration with EDA to ensure New Jersey's businesses, large and small, receive financial support to create jobs and grow.

Legislation (A. 3768) is currently pending in both the Assembly and State Senate which would formalize this arrangement and transfers all powers, functions and responsibilities of BRAD to the BAC.

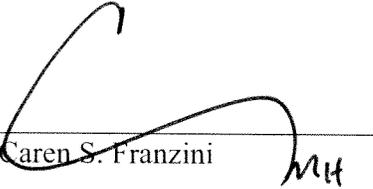
In the fiscal year 2012 State Budget, it is planned that the Office of Smart Growth from the Department of Community Affairs, the Office of Economic Growth from the Department of Treasury, and the Division of Business Assistance, Marketing and International Trade from the EDA will be relocated to the Department of State (DOS) and incorporated into the new Business Action Center either by legislation or executive order and supported by an appropriation to the Business Action Center of \$4.5 million.

In FY11, the EDA assigned staff to the BAC and reimbursed DOS for all direct expenses incurred in performing the responsibilities of the BAC. In FY 2012, since the budget appropriation will go directly to BAC, but with employees remaining as EDA staff, BAC will reimburse the EDA for salary and benefits costs. Further, as BAC will have direct access to funding, the EDA will no longer process or reimburse for direct expenses.

The attached revised Memorandum of Understanding between the EDA and the Department of State memorializes these changes. The re-assigned employees, under the terms of the MOU will remain employees of the EDA. This MOU shall cease upon the effective date of any Reorganization Plan concerning the EDA.

Recommendation:

Staff recommends the Board authorize the execution by the Chief Executive Officer of the aforementioned revised Memorandum of Understanding between the Authority and the Department of State, attached in substantially final form, subject to final review by the office of the Attorney General.


Caren S. Franzini

Attachment
Prepared by: Maureen Hassett

**INTERGOVERNMENTAL AGREEMENT
BETWEEN
THE NEW JERSEY DEPARTMENT OF STATE
AND
THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**

This Intergovernmental Agreement (“**Agreement**”) made by and between the New Jersey Department of State (“**DOS**”) and the New Jersey Economic Development Authority (“**EDA**”) will confirm the mutual understanding and intention of the parties hereto as to the following:

RECITALS

WHEREAS, the New Jersey Department of State is charged with preserving and promoting the State’s art, history, and culture; and

WHEREAS, the Secretary of State Chaired the Red Tape Review Group, formed under Governor Chris Christie’s Executive Order 3 to review agency rules and regulations to ascertain those that benefit and those that burden the State’s economy; and

WHEREAS, the New Jersey Economic Development Authority was established to create and retain jobs, grow the State’s tax base, and promote economic development and diversity; and

WHEREAS, the Business Retention and Attraction Division, also known as the Division of Business Assistance located in the New Jersey Economic Development Authority was established to improve New Jersey’s economy by coordinating economic development; and

WHEREAS, the New Jersey Department of State is uniquely situated to coordinate and collaborate with the New Jersey Economic Development Authority in encouraging job growth, partnering with other inter-governmental and non-governmental agencies, and effectuating economic development initiatives;

WHEREAS, it would be appropriate for the Department of State to assist and enhance cooperation with the New Jersey Economic Development Authority in promoting and coordinating activities and effectuating responsibilities related to the Business Retention Attraction Division;

NOW, THEREFORE, DOS and EDA do hereby agree to the following:

1. The recitals set forth above are incorporated within the terms of this Agreement.
2. EDA shall assign an appropriate amount of personnel from its staff (the “Assigned Staff”) to perform the services described below on behalf of the Business Retention Attraction Division, including the Motion Picture and Television Commission, to a location specified by DOS.

3. DOS will assist EDA in carrying out its responsibilities with regard to the Business Retention Attraction Division, including the Motion Picture and Television Commission.
4. DOS will be responsible for the budget and fiscal responsibility for the Business Retention Attraction Division personnel, including the Motion Picture and Television Commission.
5. EDA staff will compile salary and fringe expense for Assigned Staff and submit a monthly billing to the DOS accounting staff for reimbursement.
6. Direct expenses incurred by Assigned Staff in performing the responsibilities that will enhance the mission of the Business Retention Attraction Division, including the Motion Picture and Television Commission, will be directly processed by the DOS.
7. There are no third-party beneficiaries of this Agreement.
8. This Agreement may be amended, modified, and supplemented at any time by mutual consent in writing by DOS and EDA.
9. This Agreement shall be effective as of the date last executed by the parties and shall remain in effect unless terminated by one or both parties, in writing, upon forty-five (45) days prior notice. This Agreement shall cease upon the effective date of any Reorganization Plan concerning the New Jersey Economic Development Authority.

IN WITNESS HEREOF, the DOS and EDA have executed this agreement on the dates set forth below:

State of New Jersey
Department of State

New Jersey Economic Development
Authority

By _____
Kim Guadagno
Lt. Governor / Secretary of State

By _____
Caren Franzini
Chief Executive Officer

Dated _____

Dated _____



MEMORANDUM

To: Members of the Authority

From: Caren Franzini
Chief Executive Officer

Date: June 14, 2011

Subject: 2011-RED-RFQ/P-BKR-0013 Lease Brokerage Services – Award Protest

I have reviewed the attached Hearing Officer's report regarding the bid protest in connection with 2011-RED-RFQ/P-BKR-0013 Lease Brokerage Services. I concur with the recommendation that the contract award to Jones Lang LaSalle ("JLL") approved at the March 8 Authority meeting remain unchanged.

Background:

On February 2, 2011, the EDA advertised and issued a Request for Qualifications and Proposals ("RFQ/P") for leasing and brokerage services on behalf of itself, its subsidiaries and The Technology Centre of New Jersey, LLC ("LLC")¹ in connection with various properties the Authority owns, operates, leases and/or manages in New Jersey, including the Waterfront Technology Center at Camden and the Technology Centre of New Jersey located in North Brunswick. The RFQ/P provided that the services to be rendered by the successful bidder would be for a three year term, with the option to renew for an additional two years at the sole discretion of the Authority and/or the LLC.

Bids were received and publicly opened at the EDA's office on February 23, 2011. Four bids were received in response to the solicitation. On February 25, the proposals were reviewed for responsiveness and then scored and ranked using the evaluation criteria set forth in the RFQ/P by an Evaluation Committee comprised of three EDA Real Estate Development staff members.

The Evaluation Committee determined that the proposal submitted by JLL was the most favorable and a formal recommendation for award was presented to and approved by the LLC on February 25th and by the EDA Board at the March 8th meeting.

¹ The Technology Centre of New Jersey, LLC is the entity formed in 1999 by the Authority's joint venture with the AFL-CIO Building Investment Trust. The Authority, through its Real Estate Division, is the LLC's managing member. As managing member, the Authority is charged with the day-to-day operations of the Technology Centre.

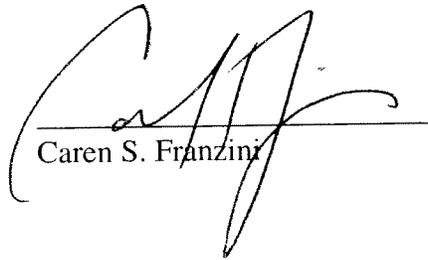
On March 9th, a Notice of Intent to Award was issued to JLL, and the three other bidders were advised that they were not selected. On March 10, Sitar, whose bid was ranked fourth by the Evaluation Committee, sent a letter to the Authority expressing its intention to file a formal protest. On March 16th, Sitar issued a formal letter of protest detailing the basis for its challenge and specifying the alleged material deficiencies upon which its protest is based. On March 22, I appointed Fred Cole, Director of Internal Process Management as Hearing Officer for this matter.

In its letter of protest, Sitar contends that JLL was non-compliant with the requirements of the RFQ/P. After review, the Hearing Officer determined that JLL was compliant with the requirements and that the recommendation to award the contract to JLL remain unchanged.

The Hearing Officer's report was sent to Sitar on May 2, 2011 and an Exceptions Period Letter received from Sitar was received by the Authority on May 12.

Recommendation:

After review of the Hearing Officer's report regarding the bid protest in connection with 2011-RED-RFQ/P-BKR-0013 Lease Brokerage Services, I concur with the findings and recommend that the contract award to Jones Lang LaSalle approved at the March 8 Authority meeting remain unchanged .


Caren S. Franzini

Attachment

Prepared by: Kim Ehrlich



To: Members of the Authority
From: Fred Cole, Director – Internal Process Management
NJEDA Hearing Officer
Date: June 14, 2011
Re: 2011-RED-RFQ/P-BKR-0013 Lease Brokerage Services – Award Protest

This memorandum serves as an acknowledgement of receipt by the Authority of a response letter by Sitar Realty Company (“Sitar”) to the May 2, 2011 Hearing Officer’s report during the 10-day exceptions period. The response letter, dated May 12, 2011, was received the same day.

This memorandum also serves as a final recommendation to the Members of the Authority regarding the protest received concerning the award of a contract to Jones Lang LaSalle (“JLL”) for leasing brokerage services to the Authority, its subsidiaries and the Technology Centre of New Jersey, LLC (“LLC”) in connection with various properties that they own, operate, lease and/or manage in New Jersey. It should be noted that separate contracts will be executed for each of the two locations requiring services (Technology Center of New Jersey and Waterfront Technology Center at Camden). Our LLC partner approved the original award in accordance with the LLC operating agreement, which requires that both partners approve contract awards (“Major Decisions”).

Below is a summary time line that outlines significant milestones to date:

Original board approval of contract award to JLL:	March 8, 2011
Notification of Intent to Award to JLL sent to all bidders:	March 9, 2011
Formal protest letter received by Sitar:	March 17, 2011
Hearing Officer’s report sent to Sitar:	May 2, 2011
Exceptions Period response letter received from Sitar:	May 12, 2011

After a thorough review of the matter, as outlined in my Hearing Officer report, it was found that the protest submitted by Sitar was without merit. After reviewing the attached response letter from Sitar, and considering the information therein, I advise the board that I am not persuaded to change my original decision as outlined in the Hearing Officer report. I, therefore, continue to recommend that the contract award to JLL approved at the March 8 Authority meeting remain unchanged.

I. Discussion

In its May 12 response letter, Sitar states "Sitar hereby appeals your denial of its bid protest and requests a formal hearing before NJEDA to address the subject matter of the protest". At this juncture, the Authority's challenge process does not allow for an internal, formal hearing on the matter. A formal protest has been placed, specifically waiving the opportunity for oral presentation; the Hearing Officer report has been issued; and a 10-day exceptions period was allowed, within which Sitar crafted and forwarded a response letter. The next step in the challenge process is for the board to review the matter and decide a final agency action using the following three documents:

- The original protest letter received from Sitar
- The NJEDA Hearing Officer's report
- The response letter received from Sitar

Further, Sitar notes in paragraph two of its response letter that "Subsequent to the date of Sitar's initial protest, Sitar learned of additional grounds..." Sitar lists additional points of challenge in its response letter which the Authority is not able to consider at this point, because they are being introduced beyond the expiration of the original protest period. It should be noted by the members that Sitar was provided with all requested documentation prior to the original protest letter. Once a Hearing Officer was assigned, there were no further requests for documents.

