NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: January 17, 2012

SUBJECT: Agenda for Board Meeting of the Authority January 17, 2012

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

Edison Innovation Fund

Incentive Programs

Board Memorandums

Executive Session

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
December 13, 2011

MINUTES OF THE MEETING

Members of the Authority present: Al Koeppe, Chairman; Jim Kelly representing the State Treasurer; Wayne Staub representing the Commissioner of the Department of Environment Protection; Dr. Aaron Fichtner representing the Department of Labor and Workforce Development; Public Members: Joseph McNamara, Vice Chairman; Marjorie Perry, Kate Whitman, Harold Imperatore, Larry Downes, Richard Tolson, Ray Burke, First Alternate Public Member; Elliot M. Kosoffsky, Second Alternate Public Member; and Brian Nelson, Third Alternate Public Member.

Members of the Authority present via conference call: Nancy Graves representing the Commissioner of the Department of Banking and Insurance; Public Members Charles Sarlo, Public Member, and Rodney Sadler, Non-Voting Member.

Absent from the meeting: Matt McDermott representing the Executive Branch;

Also present: Caren Franzini, Chief Executive Officer of the Authority; Bette Renaud, and Ed Pillsbury, Deputy Attorney Generals; Nicole Crifo, Governor's Authorities' Unit and staff.

Chairman Koeppe 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 November 9, 2011 meeting minutes. A motion was made to approve the minutes by Mr. Tolson, seconded by Mr. Kosoffsky, and was approved by the 14 voting members present.

Dr. Fichtner abstained because he was absent.

The next item of business was the approval of the December 5, 2011 special meeting minutes. A motion was made to approve the minutes by Mr. Tolson, seconded by Mr. Kosoffsky, and was approved by the 15 voting members present.

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

AUTHORITY MATTERS

ITEM: 2012 Strategic Business Plan
REQUEST: To approve the Authority's proposed 2012 Strategic Business Plan.
APPROVE: Mr. McNamara SECOND: Ms. Perry AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: 2012 Fiscal Plan
REQUEST: To approve the Authority's proposed 2012 Fiscal Plan.
APPROVE: Mr. Kosoffsky SECOND: Mr. McNamara AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

BOND RESOLUTIONS

PROJECT: Engel Burman at Woodcliff Lake, LLC **APPL.#35572**
LOCATION: Woodcliff Lake/Bergen County
PROCEEDS FOR: New Construction/Equipment Purchase
FINANCING: $38,000,000 Tax-Exempt Bond
APPROVE: Ms. Perry SECOND: Mr. Tolson AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

PROJECT: South Street Theater Company, Inc.* **APPL.#37018**
LOCATION: Morristown Town/Morris County
PROCEEDS FOR: Refinance
FINANCING: $4,500,000 Tax-Exempt Bond
APPROVE: Mr. Tolson SECOND: Mr. Staub AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PRELIMINARY RESOLUTIONS

PROJECT: AMB Enterprises, LLC & ULCO Realty, LLC **APPL.#37034**
LOCATION: Paterson City/Passaic County
PROCEEDS FOR: Acquisition and Renovation
APPROVE: Ms. Perry SECOND: Mr. McNamara AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

PROJECT: Congregation Bnos Devorah **APPL.#36771**
LOCATION: Lakewood Township/Ocean County
PROCEEDS FOR: Refinance
APPROVE: Ms. Perry SECOND: Mr. Kosoffsky AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Schott Licensing Corp **APPL.#37025**
LOCATION: Union Township/Union County
PROCEEDS FOR: Acquisition and Renovation
APPROVE: Mr. Staub SECOND: Ms. Perry AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PROJECT: VG Resources LLC **APPL.#37026**
LOCATION: Hamilton Township/Mercer
PROCEEDS FOR: Construction, Land Acquisition and Equipment
APPROVE: Mr. Kosoffsky SECOND: Ms. Perry AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

PROJECT: Kingston Educational Holdings 1, Inc. **APPL.#37036**
LOCATION: Newark City/Essex County
PROCEEDS FOR: Renovation and Equipment
FINANCING: $25,535,000 Qualified Zone Academy Bond (Taxable)
APPROVE: Mr. Staub SECOND: Mr. Nelson AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

Ms. Perry abstained because she involved in conversations with Kingston Educational Holdings 1, Inc. on potential business partnerships.

LOANS/GRANTS/GUARANTEES

The next item is a request from the Business Action Center of the New Jersey Department of State for the EDA to manage the state-budgeted funding allocation for the state's FY2012 to the New Jersey Small Business Development Centers.

APPROVE: Mr. Staub SECOND: Mr. McNamara AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

FOR INFORMATIONAL ONLY: The next item outlines the advancement of the State's small business efforts of expanding the EDA's support of technical assistance to include a focus on small, woman and minority owned businesses in urban and distressed communities of the state.

ITEM: EDA Partner Lending Programs
REQUEST: Approve the following changes to the EDA lending programs:

1. Rebranding EDA Preferred and Participating Lenders under the general umbrella of "Premier Lenders" and extend delegated authority to Participating Lenders.
2. Aligning guarantee fees with the percentage of the approved guarantee, inclusive of bond guarantees.
3. Reduce the interest rate for the NJ Main Street Business Assistance Program from 5% fixed to the Five Year US Treasury plus 300 basis points (3.91% as of 12/5) with a 3% floor, fixed at closing.
4. Permanently increase the maximum line of credit guarantee from 50% of the Premier Lender's line of credit, not to exceed $250,000 to 50% of the Premier Lender's line of credit, not to exceed $500,000.
5. Promulgation of the Rules implementing these changes.

APPROVE: Ms. Perry SECOND: Mr. Kosoffsky AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

ITEM: The Reinvestment Fund, Inc. ("TRF")
REQUEST: Consent to a three year extension of the disbursement periods of both loans to November 1, 2014 to allow TRF additional time to deploy funding for urban supermarket projects in their pipeline.
APPROVE: Mr. Staub SECOND: Mr. Nelson AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

Ms. Perry abstained because she is familiar with the project and may bid for future work.

Mr. Nelson left the meeting at this time.

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

The following projects were presented under the Petroleum Underground Storage Tank Program.
APPROVE: Ms. Perry SECOND: Mr. Tolson AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

PROJECT: Lucy Bajcic **APPL.#36000**
LOCATION: Dover Township/Ocean County
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $101,657, Petroleum UST remediation, Upgrade and Closure Fund Grant

PROJECT: Dino's Deli & Subs Inc. **APPL.#34779**
LOCATION: Egg Harbor City/Atlantic County
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $504,235, Petroleum UST Upgrade, Closure, Remediation Fund Grant

PROJECT: Greg Jarem **APPL.#35861**
LOCATION: Moonachie/Bergen County
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $102,399, Petroleum UST Upgrade, Closure, Remediation Fund Grant

PROJECT: Scotts Auto, LLC **APPL.#36883**
LOCATION: Carneys Point Township/Salem County
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $338,867, Petroleum UST Upgrade, Closure, Remediation Fund Grant

Mr. Nelson returned to the meeting.

FOR INFORMATIONAL ONLY: The next item was a summary of the Petroleum Underground Storage Tank Program projects approved by the Delegated Authority.

EDISON INNOVATION FUND

PROJECT: CareKinesis, Inc. **APPL.#36955**
LOCATION: Moorestown Township/Burlington County
FINANCING: $500,000 VC Growth Fund Loan
APPROVE: Mr. Kosoffsky SECOND: Mr. McNamara AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

INCENTIVE PROGRAMS

BUSINESS EMPLOYMENT INCENTIVE PROGRAM, BUSINESS RETENTION & RELOCATION ASSISTANCE GRANT PROGRAM

PROJECT: AccelRx Labs LLC **APPL.#37003**
LOCATION: East Windsor Township/Mercer County **BUSINESS:** Pharmaceutical
GRANT AWARD: 55% **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Mr. Downes SECOND: Mr. Nelson AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

PROJECT: All Things Media, LLC **APPL.#37012**
LOCATION: Mahwah Township/Bergen County **BUSINESS:** Technology
GRANT AWARD: 55% **Business Employment Incentive grant**, 10 years
MOTION TO APPROVE: Mr. Tolson SECOND: Mr. McNamara AYES:15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

PROJECT: Amneal Pharmaceuticals **APPL.#37006**
LOCATION: East Hanover Township/Morris County **BUSINESS:** Pharmaceutical
GRANT AWARD: 60% **Business Employment Incentive grant**, 10 years
APPROVE: Mr. Tolson SECOND: Mr. Nelson AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

PROJECT: Glenmore Plastic Industries, Inc. **APPL.#37001**
LOCATION: Edison Twp/Middlesex Cty **BUSINESS:** Mfg
GRANT AWARD: 55% **Business Employment Incentive grant**, 10 years
APPROVE: Ms. Perry SECOND: Mr. McNamara AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

PROJECT: Tower Insurance Company of New York **APPL.#37013**
LOCATION: TBD **BUSINESS:** Insurance
GRANT AWARD: 50% **Business Employment Incentive grant**, 10 years
APPROVE: Mr. Kosoffsky SECOND: Ms. Perry AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

PROJECT: Tower Insurance Company of New York **APPL.#37013**
LOCATION: TBD **BUSINESS:** Insurance

GRANT AWARD: $202,500 (estimated), 1 years, **Business Retention and Relocation Assistance grant**

APPROVE: Ms. Perry SECOND: Mr. Tolson AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

ITEM: Transfer of Business Retention and Relocation Assistance Grant ("BRRAG") tax credits.
REQUEST: Consent to transfer unused BRRAG tax credits from Diversified Foam Products, Inc. to First Transit, Inc.
APPROVE: Mr. McNamara SECOND: Mr. Kelly AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

ITEM: Transfer of Business Retention and Relocation Assistance Grant ("BRRAG") tax credits.
REQUEST: Consent to transfer unused BRRAG tax credits from Saveology.com to The Hartford Insurance Company of the Midwest
APPROVE: Ms. Perry SECOND: Mr. McNamara AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

ITEM: Transfer of Business Retention and Relocation Assistance Grant ("BRRAG") tax credits.
REQUEST: Consent to transfer unused BRRAG tax credits from United Parcel Services General Services Co to Hartford Underwriters Insurance Company, Hartford Fire Insurance Company, Hartford Casualty Insurance Company, and Sentinel Insurance Company.
APPROVE: Ms. Perry SECOND: Mr. Kelly AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM

ITEM: Economic Redevelopment and Growth (ERG) Program- New Rules Adoption
REQUEST: To approve the adoption of the proposed concurrent new rules implementing the provisions of the ERG Program.
APPROVE: Mr. Staub SECOND: Ms. Perry AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

ITEM: Buffalo Pike Associates
This item was withheld from consideration.

ITEM: Fountains Applied LWAG, LLC- Economic Redevelopment and Growth (ERG) Program
REQUEST: To approve the ERG application for Fountains Applied LWAG, LLC for 20% of the eligible costs, not to exceed $8,401,459.
APPROVE: Mr. McNamara SECOND: Mr. Downes AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

URBAN TRANSIT HUB TAX CREDIT PROGRAM

ITEM: Grand LHN I Urban Renewal LLC- Urban Transit Hub Tax Credit Program ("UTHTC")
REQUEST: To approve the UTHTC application for Grand LHN I Urban Renewal LLC for 35% of the eligible costs, not to exceed $42,015,207 or $4,201,521 annually for 10 years.
MOTION TO APPROVE: Ms. Perry SECOND: Mr. Tolson AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

BOARD MEMORANDUMS

ITEM: Evident Software, Inc.- Edison Innovation Loan (P022414)
REQUEST: Accept the loan settlement and write-off the remaining balance without recourse.
MOTION TO APPROVE: Mr. Downes SECOND: Mr. McNamara AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

ITEM: The Morris Center YMCA- Tax-Exempt Stand-Alone Bond (P14876 & P14919)
REQUEST: Consent to modify the Bond to reduce the Borrower's costs.
MOTION TO APPROVE: Ms. Perry SECOND: Mr. Staub AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 24

ITEM: Port Newark container Terminal, L.L.C.- Tax-Exempt Bond (P12593)
REQUEST: Consent to separate the bond into two series at the request of the Borrower.
MOTION TO APPROVE: Ms. Perry SECOND: Mr. McNamara AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT:25

FOR INFORMATIONAL ONLY: The next item is a summary of the projects approved under Delegated Authority in November 2011:

> **New Jersey Business Growth Fund:** Anything, LLC; Atlantic Sleep Clinic LLC or Nominee; Jay Brad Inc.; Raymond & Ken LLC
>
> **NJ Main Street Program:** Allied Recycling, Inc.; Interlock Device of New Jersey LLC
>
> **Preferred Lender Program:** Ben Ski, Inc.
>
> **New Jersey Business Growth Fund- Modification:** Ahern Painting, Inc.; SISBRO, LLC

REAL ESTATE

ITEM: Waterfront Technology Center Camden- Lease Agreement with Blue Sky Power, LLC
REQUEST: Approval to enter into a lease agreement with Blue Sky Power, LLC for approximately 1,080 square feet of fourth floor office space at the Water Front Technology Center at Camden.
MOTION TO APPROVE: Mr. Downes SECOND: Mr. Staub AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 26

ITEM: The Technology Centre of New Jersey Operating Budget – 2012
REQUEST: Approval of the 2012 operating budget for the Technology Center of New Jersey.
MOTION TO APPROVE: Mr. Tolson SECOND: Mr. Kosoffsky AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 27

ITEM: Higher Education Public Private Partnership Program- Montclair State University- Combined Heating, Cooling and Power Plant
REQUEST: To authorize the Authority's approval of Montclair State University's application to develop a combined heating, cooling and power plant and related energy distribution system on the Applicant's campus.
MOTION TO APPROVE: Mr. Tolson SECOND: Ms. Perry AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 28

Chairman Koeppe abstained due to a business relationship with UMM Energy Partners.
Mr. Downes abstained due to a business relationship with UMM Energy Partners.

ITEM: Security Services- NJEDA Headquarters and Barnes Street Parking Lot, Trenton NJ and Waterfront Technology Center, Camden, NJ.
REQUEST: The approval to rescind the award issued at the November 9th, 2011 Board meeting and to award contracts for Bowles Security Services, and award and execute two (2) contracts for security services to Vets Securing America for NJEDA Headquarters and Barnes Street parking Lot, Trenton and Waterfront Technology Center, Camden.
MOTION TO APPROVE: Ms. Perry SECOND: Mr. McNamara AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 29

ITEM: Selection of Architect/Engineer and Construction Manager- Fort Monmouth Tech Park.
REQUEST: To approve the selection of an Architect/Engineer and a Construction Manager to design and construct the facility renovation for Phase I building of the Fort Monmouth Tech Park.
MOTION TO APPROVE: Ms. Perry SECOND: Mr. Downes AYES: 114
RESOLUTION ATTACHED AND MARKED EXHIBIT: 30

Mr. Nelson abstained because he represents a host community in Fort Monmouth.

ITEM: Technology Centre of New Jersey- Lease Agreement with Ezose Sciences, Inc.
REQUEST: To approve the entrance of a 39 month lease with Ezose Sciences, Inc.
MOTION TO APPROVE: Mr. Tolson SECOND: Mr. McNamara AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 31

PUBLIC COMMENT

There was no comment from the public.

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to discuss loans to active companies or with pending litigation, to be written off with recourse. The minutes will be made public when the need for confidentiality no longer exists.
MOTION TO APPROVE: Mr. Kosoffsky SECOND: Mr. McNamara AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 32

The Board returned to Public Session.

There being no further business, on a motion by Mr. McNamara, and seconded by Mr. Kosoffsky, the meeting was adjourned at 12:15 pm.

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

Maureen Hassett

Maureen Hassett, Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: January 17, 2012

RE: Chief Executive Officer's Report to the Board

ESTIMATED JOB CREATION SUPPORTED BY EDA PROGRAMS MORE THAN DOUBLES IN 2011

*Year to Year Comparison**

	2011	**2010**
Total Projects Assisted	290	377
Total Amount Provided	$828.1 million	$567 million
Total Public/Private Financing	$3.2 billion	$1.4 billion
Estimated New Jobs	12,604	5,200
Existing Jobs Supported	26,280	12,354

**These numbers reflect total EDA activity through traditional financing and incentives*

Highlights:

- **More than doubled the amount of total public/private investment, from $1.4 billion in 2010 to $3.2 billion in 2011;**
- **More than doubled the number of estimated new jobs, from 5,200 in 2010 to 12,604 in 2011;**
- **More than doubled the number of existing jobs supported, from 12,354 in 2010 to 26,280 in 2011.**

The Christie Administration has taken various steps to establish a more favorable tax climate and predictable business environment in New Jersey. These actions greatly enhanced the EDA's ability to attract and retain companies in the state. In 2011, companies such as Bayer Healthcare, Church & Dwight and Allergan, Inc. chose to grow and invest in New Jersey. The expansion of the Business Retention and Relocation Assistance Grant (BRRAG) program was particularly critical to New Jersey's ability to retain companies and jobs in the state. Activity under BRRAG in 2011 compared to 2010 shows how this enhancement has worked more effectively than in the past: through December 2011, 11,267 jobs were retained due to the BRRAG program, compared to just 1,786 for the same period in 2010.

Of the $828 million provided, just over $437 million was through the EDA's incentives programs and just over $390 million was provided through traditional financing programs. The $390 million in traditional financing includes over $111 million in assistance to not-for-profit organizations and over $15 million in assistance to small businesses. Over $35 million was provided to manufacturing companies in both traditional financing and incentives.

BIOMEASURE, INC. ANNOUNCES RELOCATION FROM CALIFORNIA TO NEW JERSEY

Biomeasure Inc, a US-based subsidiary of Ipsen, announced in December 2011 that the company will further expand its commitment, investment and commercial presence in the US market by relocating its US Operations headquarters from Brisbane, CA, to Bridgewater, NJ. The company expects to begin operation from its new 30,000-square-foot facility in Bridgewater by April 2012 under a six-and-a-half-year lease. To encourage the company to locate in New Jersey, EDA approved a BEIP grant in August 2011 worth an estimated $4.47 million over ten years based on the creation of 91 new, high-wage positions. The company announced it will likely create 100 new jobs in the state.

Based in Paris, France, Ipsen is a global biopharmaceutical specialty care group whose goal is to become a global leader in the treatment of certain debilitating diseases. The group focuses on four main areas: neurology, endocrinology, uro-oncology, and hemophilia.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY (FMERA) UPDATE

The FMERA Board approved the Memorandum of Agreement (MOA) with the U.S. Army and Economic Development Conveyance (EDC) application at its December 21, 2011 Meeting. The MOA is the foundation document for the deal with the U.S. Army. It outlines all of the salient points of the eventual EDC agreement. With this key action taken by the Board of Directors, FMERA now awaits final approval of the documents from the U.S. Army.

FMERA staff continues to build upon its early redevelopment efforts, and lay the foundation for the eventual transfer of the 1,100+ acres that make up the former Fort Monmouth. FMERA's mission is to create an atmosphere in which employers will employ, and investors will invest, to maximize job creation and the value of the property.

CLOSED PROJECTS IN DECEMBER

The following are among the businesses/projects assisted in December:

Allied Recycling, Inc., which closed on a $150,000 (50%) guarantee of a $300,000 Fulton Bank of NJ line of credit through the Main Street Business Assistance Program. Allied Recycling, Inc.

is a scrap metal, electronics, wire and auto salvage yard. The company's business model has recently changed and the focus of operations has changed from a junk yard to a metal recycling facility. The difference between the two business models is a junkyard accumulates parts that are eventually sold to an end user who comes to the yard, where a metal recycling facility collects bulk items and quickly sells them to large steel shredders.

Interlock Device of New Jersey LLC (IDNJ), which closed on a $100,000 guarantee of a Fulton Bank of NJ $200,000 line of credit.through the Main Street Business Assistance Program. IDNJ provides installation and monitoring of interlock devices, which are breath alcohol analysis devices that are installed in motor vehicles which prevent an alcohol-impaired person from starting the motor vehicle. The financing IDNJ received from the Main Street Business Assistance Program will allow the company to meet increased demand for the product due to a change in the New Jersey law that now requires all drivers convicted of DWI to have this device installed in their vehicle.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees or exhibitors at 23 events in December. These included the 2011 Small Business Clinic in Newark, NJBIA Public Policy Forum in Woodbridge, Ernst & Young CFO Roundtable in Short Hills, and the NJTC Commercialization Conference in Philadelphia.

BOND RESOLUTIONS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

SUBJECT: 2011 Carryforward Request

DATE: January 17, 2012

The State Treasurer allocated $110,000,000 to the New Jersey Economic Development Authority out of the State's 2011 Private Activity Bond Cap.

The Authority may elect to carryforward any unused portion of the above noted 2011 Private Activity Bond allocation with the U.S. Department of Treasury.

Out of the $110,000,000 allocation to the Authority, $17,130,000 closed against the Cap, resulting in $92,870,000 being unused and available for carryforward subject to the State Treasurer's approval.

The attached resolution approves the filing of the attached IRS Form 8328 by the Chief Executive Officer carrying forward unused 2011 Private Activity Bond Cap to be determined and approved by the State Treasurer for certain eligible exempt facility activities.

I recommend adoption of the attached Carryforward Resolution.

Prepared by: John J. Rosenfeld

RESOLUTION APPROVING CARRYFORWARD REQUEST
AUTHORIZING THE CHIEF EXECUTIVE OFFICER
TO MAKE CARRYFORWARD DETERMINATION

WHEREAS, the State Treasurer has confirmed allocating to the Authority $110,000,000 of the State's 2011 Private Activity Bond Volume Cap; and

WHEREAS, the Authority has issued $17,130,000 in private activity bonds in 2011 and would like to carryforward out of the statewide reserve the unused portion of the Authority's 2011 allocation together with any additional allocation which the State Treasurer may determine and make available to the Authority for carryforward purposes;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Authority hereby approves and ratifies the filing of the attached 2011 IRS Form 8328 entitled "Carryforward Election of Unused Private Activity Bond Volume Cap" by the Chief Executive Officer subject to the State Treasurer's approval of unused 2011 Volume Cap for carryforward purposes.

2. This resolution shall take effect immediately, but no action authorized herein shall take force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor of the State of New Jersey for his approval unless during such 10-day period the Governor of the State of New Jersey shall approve the same in which case such action shall become effective upon such approval, as provided by the Act.

DATED: January 17, 2012

Form **8328**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Carryforward Election of Unused Private Activity Bond Volume Cap

(Under Sections 146(f) and 142(k))

OMB No. 1545-0874

Enter the calendar year for which the election is made ▶ 2011

Part I Reporting Authority

State name for qualifying public educational facility bond **or** issuer's name for all other bonds: New Jersey Economic Development Authority		**Reporting Authority's EIN**: 2 2 2 0 4 5 8 1 7
Number, street (or P.O. box if mail is not delivered to street address): 36 West State Street, PO Box 990	Room/suite	Report number: 9 -01
City or town, state, and ZIP code: Trenton, NJ 08625-0990		

Caution: *Part II is **only** for section 146(f) filers. Part III is **only** for qualifying public educational facility bond filers.*

Part II Unused Volume Cap and Carryforward under Section 146(f)

Computation of Unused Volume Cap

Line	Description				
1	Total volume cap of the issuer for the calendar year			1	110,000,000.
2	Aggregate amount of private activity bonds issued to date that are taken into account under section 146 (see instructions)	2	17,130,000.		
3	Total amount of volume cap exchanged for authority to issue mortgage credit certificates (see instructions)	3			
4	Total amount of volume cap allocated to private activity portion of governmental bonds (see instructions)	4			
5	Add lines 2 through 4			5	17,130,000.
6	Unused volume cap (subtract line 5 from line 1)			6	92,870,000.

Purpose and Amount of Each Carryforward

Line	Description		
7	Qualified student loan bonds	7	
8	Qualified mortgage bonds or mortgage credit certificates	8	
9	Qualified redevelopment bonds	9	
10	Exempt facility bonds:		
a	Mass commuting facilities (section 142(a)(3))	10a	
b	Water furnishing facilities (section 142(a)(4))	10b	
c	Sewage facilities (section 142(a)(5))	10c	10,000,000.
d	Solid waste disposal facilities (section 142(a)(6))	10d	55,000,000.
e	Qualified residential rental projects (section 142(a)(7))	10e	17,000,000.
f	Facilities for the local furnishing of electric energy or gas (section 142(a)(8))	10f	10,870,000.
g	Local district heating or cooling facilities (section 142(a)(9))	10g	
h	Qualified hazardous waste facilities (section 142(a)(10))	10h	
i	25% of bonds for privately owned high-speed intercity rail facilities (section 142(a)(11))	10i	
j	Qualified enterprise zone facility bonds (section 1394(a)-(e))	10j	
11	Total carryforward amount (add lines 7 through 10j) (not to exceed line 6)	11	92,870,000.

Part III Unused Volume Cap and Carryforward Under Section 142(k) (Qualifying Public Educational Facility Bonds)

Line	Description		
12	Total volume cap for the calendar year	12	
13	Total amount of bonds issued under section 142(k) for the calendar year	13	
14	Unused volume cap available for carryforward (subtract line 13 from line 12)	14	
15	Amount elected to carryforward (not to exceed line 14)	15	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

▶ Signature of authorized public official | Date | ▶ Caren S. Franzini, Chief Executive Officer — Type or print name and title.

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Form 8328 is filed by the issuing authority of private activity bonds to elect to carry forward its unused volume cap for one or more carryforward purposes (see section 146(f)). If the election is made, bonds issued with respect to a specified carryforward purpose are not subject to the volume cap under section 146(a) during the 3 calendar years following the calendar year in which the carryforward arose, but only to the extent that the amount of such bonds does not exceed the amount of the carryforward elected for that purpose.

Also, Form 8328 is used by a state to carry forward the unused volume cap under section 142(k). A state may elect to carry forward an unused limitation for any calendar year for 3 calendar years following the calendar year in which the unused limitation arose under rules similar to the rules of section 146(f). However, this election can only be made for the issuance of qualified public educational facility bonds. For definitions related to qualified public educational facilities, see section 142(k).

When To File

Form 8328 must be filed by the earlier of: **(1)** February 15 of the calendar year following the year in which the excess amount arises, or **(2)** the date of issue of bonds issued pursuant to the carryforward election.

Once Form 8328 is filed, the issuer may not revoke the carryforward election or amend the carryforward amounts shown on this form.

Errors on this form cannot be corrected through an amended filing. The issuer may file a Voluntary Closing Agreement Program (VCAP) request to correct mathematical, typographical, and similar errors. See Notice 2008-31, 2008-11 I.R.B. 592, and IRM 7.2.3 for more information about VCAP.

Where To File

File Form 8328 with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201.

Bonds Taken Into Account Under Section 146

All private activity tax-exempt bonds issued during a calendar year are taken into account under section 146 **except:**

1. Qualified veterans' mortgage bonds.

2. Qualified section 501(c)(3) bonds.

3. Exempt facility bonds for governmentally owned airports, docks and wharves, and environmental enhancements of hydroelectric generating facilities; also exempt facility bonds for qualified public educational facilities, qualified green building and sustainable design projects and qualified highway or surface freight transfer facilities.

4. 75% of any exempt facility bonds for privately owned high-speed intercity rail facilities; 100% if governmentally owned.

5. Exempt facilities bonds for governmentally owned solid waste disposal facilities. See section 146(h).

6. Bonds issued pursuant to a carryforward election. See section 146(f)(3)(A).

7. Certain current refundings. See section 146(i).

8. Certain bonds issued by Indian tribal governments for tribal manufacturing facilities. See section 7871(c)(3).

9. Tribal Economic Development Bonds, section 7871(f).

10. Gulf Opportunity Zone bonds, Midwestern Disaster Area bonds, Hurricane Ike Disaster Area bonds, section 1400N.

11. New York Liberty Zone bonds, section 1400L.

12. Enterprise Zone Facility bonds, section 1394(f).

Note. Enterprise Zone Facility bonds under section 1394(a)-(e) are subject to section 146. See Line 10j of Form 8328.

In addition, the private activity portion of governmental bonds is taken into account to the extent that the nonqualified amount exceeds $15 million. See sections 141(b)(5) and 146(m).

Bonds Eligible for Carryforward Elections

• An election under section 146(f) may be made by the issuing authority for only the following types of tax-exempt bonds:

1. Qualified student loan bonds.

2. Qualified mortgage bonds (or mortgage credit certificates).

3. Qualified redevelopment bonds.

4. Exempt facility bonds taken into account under section 142(a).

5. Enterprise zone facility bonds taken into account under Regulations section 1.1394-1(m)(3).

6. Tax-Exempt Economic Development Bonds for the District of Columbia Enterprise Zone, section 1400A. Include any Tax-Exempt Economic Development Bond carryforward on Line 10j.

• An election under section 142(k) may be made by the state for qualified public educational facility bonds.

Specific Instructions

Parts I and II of this form must be completed to properly elect the carryforward provisions under section 146(f).

Parts I and III must be completed to properly elect the carryforward provisions under section 142(k).

Part I. Reporting Authority

Name. Enter the name of the state if filing under section 142(k). For all others, enter the name of the entity issuing the bonds.

Report number. This line is for IRS use only. Do not make an entry.

Part II. Unused Volume Cap and Carryforward Under Section 146(f)

Computation of Unused Volume Cap

Line 1. Enter the issuing authority's volume cap under section 146 for the current calendar year. Take into account any reduction in the amount of the volume cap under section 25(f) (relating to the reduction in the aggregate amount of qualified mortgage bonds where certain requirements are not met). See section 146(n)(2).

Line 2. Enter the total amount of private activity bonds issued by the issuing authority during the current calendar year that are taken into account under section 146. See **Bonds Taken Into Account Under Section 146.**

Line 3. Enter the total amount of qualified mortgage bonds the issuing authority has elected not to issue under section 25(c)(2)(A)(ii) during the current calendar year, plus the reduction under section 25(f) for that calendar year. See section 146(n).

Line 4. Enter the total amount of volume cap allocated by the issuer to the private activity portion of governmental bonds. See sections 141(b)(5) and 146(m).

Purpose and Amount of Each Carryforward

Enter the amount of unused volume cap the issuer elects to carry forward for each carryforward purpose and the total carryforward amount.

Part III. Unused Volume Cap and Carryforward Under Section 142(k) (Qualifying Public Educational Facility Bonds)

Complete lines 12 through 15 to compute the amount elected to carry forward under section 142(k).

Signature

Form 8328 must be signed by an authorized public official responsible for carrying forward unused volume cap.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	7 hr., 24 min.
Learning about the law or the form	2 hr., 47 min.
Preparing and sending the form to the IRS	3 hr., 1 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see *Where To File*.

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

APPLICANT: 810 Broad St Urban Renewal Company LLC P34850

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

PROJECT LOCATION: 810 Broad St Newark City (T/UA) Essex

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

APPLICANT BACKGROUND:

In November 1998, The City of Newark approved a redevelopment plan and a redevelopment area pursuant to the Local Redevelopment and Housing Law (NJSA 40:12A-1) as amended and supplemented. Included in this area is the project site at 810 Broad Street in Newark that will be developed by 810 Broad St Urban Renewal Company LLC.

The project is the restoration of an existing twelve story building known as the National State Bank Building. The facility was constructed in 1912 and was added to the National Register of Historic Places in 1977. While retaining the building's historical character, the facility is being transformed into a boutique hotel that will be operated under InterContinental Hotel's Indigo brand. The brand aims at the mid-market traveler seeking upscale style without the rate premium. The hotel has plans for up to 106 rooms, a fitness center, a 6,000 sq ft restaurant and 3,000 sq ft of rooftop space. The renovation will also include restoration of the existing exterior facade, construction of a new stair tower and a new elevator.

The project is consistent with the redevelopment plan and is located within Newark's central business district. The hotel should complement other attractions located in the area such as The Prudential Center Arena and is located within a half mile of Newark's Penn Station.

In addition to the Redevelopment Area Bond, the project will receive Authority assistance through an Economic Redevelopment and Growth Grant in the amount of $4.7 million that was approved in September 2010 and granted a six month extension in December 2011.

APPROVAL REQUEST:

Authority assistance will enable the applicant to finance a portion of the development of the 76,400 sq ft building through Redevelopment Area Bonds. The bonds will be repaid from Payments-In-Lieu-Of-Taxes ("PILOT" payments) to be made by the developer under a finance agreement with the City of Newark pursuant to the Redevelopment Area Bond Financing Law.

FINANCING SUMMARY:

BOND PURCHASER: Prudential Insurance Co. of America (Direct Purchase)

AMOUNT OF BOND: $4,920,000 (taxable)

TERMS OF BOND: 20 years; Fixed interest rate of 5.0%.

ENHANCEMENT: N/A

PROJECT COSTS:

Renovation of existing building	$16,766,145
Acquisition of existing building	$5,011,500
Finance fees	$2,827,953
Site Costs	$2,358,486
Development Fee	$1,497,452
Professional Services	$1,168,013

TOTAL COSTS	$29,629,549

JOBS: At Application 0 Within 2 years 65 Maintained 0 Construction 171

PUBLIC HEARING: N/A

BOND COUNSEL: Wolff & Samson

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: K. McCullough

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

APPLICANT: Cong Bnos Devorah P36771

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

PROJECT LOCATION: 243 Prospect St Lakewood Township (T/UA) Ocean

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

APPLICANT BACKGROUND:

Cong Bnos Devorah operates Bnos Devorah Elementary School in Lakewood, New Jersey. The school serves female children in the community from kindergarten through second grade. Bnos Devorah Elementary's mission is to provide a broad and balanced education for students in all academic areas while developing character and self confidence and instilling a strong sense of values. The school, which opened in 2006, currently educates around 220 students and has plans to grow enrollment in the near future. The project has been reviewed and approved by the Attorney General's office for issues related 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 applicant to refinance its existing debt as well as purchase the adjacent property at 247 Prospect Street to be converted into a play area for the school children.

FINANCING SUMMARY:

BOND PURCHASER: Fulton Bank (Direct Purchase)

AMOUNT OF BOND: Not to exceed $1,450,000 (Tax-Exempt)

TERMS OF BOND: 20 years; Fixed interest rate set at the tax-exempt equivalent of the WSJ Prime rate plus 2.5%. The indicative rate as of 12/8/2011 is 3.96%. Rate will be reset on every 5th anniversary at the greater of (i) the tax-exempt equivalent of the WSJ Prime rate plus 0.5% or (ii) 3.96%.

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	$1,177,888
Land	$210,000
Closing Costs	$62,112
TOTAL COSTS	$1,450,000

JOBS: At Application 40 Within 2 years 10 Maintained 0 Construction 0

PUBLIC HEARING: 01/17/12 (Published 01/03/12) **BOND COUNSEL:** Wolff & Samson

DEVELOPMENT OFFICER: R. Fischer **APPROVAL OFFICER:** K. McCullough

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

APPLICANT: VG Resources LLC P37026

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

PROJECT LOCATION: 200 Lamberton Road Hamilton Township (T) Mercer

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

APPLICANT BACKGROUND:

VG Resources LLC (VGR) is a single-purpose entity formed in 2008 to develop, design, finance, own and operate a 4.7 acre Solid Waste Recycling and Transfer Facility on Duck Island, Hamilton Township, Mercer County. The facility will recycle and transfer only construction and demolition waste, with an approved capacity of up to 1,500 tons per day. The project has been reviewed and initially approved by the Department of Environmental Protection (DEP), with final approval anticipated in February 2012.

This project qualifies for tax-exempt bond financing as an Exempt Public Facility - Solid Waste Disposal - under Section 142(a)(6) of the 1986 Internal Revenue Code, as amended, and is not subject to the $20,000,000 capital expenditure limitation under Section 144 of the Code, but is subject to State Volume Cap limitation, pursuant to Section 146 of the IRS Code.

APPROVAL REQUEST:

Authority assistance will enable the applicant to finance the acquisition of land, construction of the recycling facility, acquire necessary equipment and pay for the costs of issuance. Any difference between the project costs and the bond amount will be paid by the applicant.

This project is being presented for a Public Hearing Only at the January 17, 2012 Board Meeting.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Purchase of equipment & machinery	$4,900,000
Land	$4,706,500
Construction of new building or addition	$3,400,000
Construction of roads, utilities, etc.	$1,200,000
Debt service reserve fund	$1,182,000
Interest during construction	$1,063,800
Engineering & architectural fees	$595,100
Finance fees	$413,700
Cost of Issuance	$236,400
Legal fees	$72,500
Accounting fees	$50,000
TOTAL COSTS	$17,820,000

JOBS: At Application 0 Within 2 years 30 Maintained 0 Construction 38

PUBLIC HEARING: 01/17/12 (Published 01/02/12) **BOND COUNSEL:** McManimon & Scotland

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

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

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

APPLICANT: Congregation Ahavas Chesed P37044

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

PROJECT LOCATION: Various Lakewood Township (T/UA) Ocean

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

APPLICANT BACKGROUND:

Congregation Ahavas Chesed, a not-for-profit organization established in 1977, is a Jewish school known as the Yeshivah K'Tana of Lakewood, for boys in grades K -12. Currently the applicant has an enrollment of over 700 students in the elementary school located on 2nd Street in Lakewood, Ocean County and 120 students in the high school located at 1083 Brook Road, Lakewood. Rabbi Menachem Mendel Rabinowitz is the founder and President of the School. The project has been reviewed and approved by the Attorney General's Office relating to 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:

Authority assistance will enable the applicant to refinance conventional debt with Sovereign Bank and a line of credit provided by The Bank of Princeton. The difference in the bond amount and the project costs will be funded with Applicant's equity.

FINANCING SUMMARY:

BOND PURCHASER: The Bank of Princeton (Direct Purchase)

AMOUNT OF BOND: $4,500,000 (Tax-exempt bond)

TERMS OF BOND: 25 years; Fixed rate of 4.20% for first five years; thereafter the rate will readjust every 5 years at the tax exempt equivalent of 5 yr. US Treasury Notes plus 300 basis with floor of 4.20%; subject to call option at each rate reset.

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	$4,500,000
Finance fees	$67,500
Legal fees	$30,000
Accounting fees	$20,000
TOTAL COSTS	$4,617,500

JOBS: At Application 65 Within 2 years 10 Maintained 0 Construction 0

PUBLIC HEARING: 01/17/12 (Published 01/03/12) **BOND COUNSEL:** Wolff & Samson

DEVELOPMENT OFFICER: R. Fischer **APPROVAL OFFICER:** T. Wells

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

APPLICANT: Ocean Mental Health Services, Inc. P36964

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

PROJECT LOCATION: 160 Route 9 Berkeley Township (T) Ocean

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

APPLICANT BACKGROUND:

Ocean Mental Health Services, Inc. is a 501(c)(3) not-for-profit organization, which began operations in 1959 to provide various types of mental health care services throughout Ocean County, NJ. The organization provides its services from two outpatient offices, a school and several partial day program locations throughout Ocean County. Services include, but are not limited to, diagnosis, psychological evaluation, psychotherapy, rehabilitation and outreach and community programs. The organization currently employs approximately 280 employees. James Cooney is the Chief Executive Officer.

The Applicant received Authority assistance in 2002 via a tax-exempt bond in the amount of $2,124,000 to refinance existing debt. The 2002 Bond was originally purchased by Commerce Bank/Shore, N.A., now TD Bank, N.A. at a fixed interest rate of 5.43% for 10 years and final maturity in 2020; the interest rate is set to reset in September 2012 at the tax-exempt equivalent of 10 yr. U.S. Treasury plus 250 basis points.

The Applicant also utilized the EDA's Statewide Loan Pool Program in 1997 and in 2003. The loans have been paid in full in accordance with the respective terms.

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 refinance existing debt with TD Bank, N.A. at lower interest rate plus pay cost of issuance.

This Application is being presented in conjunction with Appl. P36974 to refund the prior bond, for a total tax-exempt bond financing not to exceed $3,100,000.

FINANCING SUMMARY:

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

AMOUNT OF BOND: $1,632,500 (est.) (Part of $3.1 million tax-exempt bond with Appl. P36974)

TERMS OF BOND: 25 years; Variable interest rate based on the tax-exempt equivalent of 30 day LIBOR plus 225 basis points. On the closing date, the borrower may enter into a fixed interest rate swap agreement for 5, 7 or 10 years; the respective indicative rates are 3.05%, 3.44% or 3.80% as of 9/8/11; subject to call option on every 5th, 7th or 10th anniversary depending on the selection of the term of the swap agreement.

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	$1,600,000
Finance fees	$18,000
Legal fees	$14,500
TOTAL COSTS	$1,632,500

JOBS: At Application 280 Within 2 years 7 Maintained 0 Construction 0

PUBLIC HEARING: 01/17/12 (Published 01/02/12) **BOND COUNSEL:** McManimon & Scotland

DEVELOPMENT OFFICER: R. Fischer **APPROVAL OFFICER:** T. Wells

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: Ocean Mental Health Services, Inc. P36974

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

PROJECT LOCATION: Various Single County - Multi City (N) Ocean

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

APPLICANT BACKGROUND:

Ocean Mental Health Services, Inc. is a 501(c)(3) not-for-profit organization, which began operations in 1959 to provide various types of mental health care services to residents of Ocean County, NJ. The organization provides its services from two outpatient offices, a school and several partial day program locations throughout Ocean County. Services include, but are not limited to, diagnosis, psychological evaluation, psychotherapy, rehabilitation and outreach and community programs. The organization currently employs approximately 280 employees. James Cooney is the Chief Executive Officer.

The Applicant received Authority assistance in 2002 via a tax-exempt bond in the amount of $2,124,000 to refinance existing debt. The 2002 Bond was originally purchased by Commerce Bank/Shore, N.A., now TD Bank, N.A., at a fixed interest rate of 5.43% for 10 years and final maturity in 2020; the interest rate is set to reset in September 2012 based on tax exempt equivalent of 10 yr. U.S. Treasury plus 250 basis points.

The Applicant also utilized the EDA's Statewide Loan Pool Program in 1997 and in 2003. The loans are paid in full in accordance with the respective terms.

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.

REFUNDING REQUEST:

Authority assistance will enable the Applicant to refund the outstanding balance of the 2002 Bond plus pay costs of issuance.

This Application is being presented in conjunction with Appl. P36964 to refinance conventional debt, for a total tax-exempt bond financing not to exceed $3,100,000.

FINANCING SUMMARY:

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

AMOUNT OF BOND: $1,467,500 (est.) (Part of $3.1 million tax-exempt bond with P36964)

TERMS OF BOND: 25 years; Variable interest rate based on the tax-exempt equivalent of 30 day LIBOR plus 225 basis points. On the closing date, the borrower may enter into a fixed interest rate swap agreement for 5, 7 or 10 years; the respective indicative rates are 3.05%, 3.44% or 3.80% as of 9/6/11; subject to call option every 5th, 7th or 10th anniversary depending on the selection of the term of the swap agreement.

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond to be refunded	$1,435,000
Finance fees	$18,000
Legal fees	$14,500
TOTAL COSTS	$1,467,500

PUBLIC HEARING:

DEVELOPMENT OFFICER: R. Fischer

BOND COUNSEL: McManimon & Scotland

APPROVAL OFFICER: T. Wells

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

APPLICANT: Railway Avenue Properties, LLC P36938

PROJECT USER(S): Paterson Charter School for Science and * - indicates relation to applicant

PROJECT LOCATION: 196 W. Railway & 276 Wabash Paterson City (T/UA) Passaic County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Railway Avenue Properties, LLC, is a limited liability organization recently formed to undertake two school facility projects for the benefit of Paterson Charter School for Science and Technology, a K-6 public elementary charter school currently located at 276 Wabash Avenue, Paterson; and Grades 7-12 at 764 11th Avenue, Paterson. The School serves approx. 800 students. Paterson Charter School has successfully operated a public charter school since 2003 and has been approved to continue its charter to 2012.

The sole member of Railway Avenue Properties, LLC is Apple Educational Services, Inc. ("AES"), a 501(c)(3) organization, which collaborates with charter schools and other educational institutions to enhance educational opportunities and improve the quality of education for youth and adults in the U.S. AES has provided supplemental education services to about 30 schools in 9 states in different capacities. Kemal Aydin is the President.

The applicant, is treated as 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 1) purchase the existing building at 276 Wabash Avenue, Paterson that houses the elementary school; 2) purchase approx. 1.4 acres of land and an 88,500 sq. ft. facility at 196 W. Railway Avenue, Paterson, and renovate the building into a modern middle school and high school facility to replace the 11th Avenue School (which it currently leases), with over 50 classrooms, 6-10 computer/science labs, a library resource room, gymnasium, cafeteria, administrative offices and a parking lot; and 3) pay costs of issuance including a debt service reserve fund and interest during construction. The 2012 Bonds are expected to be rated in the BBB category by Standard & Poor's.