For the board's clarification, it appears that the Sitar response letter contains an error at the end of paragraph two: "For the foregoing reasons the award to Grubb & Ellis should be declared void". I believe that Sitar meant to write "Jones Lang LaSalle" instead of "Grubb & Ellis" as the later was not awarded the contract.

Below are my observations and comments regarding specific sections in the Sitar response letter:

"Paragraph 1, Page 2"

Page 1 – This is a new point of challenge and cannot be considered. However, the Authority notes that it held two non-mandatory site visits. Attendance was recommended, but not mandatory. We cannot reject proposals from firms that did not attend.

Page 2 – This is a new point of challenge and cannot be considered. However, the Authority notes that there was no requirement that bidders present their proposals in any specific order, as long as all of the required information was provided. Cassidy Turley cannot be penalized for presenting material in any specific format.

"Page 2, Paragraph 3"

This is a new point of challenge and cannot be considered. However, the Authority notes that it is not EDA's practice to present the entire content of our files when protesting firms come onsite to review the bid files which contain the other proposals due to the fact that until contract execution, the procurement process is still active. It should be noted however, that the scores are attached to the board memo, which Sitar had access to – both when reviewing the bid files and on the day of the actual public board meeting. Sitar was aware of the board meeting date as it was published

in the RFQ/P and bidders were advised on March 4 that the project milestone dates contained in the RFQ/P remained on target.

“Page 2, Paragraph 4”

Same comment as above.

“Page 2, Paragraph 5”

Having a New Jersey “Small Business Enterprise” (SBE) certification, although supported by the Authority and the State, was not part of the evaluation criteria for this particular solicitation. It was also not a “Set-Aside” bid advertisement – a solicitation set aside only for participation by New Jersey SBE companies. The 51% requirement in the State Administrative Code is only necessary to maintain SBE certification status by SBE firms. This was not addressed in the Hearing Officer’s report because this was not brought up as one of the points of challenge in the original protest letter by Sitar.

“Page 3, Paragraph 5”

I maintain that the intent of the RFQ/P language using the word “should” indicated that the submittal was not mandatory under the “Experience” section. This is in contrast to use of the word “must” for submittals under the “Qualifications” section, in which case failure to meet requirements would render the proposal materially deficient.

Regarding “Experience”, use of the language “including, but not limited to” shows that there were various ways to demonstrate such experience.

“Page 4, Paragraph 2”

Same comment as above.

“Page 5, Paragraph 1”

The evaluation committee considered each firm’s experience and qualifications when scoring the proposals against the published evaluation criteria. As I noted in my Hearing Officer report, many factors were considered, including each firm’s overall qualifications, experience and depth of staff, detailed approach to managing the contract, quality of the proposed marketing plan, and the fee structure offered. JLL’s total score of 91 was notably higher than Sitar’s total score of 64.66.

“Page 5, Paragraph 2”

Same comment as above.

“Page 5, Paragraph 3”

Same comment as above.

“Page 6, Paragraph 1”

Same comment as above.

"Page 6, Paragraph 4"

The case that Mr. Sitar presents in this section, when compared to the facts and findings outlined in my Hearing Officer report, does not persuade me to change my original decision. It would not be fair to penalize (and reject) bidders for not completing a form which was not required.

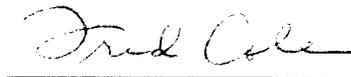
Regarding Mr. Sitar's opinion that "State bids are awarded based on the bidder who submits the proper bid in the proper format at perhaps the lowest price", I respectfully submit that, in accordance with Executive Order 37 (2006, Corzine) a contract award for professional services is to be based on "price and other factors" - the evaluation criteria outlined in the RFQ/P, which includes qualifications and experience to be identified and independently scored by the evaluation committee. This is what creates a fair and equitable process for all bidders involved in the process.

Finally, the point by Mr. Sitar that JLL is a current consultant of the Authority, which should have been disclosed in the RFQ/P - this is a new point of challenge and cannot be considered. However, the Authority notes that the existing contract with JLL is for unrelated consulting services and was originally procured for a different business unit within EDA. There is a process in place to identify and prevent conflicts of interest in the existing contract, which is about to expire and is currently being publicly bid. The Authority does not believe it was obligated, or that it would have assisted potential bidders, to disclose these facts in the lease brokerage services RFQ/P. EDA had no prior knowledge of the population of consultants who intended to submit a proposal under this solicitation. There is no requirement to include a list of all of the Authority's current vendors with the RFQ/P. Further, based on public bidding guidelines, we could not limit incumbent vendors from bidding (ex, Executive Order 37 suggests that the scoring process could include factors such as "the authority's prior experiences with the firm"). There were also no legal restrictions that would prevent an existing vendor from bidding.

II. Recommendation

In conclusion, based on my review and consideration of the exceptions period response letter submitted by Sitar, I advise the board that I am not persuaded to change my original decision as outlined in the Hearing Officer report. I, therefore, continue to recommend that the contract award to JLL approved at the March 8 Authority meeting remain unchanged.

Respectfully submitted:



Frederick J. Cole
Director – Internal Process Management

1481 Oak Tree Road
Iselin, New Jersey 08830
TEL 732.283.9000
FAX 732.283.3103
www.sitarcompany.com



May 12, 2011

Via Email: fc@njeda.com and
Certified Mail 7009 3410 0001 8373 8145, RRR

Frederick J. Cole, Director
Internal Process Management
New Jersey Economic Development Authority (NJEDA)
PO Box 990
Trenton, New Jersey 08625-0990

Re: 2011-RED-RFQ/P-BKR-0013

Dear Mr. Cole:

Sitar Realty Company ("Sitar") acknowledges receipt of your memorandum dated May 2, 2011, addressing the issues raised by Sitar's "Protest" and containing your findings of facts and interpretation of the procurement specifications. For the reason hereafter set forth Sitar hereby appeals your denial of its bid protest and requests a formal hearing before NJEDA to address the subject matter of the protest.

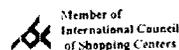
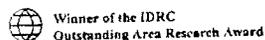
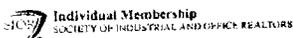
Fundamentally, a procurement process is not "competitive", "fair", "equal" or "transparent" where it is devoid of a common standard applicable to all competing vendors. Subsequent to the date of Sitar's initial protest, Sitar learned of additional grounds, not previously disclosed to it, which require disqualification of Grubb & Ellis. It is clear that in this procurement the material terms and conditions of the specifications have not been equally enforced and applied to each competing vendor. For the foregoing reasons the award to Grubb & Ellis should be declared void.

Paragraph 1, Page 2

Failure to comply with the specification of the RFQ mandating the attendance of all vendors at scheduled pre-bid showings was a condition precedent to each vendor's participation in the procurement process.

We did not see Grubb & Ellis attend either of the pre bid showings, in direct violation of the published specifications, and therefore, their submittal should have immediately been rejected and not be considered for this assignment.

ALL INFORMATION FURNISHED REGARDING PROPERTY FOR SALE, RENTAL OR FINANCING IS FROM SOURCES DEEMED RELIABLE, BUT NO WARRANTY OR REPRESENTATION IS MADE AS TO THE ACCURACY THEREOF AND SAME IS SUBMITTED SUBJECT TO ERRORS, OMISSIONS, CHANGES OF PRICE, RENTAL OR OTHER CONDITIONS, WITHDRAWAL WITHOUT NOTICE, AND TO ANY SPECIAL LISTING CONDITIONS IMPOSED BY OUR PRINCIPALS.



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Proposals were reviewed for responsiveness

The NJEDA RFQ was very clear with its RFQ by indicating that the responder should submit its RFQ response in a certain order and format. Although we spent approximately 45 minutes reviewing the bids submitted by JLL, Cassidy Turley and Grubb & Ellis it was very clear the Cassidy Turley submission did not follow the directions requested by the NJEDA. The proposal submitted by Cassidy Turley was completely out of order and submitted differently than requested by the NJEDA. Point being that if a State bid requests a certain order and submitter does not address the State's request properly, this would indicate the responder does not pay attention to the details required by the State while every other responder may have done this. This shows sloppiness and lack of detail to the State's request.

Page 2, Paragraph 3Sitar: fourth ranked by the Evaluation Committee

When Sitar representatives visited the offices of the NJEDA we reviewed the submittals from the four firms who sent bids to the NJEDA. We were not shown the checklist the committee used which contained their voting scores based on the criteria requested. I will categorically state that I have been in the commercial real estate business since 1962 (49 years) and have completed some of the largest lease/sale transactions ever completed in the State of New Jersey and after reviewing the other three competitive bids, there is no way an experienced corporate real estate director would say that the Sitar bid would be in fourth place.

Based on the above statement that Grubb & Ellis was not seen at the two pre-bid showings, we feel Grubb & Ellis should be eliminated, and Cassidy Turley should also have been eliminated as they did not present their bid in the order directed by the NJEDA. Therefore, we feel Sitar should be at the second place position and are presenting our case why Jones Lang LaSalle should be eliminated and Sitar should be awarded the bid.

Page 2, Paragraph 4Score Sheets

As mentioned above we were not shown "score sheets" and would request the right to see how the committee scored all participants' responses.

Page 2, Paragraph 5Discussions and Conclusions

Sitar also addressed the fact that it is a registered small business in New Jersey, incorporated in New Jersey and headquartered in Iselin, that all of its employees are from New Jersey, while JLL is headquartered in Chicago and founded in London. Although JLL has four offices (and Sitar has three) in New Jersey, it has only a small percentage of its employees based in New Jersey, certainly not 51% as NJ Administrative Code 17-13-2.1 requires. Furthermore 51% of JLL's business does not take place in New Jersey as the New Jersey Administrative Code also requires.

The above was not addressed or mentioned in your conclusion report which I believe to be a very important issue, particularly with the State awarding contracts to out-of-state based firms. Actually Sitar is the only New Jersey real estate company that submitted a bid that is wholly owned and operated by a New Jersey resident.

Page 3, Paragraph 5

"Experience", was intentionally crafted using the word "should" which is now interpreted contrary to its plain language meaning as defined by Webster's dictionary, and instead given a meaning that is non-mandatory and discretionary.

It appears to me that the language is "mandatory" requiring the CRE designation, and not discretionary as the specification is presently being interpreted by you. The CRE designation indicates a minimum standard in the published specification by using the term, "**including by not limited to**" in subparagraph b.

It is unfair, to ascribe a meaning to an undefined term of the specifications that is contrary to the customary use of the term. Such an interpretation shows favoritism and does not place Sitar on an equal playing field in the competition for the contract. If you look up the word "should" in Webster's Dictionary, it is defined as meaning "must; ought (used to indicated duty, propriety or expediency)". You should have done "X" does not indicate that the performance of "X" is discretionary. The word "should" does not convey discretion but mandates compliance.

The interpretation of the term as a basis to assert that the language used by the published specification is discretionary strains credulity. This is unfair and not right.

Page 4, Paragraph 2

I do not find this omission to be of particular concern since both are commonly used and understood in terms of public bidding.

Mr. Cole, I do not feel your statement is accurate that both "are commonly used and understood in public bidding". We (Sitar) and other small businesses of course, do not get the opportunity to bid many public projects and when we do we try to follow the State's RFP/Q to the exact measure. We do not believe there should be discretions as you state because we know to get a job we must follow the rules precisely which is what we did, because it is the only way a smaller firm may get an assignment. The fact that you can make that statement that "this is understood in public bidding" is beyond me. And the fact that professional designations of the lead broker falls under the discretionary category now is also beyond me, based on the way the bid package read. There is absolutely no comparison when it comes to comparing Mr. Medenbach's designations, experience, depth, lease transactions, activities within the real estate industry compared to mine. None, whatsoever.