FINANCING SUMMARY:

BOND PURCHASER: RBC Capital Markets, LLC (Underwriter)

AMOUNT OF BOND:	$27,250,000 (est.) Tax-exempt Series A Bond (Total tax-exempt and taxable bond issue not to exceed $27,500,000)	$250,000 (est.) Taxable Series B Bond
TERMS OF BOND:	33 years (max.) Fixed interest rate not to exceed 8.5%; estimated tax-exempt rates as of 12/10/2011 are 5.875% to 6.75%.	33 years (max.); Fixed interest rate not to exceed 9.5%; estimated rate as of 12/10/2011 is 7.25%.

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	$14,000,000
Renovation of existing building	$9,500,000
Debt service reserve fund	$2,247,000
Interest during construction	$993,000

Closing Costs	$760,000
TOTAL COSTS	$27,500,000

JOBS: At Application 65 Within 2 years 85 Maintained 0 Construction 87

PUBLIC HEARING: 01/17/12 (Published 01/03/12) **BOND COUNSEL:** Wolff & Samson

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

PRELIMINARY RESOLUTIONS

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

APPLICANT: Robertet, Inc P37148

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

PROJECT LOCATION: 400 International Drive Mount Olive Township (N) Morris

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

APPLICANT BACKGROUND:

Robertet, Inc. is part of the Robertet Group which is a family owned fragrance and flavor company that specializes in natural ingredients. The Robertet Group's operations are conducted through three divisions: raw materials, perfumery, and flavorings. Robertet, Inc., which focuses on perfumery and raw materials, manufactures scents for household products and the fine fragrance industry. The company has been operating in New Jersey since 1979.

In 2011, Robertet was looking to improve its operations by combining its two New Jersey sites into one facility. The EDA provided the company with a BRRAG incentive to locate its combined operations in New Jersey instead of moving out of state. Robertet opted to relocate to Mount Olive, New Jersey and is now seeking tax-exempt bond financing through the Authority to finance the facility.

APPROVAL REQUEST:

Authority assistance will enable the applicant to finance the acquisition of a 115,000 sq ft building in Mount Olive, New Jersey to be used as a manufacturing facility as well as serve as the company's corporate headquarters.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Acquisition of existing building	$8,000,000
Renovation of existing building	$3,500,000
Purchase of equipment & machinery	$500,000
Finance fees	$150,000
Legal fees	$50,000
TOTAL COSTS	$12,200,000

JOBS: At Application 110 Within 2 years 10 Maintained 0 Construction 105

PUBLIC HEARING: **BOND COUNSEL:** Wolff & Samson

DEVELOPMENT OFFICER: K. Durand **APPROVAL OFFICER:** K. McCullough

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Board

FROM: Caren S. Franzini
Chief Executive Officer

RE: New EDA ~~Partner Lending~~ Program with Citibank, N.A.

DATE: January 17, 2012

The Members of the Board are requested to approve a new affinity program between the Authority and Citibank. Through the program, Citibank, N.A. ("Citi") has agreed to provide up to $50 million in financing to New Jersey companies engaged in international trade, and the Authority will provide partial guarantees in support of these financings. Additionally, the Board is requested to approve the attached Agreement between Citibank and the Authority and the segregation of $10 million to support the Authority's obligation under the program. This program is in alignment with the Administration's focus to grow the New Jersey economy by assisting small to mid-size companies to expand globally.

Background:

As a member of the Partnership for Action team under Lieutenant Governor Kim Guadagno's leadership, the Authority has been working closely with the Business Action Center and Choose New Jersey to attract new businesses and help existing businesses thrive. Through the Authority's work in this team, a need was discovered for competitively-priced financing support to help New Jersey businesses expand their local facilities and working capital to fulfill global orders, a market need in alignment with the State's strategic plan to support.

Concurrently, over the past year, the Authority was approached by Citi, a global banking firm with comprehensive international market presence and expertise in global transaction financing, to consider a new affinity program in support of international trade. Throughout 2011, the Authority and Citi undertook a series of discussions which resulted in the attached program proposal to support New Jersey businesses engaged or looking to engage in global trade.

As further detailed in the proposed program offering in Appendix A, Citi would provide term loans and lines of credit to credit-worthy companies engaged in international trade that fall within their business banking target market (revenues from $5MM - $50MM), and the Authority would provide partial guarantees on individual transactions of up to 50% of the Citi financing, not to exceed $1.5MM for term loans and $500M for lines of credit. The Authority guarantees would be provided for up to 5 years with a five year renewable option for term loans and one year for lines of credit with a one year renewable option. The aggregate of all guarantees to be paid by the Authority would not exceed $10MM, although guarantee approvals may exceed $10MM. For the initial three years of the program, program loan volume outstanding at any one time will be up to $50MM.

In addition to the benefits to the borrower of more competitive financing pricing and terms due to the Authority guarantee, including interest rates that are typically 50-75 basis points lower than conventional pricing, the program benefits to Citi include the ability to support the local economy and access to new marketing channels. The Authority's benefits include the ability to assist businesses looking to engage in international trade in support of the State's strategic plan, support New Jersey job creation and retention, and foster the economy of the state.

Staff will closely monitor the impact of this new program around market acceptance and portfolio performance and report to the Board on a monthly basis all approvals made under delegated authority. In addition, staff will meet with Citi on an annual basis to discuss program and portfolio performance. The Board will be requested to approve any program changes, as well as program extension.

Recommendation:

The Members of the Board are requested to approve the following:

1) A new affinity program between Citibank and the Authority.
2) The approval of the Agreement between EDA and Citibank, and to authorize the execution of the Agreement, attached in substantially final form, by the Chief Executive Officer, subject to review by the Office of the Attorney General.
3) Segregation of $10 million to support the Authority's obligation under the program.

Caren S. Franzini

Prepared by: Barbara Pierce

AGREEMENT

This Agreement, dated as of , 2012, is by and between the New Jersey Economic Development Authority ("NJEDA"), an instrumentality of the State of New Jersey, and Citibank, N.A. ("Citi"), a national banking association.

WHEREAS, Citi is one of the Premier Lenders of the NJEDA, with the ability to access programs designed to reduce the approval to closing turnaround time for loans meeting certain criteria; and

WHEREAS, the NJEDA and Citi have agreed to an expanded relationship utilizing those programs whereby Citi agrees to make up to $50 million in low interest loans available to New Jersey businesses engaged in international trade that will create or retain jobs in the State and the NJEDA agrees to provide partial guarantees of such loans to Citi for qualified purposes, provided that the aggregate cost to the NJEDA shall in no event exceed $10 million; and

The NJEDA and Citi both agree that they shall participate in a joint financing program in accordance with the operating procedures substantially set forth in the attached Appendix, with such changes, insertions or deletions as both parties shall mutually agree upon from time to time.

NOW THEREFORE, in consideration of the promises set forth herein and for other good and valuable consideration, the parties hereto agree as follows:

The NJEDA and Citi both agree that the term of this joint financing program agreement will be for a period of three (3) years commencing , 2012 and expiring , 2015 in accordance with the operating procedures substantially as set forth in the attached Appendix A, with such changes, insertions or deletions as both parties shall mutually agree upon from time to time.

Either NJEDA or Citi shall have the right to terminate this Agreement at any time upon ( ) days notice to the other party. Any termination shall not affect any Guarantee Agreement.

Witness **CITIBANK, NATIONAL ASSOCIATION**

By: ______________________ By: ____________________________________

Witness **NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**

By: ______________________ By: ____________________________________

Caren S. Franzini, CEO

CITIBANK PROGRAM
Product Specifications and Operating Procedures
Appendix A
XXXX, 2012

ELIGIBILITY	• Businesses with annual sales of approximately \$5 - \$50 million doing business in New Jersey. • Companies looking to engage/currently engaged in international trade. • Businesses which commit to job creation/retention in the State of New Jersey (Manufacturing companies must agree to maintain jobs in New Jersey and are exempt from job creation requirements). ◦ One job created for every \$50,000 of Authority exposure • Applicant must be in business at least two years • Projects which include construction or renovations are not eligible for this program. • All Applicants must submit to the Authority an Application for Tax Clearance and receive a Tax Clearance certificate from the New Jersey Division of Taxation prior to closing.
ELIGIBLE USES	**Term loans:** Owner occupied Commercial Real Estate (defined as 50% occupancy of square footage). Machinery and Equipment. Working Capital lines of credit
DURATION OF PROGRAM	Beginning XXXX, 2012 and ending XXXX, 2015
AMOUNTS	• Low interest rate loans available to fund NJ companies committed to job creation or retention. • Term loan amounts between \$1million - \$5 million per borrower, with exceptions for smaller loans. • Lines of Credit amounts of up to \$5 million • For the initial three years of the program, targeted program loan volume will be \$50 million, in the aggregate.
TERM	• For term loans, up to 5 years terms • For lines of credit, up to one year
PRICING	• Program pricing will be 50-75 bp lower than market pricing. Rate will locked at the time of document preparation. • Citi will demonstrate interest rate comparison in approval document.
AMORTIZATION	• Equipment Loans: up to 10 years based on useful life of the equipment. • Real Estate: up to 25 years.
DEBT SERVICE COVERAGE	• Must be at least 1.25x on a historical or global basis for all loans.
GUARANTEES	• Will be required of all persons or entities owning 10% or more of the business.
COLLATERAL	• Collateral required based upon the type of transaction. • Loan-to-value ratio up to 75% on Owner-Occupied Real Estate. • Loan-to-value ratio up to 80% of invoice on new/used machinery and equipment. • Lines of Credit require collateral sufficient to secure line amount (85% of eligible accounts receivable and 50% of eligible inventory. • Citi and NJEDA will share the collateral on a pari passu basis.
NJEDA GUARANTEES	• NJEDA will guarantee up to 50% of the Citi term loan, not to exceed \$1.5 million • NJEDA will guarantee up to 50% of the Citi line of credit, not to exceed \$500,000. Maximum NJEDA exposure per borrower/related entities is \$2 million.

	• The aggregate loss on this program cannot exceed $10MM, and at no time will the EDA pay more than $10MM, net, of guarantee recoveries. • Guarantees will be provided for up to 5 years with a five-year renewable option at the request of Citi, and subject to EDA re-approval. An additional modification and guarantee fee would apply as set forth below. • All guarantees will take effect immediately upon Citi loan closing.
FEES	**EDA Fees:** • $1,000 Application fee (payable at application on-line). • $750 Commitment fee. • Guarantee fee of up to 50 bps. The approved guarantee percentage determines the basis points used in the fee calculation. Calculation is basis points times the dollar amount of guarantee for the number of years of guarantee. (i.e. 25% guarantee would use 25 bp.) • $750 Commitment Extension Fee if closing does not occur within 120 days of EDA approval. • $1,000 Modification fee for guarantee renewals • An additional guarantee fee for guarantee renewals, using formula above. • $75 Tax Clearance Application fee(10 business day processing) or • $200 Tax Clearance Application fee (Expedited 3 business day processing) • Commitment, Guarantee and Tax Clearance Fees are payable by the Borrower at the time of closing and are to be remitted to the NJEDA within two weeks of closing. **Citi Fees**: • No fees will be charged. Out of pocket fees such as appraisal fees and filing fees will be paid by the Borrower.
QUALIFICATIONS	• Applicant business must be currently engaged in or looking to engage in international trade • Create jobs – non-manufacturing • Maintain jobs – manufacturing • No job requirement for lines of credit guarantees • Historical/Global debt service coverage of at least 1.25x for all loans. • Minimum guarantor credit score – 680 FICO • Loan-to-value up to 75% - owner occupied real estate • Loan-to-value up to 80% - new machinery & equipment based on invoice • Lines of credit require assets sufficient to cover line amount; 85% of eligible accounts receivable and 50% of eligible inventory. • No bankruptcies • Must be authorized to do business in New Jersey. A Corporate Status report will be obtained by the EDA to confirm this. • All funds must be used to support New Jersey operations. • Personal guarantees required from any individual or entity owning 10% or more of the borrower and operating company.
APPLICATION PROCESS	• Citi Relationship teams will originate applications. • NJEDA Business Development Officers will direct applicants to the appropriate Citi designated person. • Citi Relationship team will initially determine eligibility. • Application packages are reviewed for completeness by Citi Relationship Team. • Applicants will complete NJEDA on-line application (available at www.njeda.com) and pay $1,000 application fee.
CITI APPROVAL PROCESS	• Upon Citi approval, EDA application, the underwriter's analysis and approval document, business financial statements and spreads, personal financial statements and tax returns, D&B reports and Experian business and personal credit reports will be sent via email with an

	attached PDF file to NJEDA Credit Underwriting staff. • Citi approval document will include conventional pricing comparison. • Citi will ensure that the underwriting document includes the percent of of guarantee and number of years of guarantee being requested.
NJEDA APPROVAL PROCESS	• Credit Underwriting staff member will review and analyze the loan package and prepare a project summary. • EDA checklist will be prepared and reviewed by Credit Underwriting staff who will submit to Director of Credit Underwriting for review and determination to proceed. If the decision to proceed is made, the project is for approval by NJEDA staff pursuant to its delegated authority policy. • NJEDA decision approval will be communicated via email, within two business days from receipt of a complete application package, to the Citi underwriter and Relationship Manager. • If it is determined the NJEDA will not proceed on the project, the Director of Credit Underwriting will contact the Citi underwriter and Relationship Manager to discuss. • NJEDA approval is communicated to Closing Services for preparation of the guarantee.
GUARANTEE RENEWAL PROCESS	• For term loans, one five (5) year guarantee renewal may be requested. • For lines of credit, one, one (1) year guarantee renewal may be Requested. • 30 days prior to guarantee expiration, Citi will submit to EDA its approval for the Citi loan extension with the request for a guarantee renewal in accordance with the above Citi Approval Process. • Citi shall include a statement that Borrower is not in default. • Borrower must demonstrate debt service coverage of 1.25x. • A new Tax Clearance Application must be submitted with the Citi approval package.
PRE-CLOSING	• Upon approval by NJEDA, Citi will order all due diligence searches. • Upon receipt and satisfactory review of all due diligence searches, real estate valuations and all other pre-closing conditions, Citi will schedule closing. • Once closing date is confirmed, loan documents will be prepared by Citi, with the exception of the NJEDA Guarantee Agreement which will be prepared by the EDA and emailed, within 2 days, to Citi. • Citi will notify NJEDA Closing Services no later than 48 hours prior to closing.
POST-CLOSING	• Citi will notify NJEDA Closing Services via email, the date the loan was closed. • Within two weeks of closing, Citi will send copies of executed loan documents to EDA.
PORTFOLIO REVIEW	• Annually, the EDA may, at its option, selectively review accounts and will coordinate efforts with Citi staff. • Citi will conduct internal portfolio review on a quarterly basis and remit a copy to the NJEDA. • Citi will report loan balances and payment status on a monthly basis. • Citi will notify NJEDA within 30 days of all payment delinquencies and transfers to loan workout which shall be included in monthly loan verification reports.
LIQUIDATION	• Liquidation plan will be provided by Citi Workout Group to NJEDA for review and approval on all projects requiring work out activity. • Any request for payment on a guarantee will be made in accordance with the Guarantee Agreement.
MARKETING	• Program marketing and sales promotion across Citi's New Jersey channels. • Program marketing through NJEDA.com and other NJEDA

	communication programs including collateral material. • NJEDA will market the program through business membership organizations and various trade groups. • Citi will review existing portfolio to identify qualified companies. • Citi and NJEDA will meet annually to discuss overall relationship and program results.

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: January 17, 2012

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

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

Private Grants:

Episcopal Church of St. Michael the Archangel..**$212,132**
Roger Hinton...**$101,641**

Total UST funding for January 2012.. $313,773

Prepared by: Lisa Petrizzi

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

APPLICANT: Episcopal Church of St. Michael the Archangel P36880

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

PROJECT LOCATION: 3402 Woodfield Avenue Wall Township (N) Monmouth

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

APPLICANT BACKGROUND:

Episcopal Church of St. Michael the Archangel is a 501(c)(3) not-for-profit organization seeking to remove a 550-gallon leaking underground storage tank (UST) and perform the required remediation. The tank will be decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible for remediation of impacted soil and groundwater and has deemed this a priority based on the discharge being a threat to human health.

Certifications provided by the 501(c)(3) not-for-profit applicant meets the requirements for a conditional hardship grant.

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of $212,132 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $21,213 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT $212,132

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

PROJECT COSTS:

Remediation	$212,132
NJDEP oversight cost	$21,213
EDA administrative cost	$500
TOTAL COSTS	$233,845

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Roger Hinton P36942

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

PROJECT LOCATION: 764 E. Clark Circle Orange City (T/UA) Essex

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

APPLICANT BACKGROUND:

Roger Hinton is a homeowner who received a grant in July 2008 for $77,682 under P22435 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 for remediation of extensive groundwater contamination, soil contamination, and final groundwater sampling 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 supplemental grant funding in the amount of $101,641 to perform the approved scope of work at the project site, for a total funding to date of $179,323.

The NJDEP oversight fee of $10,164 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$101,641

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade,Closure,Remediation	$101,641
NJDEP oversight cost	$10,164
EDA administrative cost	$250
TOTAL COSTS	$112,055

APPROVAL OFFICER: C. Frazier

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: January 17, 2012

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

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

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

Below is a summary of the Delegated Authority approvals processed by Finance & Development for the period December 01, 2011 to December 31, 2011.

Summary:

	# of Grants	$ Amount
Leaking tank grants awarded	12	$272,539
Non-leaking tank grants awarded	4	$10,117

Applicant	Description	Grant Amount	Awarded to Date
Baile, Linda (P36379)	Initial grant upgrade, closure and remediation	$40,831	$40,831
Ewing, Robert (P35164)	Supplemental grant for upgrade, closure and remediation	$11,003	$17,951
Fraser, Kevin and Veronica (P36846)	Supplemental grant for upgrade, closure and remediation	$76,310	$112,930*
Honrychs, John W. (P36940)	Supplemental grant for upgrade, closure and remediation	$4,559	$54,083
Lisi, Roberto (P37032)	Supplemental grant for upgrade, closure and remediation	$15,167	$29,845
Lopez, Alfonzo (36823)	Supplemental grant for upgrade, closure and remediation	$65,188	$67,321
Niemi, Richard (36523)	Initial grant upgrade, closure and remediation	$3,763	$3,763
Recasino, Marc (P37022)	Supplemental grant for upgrade, closure and remediation	$8,062	$15,660

Applicant	Description	Grant Amount	Awarded to Date
Silva, Hiram (P34613)	Initial grant upgrade, closure and remediation	$3,770	$3,770
Williams, Shaheem (P36882)	Supplemental grant for upgrade, closure and remediation	$5,262	$17,793
Wisner, Blair (P36521)	Initial grant upgrade, closure and remediation	$32,567	$32,567
Von ohlen, Lori (P36574)	Initial grant upgrade, closure and remediation	$6,057	$6,057
12 Grants	**Total Delegated Authority funding for Leaking applications**	**$272,539**	

Colins, Gloria (P34986)	Partial grant to remove an underground storage tank and install an above ground storage tank	$2,000	$2,000
Hirsch, Eliyohu and Sara (P34658)	Grant to remove an underground storage tank	$2,100	$2,100
Moppert, S. Fletcher (P34359)	Grant to remove an underground storage tank and install an above ground storage tank	$2,517	$2,517
Taddei, Carmine and Rosa (P35759)	Grant to remove an underground storage tank and install an above ground storage tank	$3,500	$3,500
4 Grants	**Total Delegated Authority funding for Non-Leaking applications.**	**$10,117**	

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

Caren S. Franzini

Prepared by: Lisa Petrizzi, Sr. Finance Officer

HAZARDOUS DISCHARGE SITE REMEDIATION FUND PROGRAM

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: January 17, 2012

SUBJECT: Hazardous Discharge Site Remediation Fund Program

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

Municipal Grant:
County of Union (Summit Transfer Station).. **$193,495**

Prepared by: Lisa Petrizzi

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

APPLICANT: County of Union (Summit Transfer Station) P27381

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

PROJECT LOCATION: 1 New Providence Avenue Summit City (N) Union

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

APPLICANT BACKGROUND:

The project site, identified as Blocks 1501, 1505 and 1601, Lots 1, 1-3 and 1, is a former trash collection and disposal facility which has potential environmental areas of concern (AOC's). The County of Union currently owns the project site and has satisfied Proof of Site Control. It is the County's intent, upon completion of the environmental investigation activities, to redevelop the project site for public recreational use.

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

APPROVAL REQUEST:

The County of Union is requesting grant funding to perform SI and RI in the amount of $193,495 at the Summit Transfer Station project site.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT$193,495

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	$141,463
Site Investigation	$52,032
EDA administrative cost	$500
TOTAL COSTS	$193,995

APPROVAL OFFICER: C. Frazier

EDISON INNOVATION FUND

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: January 17, 2012

SUBJECT: Edison Venture Fund VII, L.P.

Request:

Approval is requested to make a $2,000,000 limited partnership investment in Edison Venture Fund VII. Funding for the investment will be made from the Economic Recovery Fund.

Background:

Edison Venture Fund VII, L.P. ("EVII" or the "Fund"), a Delaware limited partnership, was formed in July of 2010 to provide investors with long-term capital appreciation through direct investments in technology companies located in the U.S. with a focus on the East Coast. In addition, the fund will target financial, healthcare information, interactive marketing and enterprise 2.0 technology companies. EVII is managed by a group of business executives including John Martinson, the former Chairman of National Venture Capital Association, and Chris Sugden (collectively referred to as the "Management Team"). Together, the Management Team has over 50 years of significant operating and investment experience, including success in identifying, analyzing, structuring and managing technology start-up investments. The investment team includes individuals with extensive investment experience and large networks of valuable contacts.

Edison Partners VII, LLC created the Fund and will serve as the General Partner. Edison Partners VII, LLC and EVII are part of the Edison Ventures group of funds. Edison Ventures was formed in 1986 and is headquartered in Lawrenceville, New Jersey. Collectively, the Edison funds have completed 178 investments with 118 successful exits. Of note, the funds have made 44 investments in New Jersey-based companies totaling $168 million and have assisted in the creation of more than 750 jobs. The EDA has invested in three of the prior funds (EIII, EIV and EVI) with strong results.

EVII is seeking to invest in 25 to 30 expansion stage companies with a $300 million target size for the fund. The current fund documents call for the completion of all fundraising by January 31, 2012. The initial investments will be between $5 million and $10 million with follow-on investments between $3 million and $5 million. To date, Edison has obtained $205.9 million in committed capital from approximately 50 investors. The capital is combined between EVII ($185.7 million) and a parallel fund ($20.2 million) that was established for a group of investors from Ohio that will share in the Fund's investments on a pro rata basis. EVII has made ten investments totaling approximately $58 million. The Fund has agreed to invest two dollars for every one dollar the Authority invests in New Jersey-based companies, thereby resulting in a minimum of $6 million of capital invested in New Jersey-based companies. This arrangement of leveraging the Authority's public investment with Edison's private investment will be documented in a side letter agreement consistent with all prior venture fund LP investments.

In support of the State's focus on growing technology jobs, the EDA's strategic plan includes goals to assist in the expansion of technology companies in the State through funding direct loans and investing in venture capital funds. To date, the EDA has approved investments in eight venture capital funds totaling $31.5 million, which includes $7 million of total investments in three prior Edison funds. The proposed $2 million investment in EVII is consistent with the EDA's strategic plan as it will assist in developing employment in the State by supporting the growth of technology companies located in New Jersey and a New Jersey-based venture fund.

Recommendation:

Approval of the $2 million investment is recommended based upon EVII's experienced management team and the strong results from the EDA's investments in previous Edison funds. In addition, the proposed funding will support the growth of technology companies located in the State and a New Jersey-based venture fund. This approval will authorize the CEO to execute all documents required, subject to the review of the New Jersey Attorney General's office.

Prepared by: Sean V.M. Brady, Senior Credit Underwriter

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
MEMORANDUM OF FINANCIAL ANALYSIS

Edison Venture Fund VII, L.P.
January 17, 2012

Investment Analysis:

Limited Partners and Investments

EVII is seeking to raise $300 million in total commitments from selected investors. Edison has obtained $205.9 million in committed capital from approximately 50 investors. The capital is combined between EVII ($185.7 million) and a parallel fund ($20.2 million) that was established for a group of investors from Ohio that will share in the Fund's investments on a pro rata basis. The investors include American Family Insurance, JP Morgan Chase (as Trustee for Southern Company System Master Retirement Fund), Phoenix Life Insurance Company, Rowan University Foundation, Sentry Insurance, Siemens, Honeywell and Washington University. Of note, there are numerous repeat investors that have participated in prior Edison funds.

Per the Fund prepared financial statement thru 9/30/11, EVII had total assets of $53.9 million, which consisted primarily of cash ($87,000) and investments in seven portfolio companies at fair market value ($53.8 million). Total liabilities of $12.2 million consisted primarily of borrowings from a line of credit from Silicon Valley Bank. As a result, EVII had a net worth of $41.7 million. Of the $162 million of committed capital at 9/30/11, the Fund had called $48.6 million and had $113.4 million in available committed funds.

Currently, EVII has invested in ten companies with an average investment of $5.8 million. The portfolio companies had an average pre-money valuation of 1.41x with average revenue of $9.7 million at the time of the investments. EVII's average ownership stake in its portfolio companies is currently 31%. Although there have not been any exits to date due to the fact that the fund was recently formed and still in the portfolio investment stage, the average annual revenue growth rate for the ten companies in the portfolio has been approximately 77% and the fair market value of the companies is $71.8 million versus total investments of $58 million.

Of note, the EDA has invested in three prior Edison funds (including EIII, EIV and EVI) with strong results. In 1995, the EDA invested $2.5 million in EIII which produced a 1.9x cash on cash return. The fund invested in 25 companies and was closed in the beginning of 2011. In 1999, the EDA invested $2.5 million in EIV, which has produced a 1.39x cash on cash return to date. The fund invested in 31 companies with 19 exits with 12 remaining operating companies in the portfolio. The fund is expected to be closed within the next four years with a 2.6x cash on cash total return. In 2006, the EDA invested $2 million in EVI, which generated its first return for the EDA in 2010 of $77,000. The fund has invested in 27 portfolio companies and has a current valuation of $297 million versus $198 million of total investments. The return period for these 10 year funds, generally occurs in years 6 and beyond, after the initial investment stage in years 1-3, and portfolio management and growth stage in years 3-6. To date, the EDA has realized a $7.07 million gain from its first two fund investments and has received $8.7 million in total cash distributions ($4.5 million of initial capital and $4.2 million of profit). As stated above, only one of the three funds is closed and there are still 38 active portfolio companies in EIV and EVI.

Edison Ventures has been headquartered in the New Jersey since 1986 and has been very active in developing technology companies in the State. Edison is one of the most active New Jersey venture capital firms. Across all of its funds, there have been 44 investments in New Jersey-based companies totaling $168 million. The investments in New Jersey companies assisted in creating more than 750 jobs. To date, the group of funds has realized a 2.5x cash on cash return from those investments. Currently, Edison Ventures has 15 active investments in New Jersey with average revenue of $13 million and average valuation growth of 8%.

Management Team

The Management Team has more than 50 years of combined investing experience. They have worked together for nine years at Edison and have made numerous investments with successful exits. This is evidenced by the fact that they completed 17 exits from the fourth quarter of 2010 thru the third quarter of 2011, despite the weakened economy. Included in the exits was an IPO for Gain Capital Holdings that produced a 24 times return.

John Martinson, Founder and Managing Partner: Mr. Martinson has more than 32 years of venture capital experience. His prior experience includes organizing 150 equity financings, raising 10 venture pools and serving on the Board of Directors of more than 50 companies. In addition, he previously served as the Chairman of National Venture Capital Association, PACT (MAC Alliance) and NJ Technology Council. Mr. Martinson received a Bachelor's of Science degree from the U.S. Air Force Academy, a Master's of Science degree from Purdue and an MBA from Southern Illinois University.

Chris Sugden, Managing Partner: Mr. Sugden has more than nine years of venture capital experience. During that time, he has completed 28 investments and is currently a director of eight Edison companies. His prior experience includes serving as CFO and General Manager at Princeton eCom, CFO of two magazine startups and an Auditor at PwC. Mr. Sugden received a Bachelor's of Science degree from Michigan State and is a CPA.

Of note, this is the first fund that is being co-managed by Mr. Martinson and Mr. Sugden. The purpose for this is to groom Mr. Sugden for succession due to his contributions, dedication and commitment to the firm. Of note, Mr. Martinson will remain actively involved in the fund for the near term to facilitate a seamless transition.

Advisory Committee

The advisory committee for EVII is comprised of seven individuals from a broad range of industries. The committee is comprised of the following: Doris Blasel from Siemens Venture Capital, Wei Huang from Sentry Insurance, Whit Oliver from Southern Company, a representative from New Jersey Division of Investments, Nina Ross from Rostam Holdings, Jonathan Shofet from Neuberger Bernman (representing the NJ Direct Investment Fund with a $100 million of capital from New Jersey pension funds) and Vince Stegman from Washington University.

Of note, Kathleen Coviello, Director of Technology & Life Sciences at the Authority, serves on the advisory boards of Edison III, IV and VI.

Investment Team

EVII's investment team is comprised of 11 partners and principals, five business development professionals, two due diligence specialists, one analyst and five portfolio managers. Combined the team has more than 240 years of investment experience. In addition, there is a director network in place that is comprised of more than 160 former and active portfolio company executives.

Investment Process

EVII applies a rigorous screening, research and due diligence process to investment proposals. The process consists of multiple stages with a one in 150 average for investments in prospects. The stages include:

Initial Screening: The business development team tracks approximately 3,500 companies per year, monitors approximately 1,500 prospects and selects 1,200 opportunities as potential investments. Investment targets are normally tracked for several years prior to making an investment. This includes obtaining budgets and financial statements to compare actual performance to forecasts.

Assessment: This includes a qualification process and ongoing monitoring for the progress of the target. During this phase, the target company's financial statements will be reviewed, actual performance will be compared to its initial forecast and there will be frequent contact with the management team. Approximately 300 companies will be selected per year for a visit by members of EVII's investment team with the target's entrepreneurial team to determine which candidates will advance to a full underwriting.

Due Diligence: The final stage of evaluation involves a rigorous evaluation of all aspects of the prospective investment including a review of the management team, extensive management and customer references, assessment of the technology, sales pipeline review, product roadmap, financial analysis and ongoing monitoring of the company's progress. It is expected that 30 companies per year will be selected for full due diligence and that will result in approximately 10 investments per year.

Investment Strategy:

EVII will seek to invest in expansion stage companies with revenues between $5 million and $20 million that have realized at least a 25% annual growth rate at the time the investment is made. EVII prefers to be the first institutional investor and the largest shareholder. Its ownership percentage will range from 20% to 80% with an average of 40% across the portfolio. There are several key characteristics that are required to trigger an investment including: a minimum pre-money valuation of 0.7x; a demonstrated business model with a high gross profit margin and a 15% EBITDA margin, defined sales channels and at least 20 satisfied customer references. Companies with a recurring revenue model, an established emphasis on sales and marketing and a disciplined cash management track record are desired. In addition, the Fund will seek to invest in companies located on the East Coast that have the potential for international expansion, have domain expertise in an emerging market and are not capital intensive.

After making an investment, EVII remains actively involved with the companies. The Fund will organize the Board of Directors, which will include at least one EVII Partner or Principal and one Edison Director Network member in the second seat. EVII will also assist in setting company goals and compensation plans, recruiting the management team, obtaining financing (including credit lines, leases and grants), establishing vendor relationships and obtaining clients. EVII expects that the duration of its investments will range from three to six years with an average return between three and five times. The Fund will generally seek to exit an investment at two to four times revenue.

EVII Composition and Performance:

Currently, EVII has invested in ten portfolio companies. The average initial investment has been $5.8 million with an average ownership stake of 31%. The portfolio is includes the following companies:

Andera: Andera is based in Provident, R.I. and is a provider of acquisition solutions for financial institutions. Its suite of products and services includes online account opening, consumer marketing, fraud prevention and an in-house software development kit. Andera has approximately 500 customers (including Fidelity and Equifax) and generates more than $8 million in annual revenue. EVII was the first institutional investor and made a $7.5 million investment for a 21% ownership stake.

CallCopy: CallCopy is located in Columbus, O.H. and is a provider of call center software solutions including screen capture, quality improvement, analytics and workforce management. The company has more than 500 customers and generates more than $6.5 million in annual revenue. EVII was the first institutional investor and made a $6.5 million investment for a 33% ownership stake.

LearningGuide Solutions: LearningGuide Solutions is located in Chevy Chase, M.D. and is a provider of learning support software and content solutions for real-time e-learning. The company has more than 250 clients with 750,000 users and generates more than $7.7 million in annual revenue. EVII was the first institutional investor and made a $6 million investment for a 37% ownership stake.

Lifebooker – Lifebooker is based in Brooklyn, N.Y. and is a provider of online marketing, reservation and inventory management services for health and beauty businesses. The company is currently focused on the New York, Chicago and San Francisco markets and generates more than $6.6 million in annual revenue. EVII was the first institutional investor and made a $4 million investment for a 22% ownership stake.

Motionsoft – Motionsoft is based in Silver Springs, M.D. and is a provider of business management and payment processing software solutions for fitness and wellness centers. The company has more than 2,000 clients and generates more than $13 million in annual revenue. EVII was the first institutional investor and has invested $7.8 million for a 29% ownership stake.

NetProspex – NetProspex is based in Waltham, M.A. and is a data as a service provider that hosts a crowd-sourced website for business contacts and business-to-business lead generation.
The company has more than 16 million registered contacts and generated more than $4 million in annual revenue. EVII was the first institutional investor and made a $5.1 million investment for a 42% ownership stake.

Premier Healthcare Exchange ("PHX") – PHX is based in Bedminster, N.J. and is a provider of cost containment consulting services for insurance companies, HMO's and third party administrators. PHX generates more than $12.2 million in annual revenue and the company's clients include Government Employee Health Association, Inc. and HCC Life Insurance Company. EVII was the first institutional investor and made a $4.4 million investment for a 35% ownership stake.

Salsa Labs – Salsa Labs is based in Washington, D.C. and is a provider of a social media website for non-profit organizations. Its suite of online applications enables associations, non-profits and campaigns of all sizes to engage and organize supporters. Salsa Labs has more than 30,000 end-users and more than 40 million members. The company generates more than $6.6 million in annual revenue. EVII was the first institutional investor and made a $5 million investment for a 31% ownership stake.

MediaBrix – MediaBrix is based in New York, NY and is a provider of a social media advertising platform. MediaBrix has more than 40 customers and generates more than $11 million in annual revenue. EVII was the first institutional investor and made a $4 million investment for a 28% ownership stake.

Kemp Technologies ("KT") – KT is based in Long Island, NY and is a provider of server optimization services. The company has more than 2,000 customers and generates more than $ 9 million in annual revenue. EVII was the lead investor in a $16 million investment. EVII invested $7.5 million for a 46.9% ownership stake.

Policy:

Venture Fund Allocation / Investment Guidelines	**Yes**	**No**
Early Stage (co. revenues < $3 million)		X
Industry Focus		
Small, women-owned or minority-owned, or	X	
Technology and/or life sciences, or	X	
Real Estate		X
Return		
Expected return greater than 2x "in-house	X	
Fund can measure jobs created in portfolio companies	X	
Leveraging - Non-EDA investment/EDA investment > 2:1	X	
Track Record - Partners have established track record	X	
Management -		
Team has both operating and financial experience	X	
Senior partners have personal investment in the fund	X	
Partnering		
Management is willing to partner with EDA	X	
Partners are leaders in NJ community and supporters of industry membership groups	X	
Location / New Jersey Focus		
Fund has physical presence in New Jersey	X	
Investments history of at least 1/4 of investment portfolio in NJ and commitment to maintain same?	X	

Historically, the EDA has invested in funds that provided funding for early stage companies. The proposed investment in EVII will be a deviation from the prior investments as the fund will invest in expansion stage companies. Staff recommends this change since the pending Tech Accelerator Program and newly awarded SSBCI funding will be targeted for investments in early stage companies. In addition, the proposed investment will continue the EDA's support for a leading New Jersey-based venture fund that has supported significant job growth in the State. The EDA's proposed investment in the Fund will also serve to enhance the partnership with the EDA, whereby the EDA's technology and life science staff often work closely with Edison on cross-referrals in supporting technology businesses in the Edison pipeline or work on providing incentive to help relocate various portfolio companies to NJ. Furthermore, the EDA has had a successful track record investing in prior Edison funds and they have identified a strong group of expansion stage companies for potential investments by EVII.

INCENTIVES

BUSINESS EMPLOYMENT INCENTIVE PROGRAM

BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT

SALES AND USE TAX EXEMPTION

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

APPLICANT: Amerlux LLC P37154

PROJECT LOCATION: TBD Locations Unknown (N) Unknown County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Amerlux LLC (Amerlux), founded in 1982 is a global supplier of architectural grade, energy efficient interior and exterior lighting systems and fixtures for commercial use in retail, supermarket, and hospitality markets. The applicant's global headquarters is in Fairfield, Passaic County, with a sales office in Hong Kong and production facilities in Pearland (Houston), Texas, and Gangzhou, China. As a result of recent technology developments in LED lighting for commercial environments Amerlux has experienced significant revenue growth since 2009. The applicant is economically viable.

MATERIAL FACTOR:

The applicant is seeking a BEIP grant to support creating 55 new jobs to keep up with demand for the high tech LED lighting. In addition, Amerlux will be requesting at the January 2012 Board meeting a BRRAG (P37230) to support consolidating and relocating to a new facility the 133 jobs in NJ, currently operating out of 3 buildings. Under consideration is moving the 133 NJ jobs and the 55 new jobs to Pearland, Texas, near Houston, where the applicant's outdoor lighting manufacturing facility is located and employs 76 jobs. As a result of the lower operating costs in Texas, there is no consideration of moving this division to NJ. Project costs are estimated to be $16.5 million. Management has indicated that a favorable decision by the Authority to award the BEIP and BRRAG grants is a material factor in the company's decision to remain and expand in NJ.

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 Amerlux 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: $ 232,867
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 133

ELIGIBLE BEIP JOBS: Year 1 24 Year 2 31 Base Years Total = 55

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $4,233

ANTICIPATED AVERAGE WAGES: $51,300

ESTIMATED PROJECT COSTS: $16,550,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $665,335

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $765,135

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

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: (X) Domestic ( ) Foreign

DEVELOPMENT OFFICER: D. Johnson **APPROVAL OFFICER:** M. Krug

Applicant : Amerlux LLC

Project # : P37154

FORMULA EVALUATION

Criteria			Score
1. Location:	Locations Unknown		N/A
2. Job Creation	55		1
	Targeted : ______	Non-Targeted : X	
3. Job at Risk:	133		1
4. Industry:	other manufacturing		0
	Designated : ______	Non-Designated : X	
5. Leverage:	3 to 1 and up		2
6. Capital Investment:	$16,550,000		2
7. Average Wage:	$ 51,300		3
		TOTAL:	9

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	______
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	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 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:	Amerlux LLC		P37230
COMPANY ADDRESS	23 Daniel Road East	Fairfield	Fairfield County
PROJECT LOCATION:	To Be Determined		

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

APPLICANT BACKGROUND:
Amerlux LLC (Amerlux), founded in 1982 is a global supplier of architectural grade, energy efficient interior and exterior lighting systems and fixtures for commercial use in retail, supermarket, and hospitality markets. The applicant's global headquarters is in Fairfield, Passaic County, with a sales office in Hong Kong and production facilities in Pearland (Houston), Texas, and Gangzhou, China. As a result of recent technology developments in LED lighting for commercial environments Amerlux has experienced significant revenue growth since 2009.

MATERIAL FACTOR/NET BENEFIT:
The applicant is seeking a BRRAG to support relocating their 133 jobs, currently spread among 3 buildings, to improve efficiency and keep up with demand for the high tech LED lighting. In addition, Amerlux will be requesting at the January 2012 Board meeting a BEIP grant (P37154) to create 55 new jobs to support growth. Under consideration is moving the 133 NJ jobs and the 55 new jobs to Pearland, Texas, near Houston, where the applicant's outdoor lighting manufacturing facility is located and employs 76 jobs. As a result of the lower operating costs in Texas, there is no consideration of moving this division to NJ. Project costs are estimated to be $16.5 million. Management has indicated that a favorable decision by the Authority to award the BEIP and BRRAG grants is a material factor in the company's decision to remain and expand in NJ. The applicant has demonstrated that the grant of these tax credits will result in a net benefit to the State of $12.2 million.

APPROVAL REQUEST:

TAX CREDIT TERM: 1 year(s)
COMMITMENT DURATION: 6 years

The Members of the Authority are asked to approve the proposed BRRAG benefit to Amerlux LLC to encourage the company to remain in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award amount and the term. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount 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 8 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 September 30, 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 September 30, 2012.

END OF APPLICANT'S FISCAL YEAR:		December 31
CAPITAL INVESTMENT MUST BE MADE BY:		September 30, 2012
SUBMISSION DATE OF CPA CERTIFICATION:		December 31, 2012
TOTAL ESTIMATED GRANT AWARD OVER TERM:	$	299,250
STATE FISCAL YEAR 1 APPROVAL (SFY 2014):	$	299,250
ELIGIBLE BRRAG JOBS:		133
YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:	$	1,500
BONUS AWARD PER EMPLOYEE:	$	750
TOTAL YEARLY TAX CREDITS INCLUDING BONUS:	$	2,250
ANTICIPATED AVERAGE WAGES:	$	51,300
ESTIMATED TOTAL GROSS ANNUAL PAYROLL:	$	6,822,900
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 6 YRS:	$	965,341
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$	16,550,000
OPERATED IN NEW JERSEY SINCE:		1983

PROJECT IS: (X) Expansion (X) Relocation

CONSTRUCTION/RENOVATION: (X) Yes ( ) No

DEVELOPMENT OFFICER: D. Johnson **APPROVAL OFFICER:** M. Krug

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

APPLICANT:	DACO Limited Partnership		
COMPANY ADDRESS:	300 Myrtle Avenue	Boonton Town	Morris County
PROJECT LOCATION:	100 Fulton Street	Boonton Town	Morris County

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

APPLICANT BACKGROUND:
Organized in 1993, DACO Limited Partnership, a subsidiary or affiliate of Germany-based Dauphin Office Interiors GmbH & Co. KG, is engaged in the marketing, assembly, distribution and service of furniture, primarily ergonomic office seating solutions. It does most of its business under the name "Dauphin North America."

The partnership sells its products via an office furniture dealer network, and directly to commercial entities as well as federal and state government agencies. The Dauphin HumanDesign® Group develops integrated, ergonomic working environments; and markets, distributes, or assembles them under the Dauphin® and Valo® brand names in the United States.

In New Jersey, DACO Limited Partnership currently has 88 employees. The company is considering a move along with a cost savings plan. With a BRRAG grant, the company will relocate its current headcount to a new business location in New Jersey and anticipates the creation of 10 new, additional positions.

MATERIAL FACTOR/NET BENEFIT:
The Applicant is seeking a BRRAG grant to support retaining and relocating 88 BRRAG eligible employees located in New Jersey. The company has represented that a favorable decision by the Authority to award the BRRAG grant is a material factor in the Applicant's decision to remain and relocate within New Jersey and hence not to relocate these jobs outside of the State. According to the Applicant, New Jersey is competing with Pennsylvania to house this operation. If they remain in New Jersey, the Applicant also expects to create approximately 10 new full-time positions in the near future. The Authority staff recommends the award of the proposed Business Retention and Relocation Assistance Grant. The model that the EDA uses to determine the net benefit of a project to the State of New Jersey determined that the net benefit of the project to the State is $6.3 million.

APPROVAL REQUEST:

TAX CREDIT TERM: 1 year
COMMITMENT DURATION: 6 years

The Members of the Authority are asked to approve the proposed BRRAG benefit to DACO Limited Partnership to encourage the company to remain in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award amount and the term. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount 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 8 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 December 20, 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 December 20, 2012.

END OF APPLICANT'S FISCAL YEAR:	December 31
CAPITAL INVESTMENT MUST BE MADE BY:	December 20, 2012
SUBMISSION DATE OF CPA CERTIFICATION:	March 20, 2013
TOTAL ESTIMATED GRANT AWARD OVER TERM:	$198,000
STATE FISCAL YEAR 1 APPROVAL (SFY 2014):	$198,000
ELIGIBLE BRRAG JOBS:	88
YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:	$1,500
BONUS AWARD PER EMPLOYEE:	$750
TOTAL YEARLY TAX CREDITS INCLUDING BONUS:	$2,250
ANTICIPATED AVERAGE WAGES:	$38,636
ESTIMATED TOTAL GROSS ANNUAL PAYROLL:	$3,399,968
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS (6 years):	$373,434
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$1,100,000
OPERATED IN NEW JERSEY SINCE:	1981

PROJECT IS: (X) Expansion (X) Relocation

CONSTRUCTION/RENOVATION: (X) Yes ( ) No

DEVELOPMENT OFFICER: J. Colon **APPROVAL OFFICER:** D. Sucsuz

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

APPLICANT: EBI Holdings, LLC, Biomet, Inc. and Affiliates P37056

PROJECT LOCATION: TBD Locations Unknown (N) Unknown County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Founded in 1977, Biomet, Inc. and its subsidiaries, including EBI Holdings, LLC, is the world's fourth largest orthopedic medical device company. This group designs, manufactures and markets products used primarily by musculoskeletal medical specialists in both surgical and non-surgical therapy. Headquartered in Warsaw, Indiana, the Biomet group distributes its products in approximately 90 countries. The Applicant is economically viable.