Page 5, Paragraph 1

As mentioned previously, I have far greater experience and much greater time served and success as well as designations related to the commercial real estate industry than Mr. Medenbach.

The individual assigned to the lead broker role is William Sitar. Mr. Sitar has held the CRE for approximately 20 years, and one of only a few CRE brokers in New Jersey. Mr. Sitar is also one of only a six **dual** members of the Society of Industrial and Office Realtors in New Jersey, **holding both office and industrial designations**. Furthermore and potentially the most valuable to the NJEDA, Mr. Sitar is a Fellow with the Royal Institute of Chartered Surveyors (RICS), the world's leading qualification when it comes to professional standards in land, property and construction. Lastly, Sitar Company is a member of ONCOR International, a worldwide real estate services organization. Through these memberships, the Camden and North Brunswick properties will receive exposure to thousands of brokers across New Jersey, the United States, and the world.

The experience and expertise needed to obtain these designations shows the time, energy and dedication to the real estate business and Mr. Sitar's interest in improving himself and his desire to set himself apart from other brokers. It also is a clear indication of Mr. Sitar's ability to accurately assess the market conditions in high technology industries to develop marketing/leasing campaigns that will deliver success to the NJEDA.

Page 5, Paragraph 2

Sitar Company also has access to national and international networks through its memberships in ONCOR International, The Commercial Network (TCN) and The Society of Office and Industrial Realtors (SIOR).

Sitar Company ONCOR International has many resources and three locations in New Jersey. Sitar has 22 brokers in New Jersey and the entire company would be at the disposal of the NJEDA for this assignment. To Sitar this would be a very important assignment not one that will be given to a junior broker once the assignment is obtained as many firms tend to do. To Sitar our reputation would be on the line. We know how to get our job done and it is done by the dedication of senior brokers concentrating on the assignment. Sitar Company, through its affiliation with ONCOR International, TCN, and SIOR has more visibility, relationships and brokers throughout the world than Jones Lang LaSalle. These brokers are able to assist in leasing the NJEDA facilities. Was this taken into consideration in the voting process?

Page 5, Paragraph 3

There were numerous published criteria that were used to select JLL other than the lead broker has a professional real estate designation such as a CRE.

Sitar Company has co-published the Sitar Rutgers Regional Report for over 10 years with the Bloustein School (Joe Seneca and Jim Hughes). The fact that JLL published a quarterly analysis of conditions in the high tech biotech laboratory is no reason to select the firm. These facts are easily obtainable throughout various sources which Sitar has access to. Mr. Medenbach, I'm sure, was not personally responsible for publishing the report. Was Sitar's publication of the Sitar Rutgers Regional Report taken into consideration?

The fee structured offered by Sitar was identical to JLL's with one exception of 1/2% for lease renewals beyond a five year term.

I have already discussed Sitar's score in Paragraph 6 of Page 1, and without having seen the score I am unable to clearly respond.

You say "it is arguable that the JLL proposal complied with this requirement", i.e. professional designations. The degrees you mentioned in your description of the National Association of Realtors, ABR, ALC, GAA, GREI, CRE, CBR are not the professional designations generally accepted in the commercial real estate industry other than the CRE (Counselor of Real Estate); therefore, those other designations you mentioned are irrelevant. The designations accepted which you did not mention the NAR emphasis for commercial Realtors are as follows: SIOR (Society of Office and Industrial Realtors), and CCIM (Certified Commercial Investment Manager). I am not only a CRE but also hold a dual designation in the SIOR (both office and industrial) one of only six members in the state to have this dual designation. Not only this, I am the only broker submitter in the state to have the coveted FRICS (Fellow, Royal Institute of Chartered Surveyors) Chartered Commercial Property Surveyor designation. The Royal Institute of Chartered Surveyors is the most prestigious real estate organization in the world.

Page 6, Paragraph 1

One could argue that "professional designations" is a broad category including not only educational credentials obtained from a professional designation but includes credentials obtained from academic institutions as well such as the NYU Real Estate Diploma Program.

Although Mr. Medenbach may have graduated NYU Institute of Real Estate and has classroom experience, Mr. Sitar has some of the highest designations obtainable in the commercial real estate and were attained from long term, real life experiences, knowledge of the industry, relationships and capabilities. Was this considered in the voting process?

For example, one can go to college and earn a degree in accounting but until they pass the CPA exam they are not a certified public accountant. There are also continuing education requirements with most professional designations. Real life experiences and successes should be the most important things with which the NJEDA should be concerned.

Page 6, Paragraph 4

Submittal the Set Aside Compliance Certificate was not mandatory.

You state above that the Set Aside Compliance Certificate was not mandatory, yet in the RFQ/P there is an italicized paragraph. Paragraph 4, on Page 7 in your memorandum to me clearly states "The Set Aside Compliance Certificate considered a mandatory requirement to be completed and included as part of the proposed submission". You also state in Paragraph 3 above "I note that these instructions contain what appears to be conflictory guidance." You further state in Paragraph 5 there is "inconsistency" and furthermore state, "the response indicated that the Authority never intended for the bidders to submit the Set Aside Compliance Certificate and that any ambiguity about this was due to an Authority administrative error in the RFQ/P." Lastly you state that you consider this "an administrative oversight". Sitar Company was the only firm to submit the Set Aside Compliance Certificate and therefore feels it was the only firm to comply with the NJEDA RFQ/P and all other bidders should have been immediately rejected. It is not fair that Sitar should be penalized by not having this bid awarded it while you as hearing officer can say this is "an administrative oversight". State bids are awarded based on the bidder

who submits the proper bid in the proper format at perhaps the lowest price. Sitar complied, followed proper directions, has the experience and should be awarded the bid.

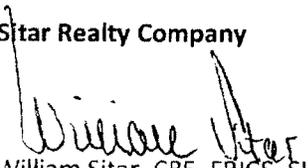
The rules are being changed in the middle of the game which is unfair and does not constitute a level playing field for Sitar.

Lastly, we have been advised that Jones Lang LaSalle has completed and/or is currently completing consultant work for the NJEDA, which could constitute favoritism in the awarding of this bid. This, too, was not disclosed to the public and should eliminate JLL from the RFQ/P bid process and could be considered a conflict.

For each of the foregoing reasons Sitar requests a bid protest hearing on the merits of its protest. Please advise of the scheduled hearing date, time and location.

Respectfully,

Sitar Realty Company


William Sitar, CRE, FRICS, SIOR
CEO and Broker of Record



To: Members of the Authority
From: Fred Cole, Director – Internal Process Management
NJEDA Hearing Officer
Date: May 2, 2011
Re: 2011-RED-RFQ/P-BKR-0013 Lease Brokerage Services – Award Protest

This memorandum is a recommendation to the Members of the Authority regarding a protest received concerning the award of a contract to Jones Lang LaSalle (“JLL”) for leasing brokerage services to the Authority, its subsidiaries and the Technology Centre of New Jersey, LLC (“LLC”) in connection with various properties that they own, operate, lease and/or manage in New Jersey.

The subject contract award was approved by the Authority’s Board at the March 8, 2011 Authority meeting. On March 9, a Notice of Intent to Award was issued to JLL, and the other bidders were advised that they were not selected via delivery of “unsuccessful” letters. On March 17, one of the unsuccessful bidders, Sitar Realty Company (“Sitar”), submitted a formal letter of protest regarding the Authority’s selection claiming that two material deficiencies exist with respect to JLL’s proposal and that it should have been rejected. A copy of that letter of protest is attached hereto.

After a thorough review of the matter, it is my finding that the protest submitted by Sitar is without merit. I, therefore, recommend that the contract award to JLL approved at the March 8 Authority meeting remain unchanged.

I. Procedural Background

On February 2, 2011, the Authority duly advertised and issued a Request for Qualifications and Proposals (“RFQ/P”) for leasing brokerage services on behalf of itself, its subsidiaries and the LLC in connection with various properties that they own, operate, lease and/or manage in New Jersey, including the Waterfront Technology Center at Camden and the Technology Centre of New Jersey located in North Brunswick. The RFQ/P provided that the services to be rendered by the successful bidder would be for a three year term, with the option to renew for an additional two years at the sole discretion of the Authority and/or the LLC.

Bids were received and publicly opened at the Authority's office on February 23, 2011. A review of the file indicates that four (4) bids were received in response to this solicitation. On February 25, proposals were reviewed for responsiveness and then scored and ranked using evaluation criteria set forth in the RFQ/P. These tasks were performed by an evaluation committee, which was comprised of three staff members of the Authority's Real Estate Development Division, the requesting department ("Evaluation Committee"). The standard of review used by the Evaluation Committee, which is set forth in Section M(5) ("Award") of the RFQ/P, provides as follows:

"Selection of the successful firm by NJEDA will be based upon a determination by NJEDA and the LLC, in their sole discretion, of which proposal is viewed as the most favorable based on the successful Firm's qualifications, firm and staff experience, depth of staff, price and other factors, as determined by NJEDA and as further outlined in this RFQ/P."

Based on the criteria set forth above, the Evaluation Committee determined that the proposal submitted by JLL was the most favorable and recommended that the leasing brokerage services contract be awarded to JLL. A formal recommendation for award was presented to and approved by the LLC on February 25, 2011 and by the Authority's Board at the March 8th Authority meeting.

On March 9, a Notice of Intent to Award was issued to JLL, and the three other bidders were advised that they were not selected via delivery of "unsuccessful" letters. On March 10, Sitar, whose bid was fourth-ranked by the Evaluation Committee, sent a letter to Cathleen Schweppenheiser, NJEDA Real Estate Project Officer, expressing its intention to file a formal protest. On March 16, Sitar issued a formal letter of protest to the Authority (received on March 17) detailing the basis for its challenge and specifying the alleged material deficiencies upon which its protest is based. Sitar did not request an oral presentation. On March 22, the Authority's Chief Executive Officer appointed me as the Hearing Officer for this matter. On March 23, I contacted Mr. William Sitar, CEO of Sitar, to introduce myself and to identify myself as the Hearing Officer regarding his protest.

As Hearing Officer, I have carefully and thoroughly reviewed all of the documents that comprise the RFQ/P for this contract, including but not limited to the Q & A form, the Evaluation Committee score sheets and memo, the Authority Board memo, as well as the proposals submitted by the four bidders. I also conducted such further inquiry as needed to make my review complete and thorough, including discussions with members of the Real Estate Development Division staff, the Evaluation Committee, and the Authority's legal counsel at the NJ Division of Law (DAG Sudi A. Solomon). My findings are summarized as follows and individually address each of Sitar's two assertions against JLL's bid.

II. Discussion and Conclusions

Sitar's March 16 letter of protest asserts that JLL's proposal is materially deficient for the following two reasons: i) failure to submit professional designations of lead broker; and ii) failure to submit a "Set Aside Compliance Certificate". Sitar argues that the contract award to JLL should, therefore, be reversed.

Issue 1. Failure to submit professional designations of lead broker

Sitar first asserts that JLL's proposal should have been rejected since JLL's lead broker for this contract, James Medenbach, does not have any professional designations and that this was a

mandatory requirement under the RFQ/P. Sitar claims that instead of demonstrating that Mr. Medenbach had any real estate designations, the JLL proposal merely stated that Mr. Medenbach had 24 years of experience and then listed some assignments that he concluded.

According to the RFQ/P, the proposing firm must meet all of the qualifications and experience outlined in the RFQ/P to be eligible for consideration. (Section A - "Joint Ventures"). Section D (ii) of the RFQ/P sets forth what the bidder should demonstrate in order to show that it has the requisite experience for the contract. It provides as follows:

"Proposals should demonstrate that a Proposer has a high level of experience in all of the areas of service covered by this RFQ/P including, but not limited to:

- a. Firms should demonstrate a proven track record, staff resources and experience to be able to provide Leasing Brokerage Services within the State of New Jersey.*
- b. Experience in providing Leasing Brokerage Services, including but not limited to:*
 - The individual assigned as the lead broker for this project should have a Counselor of Real Estate (CRE) designation or other professional designation demonstrating advanced proficiency in the real estate industry.*
 - The Broker should demonstrate it possesses the necessary skills and experience to accurately assess the market condition in high technology industries.*
 - The Broker should demonstrate successful experiences working with similar projects in the private and public sectors." (underlinings added for emphasis)*

Sitar claims that JLL failed to satisfy the first requirement under subsection (b) above, i.e. the lead broker for this project should have a Counselor of Real Estate (CRE) designation or other professional designation demonstrating advanced proficiency in the real estate industry.

A. Submittal of professional designation of lead broker was not mandatory.

During my investigation, I discussed Sitar's claim with the Authority's Real Estate Development Division, who prepared the RFQ/P. They indicated that the RFQ/P language set forth in Section D(ii), the subsection requesting the bidder's "Experience", was intentionally crafted using the word "should", which they interpret as non-mandatory discretionary language. I was told that this was done deliberately in order to indicate that failure to submit any of the information under "Experience" would not render the proposal materially deficient. The language was drafted in this permissive manner so as to generate competition among interested firms while still meeting the business needs of the Authority. Thus, submittal of any of the information listed under the "Experience" section, including professional designations of the lead broker, was recommended, but was not intended to be mandatory.

Real Estate Development Division staff pointed out that, conversely, they deliberately used the mandatory word "must" in Section D(i), the subsection requesting the bidder's "Qualifications" for the contract. This was done so as to indicate that a bidder was required to demonstrate all of the listed information in that section and that failure to so submit would render the proposal materially deficient. In pertinent part, that section provides as follows: "In order to be considered for selection, the successful Firm must be able to demonstrate in its Proposal that it has ..." (underlining added for emphasis).

In reviewing the RFQ/P in its entirety, I confirmed that usage of the words "must" and "should" appeared to be deliberate throughout the document so as to draw a distinction between those submittal items which were required and those which were merely recommended. Real Estate

Development Division staff further confirmed that it is the Authority's standard practice to use these two words in such a manner when drafting solicitations.

Although neither "should" nor "must" are defined terms in the RFQ/P, I do not find this omission to be of a particular concern since both are commonly used and understood terms in public bidding. Based on the foregoing, I am satisfied that the differential use of the words "should" and "must" within the RFQ/P is sufficiently clear so as to indicate that certain bid requirements were mandatory and others were discretionary and that the submittal of professional designations of the lead broker falls under the discretionary category.

Notwithstanding the above, I should point out that, although not raised in Sitar's protest letter, there appears to be an ambiguity in the RFQ/P regarding this issue. Section K of the RFQ/P, entitled "Submittals", sets forth a list of items which "must" be included with all proposals." It lists a total of 16 items. Based on the foregoing explanation given to me by Real Estate Development Division staff, the use of the word "must" indicates that these are all mandatory submittal items. Item 9 in that section, however, reads as follows: "The following items should also be included with all Proposals: All information/documentation referred to in Section D (ii)(a) and (b)...." (underlining added for emphasis) As mentioned above, Section D(ii) is the "Experience" subsection. The foregoing use of the word "should" in item 9 indicates that the information requested in that subsection is non-mandatory. I note that this seems inconsistent with the use of the mandatory language appearing at the beginning of Section K.

I posed a question to the Real Estate Development Division staff about this ambiguity in Section K of the RFQ/P. The response indicated that this was the result of an inadvertent administrative error. The non-mandatory submittal language appearing in item 9 was actually intended to relate to items 9 through 16 and should not have been positioned so as to modify item 9 only. It was intended to commence a separate subsection of Section K for all non-mandatory submittals. I acknowledge that this drafting error could conceivably have caused confusion among the bidders, however, it is noteworthy that none of the bidders appeared to be confused as none sought clarification of this point during either of the two site tour visits or during the two week Question and Answer period. Further, regardless of the ambiguity, there was consistency throughout with respect to usage of the word "should" in Section D ("Qualifications, Experience and Information"), the section that Sitar questions.

The professional designations of the lead broker were only one of numerous factors used to evaluate experience of the bidder. In reading the requirements of the RFQ/P, it became evident that some of the most important qualities that the RFQ/P solicited were:

- Knowledge of the high tech market, specifically, the more focused niche experience with leasing laboratory space (Sections D(i)(a) and D(ii)(b));
- The depth of staff working for the company (Section D(ii)(a));
- Location of the company office(s) supporting the contract in relation to the two facilities located in North Brunswick and Camden (Section D(i)(b));
- Knowledge of the real estate market conditions in both the North Brunswick and Camden locations (Section D(ii)(b));
- Experience in working with the high-tech industry (Sections D(i)(a) and D(ii)(b)).

James Medenbach, Senior Vice President for JLL, was identified in JLL's proposal as the lead broker who would perform the services under the RFQ/P. The proposal demonstrated the following in support of his experience. Mr. Medenbach is a graduate of Rider University and New York University's Real Estate Diploma Program and has over 24 years of experience in the real estate industry. This experience includes transactions for research and development /high-tech and office space in New Jersey. Mr. Medenbach has worked with both private and public sector clients and landlords. He successfully has completed projects on behalf of the State of New Jersey and the US Government. He has also served many high-tech/bio-tech companies regarding laboratory projects. Further, Mr. Medenbach has detailed knowledge of the Authority's technology facilities, having completed numerous leasing and sublease transactions at The Technology Centre of New Jersey in North Brunswick as representative for several tenants.

Review of the JLL proposal indicates other factors which were attributed to the firm's high ratings for qualifications and experience, which corresponds to the above cited criteria, including:

- In support of the Governor's and Lieutenant Governor's efforts to attract businesses to the State, the JLL brokerage team has access to national and international networks and resources to create awareness of the Authority's leasing opportunities to companies that are considering locating or relocating in New Jersey.
- JLL publishes a quarterly analysis of conditions in the high-tech/bio-tech laboratory market.
- JLL has many resources and diverse office locations – four in New Jersey, including a Cherry Hill office to assist in supporting the Camden market. JLL has 65 brokers in New Jersey, whereas the other bidders have far fewer brokers in New Jersey.

Many factors were considered when evaluating the qualifications and experience of each firm and its lead broker. As indicated above, there were numerous published criteria that were used to select JLL other than whether the lead broker has a professional real estate designation such as CRE. Criteria included the firm's overall qualifications, experience and depth of staff, detailed approach to managing the contract including the quality of the proposed marketing plan, and the fee structure offered. JLL's total Evaluation Committee score of 91/100 was higher than the scores of the other bidders and notably higher than Sitar's total score of 64.66/100.

B. Even if submittal of professional designations was deemed to be a mandatory submittal item, it is arguable that the JLL proposal complied with this requirement.

The term "other professional designation" was not defined in the RFQ/P. Although the National Association of Realtors® ("NAR"), a trade organization for real estate agents, and its affiliated entities offer certain designations to assist its members to increase skills, proficiency, and knowledge,¹

¹ Among the various NAR designations are:

- ABR® – Accredited Buyer's Representative
- ALC – Accredited Land Consultant
- GAA – General Accredited Appraiser

nothing in the RFQ/P equated the term “other professional designation” with these NAR designations. One could argue that “professional designation” is a broad category including not only educational credentials obtained from a professional organization such as NAR, but includes credentials obtained from academic institutions as well, such as the New York University’s Real Estate Diploma Program.

Conclusion: A review of the RFQ/P in its entirety indicates that the language in the RFQ/P is sufficiently clear so as to draw a distinction between which bid requirements were mandatory and which were discretionary. I am satisfied that submission of professional designations of the lead broker falls into the latter category. The RFQ/P did not require that a bidder must submit these designations. Their submittal was merely recommended. Although there was an administrative error in the RFQ/P which may conceivably have caused some confusion among bidders as to whether submittal of the lead broker’s professional designations was a mandatory requirement, none of the bidders sought clarification on this point. Submission of the professional designations of the lead broker was only one of numerous factors used in evaluating a bidder’s experience. The Evaluation Committee was satisfied, based on other material submitted, that the lead broker and the JLL firm itself have a sufficient level of advanced proficiency in the real estate industry, and specifically in representing transactions for laboratory space within the high-tech/bio-tech industry segment. Even if submittal of professional designations was deemed to be a mandatory requirement, though, the JLL proposal arguably complied with that requirement by indicating that its lead broker had an academic real estate designation.

Issue 2: Failure to submit a “Set Aside Compliance Certificate”

Mr. Sitar also claims that, as per the RFQ/P, “failure to complete and submit the Set-Aside Compliance Certificate will be a sufficient basis to deem the proposal non-responsive and thus subject to mandatory rejection.” He further claims that JLL’s proposal failed to include this certificate and should thus be rejected. Mr. Sitar wrote:

“A review of the bids shows that Sitar was the only firm of the four bidders to fill out and submit the Set Aside Compliance Certificate, therefore, all other bidders should have been subject to the mandatory rejection as stated in the RFQ/P. Sitar took the extra time and effort to thoroughly go through all of the directions set forth by the NJEDA, while the others did not. Lack of attention to details, during a lease negotiation for example, can cause future problems should questions arise about the clarity or working of the lease.”

A. Submittal of the Set Aside Compliance Certificate was not mandatory.

Section J of the RFQ/P is entitled “Compliance Requirements”. Subsection (d) is the “Set Aside” provision which sets forth an explanation of the Authority’s set aside goals for the engagement of small business enterprises (“SBE”) when it procures goods and services. In pertinent part, that provision also states the following: “All proposers should complete the attached SET ASIDE

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- GRI – Graduate, Realtor Institute
 - CRE® – Counselor of Real Estate
 - CRB – Certified Real Estate Brokerage Manager

INFORMATION FORM (Exhibit F-7) and submit it with their Proposal. If the Proposer is a certified SBE, proof of certification should be submitted with the Proposal."

Attached to the RFQ/P as Exhibit F-7 is a three page document. The first page of the document is entitled "New Jersey Economic Development Authority Set Aside Information Form Goods and Services". The "Set Aside Information Form" assists the Authority in determining if a proposer is registered as a SBE firm. It was properly completed and submitted by all of the bidders, including the JLL firm.

Pages 2 and 3 of Exhibit F-7 consist of an explanation of the Authority's small business set aside goals and instructions. I note that these instructions contain what appears to be conflicting guidance. The instructions are a combined template exhibit for both the "Set Aside Information Form" (required in this solicitation) and the "Set Aside Compliance Certificate" (not required in this solicitation). The superfluous language within the instructions reads as follows:

"In addition, all Proposers must complete and submit the attached "Set Aside Compliance Certificate" with their proposal. The "Set Aside Compliance Certificate" is considered a mandatory requirement to be completed and included as part of the proposal submission. Failure to complete and submit the "Set Aside Compliance Certificate" will be a sufficient basis to deem the Proposer's proposal non-responsive and thus subject to mandatory rejection."