In Parsippany, New Jersey, Biomet primarily houses its EBI unit, which is also known as the Biomet Spine and Bone Healing Technologies Division. This division consists of administrative offices along with its distribution, manufacturing, and research and development activities. Biomet has just sold its facility in Parsippany and is looking for a new facility to lease for its manufacturing, and research and development activities. The trauma hardware (internal and external fixation devices) division was also co-located at the site in Parsippany but this division and its manufacturing operations are already being transitioned to Warsaw, Indiana. The current primary goal is to save and keep the EBI (Spine and Bone Healing Technologies) Division with 367 existing full-time positions in New Jersey.

Like many other companies, the Biomet group is considering a cost savings plan and/or a consolidation. With a BRRAG grant, the company will maintain its EBI (Spine and Bone Healing Technologies) Division at a new leased site in New Jersey, and additionally anticipates the creation of 50 new positions. For the retention/relocation of the existing jobs, there is a related BRRAG project summary along with the STX benefit in this agenda. This project summary is for the creation of 50 new Spine and Bone Healing Technologies jobs.

In the event that this Applicant chooses a location that is eligible for bonus scoring, the BEIP score may increase up to 80%, at which percentage an estimated amount of the grant would be $2,047,023 over the term of the grant.

MATERIAL FACTOR:

The Applicant is seeking a BEIP grant to support creating 50 anticipated permanent, full-time positions in New Jersey within the first two years. The company has submitted a cost benefit analysis comparing the cost of similar facilities in New Jersey and Indiana to house the company's/division's operations. The Applicant has analyzed and compared the costs at both locations. According to the Applicant, New Jersey is competing with Warsaw, Indiana to house its remaining current and related future operations. The company has represented that a favorable decision by the Authority to award the BEIP grant, along with the BRRAG benefit, is a material factor in the Applicant's decision to go forward with the project. The Authority staff recommends the award of the proposed BEIP grant.

APPROVAL REQUEST: **PERCENTAGE:** 50%
TERM: 10 years

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

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: $ 1,279,389
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 457

ELIGIBLE BEIP JOBS: **Year 1** 10 **Year 2** 40 **Base Years Total =** 50
ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $25,587
ANTICIPATED AVERAGE WAGES: $119,123

ESTIMATED PROJECT COSTS: $12,875,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $2,558,778

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $2,558,778

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

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: Indiana

APPLICANT OWNERSHIP:(X) Domestic ( ) Foreign

DEVELOPMENT OFFICER: J. Colon **APPROVAL OFFICER:** D. Sucsuz

Applicant : EBI Holdings, LLC, Biomet, Inc. and Affiliates — Project # : P37056

FORMULA EVALUATION

Criteria		Score
1. Location:	**Locations Unknown**	**N/A**
2. Job Creation	**50**	**1**
	Targeted : X Non-Targeted : ____	
3. Job at Risk:	**367**	**3**
4. Industry:	**Medical device technology**	**2**
	Designated : X Non-Designated : ____	
5. Leverage:	**3 to 1 and up**	**2**
6. Capital Investment:	**$12,875,000**	**2**
7. Average Wage:	**$ 119,123**	**4**
	TOTAL:	**14**

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	____
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	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 working cooperatively with a public or non-profit university on research and development	10%	____

Total Bonus Points: **0 %**

Total Score :

Total Score per formula:	**14 = 45 %**
Construction/Renovation :	**5 %**
Bonus Increases :	**0 %**
Total Score (not to exceed 80 %):	**50 %**

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

APPLICANT(S):	EBI Holdings, LLC, Biomet, Inc. and Affiliates		
COMPANY ADDRESS(ES):	100 Interpace Parkway	Parsippany-Troy Hills Township	Morris County
	6 Upper Pond Road	Parsippany-Troy Hills Township	Morris County
PROJECT LOCATION:	TBD		

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

APPLICANT BACKGROUND:
Founded in 1977, Biomet, Inc. and its subsidiaries, including EBI Holdings, LLC, is the world's fourth largest orthopedic medical device company. This group designs, manufactures and markets products used primarily by musculoskeletal medical specialists in both surgical and non-surgical therapy. Headquartered in Warsaw, Indiana, the Biomet group distributes its products in approximately 90 countries.

In Parsippany, New Jersey, Biomet primarily houses its EBI unit, which is also known as the Biomet Spine and Bone Healing Technologies Division. This division consists of administrative offices along with its distribution, manufacturing, and research and development activities. Biomet has just sold its facility in Parsippany and is looking for a new facility to lease for its manufacturing, and research and development activities. The trauma hardware (internal and external fixation devices) division was also co-located at the site in Parsippany but this division and its manufacturing operations are already being transitioned to Warsaw, Indiana. The current goal is to save and keep the EBI (Spine and Bone Healing Technologies) Division with 367 existing full-time positions in New Jersey.

Like many other companies, the Biomet group is considering a cost savings plan and/or a consolidation. With a Business Retention and Relocation Assistance Grant (BRRAG), the company will maintain its EBI (Spine and Bone Healing Technologies) Division at a new leased site in New Jersey (BRRAG), and additionally anticipates the creation of 50 new positions (BEIP). There is also a BEIP project summary and an STX project summary in this agenda. This project summary is for the relocation and retention of 367 existing jobs (BRRAG).

MATERIAL FACTOR/NET BENEFIT:
The Applicant is seeking a BRRAG grant to support retaining and relocating 367 BRRAG eligible employees located in New Jersey. The company has represented that a favorable decision by the Authority to award the BRRAG grant (along with the BEIP benefit) is a material factor in the Applicant's decision to remain and relocate within New Jersey and hence not to relocate these jobs outside of the State. According to the Applicant, New Jersey is competing with Indiana to house this operation. If they remain in New Jersey, the Applicant also expects to create approximately 50 new full-time positions in the next 2 years. The Authority staff recommends the award of the proposed Business Retention and Relocation Assistance Grant. The model that the EDA uses to determine the net benefit of a BRRAG project to the State of New Jersey determined that the net benefit of this BRRAG project to the State is $99.2 million.

APPROVAL REQUEST:

TAX CREDIT TERM: 2 years
COMMITMENT DURATION: 7 years

The Members of the Authority are asked to approve the proposed BRRAG benefit to EBI Holdings, LLC, Biomet, Inc. and Affiliates to encourage the company to remain in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award amount and the term. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount 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 8 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 December 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 December 31, 2012.

END OF APPLICANT'S FISCAL YEAR:	December 31
CAPITAL INVESTMENT MUST BE MADE BY:	December 31, 2012
SUBMISSION DATE OF CPA CERTIFICATION:	March 1, 2013
TOTAL ESTIMATED GRANT AWARD OVER TERM:	$1,651,500
STATE FISCAL YEAR 1 APPROVAL (SFY 2014):	$825,750
STATE FISCAL YEAR 2 APPROVAL (SFY 2015):	$825,750
ELIGIBLE BRRAG JOBS:	367
YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:	$1,500
BONUS AWARD PER EMPLOYEE:	$750
TOTAL YEARLY TAX CREDITS INCLUDING BONUS:	$2,250
ANTICIPATED AVERAGE WAGES:	$119,123
ESTIMATED TOTAL GROSS ANNUAL PAYROLL:	$43,718,141
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS (7 years):	$13,147,003
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$12,875,000
OPERATED IN NEW JERSEY SINCE:	1975

PROJECT IS: (X) Expansion (X) Relocation
CONSTRUCTION/RENOVATION: (X) Yes ( ) No
DEVELOPMENT OFFICER: J. Colon **APPROVAL OFFICER:** D. Sucsuz

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

APPLICANT(S): EBI Holdings, LLC, Biomet, Inc. and Affiliates

COMPANY ADDRESS(ES): 100 Interpace Parkway Parsippany-Troy Hills Township Morris County
6 Upper Pond Road Parsippany-Troy Hills Township Morris County

PROJECT LOCATION: TBD

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

APPLICANT BACKGROUND:
Founded in 1977, Biomet, Inc. and its subsidiaries, including EBI Holdings, LLC, is the world's fourth largest orthopedic medical device company. In Parsippany, New Jersey, Biomet primarily houses its EBI unit, which is also known as the Biomet Spine and Bone Healing Technologies Division. This division, one of the key divisions within the Biomet group, consists of administrative offices along with its distribution, manufacturing, and research and development activities.

PROJECT:
Biomet has just sold its facility in Parsippany and is looking for a new facility to lease for its manufacturing, and research and development activities. The current goal is to save and keep the EBI division with 367 existing full-time positions in New Jersey. With a Sales and Use Tax Exemption (STX) benefit, along with the BRRAG grant, the company will maintain its EBI (Spine and Bone Healing Technologies) Division at a new leased site in New Jersey, and additionally anticipates the creation of 50 new positions (the new jobs are supported by the BEIP grant). This project summary is for the STX benefit, which is closely related to the BRRAG benefit as both incentives facilitate or allow the relocation and retention of the same 367 existing jobs.

SCOPE OF STX BENEFITS:
Authority assistance will induce the applicant to relocate its operations to a new, approximately 125,000 sf 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 for the renovation/construction 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 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 and use 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 during the commitment 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 STX benefit amount will be lowered to reflect the benefit amount that corresponds to the actual criteria that have been met.

APPROVAL REQUEST: **STX COMMITMENT DURATION:** 5 years
Per our regulations, 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.

CONDITION OF APPROVAL:

1. The project site will meet the requirements of N.J.S.A. 34:1B-187(c)(3) regarding a newly constructed property or a substantially rehabilitated vacant property.

ESTIMATED ELIGIBLE EXPENSES:	$8,375,000
ESTIMATED VALUE OF STX:	$586,250
RETAINED/MOVED STX ELIGIBLE EMPLOYEES:	367
RELOCATED NEW JERSEY EMPLOYEES (ALL):	367
NEW JERSEY GROUP EMPLOYMENT AT APPLICATION (ALL):	457
ALL EMPLOYEES BENEFITTING FROM STX PROJECT:	414
ANTICIPATED AVERAGE WAGES:	$119,123
OPERATED IN NEW JERSEY SINCE:	1975
PROJECT LOCATION IS IN PLANNING AREA 1 OR 2:	TBD

(If NO, an existing facility that is outside the Planning Areas 1 or 2, provided renovation or expansion is involved, may be substituted by the staff.)

PROJECT IS: (X) Expansion (X) Relocation

CONSTRUCTION: (X) Yes ( ) No

DEVELOPMENT OFFICER: J. Colon **APPROVAL OFFICER:** D. Sucsuz

STX benefit calculation formula:

Estimated Eligible Property x Sales Tax Rate = Estimated Gross Sales Tax Liability	$8,375,000 x 0.07 = $586,250
(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	367 / 414 x 1.2 = 1.0637681159 [1]
Adjusted Proportionate Value (not to exceed 1.00 or 100%) x Estimated Gross Sales Tax Liability = Estimated Amount of the Sales and Use Tax Exemption Certificate	1.00 x $586,250 = $586,250

[1] Cannot exceed 100%

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: January 17, 2012

Subject: Intervet, Inc. BEIP Grant

Purpose:

This memorandum addresses the legal matters of the applicant, Intervet, related to the company's application for a Business Employment Incentive Program grant.

Background:

Intervet, Inc. ("Intervet"), also known as Merck Animal Health outside the United States and Canada, is a wholly owned subsidiary of Merck & Company ("Merck") and a global animal health and research driven company that develops, manufactures and markets a broad range of veterinary medicines and services.

Intervet was formed over 50 years ago in the Netherlands and was acquired by Schering-Plough in a merger in 2007. Schering- Plough was acquired by Merck in 2009. Intervet has been in the veterinary pharmaceutical business since the 1940s. The applicant's corporate headquarters are in Boxmeer, Netherlands and has offices in more than 50 countries, 30 global manufacturing and research and development facilities, with products sold in over 140 countries.

The business activities of Intervet 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 entities of the applicant's size and industry, Intervet has been involved in litigation and become the subject of examinations, inquiries and 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 to which they are related and the fines assessed and paid as reviewed by the Attorney General's Office:

MAILING ADDRESS: | PO Box 990 | TRENTON, NJ 08625-0990
SHIPPING ADDRESS: | 36 WEST STATE STREET | TRENTON, NJ 08625 | 609.858.6700 | e-mail: njeda@njeda.com | www.njeda.com

December 2011 Massachusetts and October 2011 New York "Average Wholesale Prices" ("AWP") Settlements:

In October, 2011, Merck, the parent of Intervet, agreed to pay $24 million to settle a lawsuit filed by the Massachusetts Attorney General. Suit was filed in federal court against thirteen drug manufacturers, including Merck, for knowingly reporting inflated prices to industry price reporting services between 1995 and 2003. According to the Massachusetts AG, Merck and its generic drug subsidiary, Warrick Pharmaceuticals Corporation ("Warrick"), agreed on December 19, 2011 to this $24 million settlement after a favorable jury verdict for the Commonwealth in Federal District court in Boston in which Merck was found to have violated the Massachusetts False Claims Act, the Massachusetts Medicaid False Claims Act and committed common law fraud.

The Massachusetts AG's lawsuit alleged that Merck (f/k/a Schering-Plough Corporation), its wholly-owned subsidiary, Schering Corporation and Warrick reported false and inflated prices for three Albuterol products, which is used to treat asthma and other respiratory diseases, to industry price reporting services, including First DataBank. Many private health insurance plans and state Medicaid programs, including Massachusetts, use these reported wholesale prices to determine reimbursement to pharmacies for prescriptions filled with a pharmaceutical manufacturer's drugs.

On September 30, 2010, following a 3 week trial, a jury in U. S. District Court in Boston returned a verdict in favor of Massachusetts and awarded $4.6 million in damages to MassHealth, the Commonwealth's Medicaid program. Ultimately, U.S. District Judge Patti B. Saris, who presided over the case, entered judgment in favor of the Commonwealth in the amount of $18 million, which included the award of treble damages, civil penalties and interest. Both the Commonwealth and Merck filed notices of appeal from the $18 million judgment and, as part of the settlement, both sides agreed to withdraw their appeal and end the litigation.

Similarly, as in the Massachusetts AWP matter above, New York State, 42 New York counties and New York City alleged that drug companies illegally sought to increase market share by selling drugs to medical providers at steep discounts to the Average Wholesale Prices the drug companies reported. The New York matter was settled in October 2011 for the sum of $13,200,000 in order to avoid further litigation.

U.S. District Judge Patti Saris, in an order dated January 27, 2010, ruled against several drug companies, including Merck through its subsidiary Warrick, on a motion for summary judgment, finding that the companies unlawfully obtained public funds for health care providers by making false statements regarding drug prices under New York's false claims act statute. According to Judge Saris, the drug companies "attempted to obtain payment from public funds on behalf of providers by means of a materially false statement or representation."

Though both the Massachusetts matter and the summary judgment were ultimately settled, they are presented to the Board because in both instances there are final judgments (one on a motion for summary judgment and the other a jury verdict) against the applicant for the described violations of law.

November 22, 2011 Misbranding Plea Agreement and Settlement:

Pursuant to an investigation conducted jointly by the U.S. Department of Justice and several other federal agencies, Merck agreed to pay $950 million to resolve criminal charges and civil claims related to its promotion and marketing of the painkiller Vioxx, which was withdrawn in 2004. Under the terms of the resolution, Merck will plead guilty to one-count charging a single violation of the Food Drug and Cosmetic Act ("FDCA") for introducing a misbranded drug, Vioxx, into interstate commerce and will pay a $321 million criminal fine.

In addition, under the agreement, a civil settlement of $628 million will be paid by Merck to resolve additional claims regarding off-label marketing of Vioxx and false statements about the drug's cardiovascular safety.

The criminal plea agreement is related to Merck's misbranding of Vioxx by promoting the drug for use against rheumatoid arthritis, before such use was approved by the FDA. Under the FDCA, a company in its application to the FDA must specify each intended use of a product to receive FDA approval. Promotion by the manufacturer of the drug for other than approved uses, known as "off-label use", is a misbranding in violation of the FDCA.

Merck did seek an additional approval for Vioxx for use in treating rheumatoid arthritis, but it did not get such approval until April 2002 to do so – nearly three years after it began promoting Vioxx for this use.

The civil settlement resolves allegations that Merck representatives made inaccurate, unsupported, or misleading statements about the cardiovascular safety of Vioxx in order to increase sales of the drug and resulting in payments by the federal government. Also resolved in the civil settlement are allegations that Merck made false statements to state Medicaid agencies about the cardiovascular safety of Vioxx, causing those agencies to rely on Merck's false claims in making payment decisions about the drug.

The civil settlement also recovers damages for false claims relating to Merck's impermissible promotion of Vioxx for the treatment of rheumatoid arthritis. Merck agreed to pay $628,364,000 to the United States and state Medicaid agencies to settle these claims. Of the total civil settlement, $426,389,000 will go to the United States with the remaining share of $201,975,000 to be distributed to the participating Medicaid states. The civil settlement does not constitute any admission by Merck of any liability or wrongdoing.

As part of the settlement, Merck has also agreed to enter into an expansive 5-year corporate integrity agreement ("CIA") with the Office of Inspector General of the Department of Health and Human Services ("OIG"). The corporate integrity agreement entails various monitoring requirements; standards for policies and procedures; training and education of employees for compliance purposes; engagement of an Independent Review Organization with expertise in applicable Federal Healthcare Programs and FDA requirements to perform reviews required by the CIA; and maintenance of a disclosure program including a hotline to enable employees to report anonymously any compliance issues, among numerous other requirements.

Mitigating Factors:

Massachusetts and New York AWP matters:

The applicant provided EDA with significant mitigating factors describing the remedial measures undertaken and the specific reasons why the proscribed conduct will not recur.

1. The adverse Massachusetts and New York decisions against Schering-Plough Corporation relate to conduct that occurred prior to 2004, in the Massachusetts case, and prior to October 2007, in the New York case. The cases in which the adverse Massachusetts and New York decisions were issued were civil suits seeking damages and not criminal proceedings.

2. The Massachusetts and New York decisions arose entirely out of the practices of Warrick, a second-tier subsidiary of Schering that sold a limited portfolio of generic drugs. The vast majority of Schering's pharmaceutical sales were always of single-source, branded drugs, as opposed to generics. After approximately 2007, Schering ceased to sell any generic drugs, and Warrick is now defunct. Nor does Merck currently sell any generics. In connection with certain of Warrick's other legal matters immaterial to the current analysis, the U.S. Department of Justice reviewed Schering-Plough's brand price reporting practices and concluded that it did not believe that it could pursue a damages claim against Schering/Warrick on the basis of Schering's price reporting for its brand drugs

3. After the first AWP lawsuits were filed in approximately 2001, Schering and Warrick took steps to mitigate any harm potentially caused by their price reporting conduct and sales and marketing practices. According to the applicant, the gravamen of the complaint in a typical AWP lawsuit is that State Medicaid programs lack adequate information about the prices at which wholesalers sell drugs to retail pharmacies which are reimbursed by the Medicaid programs for dispensing drugs to Medicaid beneficiaries, and that pharmaceutical manufacturers are liable for creating and/or profiting from this informational disadvantage. To address this issue, Warrick began in January 2002 to send monthly letters to every State Medicaid program in the United States informing the programs of the range of prices at which Warrick had sold its products to each of its three major classes of trade in the preceding month.

In addition, according to the applicant, Schering and Warrick implemented policies and procedures aimed at carefully controlling the development of sales and marketing literature, expressly forbidding potentially offensive sales and marketing practices and changing the way in which the companies reported prices to the third-party pricing services with whom States contract to obtain drug pricing information for use in connection with their Medicaid programs. Merck, of which Schering is now a part, has similar practices in place. For example, like Schering, Merck no longer reports AWPs to the pricing services and, with very limited exceptions, forbids the use of AWP in its marketing literature.

Further, in entering into settlements of AWP lawsuits with numerous States, both Schering and Merck have agreed to provide those States with additional detailed pricing information that includes Average Manufacturers' Prices ("AMPs"), which are based on actual historical sales and are used by the U.S. Department of Health and Human Services to ensure that State Medicaid programs receive favorable pricing from manufacturers. Merck believes that the provision of this information to States will fully and finally erase any information gap from which States may have suffered in the past.

4. Lastly, as a result of separate AWP-related litigation and a court injunction, the third-party pricing services which States have traditionally relied upon for pricing information, including most significantly the company known as First DataBank, have agreed to cease publishing traditional AWPs for all pharmaceutical products. As a practical matter, this step should bring the controversy which is at the root of these litigations to an end.

November 2011 Misbranding Plea and Settlement:

Several mitigating factors, as provided by the applicant, regarding the above-described investigation are worthy of consideration. Principally, the conduct in question resulted in Merck pleading guilty to a single misdemeanor "misbranding" charge and the civil settlement as described above.

1. The offense of "Misbranding" is a strict liability misdemeanor. In other words, the offense does not involve false or fraudulent conduct. Rather, the offense charged that certain sales representatives promoted Vioxx for Rheumatoid Arthritis before it was actually approved by the FDA for Rheumatoid Arthritis

2. The offense conduct charged by the government ended in early 2002, almost 10 years ago.

3. The government stipulated that the offense conduct did not involve members of Merck management. Instead, the government's charging document alleges simply that certain sales representatives promoted Vioxx for rheumatoid arthritis before the FDA had actually approved it for that indication. According to the company, Merck management repeatedly instructed the sales force not to engage in that very conduct, and therefore the government agreed to stipulate that there was no management involvement.

4. Merck actively cooperated with the government in its 7-year investigation of Vioxx. The government's plea agreement fully acknowledges this cooperation, and the government applied a fine multiplier of 0.6 in the plea agreement (the lowest that could have been applied in this case), after citing Merck's cooperation and the absence of management involvement.

5. Since 2002, when the offense conduct ended, Merck has continued to look for ways to improve and strengthen its compliance processes. Merck's current compliance policies and procedures are comprehensive and are supported by state-of-the-art technology and carried out by a large and independent Ethics and Compliance Organization, headed by a Chief Ethics and Compliance Officer who reports directly to Merck's Chairman and CEO. Merck's compliance processes also incorporate the requirements of a CIA into which Merck has entered with the OIG.