I posed a question to the Real Estate Development Division staff regarding this apparent inconsistency. The response indicated that the Authority never intended for the bidders to submit the Set Aside Compliance Certificate and that any ambiguity about this was due to an Authority administrative error in the RFQ/P.

As Hearing Officer, I consider the language that was left in the instructions for the "Set Aside Information Form" an administrative oversight. The actual NJEDA Set Aside Compliance Certificate was not included as part of Exhibit F-7. This form, created specifically by and for NJEDA, assists in the administration of the Authority's set-aside program, when applicable. It allows the Authority to effectively assess the proposer's plan for attaining specified, applicable set-aside goals and/or documenting the firm's good faith effort to meet any applicable set-aside goals. The "Set Aside Compliance Certificate", as referenced in Sitar's protest letter, was not required by the Authority in this solicitation because:

- The RFQ/P requires that the broker of record perform all of the services contemplated under the contract award. (Section A – "Purpose and Intent") Since the use of subcontractors is not permitted, there was no need to require bidders to certify that they would meet specific set-aside goals through identified subcontractors.
- The solicitation itself was not intended to be, nor was it advertised to be, for a "Set Aside" contract – one that is specifically earmarked for SBE proposers only.
- The language in Section J, paragraph d. of the RFQ/P requests submittal of a "Set Aside Information Form" only with the proposal.
- Section K of the RFQ/P, "Submittals", a form of checklist used to assist bidders, did not reference a "Set Aside Compliance

- Exhibit F-7, attached to the RFQ/P, did not contain a “Set Aside Compliance Certificate”. It contained only the requested “Set Aside Information Form” described above.

Sitar’s RFQ/P response included a specimen form of NJEDA “Set-Aside Compliance Certificate - Goods and Services Contracts” [version: S-A Complnce Certif form (Exhibit I) Rev 6 (12-11-09)] apparently obtained from another, unrelated Authority RFQ/P advertisement. There was no “Exhibit I” contained as part of this RFQ/P for leasing brokerage services issued by the Authority, and no other bidders submitted this certificate with their proposal. Accordingly, it would be inequitable to penalize the other bidders, including JLL, for not submitting a form which the RFQ/P did not require or include.

Moreover, it is noteworthy that none of the bidders requested clarification regarding the submittal of the Set Aside Compliance Certificate, although there was ample opportunity to do so. Sitar or any of the other bidders could have:

- Clarified any confusion caused by the inclusion of the “generic” instruction sheet during site tour #1, when other clarifying discussion about the RFQ/P occurred, including questions and guidance on other compliance requirements;
- Clarified any confusion caused by the inclusion of the “generic” instruction sheet during site tour #2, when other clarifying discussion about the RFQ/P occurred, including questions and guidance on other compliance requirements;
- Availed themselves of the opportunity to clarify this requirement during the two week Q&A period. Sitar submitted questions during this period, but none requested clarification of this topic. None of the other bidders attempted to clarify this requirement during the Q&A period either.

The fact that none of the bidders requested clarification regarding the necessity to submit the Set Aside Compliance Certificate during any of the above opportunities suggests to me that there was no perceived ambiguity within the RFQ/P regarding this matter and that the solicitation was sufficiently clear that such submittal was not required.

Conclusion: JLL’s bid package shows that JLL, as the bidder, properly submitted a completed “Set Aside Information Form”. I am satisfied that submittal of the Set Aside Compliance Certificate was not required and any indication to the contrary in the RFQ/P was an inconsequential administrative error.

Even assuming that it was required, the Authority is advised by its legal counsel, the NJ Division of Law, that there is well established case law confirming the Authority’s right to waive minor, technical defects in a proposal where the RFQ/P reserves to the Authority the right to waive such defects. Section M, item 4 of the RFQ/P expressly states that the “NJEDA reserves, in its sole discretion, the right to waive minor elements of non-compliance of any Firm’s Proposal with regard to the requirements outlined in this RFQ/P.” I am also advised that case law sets forth

the test for determining whether a defect in a contract proposal is material and necessitates that the proposal be invalidated and rejected. A two-prong test of materiality has been established by the New Jersey Supreme Court. First, to be a waivable defect, it must not deprive the Authority of its assurance that the bidder will be able to enter into and perform the contract according to its terms; and second, the defect must not be of the nature that its waiver would give the bidder advantage over other bidders or otherwise undermine the necessary standard of fair competition. Minor or technical defects in a proposal can be waived. See, Meadowbrook Carting Co. v. Island Heights Borough, 138 N.J. 307, 315 (1994) citing Township of River Vale v. R.J. Longo Constr. Co., 127 N.J. Super. 207 at 215. See also, Terminal Const. Corp. v. Atlantic Cty. Sewerage Auth., 67 N.J. 403 (1975). New Jersey case law recognizes a limitation on requiring strict compliance with all bidding requirements set forth in a solicitation in order to not unnecessarily frustrate the Authority's interest in accepting the most favorable responsive proposal and award the contract accordingly.

I conclude that the failure of JLL to submit a Set Aside Compliance Certificate will not in any way affect JLL's ability to perform the contract services which, as stated earlier, are not even permitted to be subcontracted out. Moreover, accepting JLL's proposal without this certificate will not undermine the fairness standard of the bid process. The certificate was not required and was not even included in the bid packet. Only one of the four bidders did submit this form. In these circumstances, what would undermine the fairness of the bid process is penalizing a bidder who did not submit this certificate when it was not a mandatory requirement of the RFQ/P.

III. Recommendation

In conclusion, based on the above information and analysis, I am not convinced that the JLL proposal was non-compliant with the requirements of the RFQ/P for the two reasons stated in the Sitar letter of protest. I, therefore, find that the protest submitted by Sitar Realty Company is without merit, and I recommend that the contract award to Jones Lang LaSalle approved at the March 8, 2011 Authority meeting remain unchanged.

Respectfully submitted:



Frederick J. Cole
Director – Internal Process Management

181 Oak Tree Road
Edm. New Jersey 08870
Tel: 732.283.6000
Fax: 732.283.3165
www.sitarcompany.com



March 16, 2011

Frederick J. Cole, Director
Internal Process Management
New Jersey Economic Development Authority
36 West State Street
Trenton, NJ 08625

Re: 2011-RED-RFQ/P-BKR-0013

Dear Mr. Cole:

Thank you for your letter dated March 11, 2011 describing the procedures to protest the Leasing Brokerage Services RFQ dated February 2, 2011. This letter outlines Sitar's reasons for protest.

- I. Name of Proposer submitting the protest.
William Sitar, CEO for Sitar Realty Company
- II. Name of Contract award being protested
Request for Qualifications (RFQ/P) Leasing Brokerage Services for the New Jersey Economic Development Authority and The Technology Centre of New Jersey, LLC. Reference 2011 – RED-RFO/P-BKR-0013 dated February 2, 2011.
- III. Grounds for submitting Protest including all materials and documents that support the protest.

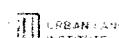
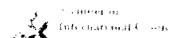
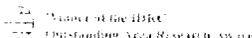
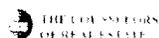
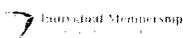
There are several reasons why we are protesting the vendor selection by the Authority. Documents to support these facts are attached.

Reason 1

Section D Qualifications, Experience and Information, Paragraph ii (b) 1, states, "The individual assigned as the lead broker for this project should have a Counselor of Real Estate (CRE) designation or other professional designation demonstrating advanced proficiency in the real estate industry."

Mr. Medenbach, the lead broker for JLL, the winning bidder, has no professional designations. Upon review of the JLL proposal, I noticed JLL bypassed this point and instead stated that Mr. Medenbach had had 24 years of experience and then listed some assignments he concluded.

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ONCOR INTERNATIONAL

In the case of the Sitar Proposal, as the lead broker, I have been in the commercial real estate industry/business for 48 years having concluded some of the largest real estate transactions in the state. I have a Counselor of Real Estate (CRE) designation and have been a CRE for approximately 19 years. I am also a Society of Office and Industrial (SIOR) Realtor one of only eight in the State of New Jersey to hold the dual member certification being both an office and industrial specialist.

Furthermore, I am a Fellow of the Royal Institute of Chartered Surveyors, the most respected real estate organization in the world. I have earned the designation of Chartered Commercial Property Surveyor. Very few professionals in the real estate industry, and certainly in the State of New Jersey, hold this coveted designation which is known and respected throughout the world.

The experience and expertise needed to obtain these designations shows the time, energy and dedication to the real estate business and my interest in improving myself along with my desire to set myself apart and above other brokers. These initiatives on my part will surely benefit the NJEDA leasing effort. The need for having a professional designation was very specific within the NJEDA RFQ/P.

Reason 2

Section F-7, Page 3, clearly states, "Failure to complete and submit the *SET ASIDE COMPLIANCE CERTIFICATE* will be a sufficient basis to deem the proposal non-responsive and thus subject to mandatory rejection.

A review of the bids shows that Sitar was the only firm of the four bidders to fill out and submit the Set Aside Compliance Certificate, therefore, all other bidders should have been subject to the mandatory rejection as stated in the RFQ/P. Sitar took the extra time and effort to thoroughly go through all of the directions set forth by the NJEDA, while the others did not. The ability to follow directions and pay attention to details is important to this type of assignment. Lack of attention to details, during a lease negotiation for example, can cause future problems should questions arise about the clarity or working of the lease.

Furthermore, Sitar Realty is a registered small business, incorporated in the State of New Jersey, is headquartered in New Jersey, and has a total of three offices here. We have been in the real estate business in New Jersey since 1961. William Sitar, the Principal, has lived in New Jersey his entire life. Every employee working for Sitar is a resident of New Jersey. Our principal flow of business is with and for New Jersey business.

This State of New Jersey assignment was given to JLL, a company headquartered in Chicago and founded in London. Although JLL has four offices located throughout New Jersey, it has only a small percentage of its employees based here. Furthermore 51% of its business does not take place in Jersey nor does 51% of its employees work in New Jersey as New Jersey Administrative Code 17:13-2.1 requires.

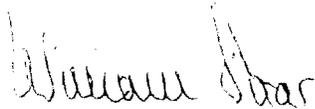
The news section of the NJEDA website contains the following quote from Lt. Governor Kim Guadagno. "Our Administration understands that small businesses play a vital role in New Jersey's

economy and we've made supporting these important job creators a top priority." Sitar Realty is a New Jersey based registered small business that met or exceeded all of the qualifications for this assignment, and this is another reason we should be awarded this contract.

Sitar sees no need to request an oral presentation since our review of all materials submitted by all the other bidders show these bids should have been immediately rejected based on our findings shown above. However, should members of the NJEDA find that an oral presentation is necessary, we will make ourselves available. Thank you.

Respectfully,

Sitar Company•ONCOR International

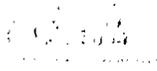


William Sitar, FRICS, CRE, SIOR
Chartered Commercial Property Surveyor
CEO and Broker of Record

WS/ves

cc C. Schweppenheiser
D. Nuse

EXHIBIT F-7



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
SET ASIDE INFORMATION FORM
GOODS AND SERVICES

RFP #: _____

PROJECT NAME: _____

Company Name: _____

Address: _____

City, State, Zip Code: _____

Contact Name and Title: _____

E-Mail: _____

Telephone Number: _____

Are you registered with the NJ Department of Treasury, Division of Minority and Women Business Development - Office of Business Services (Business Call Center - 800-534-7899) as a Small Business Enterprise (SBE)?

_____ Yes _____ No [If yes, attach copy of Certificate of Registration]

If Yes, Registration Number: _____

If no, have you applied TO become registered? _____ Yes _____ No

Application date: _____

Type of Business: _____

Commodity Code: _____

Is your company a corporation? _____ Yes _____ No

Is your Company a Small Business [*no more than 100 full-time employees*]:

_____ Small Business with Gross Revenues that *do not* exceed \$500,000.

_____ Small Business with Gross Revenues that *do not* exceed \$12 million or the applicable Federal Revenue Standards established at 13 CFR 121.201 incorporated herein by reference, whichever is higher.

Is your company a Minority-Owned Business? _____ Yes _____ No [optional]

If yes, please specify Ethnicity: _____ [optional]

Is your company a Woman-Owned Business? _____ Yes _____ No [optional]

Please answer all questions, check those responses that apply, and return to:

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
ATTN: Real Estate Division
P.O. Box 990
Trenton, NJ 08625-0990

THIS FORM MUST BE SUBMITTED WITH THE PROPOSAL

SET ASIDE:

In accordance with the requirements of N.J.A.C. 17:13 and N.J.A.C. 17:14, as amended, the Authority is required to develop a set-aside business plan for Small Business Enterprises (SBEs). The Authority encourages the participation of SBE firms as certified by the Department of Treasury, Division of Minority and Women Business Development for the services subject to this RFQ/P. Information regarding SBE certification can be obtained by contacting the Office of Business Services at (609) 292-2246 or at their offices at 20 West State Street, P.O. Box 820, Trenton, NJ 08625-0820 or on line via the State's Business website at:

<http://www.newjerseybusiness.gov>

It is the Authority's goal to award twenty-five (25%) percent of the dollar value of its contract to eligible small businesses whose principal place of business is New Jersey, is independently owned and operated, has no more than one hundred (100) full-time employees, and whose gross revenues do not exceed \$12 million dollars or the applicable annual revenue standards set forth in 13 CFR 121.201, incorporated herein by reference and as may be adjusted periodically, whichever is higher, and satisfies any additional eligibility standards under this chapter.

Reference: www.sba.gov/ocs/ezprocurement/library/laws_and_regulations/index.html.

NAICS Codes can be obtained at www.census.gov/eod/www/naics.html

FOR GOODS AND SERVICES:

It is the Authority's goal to award:

- Ten (10%) percent of its contracts to eligible small businesses whose principal place of business is New Jersey, is independently owned and operated, has no more than 100 full-time employees, and whose gross revenues do not exceed \$500,000;
- Fifteen (15%) percent of its contracts to eligible small businesses whose principal place of business is New Jersey, is independently owned and operated has no more than 100 full-time employees, and whose gross revenues do not exceed \$12 million dollars or the applicable federal revenue standards established at 13 CFR 121.201 incorporated herein by reference, whichever is higher.

Therefore, all Proposers should complete the attached "SET ASIDE INFORMATION FORM" and submit it with their proposal.

In addition, all Proposers must complete and submit the attached "SET ASIDE COMPLIANCE CERTIFICATE" with their proposal. The "SET ASIDE COMPLIANCE CERTIFICATE" is considered a mandatory requirement to be completed and included as part of the proposal submission.

THIS FORM MUST BE SUBMITTED WITH THE PROPOSAL

Failure to complete and submit the "*SET ASIDE COMPLIANCE CERTIFICATE*" will be a sufficient basis to deem the Proposer's proposal non-responsive and thus subject to mandatory rejection.

The successful Firm must submit a "*MONTHLY STATUS REPORT*" with its invoice, on a monthly basis to the Authority. Invoices will not be processed unless accompanied by the "*MONTHLY STATUS REPORT*".

IMPORTANT:

Failure to complete and submit the *SET ASIDE COMPLIANCE CERTIFICATE* will be a sufficient basis to deem the proposal non-responsive and thus subject to mandatory rejection

Westlaw
N.J.A.C. 17:13-2.1

N.J. Admin. Code tit. 17, 17:13-2.1

Title 17
Small Business

C

New Jersey Administrative Code Currentness

Title 17. Treasury--General

Chapter 13. Goods and Services Contracts for Small Businesses (Refs & Amos)

Subchapter 2. Eligibility Requirements for Small Businesses

17:13-2.1 Standards of eligibility for small businesses

(a) In order to be eligible as a small business, a business must satisfy all of the following criteria:

1. The business must be independently owned and operated, as evidenced by its management being responsible for both its daily and long term operation, and its management owning at least 51 percent interest in the business.

2. The business must be incorporated or registered to do business in the State and have its principal place of business in New Jersey, defined as such when either 51 percent or more of its employees work in New Jersey, as evidenced by the payment of New Jersey unemployment taxes, or 51 percent or more of its business activities take place in New Jersey, as evidenced by its payment of income or business taxes.

3. The business must be a sole proprietorship, partnership, limited liability company, or corporation with 100 or fewer employees in full-time positions, not including:

i. Seasonal and part-time employees employed for less than 90 days, if seasonal and casual part-time employment are common to that industry; and

ii. Consultants employed under other contracts not related to the goods and services which are the subject of the specific contract for which the business wants to be eligible as a small business.

4. The business must have gross revenues that do not exceed \$12 million or the applicable Federal revenue standards established at 13 CFR 121.201, incorporated herein by reference, whichever is higher.

i. Gross revenues of a business which has been in business for three or more completed years means the revenues of the business over its last three completed tax years divided by three.

ii. Gross revenues of a business which has been in business for less than three complete tax years means the revenues for the period the business has been in business divided by the number of weeks in business, multiplied by 52.

N.J.A.C. 17:13-2.1

Page 2

N.J. Admin. Code tit. 17, 17:13-2.1

iii. Gross revenues of a business which has been in business three or more complete tax years but has a short year as one of those years means the revenue for the short year and the two full years divided by the number of weeks in the short year and the two full years, multiplied by 52.

(b) In addition to (a) above, the Division may limit participation in its small business set-aside programs to businesses whose individual owners do not exceed \$750,000 in personal net worth.

(c) Eligibility is formalized by the Division's registration and approval process.

(d) Small businesses will be registered in one of the following three categories:

1. Small businesses whose gross revenues do not exceed \$500,000;

2. Small businesses whose gross revenues do not exceed \$5 million; or

3. Small businesses whose gross revenues do not exceed \$12 million or the applicable Federal revenue standards established at 13 CFR 121.201, incorporated herein by reference, whichever is higher.

(e) Small businesses registered in the category in (d)1 above will be eligible to participate in set-aside contracts and subcontracting programs available to businesses registered in the categories in (d)1, 2 and 3 above. Small businesses registered in the category in (d)2 above will be eligible to participate in set-aside contracts and subcontracting programs available to businesses registered in the categories in (d)2 and 3 above. Small businesses registered in the category in (d)3 above will be eligible to participate in set-aside contracts and subcontracting programs available to businesses in the category in (d)3 above only.

Adopted by R.2009 d.129, effective April 20, 2009.

CHAPTER EXPIRATION DATE

Chapter 13, Goods and Services Contracts for Small Businesses, expires on April 20, 2014.

HISTORICAL NOTES

Source:

2009. See: 40 N.J.R. 5541(a), 41 N.J.R. 1879(a).

17:13-2.1, NJ ADC 17:13-2.1

February 7, 2011: 43 N.J. Reg. No. 3

2. Waterfront Technology Center, Camden, NJ
 - **Scope of Services:** Leasing brokerage services
[To be contracted by the NJEDA]
Refer to Exhibit D which also includes property description and rent roll.

Each of the above listed properties requires separate and distinct leasing brokerage services which will be generally outlined by the terms, conditions, specifications and Scope of Services included in this RFQ/P. Furthermore, the successful Firm may also be retained by the NJEDA and/or the LLC on a sole source basis to provide additional services for additional NJEDA and/or LLC owned, operated, leased, or managed properties. It is understood that the successful Firm may be retained by the NJEDA and/or the LLC if, in the sole discretion of the NJEDA and/or the LLC, it is determined that additional services are required and that such procurement is in the best interest of the NJEDA and/or the LLC. It is further understood that the NJEDA and/or the LLC are under no obligation to solicit a proposal and/or retain the successful Firm on a sole source basis to provide any such additional services. Where applicable, payment for these additional services will be based on the commission and override rates as outlined in the successful Firm's Fee Proposals.

D. QUALIFICATIONS, EXPERIENCE and INFORMATION

- i) **QUALIFICATIONS** - In order to be considered for selection, the successful Firm must be able to demonstrate in its Proposal that it has:
 - a. Experience in providing Leasing Brokerage Services, including but not limited to:
 - The Broker must have at least five (5) years of industry knowledge and experience in the leasing of high technology space.
 - The Broker must have at least ten (10) years experience in the New Jersey leasing market.

- A valid New Jersey Real Estate Brokerage Services License.
- b. Firms must have a significant regional business office located in the State of New Jersey.

ii) **EXPERIENCE** - Proposals should demonstrate that a Proposer has a high level of experience in all of the areas of service covered by this RFQ/P including, but not limited to:

- a. Firms should demonstrate a proven track record, staff resources and experience to be able to provide Leasing Brokerage Services within the State of New Jersey.
- b. Experience in providing Leasing Brokerage Services, including but not limited to:
 - The individual assigned as the lead broker for this project should have a Counselor of Real Estate (CRE) designation or other professional designation demonstrating advanced proficiency in the real estate industry.
 - The Broker should demonstrate it possesses the necessary skills and experience to accurately assess the market condition in high technology industries.
 - The Broker should demonstrate successful experiences working with similar projects in the private and public sectors.

iii) **INFORMATION** - In order for a Proposal to be reviewed and evaluated, NJEDA will need the following information:

- a. Name, business address, telephone and fax number of the company headquarters and regional business offices;
- b. Federal Tax ID #;
- c. State of New Jersey SBE/MBE/WBE Certifications, if applicable;



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: June 14, 2011

SUBJECT: Revel Atlantic City, LLC/Revel Entertainment Group, LLC

The Members are asked to review de novo and retroactively ratify nunc pro tunc (Latin , “now for then”) , as of February 1, 2011, the previous action taken at the February 1, 2011 Special Meeting regarding the recommended reimbursement grant of \$261,364,000 to Revel Atlantic City, LLC and Revel Entertainment Group, LLC under the Economic Redevelopment and Growth Grant Program (P.L. 2009, c.90 (N.J.S.A. 52:27D-489 a through o), its guidelines and the regulations governing the program (adopted by the Board at its April 12th meeting).

Attached is the February 1, 2011 board memo recommending the reimbursement grant and all supporting documents. All other requirements and conditions of the approval remain unchanged and in effect.

A handwritten signature in black ink, appearing to read 'C Franzini', is written over a horizontal line.