Conclusion:

Staff has performed a review of this action with guidance from the Attorney General's Office. Staff has weighed the seriousness of the offenses in conjunction with the mitigating factors presented by Merck and staff does not believe disqualification is warranted. It is recommended, however, that the applicant supply the Authority with copies of its filings under the CIA so that the Authority can monitor if the applicant is in compliance.

Prepared by: Marcus Saldutti

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

APPLICANT: Intervet Inc. USA P37009

PROJECT LOCATION: To Be Determined Locations Unknown (N) Unknown County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Intervet Inc. USA (Intervet US), the US operation for Intervet Inc. (Intervet), a wholly owned subsidiary of Merck & Company (Merck), also known as Merck Animal Health outside the US and Canada, is a global animal health and research driven company headquartered in Boxmeer, Netherlands. The applicant develops, manufactures and markets a broad range of veterinary medicines and services. Intervet was formed over 50 years ago in the Netherlands and was acquired by Merck in the merger with Schering-Plough in 2009. Merck has been in the veterinary pharmaceutical business since the 1940s. Intervet has offices in more than 50 countries, 30 global manufacturing and research and development facilities, with products sold in over 140 countries. The applicant is economically viable.

MATERIAL FACTOR:

Intervet US is seeking a BEIP grant to support relocating 70 senior management jobs from its global headquarters in Boxmeer, Netherlands, and creating a new US corporate headquarters in NJ or Kansas. In addition to relocating 70 jobs, the applicant is anticipating creating 10 new jobs, for a total of 80 new high income jobs. Project costs are estimated to be $10.9 million. Should the applicant choose Kansas, it is highly likely that 200 NJ jobs will be at risk to eventually be moved to Kansas. Please note, Merck has a presence in both markets. More recently, the applicant has been receiving pressure from the Netherland government to maintain global headquarters in the Netherlands. 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 to New Jersey.

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

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: $ 3,981,600
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 10,000

ELIGIBLE BEIP JOBS: **Year 1** 70 **Year 2** 10 **Base Years Total =** 80

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $49,770

ANTICIPATED AVERAGE WAGES: $206,000

ESTIMATED PROJECT COSTS: $10,900,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $8,848,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $9,290,400

PROJECT IS: ( ) Expansion (X) Relocation Boxmeer, Netherlands

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP:( ) Domestic (X) Foreign Netherlands

DEVELOPMENT OFFICER: D. Johnson **APPROVAL OFFICER:** M. Krug

Applicant : Intervet Inc. USA

Project # : P37009

FORMULA EVALUATION

Criteria			Score
1. Location:	Locations Unknown		N/A
2. Job Creation	80		2
	Targeted : ____	Non-Targeted : X	
3. Job at Risk:	200		1
4. Industry:	Pharmaceuticals		2
	Designated : X	Non-Designated : ____	
5. Leverage:	3 to 1 and up		2
6. Capital Investment:	$10,900,000		2
7. Average Wage:	$ 206,000		4
		TOTAL:	13

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	____
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	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 working cooperatively with a public or non-profit university on research and development	10%	____

Total Bonus Points: 0 %

Total Score :

Total Score per formula:	13 = 40 %
Construction/Renovation :	5 %
Bonus Increases :	0 %
Total Score (not to exceed 80 %):	45 %

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

APPLICANT: McGladrey & Pullen, LLP P36886

PROJECT LOCATION: TBD Locations Unknown (N) Unknown County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

McGladrey & Pullen, LLP is a licensed CPA firm providing assurance (audit and attest) along with tax and business consulting services. They have nearly 7,000 professionals and associates in nearly 90 offices nationwide. McGladrey accounting firm is the fifth largest U.S. CPA firm, and is a member of RSM International, the sixth largest global network of independent accounting, tax and consulting firms. The Applicant is economically viable.

The McGladrey & Pullen firm traces its origins to 1926, when Ira B. McGladrey started his own accounting firm in Cedar Rapids, Iowa. Since then, several name changes, acquisitions, mergers, and spinoffs have occurred. The current main headquarters is in Bloomington, Minnesota.

McGladrey is seeking an office space near a commuter train station, preferably in the Metro Park area, to co-locate its Manhattan regional office. According to the company, New Jersey is competing with New York as they are currently in New York. The project is expected to create 100 positions in New Jersey.

In the event that this Applicant chooses a location that is eligible for bonus scoring, the BEIP score may increase up to 80%, at which percentage an estimated amount of the grant would be $4,402,000 over the term of the grant.

MATERIAL FACTOR:

The Applicant is seeking a BEIP grant to support creating 100 anticipated permanent, full-time positions in New Jersey within the first two years. The company has submitted a cost benefit analysis comparing the cost of similar facilities in New Jersey and New York to house a part of the company's regional operations. The Applicant has analyzed and compared the costs at both locations. According to the Applicant, New Jersey is competing with New York. The company has represented that a favorable decision by the Authority to award the BEIP grant is a material factor in the Applicant's decision to go forward with the project. The Authority staff recommends the award of the proposed BEIP grant.

APPROVAL REQUEST:

PERCENTAGE: 35%
TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage McGladrey & Pullen, LLP 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: $ 1,925,875
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 24

ELIGIBLE BEIP JOBS: **Year 1** 80 **Year 2** 20 **Base Years Total =** 100

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $19,258

ANTICIPATED AVERAGE WAGES: $125,000

ESTIMATED PROJECT COSTS: $500,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $5,502,500

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $6,327,875

PROJECT IS: (X) Expansion (X) Relocation Manhattan (NYC)

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: Minnesota

APPLICANT OWNERSHIP:(X) Domestic ( ) Foreign

DEVELOPMENT OFFICER: J. Colon **APPROVAL OFFICER:** D. Sucsuz

Applicant : McGladrey & Pullen, LLP **Project # : P36886**

FORMULA EVALUATION

Criteria		Score
1. Location:	**Locations Unknown**	**N/A**
2. Job Creation	**100**	**2**
	Targeted : _______ Non-Targeted : X	
3. Job at Risk:	**0**	**0**
4. Industry:	**professional services**	**0**
	Designated : _______ Non-Designated : X	
5. Leverage:	**3 to 1 and up**	**2**
6. Capital Investment:	**$500,000**	**1**
7. Average Wage:	**$ 125,000**	**4**
	TOTAL:	**9**

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	________
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	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 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 EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: Sparta Systems, Inc. P37047

PROJECT LOCATION: 3600 Route 66 Neptune Township (T/UA) Monmouth County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Founded in 1994, Sparta Systems, Inc. is a leading provider of enterprise quality management software currently headquartered in Holmdel, New Jersey. Sparta's signature product, Trackwise, was first released in 1995 and is used by customers to manage, track, and trend a vast number of business processes. In addition to its U.S. Operations, the company provides sales and services to Europe, Asia, and Australia through its subsidiaries, Sparta Systems Europe, Ltd. and Sparta Systems Asia. The applicant is economically viable.

MATERIAL FACTOR:

Sparta's lease is set to expire in June 2012 and the company is currently searching for a new facility for its headquarters. The company is in a period of rapid growth and plans to hire 60 new full time employees at the facility in addition to relocating its existing New Jersey workforce of 82. Sparta is considering a location in Neptune, New Jersey as well as one in Yardley, Pennsylvania. The company has applied for both a BEIP and a BRRAG to provide an incentive for the company to locate the project in New Jersey. Management has indicated that the grants will be a material factor in the company's decision.

APPROVAL REQUEST:

PERCENTAGE: 75%
TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Sparta Systems, 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: $ 2,129,675
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 82

ELIGIBLE BEIP JOBS: **Year 1** 30 **Year 2** 30 **Base Years Total =** 60

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $35,494

ANTICIPATED AVERAGE WAGES: $113,246

ESTIMATED PROJECT COSTS: $1,384,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $2,839,568

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $2,129,675

PROJECT IS: ( ) Expansion (X) Relocation Holmdel

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: (X) Domestic ( ) Foreign

DEVELOPMENT OFFICER: K. Hashmi **APPROVAL OFFICER:** K. McCullough

Applicant : Sparta Systems, Inc. Project # : P37047

FORMULA EVALUATION

Criteria		Score
1. Location:	Neptune Township	N/A
2. Job Creation	60	1
	Targeted : ______ Non-Targeted : X	
3. Job at Risk:	82	1
4. Industry:	printing and publishing	0
	Designated : ______ Non-Designated : X	
5. Leverage:	3 to 1 and up	2
6. Capital Investment:	$1,384,000	1
7. Average Wage:	$ 113,246	4
	TOTAL:	9

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	20%
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	30%	
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	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 working cooperatively with a public or non-profit university on research and development	10%	

Total Bonus Points: 40 %

Total Score :

Total Score per formula:	9 = 30 %
Construction/Renovation :	5 %
Bonus Increases :	40 %
Total Score (not to exceed 80 %):	75 %

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

APPLICANT: Sparta Systems, Inc. P37227

COMPANY ADDRESS: 2137 Highway 35 Holmdel Township Monmouth County

PROJECT LOCATION: 3600 Route 66 Neptune Township Monmouth County

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

APPLICANT BACKGROUND:
Founded in 1994, Sparta Systems, Inc. is a leading provider of enterprise quality management software currently headquartered in Holmdel, New Jersey. Sparta's signature product, Trackwise, was first released in 1995 and is used by customers to manage, track, and trend a vast number of business processes. In addition to its U.S. Operations, the company provides sales and services to Europe, Asia, and Australia through its subsidiaries, Sparta Systems Europe, Ltd. and Sparta Systems Asia.

MATERIAL FACTOR/NET BENEFIT:
Sparta's lease is set to expire in June 2012 and the company is currently searching for a new facility for its headquarters. The company is in a period of rapid growth and plans to hire 60 new full time employees at the facility in addition to relocating its existing New Jersey workforce of 82. Sparta is considering a location in Neptune, New Jersey as well as one in Yardley, Pennsylvania. The company has applied for both a BEIP and a BRRAG to provide an incentive for the company to locate the project in New Jersey and management has indicated that the grants are a material factor in the company's decision. The applicant has demonstrated that the grant of these tax credits will result in a net benefit to the State of $14.8 million.

APPROVAL REQUEST: **TAX CREDIT TERM:** 1 year
COMMITMENT DURATION: 6 years

The Members of the Authority are asked to approve the proposed BRRAG benefit to Sparta Systems, Inc. to encourage the company to remain in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award amount and the term. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount 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 8 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 05/31/2012 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 05/31/2012.

END OF APPLICANT'S FISCAL YEAR:		SEPTEMBER 30
CAPITAL INVESTMENT MUST BE MADE BY:		MAY 31, 2012
SUBMISSION DATE OF CPA CERTIFICATION:		JULY 31, 2012
TOTAL ESTIMATED GRANT AWARD OVER TERM:	$	184,500
STATE FISCAL YEAR 1 APPROVAL (SFY 2014):	$	184,500
ELIGIBLE BRRAG JOBS:		82
YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:	$	1,500
BONUS AWARD PER EMPLOYEE:	$	750
TOTAL YEARLY TAX CREDITS INCLUDING BONUS:	$	2,250
ANTICIPATED AVERAGE WAGES:	$	113,246
ESTIMATED TOTAL GROSS ANNUAL PAYROLL:	$	9,286,172
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 6 YRS:	$	2,328,446
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$	1,384,000
OPERATED IN NEW JERSEY SINCE:		1994

PROJECT IS: (X) Expansion (X) Relocation

CONSTRUCTION/RENOVATION: (X) Yes ( ) No

DEVELOPMENT OFFICER: K. Hashmi **APPROVAL OFFICER**: K. McCullough

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

APPLICANT: Waste Management of New Jersey Incorporated P37043

PROJECT LOCATION: 107 Silvia Street Ewing Township (N) Mercer County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Waste Management of New Jersey Incorporated (WMNJ), is a wholly owned subsidiary of Waste Management, Inc. (WM), the leading provider of comprehensive waste management services in North America. WMNJ is the area office responsible for all operations in NJ, Eastern PA, and New York City. WM provides collection, transfer, recycling and resource recovery, and disposal services. In addition, WM is a leading developer, operator and owner of waste-to-energy and landfill gas-to-energy facilities in the United States. The company's customers include residential, commercial, industrial, and municipal customers. WMJN is in good standing with the NJDEP. The applicant is economically viable.

The Authority issued a $25 million (P15537), 11 year term Exempt Public Facility - Solid Waste Disposal bond in June 2004 to acquire new solid-waste collection vehicles, collection containers and to make site improvements for operations in 22 municipalities in 13 counties throughout New Jersey. The Authority issued a $20 million (P13505), 12 year term, Tax-Exempt Bond in November 2001 to acquire new equipment.

MATERIAL FACTOR:

WMNJ is seeking a BEIP grant to support moving 60 jobs from its Langhorne, PA operation to Ewing, Mercer County. In August 2011, the Ewing area office was given responsibility for all operations in New York City and Eastern, PA. Under consideration is moving the 60 jobs in the Langhorne office whose lease expires in August 31, 2012 to Ewing, or breaking the Ewing lease, which expires in October 2014, and moving 100 jobs from Ewing to Langhorne. Project costs are estimated to be $484,120. 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 expand in NJ.

APPROVAL REQUEST:

PERCENTAGE: 70%
TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Waste Management of New Jersey Incorporated 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: $ 399,000
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 1,300

ELIGIBLE BEIP JOBS: **Year 1** 60 **Year 2** 0 **Base Years Total =** 60

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $6,650

ANTICIPATED AVERAGE WAGES: $45,000

ESTIMATED PROJECT COSTS: $484,120

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $570,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $456,000

PROJECT IS: (X) Expansion (X) Relocation Langhorne, Pennsylvania

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP:(X) Domestic ( ) Foreign

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

Applicant : Waste Management of New Jersey Incorporated — Project # : P37043

FORMULA EVALUATION

Criteria			Score
1. Location:	Ewing Township		N/A
2. Job Creation	60		1
	Targeted : ______	Non-Targeted : X	
3. Job at Risk:	100		1
4. Industry:			0
	Designated : ______	Non-Designated : X	
5. Leverage:	3 to 1 and up		2
6. Capital Investment:	$484,120		0
7. Average Wage:	$ 45,000		2
		TOTAL:	6

Bonus Increases (up to 80%):

Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months.	20%	20%
Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months.	30%	
Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs	20%	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 working cooperatively with a public or non-profit university on research and development	10%	

Total Bonus Points: 40 %

Total Score :

Total Score per formula:	6 = 25 %
Construction/Renovation :	5 %
Bonus Increases :	40 %
Total Score (not to exceed 80 %):	70 %

URBAN TRANSIT HUB TAX CREDIT PROGRAM

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: January 17, 2012

RE: **70 Columbus Co., LLC**
Urban Transit Hub Tax Credit Program ("UTHTC")

Request

The Members are asked to approve the Urban Transit Hub Tax Credit ("UTHTC") program application for 70 Columbus Co., LLC ("Applicant") under P.L. 2007, c.346, P.L. 2008, as amended on July 26, 2011. 70 Columbus Co., LLC is the owner and developer of 70 Christopher Columbus Drive ("70 Columbus" or "Project"), a proposed mixed use development, which will be predominately residential rental units with minor retail space as well as parking located in Jersey City, New Jersey.

The total costs of the Project are estimated to be $162,615,199. The total eligible costs under the UTHTC program are $141,587,910. The recommended award of tax credits is 20% of the eligible costs, not to exceed $28,317,582 or $2,831,758 annually for 10 years.

Project Description

The Project is a proposed mixed use development located in Jersey City, New Jersey. The high rise structure will be built directly above an entrance to the Grove Street PATH Station. An entity related to the Applicant purchased the project site in 1998 and has secured approvals for the intended development from the Jersey City Planning Board. The Project has received a letter of support from the Mayor of Jersey City. This letter notes that the municipality's existing, under construction and in development stock of affordable housing units is deemed sufficient (such that this Project will not have to include affordable units as part of its offering profile). This Project is anticipated to consist of a total of 596,517 square feet of development including the following components:

- The residential component will consist of a 495 unit, 48-story apartment building with a total of 547,200 square feet of developed space. Leasable units will include studios, one and two bedroom units. The property will offer controlled access to the dedicated parking garage, a 24 hour attended lobby and other amenities. Individual unit rents are anticipated to be $1,600 to $3,100 per month based on the size and features of the unit.
- The retail component will consist of 4,500 square feet of leasable space.

- The 44,817 square foot parking garage will include approximately 120 spaces. This space will be combined with an existing 800 space garage built in 2007 for the adjacent 50 Columbus project and will be available for the apartment residents as well as the public.

The Applicant intends to utilize AJD Construction as the general contractor for the project. AJD has completed a variety of other projects in the surrounding marketplace and has an existing relationship with the development team.

The proposed Project's use is predominantly residential and as such, the application is a qualified residential project as defined by the UTHTC program. Although applicants for the residential project portion of the UTHTC program are not required to maintain certain employment levels, it is estimated that this Project will create over 350 construction jobs and approximately 30 permanent jobs with average salaries of approximately $35,000. Additionally, a significant new ratable (estimated at $1.5 million annually) for Jersey City will result of the incremental value in the real estate and improvements by the proposed investment.

Project Ownership

The Applicant is a recently formed joint venture whose ownership structure comprised of 25% stakes held by four entities, Panepinto Family Realty, LLC, Ironstate Holdings, L.L.C., FJG Columbus, LLC and KimmelLipson, LLC. All four members are experienced in real estate development in New Jersey. Panepinto Family Realty, LLC and Ironstate Holdings, L.L.C are actively involved in various aspects of the Project including approvals, construction and lease up (while the other two members are mainly financial investors). The members of the LLC have collaborated on other successful projects in Jersey City including 50 Christopher Columbus Drive (412 units of residential that was fully leased up in 2008), The Gotham (225 units of residential that was fully leased up in 2001) and State Street Square (130 units plus 15,000 square feet of retail and a garage completed in 2005).

Panepinto Family Realty, LLC ("PFR") is a partnership with six members and ownership as follows:

Joseph Panepinto, Jr. 9.33%
Stephanie Panepinto 9.25%
Gabrielle Reiser 9.33%
Roseanne Panepinto Taufield 9.35%
Joseph Panepinto 2008 Grantor Retained Annuity Trust 46.81%
Stephanie Panepinto 2008 Grantor Retained Annuity Trust 15.91%

PFR has twelve real estate partnerships which generate income.

FJG Columbus, LLC is controlled by Frank Guarini (represented Hudson County in the State Senate for two terms and served in the US House of Representatives for seven terms) has been an active real estate investor in development projects (ten projects were listed in his background materials of completed projects spanning residential, hospitality, office and retail) along the Hudson County Waterfront since his retirement from government office in 1993.

KimmelLipson, LLC is a real estate partnership with the following members and ownership percentages:

Carol Kimmel 32%
Stacy Zammit 24%
Jason Kimmel 24%
Martin Lipson 20%
KimmelLipson, LLC's main owner lists fourteen real estate entities which generate income.

Ironstate Holdings, L.L.C. ("Ironstate") was formed by David Barry and Michael Barry in 2001 and is the successor firm to Applied Housing Company, which was formed in 1970. David and Michael own 85% of the firm with their sister holding the remaining equity interest. Ironstate is a fully diverse real estate firm developing an extensive range of luxury rental apartments, condominiums, hotels, retail, recreational and commercial ventures. The Company has developed millions of square feet of residential and commercial real estate, and continues to own and manage the overwhelming majority of its portfolio. In addition, Ironstate is currently engaged in the active development of over $1 billion of residential and hospitality real estate. Some of Ironstate's notable recent projects include: The Shipyard, a mixed-use development of 1,160 residences, 65,000 square feet of retail shops, a one-acre park, ferry stop and marina on the Hudson Riverfront in Hoboken; Port Liberte, a 1,650-unit waterfront condominium community facing the Statue of Liberty in Jersey City; 333 River Street, 526 premium rental residences and retail shops along Hudson River facing Manhattan in Hoboken; Pier Village, a Victorian-inspired village featuring 543 luxury rental residences and 100,000-plus square feet of entertainment and lifestyle retail shops, including a beach club, gourmet restaurants and boutique shops on the oceanfront in Long Branch, NJ; The Bungalow Hotel, a boutique hotel featuring 40 stylish guest rooms at the oceanfront in Long Branch; The W Hoboken Hotel & Residences, an iconic new 25-story hotel featuring 225 guest rooms and 40 condominium residences on the Hoboken waterfront; and 50 Columbus, a 412-unit super luxury rental building in the Grove Street section of Jersey City.

NJEDA has prior experience with Ironstate via the following three projects. In November 2011, the Members of the Authority approved an ERG for Harrison Hotel 1, LLC which involves the construction of a new 136-room hotel with 9,675 square feet of retail in Harrison, NJ with project costs of approximately $38 million (Ironstate's ownership is 50% in this project). In December 2011, the Members of the Authority approved a HUB for Grand LHN 1 Urban Renewal LLC, which involves the construction of a 422 unit residential project (with retail and a garage) with a total cost of $141 million in Jersey City (Ironstate is a 50% owner of this project). Lastly Ironstate is a 50% owner in Fountains Applied LWAG, LLC which was also approved by the Members of the Authority in December 2011 for an ERG relating to a $47 million hotel and retail project in Long Branch.

Combined, the above entities and members have sufficient resources to provide the remaining $36 million ($48.6 million initial contribution less the $12.4 million value attributed to the unencumbered land acquired in 1998) equity investment for the proposed Project.

Project Uses and Sources

The Applicant proposes the following uses for the Project:

Uses	*Total Project Costs*	*HUB Eligible Amount**
Acquisition of Land and Building	$ 12,375,000	$ 0
Construction of Building & Site Improvements	$ 121,180,056	$ 121,180,056
Garage and Roof Deck	$ 4,481,700	$ 4,481,700

Professional Services	$ 6,274,150	$ 4,617,150
Construction Interest	$ 8,554,004	$ 8,554,004
Financing Costs	$ 4,900,289	$ 2,755,000
Development Fee	$ 4,850,000	$ 0
TOTAL USES	**$ 162,615,199**	**$ 141,587,910**

* HUB eligible costs exclude $21,027,289 associated with land cost, developer fees and project expenses which do not fit within the guidelines definition of eligible hard or soft costs.