Caren S. Franzini

Prepared by: Maureen Hassett



MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: February 1, 2011

RE: **Revel Atlantic City, LLC, Revel Entertainment Group, LLC and certain to be designated related or affiliate entities**
Economic Redevelopment and Growth Grant Program

Request

The Members are asked to approve the application of Revel Atlantic City, LLC ("RAC"), Revel Entertainment Group, LLC ("REG") and certain to be designated related or affiliate entities (collectively "Revel" or "the applicants") for reimbursement of certain taxes for an Atlantic City, Atlantic County project under a "state incentive" by the EDA pursuant to the Economic Redevelopment and Growth Grant (ERG) program set forth in N.J.S.A. 52:27D-489c (Act).

The total remaining costs related to the project are estimated to be \$1.6 billion. The total qualified costs under the ERG Act are **\$1,306,820,000**. The recommended reimbursement is **20%** of the eligible costs, not to exceed **\$261,364,000**.

Project Description

The project involves the creation of an entertainment resort on 20 acres of beachfront property in the South Inlet of Atlantic City. The applicant will construct approximately 6.3 million square feet with a hotel tower (with up to 1,898 keys on 46 guest room floors, the majority of which will have ocean views with a discreet hotel lobby and two acre outdoor terrace), 1.8 million square feet low rise structure (including a 5,500 seat performance theater, 700 seat black box theatre, 700 seat performance theatre on the gaming floor, 30,000 square foot night club and ultra lounge, eighteen restaurants encompassing a diverse range of dining, 44,000 square foot private beach, three distinct pool experiences, night club featuring live performances, 22,000 square foot spa with bathhouse, treatment rooms, fitness and salon, up to 190,000 square feet of convention and meeting space, 75,000 square feet of retail with over 40 unique addresses and a 150,000 square foot casino), a 7,800 space parking facility (encompassing 2.9 million square feet) and a stand alone central utility plant.

The entire project costs related to the resort are approximately \$2.8 billion. The costs expended to date (commencing in 2008) are \$1.26 billion. The costs to complete the project are being contemplated in three phases. It is anticipated that the project costs for the first phase will be \$1.48 billion. Phases 2 and 3 will cost \$78 million and \$71 million, respectively. Phase one will consist of 1,090 rooms, 12 restaurants, 2 theatres and 160,000 square feet of convention/meeting space (to be completed in the summer of 2012). Phase 2 will add 505 rooms, bringing the total to 1,595 rooms (with completion targeted by the summer of 2013). Phase three would add an additional 303 rooms, which will bring the total to 1,898 rooms (completed by the first quarter of 2015). Each phase will obtain a certificate of occupancy. Each phase would have a separate closing and the size of the ERG grant is based upon all three phases being completed and would be reduced based upon the ultimate amount completed under each phase.

In addition to the privately owned casino and resort space, from both a public policy perspective and in order to enhance the economic feasibility of the project, the applicant will undertake the enhancement of public areas and infrastructure on contiguous properties. Staff therefore recommends and applicant has agreed that the ERG proceeds will be dedicated in part to fund the costs associated with new development projects and recreational amenities in the City's Inlet Revitalization Plan ("IRP") including the following:

Garden Pier:	\$ 2 million
Boardwalk Reconstruction:	\$12.3 million
Lighthouse Park:	\$15 million
Ocean Park:	\$20 million
Rhode Island Avenue Corridor:	\$ 9 million
Relocation of the Atlantic City Arts Center and Historical Society:	\$ 6 million
Historic Gardner's Basin:	\$12 million
Blighted Property Demolition and Acquisition:	\$25 million
Project Development Fund:	\$23.7 million

The nine items above aggregate \$125 million. The applicant will undertake these infrastructure improvements and will seek to monetize the ERG stream resulting in \$125 million principal borrowing (from a yet unnamed entity) with interest and financing fees totalling \$270 million (which approximates the amount of the ERG). For point of reference, the net present value of the anticipated ERG payment stream at 9% equates to \$125 million. Applicant has agreed to create an infrastructure fund into which it will deposit a portion of the ERG proceeds or proceeds from the monetization. It has agreed that the infrastructure fund will be fully funded over time, but has requested for a maximum of ten years, up to \$70 million of the ERG stream be allowed to be pledged to the second lien lender as support for their funding so long as a monetization can net at least \$100 million. ERG escrow will be released on the earlier of 1) management achieves within 10% of EBITDA budget on rolling basis commencing 12 months post opening, or 2) warrant conversion upon monetization event, or 3) majority vote of mezzanine holders. If a monetization can not be completed to net at least \$100 million of proceeds, then Revel will deposit 45% of annual ERG payments into a escrow account with the balance to be immediately available for infrastructure projects. As the second lien loan is repaid, the ERG pledged to the second lien lender will be reduced and the ERG proceeds will be deposited into the infrastructure fund.

The applicant is currently finalizing the terms of an estimated \$1.15 billion in credit facilities consisting of a \$850 million first position loan and \$305 million second (or "mezzanine") loan mainly from a a syndicate of major international lending organizations. It is noted that the amounts in each portion of the two facilities is still subject to slight modification based on final allocations, however the aggregate figure will remain as presented. On January 31st, JPMorgan Chase, the lead arranger of the debt, indicated that verbal orders from investors were filled for all the requested first and mezzanine loan amounts (at the indicative pricing levels) and they expect written commitments within the next week upon which formal pricing in the market would occur. JPMorgan is confident in their ability to complete this financing at or near the indicative pricing. It is noted that the ERG is performance based on the proposed debt being completed followed by the project construction being completed and until these occur, there is no obligation to disburse any ERG proceeds to the applicants.

The project is expected to create an aggregate of approximately 5,400 construction jobs plus another 5,500 permanent full time jobs upon full build out of all phases (note that full time jobs will be 4,758 at the end of phase 1, and 5,109 at the end of phase 2).

Project Ownership

Revel Entertainment Group, LLC has a parent organization named Revel Holdings, LLC which is currently owned approximately 5% by management team of Revel and approximately 95% by an affiliate of Morgan Stanley; however, once the new financing has been closed, Revel Holdings ownership of Revel Entertainment will be terminated (Morgan Stanley or one of its affiliates will receive a \$30 million payment) and transferred to a new entity (Revel Acquisition, LLC) formed by and 100% owned by management (it is anticipated that upon the exercise of warrants by owners of the mezzanine debt Kevin DeSanctis who is Chairman and Chief Executive Officer of Revel will hold management's 10% stake with holders of the mezzanine debt receiving the remaining 90% ownership stake. Management will have the opportunity to increase their stake to 15% by completing the project and the generation of earnings (specific figure is under negotiations). Revel Atlantic City, LLC is the owner of the project site and a wholly owned subsidiary of Revel Entertainment Group. Revel Atlantic City, LLC and/or a new interposed entity will be the borrower under the proposed credit facilities (which will have a corporate guarantor).

Revel's executive management team has over 75 years of collective industry and development experience, specifically in the development of premium resorts. Kevin DeSanctis is a leading gaming executive with over 25 years experience in both the development and operations of casino properties. Mr. DeSanctis has served as president of Penn National Gaming, COO of Sun International (Kerzner International) and his development projects include The Mirage, Las Vegas, Mohegan Sun, Connecticut, and The Atlantis, Bahamas. Alan Greenstein (Senior Vice President and CFO) and Bob Franklin, Senior Vice President, Sales, have over a combined 52 years of experience in hospitality, gaming and casino resort sales. Their previous experience includes the Mohegan Sun, the Borgata, Caesars, Marriott Hotel Corporation, and the Philadelphia Convention and Visitors' Bureau.

Revel has assembled a collective development team with significant experience in architecture,

design and branding in the gaming and hotel industries. Tishman Construction, the Construction Manager of Revel, previously developed CityCenter, Las Vegas and the Borgata, Atlantic City. The Tishman team is managed by Bob Andersen, who has over 27 years of experience in development experience. Along with management, the development and construction teams have worked in the development of 18 distinct casino resorts worldwide, including CityCenter, Las Vegas, The Borgata, Atlantic City, MGM Grand, Las Vegas and Beau Rivage, Mississippi.

Project Uses

<i>Uses (thousands)</i>	<i>ERG Eligible Amount</i>	<i>Total Amount</i>
Land, Building & Construction	\$ 765,500	\$ 765,500
F F & E	\$ 126,800	\$ 126,800
Power Plant	\$ 142,800	\$ 142,800
Marketing, taxes & W/C	\$ 0	\$ 129,000
Soft Costs	\$ 19,520	\$ 19,600
Financing Costs (1)	\$ 260,600	\$ 316,800
Gaming Soft & Hard	\$ 0	\$ 87,100
Prior cost contribution (2)	\$ 0	\$1,257,700
TOTAL USES	\$ 1,306,820	\$2,845,300

(1) Includes \$98.5 million of payment in kind interest relating to proposed loans. These loans have payments of interest monthly, instead 12% is added to the principal and due at maturity.

(2) This figure represents costs incurred prior to ERG application (funded by Morgan Stanley) and therefore ineligible and excluded from the ERG eligible cost figures above. Note this includes \$42 million funded by MS that was advanced to ACR (an entity unrelated to Revel) to commence building the power plant that will be used solely by the resort. Once a temporary c/o is obtained the applicant will receive these funds as ACR is responsible for the financing for this component.

ERG eligible amount above also excludes costs related to gaming, working capital, marketing and real estate taxes. Infrastructure costs are also excluded from both the total and ERG eligible project costs listed above.

Project Sources

Revel will be utilizing several sources to complete the project:

<i>Sources (thousands)</i>	<i>Amount</i>
Loan senior	\$ 850.0 million
Mezzanine loan (1)	\$ 405.5 million
ACR loan for Power Utility Facility	\$ 184.8 million
Equity (prior cost contribution)	\$1,257.7 million
TBD - Phase 2 & 3 costs (2)	\$ 149.3 million
TOTAL SOURCES	\$2,845.3 million

(1) includes \$98.5 million in payment in kind interest over 21 months which is added to the principal amount of the loan.

(2) Phase 2 and 3 costs have been identified and are ERG eligible, however the source of their private funding is still to be determined. It is anticipated that this structure will be finalized once phase 1 is completed with market receptivity to be assessed at that time (potentially funded via cash flow of the project).

Revel is finalizing the terms and conditions of the loans listed above and they are subject to market conditions at time of closing.

The project sources and uses above reflect the project with the ERG subsidy included. The project gap is calculated based on the Equity Internal Rate of Return and Cash-on-Cash Yield identified in the gap analysis which is discussed below.

Gap Analysis

EDA staff has reviewed the application to determine that there is a shortfall in the project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment to complete the project. Staff analyzed the pro forma and projections of the project (utilizing the revenue and cash flow figures associated with the downside case as opposed to the management case per the lenders offering prospectus) and compared the pre-tax returns (based on the \$118 million impaired asset value and excluding the impact of our share in cash flow as described in more detail hereafter) with and without the ERG over 20 years.

Without ERG	With ERG
Equity IRR 18.95% (Market Range = 27-30%)	Equity IRR 31.86% (Market Range = 27-30%)
Cash on Cash Yield 8.94 % (Market Range = 12-15%)	Cash on Cash Yield 9.82% (Market Range = 12-15%)

As indicated in the chart above, the project would not otherwise be completed without the benefit of the ERG. **With the benefit of the ERG, the Equity IRR is 31.86% and the Cash on Cash Yield is 9.82%, resulting in an IRR modestly above the market range provided by the EDA's contracted consultant Jones Lang Lasalle. The consultant has indicated that given the risk associated with a gaming resort investment in Atlantic City during these economic times, the returns required are approaching 30%.** These returns are associated with typical capital structures consisting of 30% equity and 70% debt and since the Revel project has significantly higher leverage, it follows that an investor's required return would be even greater. It should be noted that the property was acquired for approximately \$107 million over several transactions which occurred from 2006 to 2008. The project has incurred an aggregate of \$1.258 billion in costs as of January 31, 2011 and pursuant to the ERG rules, these costs are not allowable towards the calculation of the incentive award because they were incurred prior to receiving the EDA

application. For the purposes of the 20% required project equity, the Authority reviewed the resort project's entire costs (from inception through completion) which aggregates \$2.8 billion resulting in a minimum equity project contribution of \$560 million and this has been met via the \$1.2 billion of funds contributed by applicant members to date. It should be noted that although the \$1.2 billion was initially funded with debt from Morgan Stanley, the Morgan Stanley debt will be forgiven at time of the proposed debt closing.

The potential cash from the prospective ERG will assist in enabling the applicant to obtain an estimated \$125 million in debt necessary to cover the costs associated with the infrastructure improvements surrounding the entertainment resort. These improvements are beyond what was required of Revel per its redevelopment agreement and are being implemented to not only complement the resort but to improve the surrounding neighborhood community infrastructure and provide enhanced public amenities and beach access.

Net Positive Benefit Analysis

The Authority has conducted the required Net Benefit Analysis and has found that the present value of the Net Positive Benefits to the State at a 6% discount rate over a 20 year period is \$540 million (including the \$90 million of one-time tax benefits). As this project is deemed a destination entertainment and retail facility, up to 100% of the taxes collected by the state can be deemed net new based on a recently adopted policy. Revel's first full year revenues are estimated at \$800 million (with gaming comprising 70% with the remainder food, beverage, hotel and entertainment) and Spectrum Gaming Group has stated that \$75 million in non-gaming revenues generated by Revel are considered net new to New Jersey. As a result, the net benefit calculation has been calculated including \$3 million (equating to 4% of the new revenues) in new sales taxes to the state. This net benefits figure is obtained by taking solely the CBT and gross income tax at 66%, the indirect ongoing taxes and the one time tax benefits. The present value of this figure is reduced by the present value of all local and state grants, including the ERG award to the project, resulting in the present value of the Net Positive Benefits to the State of \$368 million. It is noted that total taxes estimated generated by the project (including all taxes to the State of New Jersey) is \$3.2 billion over the 20 year period of the ERG. It is noted that the Revel facility is under a Brownfield Reimbursement Agreement (which stipulates an amount not to exceed \$4,253,390) and the associated taxes generated by the project would first go to retire this obligation in full prior to any ERG funds being available to the applicants.

Other Statutory Criteria

In order to be eligible for the program, the project must exhibit the following:

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

A review of the project feasibility study performed by Spectrum Gaming Group (as of February 1, 2010) indicates the various financial and operating projections and plans are reasonable. While the

marketing plan has yet to be submitted, the most critical aspect (once financing is secured) is that this entertainment resort is unique relative to the existing properties in Atlantic City. Revel's unparalleled mix of retail, dining, and entertainment alternatives and amenities intend to position the site as the premier destination in Atlantic City with strong appeal to the existing, traditional visitor plus a much broader demographic (i.e. the cash customer that does not consider this destination an option at this time). The financial analysis indicates a rate of return that is considered within the acceptable market range given the risks associated with this project as noted previously in this memo. Based on the expected generation of \$650 million of incremental state and local direct taxes (sales, occupancy fee, CBT less the CRDA share) over the 20 year period and a 75% rebate of eligible taxes, there are adequate funds to support the reimbursement of taxes to the applicant as outlined in the analysis. Per the project financial returns described earlier and to obtain the funding necessary to complete the infrastructure improvements surrounding the project, there is a demonstrated need for the redevelopment incentive grant agreement.

The degree to which the redevelopment project within a municipality which exhibits economic and social distress, will advance State, regional, local development and planning strategies, promote job creation and economic development and have a relationship to other major projects undertaken within the municipality.

The project is located in Atlantic City, one of nine cities targeted by the NJEDA for its urban investment initiative. Atlantic City's median household income was \$27,414 in 2008 (which is approximately half the \$55,349 median household income for Atlantic County) and 24% of the residents live below the poverty level. The unemployment rate in Atlantic City was 11.1% in September 2010 and Atlantic County's leisure and hospitality sectors have experienced the largest employment decline from 2003 to 2008.

The IRP promotes seven of the eight goals (adequate housing at reasonable cost excluded) of the State Planning Act as well as the three approaches that must be achieved by the creation of significant expansions and enhancements to open space and recreation within and connected to the redevelopment area. The IRP is intended to combine economic development and tourism with neighborhood enhancement. The Revel Redevelopment Plan (adopted by Atlantic City on February 7, 2007) will maximize the opportunities and tools provided by New Jersey redevelopment law for the revitalization of Atlantic City. The South Inlet Transportation Improvement Project ("SITIP") is a public-private partnership among Revel, New Jersey Department of Transportation and the Casino Reinvestment Development Authority which will create a north-south connector to the South Inlet Region from Absecon Boulevard, the Connector Tunnel and the Atlantic City Expressway. The Revel project, the SITIP, the IRP and the beach reconstruction project comply with and advance multiple goals and objectives of the New Jersey Energy Master Plan (namely via the 7 megawatt cogeneration central utility plant), the New Jersey State Development and Redevelopment Plan (as the strategy is intended to promote further economic development in this Special Urban Area and Coastal Center), the Atlantic County Master Plan and the Atlantic City Master Plan. The project is expected to create at least 5,500 permanent jobs as well as 2,850 construction jobs. The site is also in Planning Area 1 under the State Master Plan, which is a target area for the ERG program.

Recommendation

Authority staff has reviewed the co-appliant's 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 application and authorize the CEO of the Authority to execute an Incentive Grant Agreement with the applicant and the State Treasurer, subject to final review and approval of the Office of the Attorney General. All disbursements under the ERG program are subject to annual appropriation by the New Jersey State Legislature.

Closing of the Incentive Grant Agreement and the reimbursement of any taxes is contingent upon the co-appliant's meeting the following conditions regarding the Project:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant in its application to the Authority for the ERG; and
2. Evidence of site control and site plan approval for all properties within the Project;
3. Due to the size of the grant and essential assistance that the ERG will provide to the project, and per the amendment to the ERG guidelines regarding ERG payments to be considered by the Board on February 1, 2011, there will be an agreement to share a portion (estimated at 20% of management's 10% initial ownership) of the distributions to the applicants with the State of New Jersey based upon specific milestones to be negotiated satisfactory to the EDA. The percentage share in this instance was formulated on the standards that the EDA is developing with respect to owner operators of hotel/casino resort facilities.

Reimbursement shall commence upon:

1. Completion of construction and issuance of a certificate of occupancy for Phase 1 of the project;
2. Submission of a detailed list of all eligible costs, which costs shall be satisfactory to the NJEDA; and
3. New tax revenues have been paid to the NJ Treasury.
4. Reimbursement of ERG eligible tax revenues will only be applied to costs associated with the infrastructure projects outlined in this memo subject to satisfactory review of NJEDA.

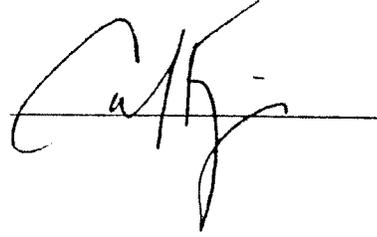
The NJ Treasury annually tracks taxes received from job sites and subsequently remits reimbursement equal to a percentage of funds collected during the year.

It is recommended that the members authorize the CEO of the EDA to execute any assignment agreements necessary to effectuate this transaction.

Total Eligible Project Costs: \$1,306,820,000

Eligible Taxes for Reimbursement: Sales and other eligible taxes note to exceed \$261,364,000 over 20 years.

Recommended Grant: 20% of actual costs, not to exceed \$261,364,000 to be paid over a maximum period of 20 years.

A handwritten signature in black ink, appearing to read 'M. Conte', is written over a horizontal line.

Prepared by: Michael A. Conte

NJEDA Economic Impact Model

NJEDA Economic Impact Model

County Number	1
Address	
County	Atlantic
Ongoing Jobs(Direct)	5500
One Time Jobs(Direct)	5433

State & Local Direct Ongoing	Services	Select Industry Sector
Sales Tax	\$3.00	17% HUB incremental sales @ 4%
Corporate Income Tax (CBT)	\$23.10	@ 1% Tax Rate - Overall Total Adjusted to 40%
Gross Income Tax	\$2.67	@ 4% Tax Rate - Overall Total Adjusted to 54%
Misc. State Tax Revenue	\$0.00	
Property Tax (Default to Total Const Value*3%)	\$0.00	
Direct Ongoing Annual Taxes	\$28.77	a

State Indirect Ongoing		
Annual Corp Spending	\$412.87	Direct Output Composite
Final Demand Output Multiplier	1.47x	Direct Output Composite Multiplier
Indirect Annual Spending	\$192.60	Direct Output Composite*Final Demand
At 3.5 % Tax Rate	\$6.74	b
Annual Payroll	\$100.05	Direct Earnings Composite
Indirect Effect Earnings Multiplier	1.40x	Direct Earnings Composite Multiplier
Indirect Earnings	\$39.68	Direct Earnings Composite*Final Demand
At 4% Tax Rate	\$1.59	c
Indirect Ongoing Annual Taxes	\$6.74	b

Total State Ongoing Net Benefits		
Annual Net Benefit	\$37.10	a+b+c
Cumulative Net Benefit (20yrs w/ 3% yearly inflation)	\$996.80	
Present Value @6%	\$540.18	d

One Time		
Construction Value	\$1,630.00	Construction Budget the Applicant
Direct One Time Taxes on Spending	\$57.10	State
Direct Construction Multiplier	1.55x	
Indirect One Time Spending	\$901.39	
Spending Tax Rate	3.5%	
Ind One Time Taxes on Spending	\$31.50	
Assumed Portion of Const. on Labor	50%	State
Dir One Time Earnings	\$815.00	
Earnings Tax Rate	5%	State
Dir One Time Taxes on Earning	\$40.80	
Direct Effect Earnings Multiplier	1.43x	
Indirect One Time Earnings (50% of Construction)	\$346.80	
Earnings Tax Rate	5%	State
Ind One Time Taxes on Earnings	\$17.30	
Total One Time Tax Benefits	\$89.60	e

Total State Benefits		
Total One Time Tax Benefits	\$89.60	e
Total State Ongoing Benefits (PV @ 6%)	\$540.20	d
Total Benefits	\$629.80	d+e
Implied Maximum Loan at 110% Coverage Ratio Before Adjustments	\$572.60	

Adjustment Test 1	
Maximum HUB Award Test	
Total Qualifying Costs (NJEDA Cost Analysis sheet)	\$1,357.20
Max Loan Amount	\$572.60
Minimum of (Max loan@110%& Total Qualifying Cost)	\$572,563,028

Previous Local & State Incentives	
Taxes	\$261.40
Grant (PV @6%)	\$0.00
Grant (PV @ 6%)	\$0.00
Grant (PV @ 6%)	\$0.00
PV of Net Benefits to NJ	\$368.40