Sources (Permanent)	***Total Project Costs***
Debt (73.6%)	$ 119,733,313
Equity (26.4%)	$ 42,881,886
Total	**$ 162,615,199**

The sources and uses above reflect the Project with the HUB tax credits received on an annual basis over a 10 year period. The project will be funded at closing with equity of $48.6 million (which includes land valued at $12.4 million) along with a construction loan of $114 million. The developer anticipates that the amount of debt will then be increased $5.7 million to $119.7 million figure above upon conversion to permanent (which is presumed to occur at the end of year three at 6% interest rate based on a 30 year amortization) with excess loan proceeds reducing permanent equity to $42.9 million. The provider of the construction and permanent financing has not yet been identified at this time. The project gap is calculated based on the Equity Internal Rate of Return and Cash-on-Cash Yield identified in the gap analysis, which will be discussed below. These returns are calculated with and without the HUB cash flow to compare the returns.

Gap Analysis

EDA staff has reviewed the application to determine if there is a project financing gap. Staff analyzed the pro forma and projections of the project and compared the returns with and without the HUB. Projected rents provided by the applicant appear consistent with information provided by an independent market analysis. The development team has completed several similar projects in Jersey City and represented that financial modeling assumptions used in the proposed Project are based on their actual experiences coupled with current economic conditions. The returns assume that permanent financing is undertaken consisting of debt amounting to 73.6% of total project costs.

Without HUB	**With HUB**
Equity IRR 11.03% (Market Range = 15-20%) Cash on Cash Yield 6.48% (Market Range = 8-10%)	Equity IRR 15.32% (Market Range = 15-20%) Cash on Cash Yield 8.22% (Market Range = 8-10%)

As indicated in the chart above, the Project would not otherwise be completed without the benefit of the HUB. With the benefit of the HUB, the Equity IRR is projected to be 15.32% and the Cash-on-Cash Yield is projected to be 8.22%, making the returns much closer to the market ranges provided by the EDA's contract consultant, Jones Lang LaSalle. The additional revenue from the prospective HUB enables this project to move forward.

To date, $169,263,884 in tax credits have been approved under the UTHTC program for qualified residential projects and $696,484,642 for commercial projects for a total of $865,748,526. After approval of this Project and another project slated for consideration by the Board today, the total tax credits approved under the UTHTC program will be $219,653,587 for qualified residential projects and $916,138,229 for all projects.

Recommendation

Staff has reviewed the application for the Project and the related documentation for consistency with the Act and Rules, as amended, implementing the UTHTC Program and recommends approval of the award of tax credits of 20% of the eligible costs, not to exceed $28,317,582 or $2,831,758 annually for 10 years. Prior to disbursement of any tax credits, EDA staff will ensure that the applicant provides all documentation as required under the UTHTC Act and Rules.

Caren Franzini /MC

Caren S. Franzini

Prepared by: Michael A. Conte

PKG Associates, LLC
Jersey City, NJ

Model Assumptions:		
Analysis Start Date:	1/1/2012	
Analysis Term	10 Years	
Analysis End Date:	12/31/2021	
Discount Rate	8.00%	

Site Assumptions:		
Product:	Mixed Use	
Building Gross Square Feet (GSF):	596,517 GSF	
Residential Rentable Square Feet (RSF)		
Residential Gross Square Feet (GSF):	547,200 GSF	495
Loss Factor:	0%	
Total Residential RSF	**547,200 RSF**	
Commercial Rentable Square Feet (RSF)	RSF	No of Units
Retail Type A	4,500 RSF	1
garage	44,817 GSF	0
Office:	0 RSF	0
Parking:	0 RSF	230
Other:	0 RSF	0
Total Commercial RSF	**49,317 RSF**	
Total RSF:	**596,517 RSF**	
Land Area:	2 Acres	
% Building Coverage:	760.79%	

Uses of Funds	Total	$/GSF	$/RSF	% Allocation*				
				2012	2013	2014	2015	2016
				Year 1	Year 2	Year 3	Year 4	Year 5
Date of Construction Completion:	12/31/2014							
Predevelopment Costs:	$0	$0.00		100.00%				
Acquisition & Land Costs:	$12,375,000	$20.75		100.00%				
Garage and roofdeck	$4,481,700	$7.51		50.00%	50.00%			
Hard Costs:	$121,180,056	$203.15		50.00%	50.00%			
Soft Costs:	$6,274,150	$10.52		50.00%	50.00%			
Construction Interest	$8,554,004	$14.34		50.00%	50.00%	0.00%	0.00%	0.00%
Finance costs (except interest)	$4,900,289	$8.21		0.00%	100.00%			
Developer fee	$4,850,000	$8.13		100.00%				
Operating Deficit: (accounted for in Project Cap. Balance)	*$0*	*$0.00*		*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
HUB Costs:	*$0*	*$0.00*		*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Other Financing Costs:	$0	$0.00		0.00%	0.00%	0.00%	0.00%	0.00%
Additional Cost 2:	$0	$0.00		0.00%	0.00%	0.00%	0.00%	0.00%
Total:	$162,615,199	$272.61		$87,469,955	$75,145,244	$0	$0	$0

Sources of Funds	Total	$/GSF	% Total	% Allocation*				
				2012	2013	2014	2015	2016
				Year 1	Year 2	Year 3	Year 4	Year 5
Equity:	$48,615,199	$81.50	29.90%	100.00%	0.00%	0.00%	0.00%	0.00%
Construction Debt:	$114,000,000	$191.11	70.10%	21.23%	78.77%	0.00%	0.00%	0.00%
Potential HUB: (less HUB Cap. Interest)	**$0**	$0.00	0.00%	100.00%				
Subsidy A:	$0	$0.00	0.00%	100.00%				
Subsidy B	$0	$0.00	0.00%					
Subsidy C	$0	$0.00	0.00%					
DEP	$0	$0.00	0.00%					
Total:	$162,615,199	$272.61	100.00%	$72,821,400	$89,793,799	$0	$0	$0

Financing	w/ HUB Subsidy	w/o HUB Subsidy
Construction Financing (Remaining Project Costs)		
Remaining Project Costs (See Chart Below)	$162,615,199	$162,615,199
Max Loan-to-Cost Ratio:	70.10%	
Interest Rate:	6.00%	
Underwriting Fee: (All Debt)	2.00%	
Construction Loan for remaining project costs:	$114,000,000	$114,000,000
Maximum Permanent Loan Amount:	$119,739,381	$94,369,348
Const. Loan <= Max Perm. Loan	**Yes**	**No**
Actual Construction Loan:	**$114,000,000**	**$114,000,000**
Actual Loan-to-Cost Ratio:	70.10%	70.10%
Equity for Construction:	$48,615,199	$48,615,199
Refinancing Deficit: (if applicable)	$5,739,381	($19,630,652)
Operating Deficit: (if applicable)	$0	$0
Required Equity Balance:	**$42,875,818**	**$68,245,851**
Permanent Financing		
Debt Service Coverage Ratio (DSCR):	1.55	
Amortization Period:	30 Years	
Market Interest Rate:	6.00%	
Mortgage Constant:	7.19%	
Stabilized NOI: (after Low Cost Debt)	$13,361,519	$10,530,519
NOI for Debt Service:	$8,614,777	$6,789,503
Maximum Permanent Loan Amount:	$119,739,381	$94,369,348
New Debt Service:	$8,614,777	$6,789,503
Value Assumptions		
Stabilized Year:	Project Year 5	
Stabilized NOI (excluding Low Cost Debt Service)	$10,529,761	$10,529,761
Minimum Stabilized Cap Rate:	6.00%	
Stabilized Value:	$175,496,017	$175,496,017
Loan-to-Value Ratio: (excluding Low-Cost Fin.)	68.23%	53.77%
Loan-to-Value Ratio: (including Low-Cost Fin)	68.23%	53.77%
Residual Value. Year of Sale	Year 10	
Residual Cap Rate:	6.00%	

Value Matrix			
Internal Rate of Return	***Market Range***	***w/ Funded Gap***	***w/o Funded Gap***
Equity IRR:	15-20%	**15.32%**	**11.03%**
NPV @ 8%		$30,718,286	$15,665,769
Unlevered IRR:		**8.98%**	**7.83%**
Project Return-on-Cost			
Total Project Costs:		$162,615,199	$162,615,199
Stabilized Net Operating Income + HUB:		$13,361,519	$10,529,761
Return-on-Cost:	8-10%	8.22%	6.48%
Equity Returns			
Required Equity:		$42,875,818	$68,245,851
Net Refinancing Proceeds:		$5,739,381	($19,630,652)
Project Equity Balance:		$37,136,437	$87,876,504
Stabilized Free-Cash-Flow:		$4,746,742	$3,741,016
Stab. Return-on-Equity "Current" (Equity Balance):		12.78%	4.26%
Avg. Return-on-Equity "Current" (Equity Balance):		12.32%	6.27%

HUB	
Estimated Annual HUB Payment:	$2,831,758
Term of HUB:	10 Years
Nominal Total HUB over term:	$28,317,582
% of Total Project Costs	17.41%

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: January 17, 2012

RE: **RBH-TRB Newark Holdings LLC**
Urban Transit Hub Tax Credit Program
Economic Redevelopment and Growth Grant Program

Request: Urban Transit Hub Tax Credit Program

The Members are asked to approve the Urban Transit Hub Tax Credit ("UTHTC") program application for RBH-TRB Newark Holdings LLC ("Applicant") under P.L. 2007, c.346, P.L. 2008, as amended on July 26, 2011 to modify the Applicant's existing UTHTC approval to increase the nominal award amount previously awarded on July 15, 2010. The Applicant is the owner and developer of Teachers Village (the "Project"), a proposed mixed use development, which will include residential, retail and charter school components, in Newark, New Jersey.

The total costs of the Project are estimated to be $149,244,445, an increase of $24,984,132 from the previous application. The total eligible costs under the UTHTC program are $112,733,545, an increase of $25,810,443 from the previous application. The recommended award of tax credits is 35% of the eligible costs, not to exceed $39,456,741 or $3,945,674 annually for 10 years. This represents an increase of $22,072,121 from the previous award of $17,384,620.

This modification is requested by the Applicant to increase the award amount from 20% to 35% of eligible costs for a residential project as allowed by the 2011 amendment to the UTHTC program due to: (1) significantly higher construction costs due to design development and other unanticipated items that increased the project budget, (2) reduced rental assumptions that are anticipated to reduce the returns of the project and (3) decrease in senior and subordinate debt causing an additional financing gap in the project.

Request for Extension: Economic Redevelopment and Growth Grant Program

The Members are asked to approve an extension of the submission date for the conditions to maintain approval of the Economic Redevelopment and Growth Grant ("ERG"), as outlined in the November 19, 2010 commitment letter issued by the Authority pursuant to the approval on July 15, 2010.

Project Description

The Project is a proposed 422,628 square foot mixed use development located in downtown Newark, New Jersey. The site is located in an urban transit hub near Newark Penn Station. Teachers Village is the first development phase of the SoMa Newark redevelopment plan designed by Newark-born Richard Meier of Richard Meier & Partners Architects LLP. The SoMa Newark redevelopment project consists of 12 square blocks and 15 million square feet of development in downtown Newark. Teachers Village is located on both sides of Halsey Street, connecting the existing University Heights area with the Prudential Center and the rest of downtown Newark's existing core. Halsey Street will become the retail portion of the SoMa redevelopment area spanning from Branford Place to the north, and Hill Street to the south. The Project consists of eight buildings (one 9-story renovation and seven new 5 to 6-story structures) spanning five currently blighted city blocks. Two of the buildings will feature retail space on the ground floor and school space on the remaining floors. The remaining six buildings will also feature retail space on the ground floor and rental housing on the remaining floors. The Project will include the following components:

- The residential component will consist of 251,607 square feet of "workforce" rental housing with 205 available units. Individual units will consist primarily of studio, 1-bedroom and 2-bedroom rentals as well as three 3-bedroom units and one 4-bedroom unit. Average anticipated unit rents include reasonably competitive amenities and are approximately $1,200 per month, with a range of $700 to $1,675, excluding the 3 and 4-bedroom units.

- The retail component will consist of 76,127 square feet of leasable space including restaurant, food, medical daycare and bank tenants. Currently, two leases have been executed for almost 4,000 square feet of space and negotiations are in process for more than 30,000 square feet of space.

- The charter school component will include 94,894 square feet of space for four charter schools. The Applicant has executed leases for all four school tenants, which include TEAM Schools, Discovery Charter School, Great Oaks Charter School and The CHEN School.

On July 15, 2010, the Members approved a UTHTC award for the Project for 20% of eligible capital investment, not to exceed $17,384,620. Since the date of the previous UTHTC approval, the Applicant was required to make several changes to the Project that were unforeseen at the time of the previous application. The current application reflects an increase in the project budget of approximately $20 million due to revisions to hard cost estimates and $5 million due to revised soft costs. The primary driver for the significant increase in costs is LEED compliance (as required by the Authority and the City of Newark) which focuses on green building practices, site selection, design and construction elements. The Project complies with LEED for Schools and LEED for Neighborhood Development which both have more stringent requirements than LEED for New Construction. In addition, based on results of more recent soil borings, the soils engineers recommended a more costly pile supported foundation rather than a spread footing foundation as previously budgeted. The anticipated project costs also increased due to the removal of historic fill on the site, which was anticipated to remain in place at the site in the previous application. The major components of the increase include: electricity efficiency standards, HVAC, masonry and millwork, school amenities, piles, plumbing, structural steel, sitework, basement, historic fill removal and retail features.

Since the previous application, the Applicant has made significant changes to the operating pro forma as a result of more recent available market data. Residential and retail rental rate assumptions have been reduced as a result of a more current market feasibility analysis prepared by Real Property Research Group in May 2011. These assumptions are also consistent with HUD underwriting standards since it is anticipated that HUD will re-finance the project at the end of the mini-perm loan period. In addition, the Applicant is anticipating a slower ramp-up on the ERGG payments due to significantly reduced sales expectations based on the anticipated mix of tenants and new market data of comparable retailers in the area.

Since the previous application was approved on July 15, 2010, the Applicant has gained site control, with substantially all parcels acquired except for three parcels, which are under contract and will be acquired at the closing of the Project financing. The Applicant has also received site plan approval and landmarks approval and all construction documents have been completed. More than $30 million (including more than $12 million in equity contribution from the Applicant) has been spent to date including land acquisition, pre-development and some construction.

Consistent with the original application, the mixed use Project is predominantly residential use and as such, the application is a qualified residential project as defined by the UTHTC program. Although applicants for the residential project portion of the UTHTC program are not required to maintain certain employment levels, it is estimated that this Project will create 416 construction jobs with average salaries of approximately $85,000 and 461 permanent jobs with average salaries of approximately $40,000.

On July 15, 2010, the Members also approved an ERG in an amount not to exceed $20,548,344. Pursuant to the rules of the ERG program, the Applicant is required to meet certain project milestones within 12 months of approval in order to maintain project approval. On December 13, 2010 the Authority issued a commitment letter to the Applicant, which included a deadline of December 13, 2011 to provide certain items to maintain project approval. Although the Applicant has made significant progress (as detailed above) in providing these items, several items remain outstanding and on November 17, 2011, the Applicant requested an extension of the December 13, 2011 deadline.

Project Ownership

The Project will be owned by the Applicant, a limited liability company formed in 2009 for the specific purpose of ownership of the Project. Members of the Applicant include TRB Newark Assemblage LLC (50.9%), TRB Newark TRS LLC (0.1%), RBH Partners LLC (49.9%) and RBH Capital LLC (promotion interest and managing member). All of the members are managed by the RBH Group. The President and Managing Member of RBH Group is Ron Beit-Halachmy. Other investors include Nicolas Berggruen of Berrugruen Holdings, Frank Iseman of CI Capital Partners, TRB Assemblage LLC and Warren Lichtenstein of Steel Partners. Mr. Beit-Hallachmy has over 17 years experience in the real estate industry. The RBH Group was created to acquire and reposition various real estate assets.

Mr. Beit-Halachmy is responsible for identifying and negotiating transactions, coordinating due diligence efforts and making investment decisions. To date, he has developed and/or owned operated more than 1 million square feet of commercial and residential real estate in three states as well as over six million additional developable square feet in institutional grade sites throughout the City of Newark.

Project Uses and Sources

The Applicant proposes the following uses for the Project:

Uses	*Total Project Costs – Prior Application*	*HUB Eligible Amount – Prior Application*	*Total Project Costs – Current Application*	*HUB Eligible Amount – Current Application*
Acquisition Costs	$ 23,844,877	$ 0	$ 23,842,427	$ 0
Construction Costs	68,211,893	68,211,893	88,697,567	88,697,567
Soft Costs	28,754,341	28,154,341	32,453,323	31,482,323
Development Fee	3,449,202	0	4,251,128	0
Soft Costs in excess of 20% cap		**(9,443,132)**		**(7,446,345)**
TOTAL USES	**$ 124,260,313**	**$ 86,923,102**	**$ 149,244,445**	**$ 112,733,545**

HUB eligible costs in the current application exclude $36,510,900 of Project costs including $23,842,427 of land and acquisition costs, $4,251,128 of development fee, $7,446,345 of soft costs in excess of 20% cap and $971,000 in other project expenses, which do not fit within the guidelines and definition of eligible hard or soft costs.

Sources	*Prior Application*	*Current Application*	*Variance*
New Markets Tax Credits ("NMTC's")	$ 21,357,619	$ 38,954,581	$ 17,596,962
UTHTC	10,812,099	23,781,001	12,968,902
Qualified School Construction Bonds ("QSCB's")	13,500,000	22,748,000	9,248,000
Senior Debt	50,314,600	31,721,222	(18,593,378)
Mezzanine Loan	7,200,000	0	(7,200,000)
Redevelopment Area Bonds ("RAB's")	4,288,203	5,264,998	976,795
Public Loans (CRDA, BCDC, City of Newark)	4,000,000	12,000,000	8,000,000
Community Development Block Grant ("CDBG")	0	2,000,000	2,000,000
Equity	12,787,792	12,774,643	(13,149)
TOTAL SOURCES	**$ 124,260,313**	**$ 149,244,445**	**$ 24,984,132**

The Qualified School Construction Bonds were issued in December 2011, and funds were placed in escrow on behalf of the Applicant. A formal closing is anticipated on the QSCB's in mid-January 2012 along with that portion of the NMTC's ($15.6 million), RAB's ($1.8 million), CRDA ($4.3 million) and BCDC ($1 million) loans related to the Charter School project. The Applicant expects to secure NMTC's for the residential projects in early 2012. The Applicant expects commitments on the senior debt (which includes an EB-5 component) for the residential projects in January 2012, leaving only approximately $2.75 million remaining to be committed. In addition, the Applicant has received a commitment from a bank to purchase the UTHTC tax credits at 85% of the nominal value, with proceeds to be funded at a discounted value once construction is 80% completed to fund the financing gap in the Project. It is important to note that a tax certificate will not be issued to the applicant until the project has been completed and final costs and financing have been reviewed by the Authority. They have also received commitments for the CDBG, the City of Newark loan and the CRDA loans for the residential components. Upon stabilization, the overall debt service coverage ratio for all debt is approximately 1.38x, consistent with the previous application. The ratio of total debt to project costs is approximately 45%, an increase from 40% in the prior application. The project gap is calculated based on the Equity Internal Rate of Return and Cash-on-Cash Yield identified in the gap analysis, which will be discussed below. These returns are calculated with and without the HUB cash flow to compare the returns.

Gap Analysis

EDA staff has reviewed the application to determine if there is a project financing gap. Staff analyzed the pro forma and projections of the project and compared the returns with and without the HUB. Projected rents and expenses provided by the Applicant appear consistent with current market information. The returns assume financing terms that are consistent with those represented in commitments from funding sources and/or based on actual terms for financing that has been closed to date.

Without any HUB	Without HUB Increase	With HUB & ERG – Previous Application	With HUB & ERG – Current Application
Equity IRR -6.04% (Market Range = 15-20%)	Equity IRR -1.44 % (Market Range = 15-20%)	Equity IRR 15% (Market Range = 15-20%)	Equity IRR 9.11% (Market Range = 15-20%)
Cash on Cash Yield 5.58% (Market Range = 8-10%)	Cash on Cash Yield 6.23 % (Market Range = 8-10%)	Cash on Cash Yield 7.45% (Market Range = 8-10%)	Cash on Cash Yield 7.25% (Market Range = 8-10%)

As indicated in the chart above, the Project would not otherwise be completed without the benefit of the HUB. With the benefit of the HUB, the Equity IRR is projected to be 9.52% and the Cash-on-Cash Yield is projected to be 7.25%, making the returns much closer to the market ranges provided by the EDA's contract consultant, Jones Lang LaSalle. The additional revenue from the prospective HUB enables this project to move forward. Although the potential returns appear to be below market-acceptable levels, the Applicant has expressed willingness to move forward at these levels because this will be the first phase of additional development planned by the Applicant as part of the overall SoMa Newark redevelopment plan. In addition to the Project site, the Applicant owns an additional 5.9 million square feet of land adjacent to the Project, representing approximately $100 million in land purchased. The Applicant plans to make significant progress on additional phases in the next 5 to 7 years, with the entire plan executed in the next 10 to 12 years. The Applicant is currently in active discussions to help further subsequent phases of the plan.

To date, $169,263,884 in tax credits have been approved under the UTHTC program for qualified residential projects and $696,484,642 for commercial projects for a total of $865,748,526. After approval of this project and another project slated for consideration by the Board today, the total tax credits approved under the UTHTC program will be $219,653,565 for qualified residential projects and $916,138,229 for all projects.

Net Positive Benefit Analysis

Based on the requested increase in the UTHTC award, the Authority conducted a revised Net Benefit Analysis to ensure that the Applicant remains in compliance with ERG requirements. As a result of this revised analysis, the present value of the Net Positive Benefits to the State at a 6% discount rate over a 20 year period is $56.3 million. This number is obtained by taking the annual sales tax, CBT, and Gross Income Tax and Indirect spillover tax revenues from earnings and expenditures. The present value of this figure is reduced by the present value of all state and local grants, including the ERG and the HUB Tax Credit, to the project, resulting in the present value of the Net Positive Benefits to the State of $7.4 million.

Recommendation

Staff has reviewed the application for the Project and the related documentation for consistency with the Act and Rules, as amended, implementing the UTHTC Program and recommends approval of the award of tax credits of 35% of the eligible costs, not to exceed $39,456,741 or $3,945,674 annually for 10 years. Prior to disbursement of any tax credits, EDA staff will ensure that the applicant provides all documentation as required under the UTHTC Act and Rules.

In addition, Staff has reviewed the extension request for the ERG and finds that it continues to be consistent with eligibility requirements of the Act. Therefore it is recommended that the Members approve that submission deadlines for conditions of approval of the ERG award be extended to January 17, 2013 to coincide with the deadlines of the UTHTC award.

Caren S. Franzini

Prepared by: Christine Caruso

RBH-TRB Newark Holdings LLC
Newark, New Jersey

Model Assumptions:		
Analysis Start Date:	2/1/2012	
Analysis Term	10 Years	
Analysis End Date:	1/31/2022	
Discount Rate:	8.00%	

Site Assumptions:		
Product:	Mixed Use	
Building Gross Square Feet (GSF):	422,628 GSF	
Residential Rentable Square Feet (RSF)		
Residential Gross Square Feet (GSF):	0 GSF	
Loss Factor:	0%	
Total Residential RSF	**0 RSF**	
Commercial Rentable Square Feet (RSF)	RSF	No. of Units
Residential	251,607 RSF	0
School	94,894 GSF	0
Retail	76,127 RSF	0
Other:	0 RSF	0
Other:	0 RSF	0
Total Commercial RSF	**422,628 RSF**	
Total RSF:	**422,628 RSF**	
Land Area:	N/A	
% Building Coverage:	0.00%	

Uses of Funds	Total	$/GSF	$/RSF	% Allocation* 2012 Year 1	2013 Year 2	2014 Year 3	2015 Year 4	2016 Year 5	Check
Date of Construction Completion:	11/30/2013								
Predevelopment Costs:	$0	$0.00		100.00%	0.00%				
Land Costs:	$23,842,427	$56.41		100.00%	0.00%				
Furniture Fixtures & Equipment	$0	$0.00		50.00%	50.00%				
Hard Costs:	$88,697,567	$209.87		50.00%	50.00%				
Soft Costs:	$22,909,028	$54.21		50.00%	50.00%				
Financing Costs	$7,029,198	$16.63		50.00%	50.00%	0.00%	0.00%	0.00%	
Operating Expenses	$360,000	$0.85		50.00%	50.00%				
Tenanting Costs: (included in Hard Costs)	$1,734,097	$4.10		0.00%	100.00%				
Operating Deficit: (accounted for in Project Cap. Balance)	$0	$0.00		0.00%	0.00%	0.00%	0.00%	0.00%	
HUB Costs:	$0	$0.00		0.00%	0.00%	0.00%	0.00%	0.00%	
Additional Cost 1: Development Fee & Owners Rep	$4,672,128	$11.05		50.00%	50.00%				
Additional Cost 2:	$0	$0.00		0.00%	0.00%				
Total:	$149,244,445	$342.08		$85,676,388	$63,568,058	$0	$0	$0	

Sources of Funds	Total	$/GSF	% Total	% Allocation* 2012 Year 1	2013 Year 2	2014 Year 3	2015 Year 4	2016 Year 5	Check
Equity:	$12,774,643	$30.23	8.56%	100.00%	0.00%	0.00%	0.00%	0.00%	
Construction Debt:	$66,469,223	$157.28	44.54%	12.29%	87.71%	0.00%	0.00%	0.00%	
Potential HUB Proceeds:	**$23,781,001**	$56.27	15.93%	100.00%	0.00%				
Subsidy A: Community Development Block Grant	$2,000,000	$4.73	1.34%	100.00%	0.00%				
Subsidy B: New Markets Tax Credits	$38,954,580	$92.17	26.10%	100.00%	0.00%				
Subsidy C: RAB's	$5,264,998	$12.46	3.53%	100.00%	0.00%				
Subsidy D:	$0	$0.00	0.00%	0.00%	0.00%				
Total:	$149,244,445	$260.96	100.00%	$90,941,386	$58,303,060	$0	$0	$0	

Financing	w/ HUB	w/o HUB
Construction Financing (Remaining Project Costs)		
Remaining Project Costs (See Chart Below)	$79,243,866	$103,024,867
Max Loan-to-Cost Ratio:	80.00%	44.54%
Interest Rate:	6.00%	6.00%
Underwriting Fee: (All Debt)	0.00%	0.00%
Construction Loan for remaining project costs:	$63,395,093	$45,884,340
Maximum Permanent Loan Amount:	$66,469,223	$66,469,223
Const. Loan <= Max Perm. Loan	**Yes**	**Yes**
Actual Construction Loan:	**$66,469,223**	**$66,469,223**
Actual Loan-to-Cost Ratio:	44.54%	44.54%
Equity for Construction:	$12,774,643	$36,555,644
Refinancing Deficit: (if applicable)	$0	$0
Operating Deficit: (if applicable)	$0	$0
Required Equity Balance:	**$12,774,643**	**$36,555,644**
Permanent Financing		
Debt Service Coverage Ratio (DSCR):	1.38	1.38
Amortization Period:	25 Years	25 Years
Market Interest Rate:	3.00%	3.00%
Mortgage Constant:	5.69%	5.69%
Stabilized NOI: (after Low Cost Debt)	$5,202,175	$5,202,175
NOI for Debt Service:	$3,782,455	$3,782,455
Maximum Permanent Loan Amount:	$66,469,223	$66,469,223
New Debt Service:	$3,782,455	$3,782,455
Value Assumptions		
Stabilized Year:	Project Year 3	Project Year 3
Stabilized NOI (excluding Low Cost Debt Service)	$5,624,764	$5,202,175
Minimum Stabilized Cap Rate:	8.00%	8.00%
Stabilized Value:	$44,624,125	$65,027,193
Loan-to-Value Ratio: (excluding Low-Cost Fin.)	148.95%	102.22%
Loan-to-Value Ratio: (including Low-Cost Fin)	148.95%	102.22%
Residual Value: Year of Sale	Year 10	Year 10
Residual Cap Rate:	8.00%	8.00%

Low Cost Financing:	
Principle Amount:	$0
Amortization Period:	30 Years
Low Cost Interest Rate:	5.50%
Low Cost Debt Service:	$0

ERGG	
Estimated Annual ERGG Payment:	$2,054,834
Term of ERGG:	10 Years
Nominal Total ERGG over term:	$20,548,344
% of Total Project Costs	13.77%

Value Matrix			
Internal Rate of Return	***Market Range***	***w/ Funded Gap***	***w/o Funded Gap***
Equity IRR:	15-20%	**9.11%**	**-6.04%**
NPV @ 8%		$895,440	($22,885,561)
Unlevered IRR:		**-1.45%**	**-3.91%**
Project Return-on-Cost			
Total Project Costs:		$79,243,866	$103,024,867
Stabilized Net Operating Income:		$5,744,567	$5,744,567
Return-on-Cost:	8-10%	7.25%	5.58%
Equity Returns			
Required Equity:		$12,774,643	$36,555,644
Net Refinancing Proceeds:		$0	$0
Project Equity Balance:		$12,774,643	$36,555,644
Stabilized Free-Cash-Flow:		$1,419,720	$1,419,720
Stab. Return-on-Equity "Current" (Equity Balance):		11.11%	3.88%
Avg. Return-on-Equity "Current" (Equity Balance):		14.96%	5.23%

NJEDA Simplified Speculative Building Model (Annotated)

							Project Composite
Job Type Number	46		51		28		
Job Type Description	46. Rental and leasing services and lessors of intangible assets		51. Educational services		28. Retail trade		
Sq. footage	251,607		94,894		76,127		422,628
Average Density							
Implied DirectJobs	9	Total Jobs/RIMSII-5	100	Total Jobs/RIMSII-5	100	Total Jobs/RIMSII-5	209
Direct Effect Employment Multiplier	1.41x	RIMSII-5	1.60x	RIMSII-5	1.25x	RIMSII-5	1.42x
Total Jobs	13	RIMSII-4*direct Output	160	RIMSII-4*direct Output	125	RIMSII-4*direct Output	298
Indirect Jobs	4	Total-Direct	60	Total-Direct	25	Total-Direct	89
Final Demand Employment Multiplier	3.87x	RIMSII-4	6.58x	RIMSII-4	8.20x	RIMSII-4	5.26x
Direct Output	$3,274,393	Known/RIMSII-2	$24,371,799	Known/RIMSII-2	$15,184,591	Known/RIMSII-2	$42,830,782.7
Final Demand Output Multiplier	1.44x	RIMSII-3	1.73x	RIMSII-3	1.50x	RIMSII-3	1.52x
Total Output	$4,713,816	RIMSII-3*Direct Output	$42,114,468	RIMSII-3*Direct Output	$22,816,367	RIMSII-3*Direct Output	$69,644,650.7
Spillover	$1,439,423	Total-Direct	$17,742,669	Total-Direct	$7,631,776	Total-Direct	$26,813,868.0
Final Demand Earnings Multiplier	0.07x	RIMSII-2	0.34x	RIMSII-2	0.25x	RIMSII-2	0.17x
Total Earnings	$245,252	known*RIMSII-1	$8,396,084.6	known*RIMSII-1	$3,756,667.9	known*RIMSII-1	$12,398,004.6
Direct Effect Earnings Multiplier	2.42x	RIMSII-1	1.44x	RIMSII-1	1.32x	RIMSII-1	2.00x
Direct Earnings	$101,457	Known	$5,837,100	Known	$2,842,300	Known	$8,780,857.0
Indirect Earnings	$143,795	Total-Direct	$2,558,985	Total-Direct	$914,368	Total-Direct	$3,617,147.6

NJEDA Economic Impact Model	
NJEDA Economic Impact Model	
County Number	7
Address	100 Center Street, NJ
County	Essex
Ongoing Jobs(Direct)	209
One Time Jobs(Direct)	662
State & Local Direct Ongoing	**Services**
Sales Tax	$0
Corporate Income Tax (CBT)	$1,316,700
Gross Income Tax	$351,234
Misc. State Tax Revenue	
Property Tax (Default to Total Const Value*3%)	$735,104
Direct Ongoing Annual Taxes	$2,403,038
State Indirect Ongoing	
Annual Corp Spending	$42,830,783
Final Demand Output Multiplier	1.52x
Indirect Annual Spending	$22,087,981
At 3.5 % Tax Rate	$773,079
Annual Payroll	$8,780,857
Indirect Effect Earnings Multiplier	2.00x
Indirect Earnings	$8,782,232
At 4% Tax Rate	$351,289
Indirect Ongoing Annual Taxes	$773,079
Total State Ongoing Net Benefits	
Annual Net Benefit	$3,527,407
Cumulative Net Benefit (20yrs w/ 3% yearly inflation)	$94,782,744
Present Value @6%	$51,364,451
One Time	
Construction Value	$88,697,000

Direct One Time Taxes on Spending	$3,104,395
Direct Construction Multiplier	1.56x
Indirect One Time Spending	$49,829,975
Spending Tax Rate	**3.5%**
Ind One Time Taxes on Spending	$1,744,049
Assumed Portion of Const. on Labor	50%
Dir One Time Earnings	$44,348,500
Earnings Tax Rate	5%
Dir One Time Taxes on Earning	$2,217,425
Direct Effect Earnings Multiplier	1.44x
Indirect One Time Earnings (50% of Construction)	$19,593,167
Earnings Tax Rate	5%
Ind One Time Taxes on Earnings	$979,658
Total One Time Tax Benefits	$4,941,132
Total State Benefits	
Total One Time Tax Benefits	$4,941,132
Total State Ongoing Benefits (PV @ 6%)	$51,364,451
Total Benefits	$56,305,583
Implied Maximum Award at 110% Coverage Ratio Before Adjustments	$51,186,894
Local & State Incentives	
Total Benefits	$56,305,583
Less (PV @6% over 20 years):	
RAB	$5,264,998
HUB	$27,396,702
ERG	$14,267,698
CDBG	$2,000,000
PV of Net Benefits to NJ	$7,376,185

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Board

FROM: Caren S. Franzini
Chief Executive Officer

RE: January 17, 2012

DATE: New Program– Grow New Jersey Assistance Program

Request:

The Board is requested to approve proposed new rules implementing the Grow New Jersey Assistance (Grow NJ) Program (see attached) established pursuant to the "Grow New Jersey Assistance Act of 2011," P.L. 2011, c. 149 (the Act), as well as proposed amendments to existing rules implementing other EDA incentive programs – Economic Redevelopment and Growth (ERG) Program, Urban Transit Hub Tax Credit (UTHTC) Program, Business Employment Incentive Program (BEIP) and Business Retention and Relocation Assistance Grant (BRRAG) Program – based on statutory revisions contained in P.L. 2011, c. 149 and recent policy determinations by the Authority intended to clarify certain eligibility and application requirements and improve implementation of each.

Background:

The Grow New Jersey Assistance Program is a new incentive for capital investment and job retention. Governor Christie signed the Act on January 5, 2012. This new program combines elements of all of the state's successful incentive programs: it expands the capital investment goal of the UTHTC Program beyond the nine cities to towns throughout New Jersey and makes changes to eligibility requirements to expand the program's use in retaining and attracting jobs, including the addition of medical facility sites, vacant hospital sites, and federally designated CHOICE neighborhoods within 1 mile of a rail station in a UTHTC municipality; targets large, vacant "white elephant" corporate centers; provides equal subsidies for both retained and new jobs; maintains strong financial review, performance and transparency standards; and, furthers public policies by encouraging green building, transit use, and the growth of targeted industries.

The program, aimed primarily at existing New Jersey businesses, also provides an alternative for enhanced job subsidies in return for significant capital investments that maximize economic activity. This $200 million tax credit program is designed specifically to capture major manufacturing and logistics operations and smaller scale commercial firms that can make at least a 15-year commitment to remain in New Jersey.

The tax credits to support this program fall under the $1.5 billion cap established under the UTHTC program. Under the Act, the initial $200 million program allocation to be increased by the Board of the EDA if the Board determines the credits to be reasonable, justifiable, and appropriate. All applications for eligibility under the program shall be made to the EDA by July 1, 2014, with the exception of businesses required to respond to a request for proposal of the federal government which have a March 31, 2012 application completion date.

Program Description:

To be eligible for tax credits, a business shall make capital investments of at least $20,000,000 at a qualified business facility at which it will employ at least 100 full-time employees in retained full-time jobs, or create at least 100 new full-time jobs in an industry deemed by the EDA to have a significant impact on the State economy. Owners, tenants, and affiliates will be allowed to participate in cost sharing to meet the capital investment eligibility requirement. The amount of tax credits that can be applied by a business annually under the program cannot exceed the lesser of one-tenth of the capital investment, or $4,000,000. Pursuant to the Act, the amount of assistance received in the current year and any future year in which a business receiving assistance under the program does not meet an 80 percent State-wide job maintenance or a maintenance of a certain percentage or number of retained or full-time jobs at the qualified business facility shall be forfeited.

Eligibility for program tax credits will also be based upon a determination by the Authority that the capital investment and resultant retention and creation of eligible positions will yield a net positive benefit to the State and that the award of tax credits is a material factor in the business decision to create or retain the minimum number of full-time jobs.

In order to be eligible for Grow NJ through new full-time job creation, the Act requires that the jobs be created in an industry identified by the Authority. In consultation with the Lieutenant Governor's Office and the Office of Planning Advocacy, staff recommends that the desirable industry list for Grow NJ should mirror the industries highlighted in the new State Strategic Plan which are as follows: Advanced Manufacturing, Transportation, Logistics and Distribution, Life Sciences, Technology, Health, and Finance.

Qualified eligible businesses may receive tax credits of $5,000 per year for a period of ten years for each new or retained full-time job to be located at the qualified business facility as long as the number of full-time jobs meets or exceeds the minimum requirement. In addition, a bonus award of up to $3,000 per job per year for a period of ten years may be awarded for each new or retained full-time job if the qualified eligible business meets additional criteria.

Other Requirements:

- Project must be located in a qualified incentive area which is currently defined as:
  - Planning Area 1 (Metropolitan), Planning Area 2 (Suburban), and any urban, regional, or town designated center locations under the State Development and Redevelopment Plan;
  - Former military bases closed under the federal Base Closure and Realignment Act;
  - Vacant commercial office, laboratory, or industrial properties having over 400,000 square feet for at least one year or impacted by UTHTC program approval; and

- Areas "targeted for development" in the New Jersey Meadowlands, Highlands, and Pinelands, as specified in the acts establishing these areas.

- The chief executive officer of a business must demonstrate at the time of application that the business will:
  - Make, acquire, or lease a capital investment totaling not less than $20,000,000; and
  - Employ not fewer than 100 full-time employees in retained full-time jobs at the qualified business facility OR create at least 100 new-full time jobs at the qualified business facility in an industry identified by the Authority as desirable for the State to maintain or attract.

- The chief executive officer of the business must demonstrate that:
  - The proposed capital investment and the resultant and creation of eligible positions will yield a net positive benefit, equaling at least 110 percent of the requested tax credit amount; and
  - The award of tax credits will be a material factor in the business's decision to create or retain the minimum number of full-time jobs for eligibility under the program (not required for businesses required to respond to a request for proposal of the federal government.

Restrictions:
- The Grow NJ Tax Credit is limited to $40 million and may be reduced or disqualified based upon EDA's annual review of the business' continued employment and the continued ownership/lease of the qualified business facility.
- The amount of the Grow NJ tax credit cannot exceed the certified capital investment of the business.
- For a business that is a tenant in a qualified business facility, the amount of the Grow NJ tax credit for a tax period cannot exceed the total lease payments the business paid to the owner of the qualified business facility for the tax period.
- The number of new full-time jobs for which a business receives a tax credit shall not exceed the number of retained full-time jobs for which a business receives a tax credit unless the business qualifies by creating at least 100 new full-time jobs in a desirable industry.

Bonus Scoring:
- The base tax credit may be increased by a bonus award amount of up to $3,000 per job per year by an eligible business that, as determined by the EDA, meets the following factors:
  - If the business is in a desirable industry (this definition will be the same as the definition of desirable industries used for eligibility for new job creation);
  - If the business locates or relocates to a location within a qualified incentive area adjacent to or within one-half mile or short-distance-shuttle service of a public transit facility (a public transit facility is defined as a rail station, light rail station or bus hub; however, to be eligible for a bonus award amount, as with BEIP, a threshold of 10% of employees must utilize the Commuter Tax Benefit program with a minimum withholding of $30 per month);

- o If the business creates jobs using full-time employees in eligible positions whose annual salaries, according to the Department of Labor and Workforce Development, are greater than the average full-time salary in NJ; and
- o Is locating to a project site that is or has been negatively impacted by the approval of a qualified business facility under the UTHTC Program.

- Staff recommends that applicants be eligible for a $1,000 bonus for each criterion met up to the maximum of $3,000 per job.

Fees:
As the program is a part of the UTHTC program, fees will be consistent with previously adopted program fees.

Recommendation:

The Members are asked to approve the attached proposed new rules implementing the Grow New Jersey Assistance Program established pursuant to the "Grow New Jersey Assistance Act of 2011," P.L. 2011, c. 149 and proposed amendments to existing rules implementing other EDA incentive programs based on statutory revisions contained in P.L. 2011, c. 149 and recent policy determinations by the Authority intended to clarify certain eligibility and application requirements and improve implementation of each.

The Members are also requested to authorize staff to submit program rules for promulgation and adoption in the February 21, 2012 edition of the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law (OAL). The Authority will operate with the proposed rules upon submission to OAL, with risk to the applicant if changes are not adopted as proposed.

The Members are also asked to approve the designation of Advanced Manufacturing, Transportation, Logistics and Distribution, Life Sciences, Technology, Health, and Finance, which are consistent with the State's Strategic Plan, as industries desirable for the State to maintain and attract, and to approve $1,000 bonus for each criterion met up to $3,000 per job.

Caren S. Franzini

Attachment

Prepared by: Jacob Genovay and Kim Ehrlich

DRAFT

1.17.12

OTHER AGENCIES
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Proposed Amendments: N.J.A.C. 19:31-4.2, 4.4, 4.5, 9.2, 9.3, 9.4, 9.5, 9.7, 9.9, 9.12, 10.2, 10.4, 10.7, 14.2, 14.3, 14.6, 14.10 and 14.11
Proposed New Rules: N.J.A.C. 19:31-18

Economic Redevelopment and Growth Program, Urban Transit Hub Tax Credit Program, Business Employment Incentive Program, Business Retention and Relocation Assistance Grant Program, Grow New Jersey Assistance Program

Authorized By: New Jersey Economic Development Authority, Caren S. Franzini, Chief Executive Officer.

Authority: P.L. 2011, 149.

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

Proposal Number: PRN 2012-

Submit written comments by April 21, 2012:

Maureen Hassett, SVP Governance & Communications
New Jersey Economic Development Authority
PO Box 990
Trenton, NJ 08625-0990

The agency proposal follows:

Summary

The New Jersey Economic Development Authority ("EDA" or "Authority") is proposing new rules to establish the Grow New Jersey Assistance Program ("program") pursuant to P.L. 2011, c. 149 to encourage economic development and job creation and to preserve jobs that currently exist in New Jersey but which are in danger of being relocated outside of the State.

In addition, additional amendments are proposed to rules implementing other EDA incentive programs based on statutory revisions contained in P.L. 2011, c. 149 as well as recent policy determinations by the Authority intended to clarify certain eligibility and application requirements and improve implementation of each. The following summarizes the proposed amendments, as well as the contents of each section of the proposed new rules implementing the Grow New Jersey Assistance Program:

Economic Redevelopment and Growth (ERG) Program

The proposed amendments at N.J.A.C. 19:31-4.2 revise the definition of "fiscal impact analysis" within the rules implementing the provisions of the Economic Redevelopment and Growth (ERG) Program to clarify that the determination whether the applicant fulfills the net positive economic benefit requirement shall be for the period equal to 75 percent of the useful life of the project, not to exceed 20 years; and, establish a new definition of "full-time employee at the qualified business facility" which is presently used in the Urban Transit Hub Tax Credit (UTHTC) Program to clarify that, to be considered full-time, an employee's primary office shall be at the site wherein he/she spends at least 80 percent of his or her time, or any other period of time generally accepted by custom or practice as full-time employment at the site, as determined by the Authority. In addition, the proposed amendment at N.J.A.C. 19:31-4.4 revises the application submission requirements for State incentive grants under the ERG Program to require a written certification by the chief executive officer, or equivalent officer for North American operations, stating: that the business applying for the program is not in default with any other program administered by the State of New Jersey, and that he/she has reviewed the application information submitted and that the representations contained therein are accurate. Finally, the proposed amendment at N.J.A.C. 19:31-4.5 clarifies that the fiscal impact analysis to determine whether the overall public assistance provided to the proposed redevelopment project will result in net positive economic benefits, utilizes a minimum standard equaling 110 percent of the amount of grant assistance.

Urban Transit Hub Tax Credit (UTHTC) Program

The proposed amendments at N.J.A.C. 19:31-9.2 are based on statutory revisions in P.L. 2011, c. 149 to the Urban Transit Hub Tax Credit (UTHTC) Act, P.L. 2007, c. 346 (N.J.S.A. 34:1B-207 et seq.) and a recent policy determination by the Authority intended to clarify certain eligibility and application requirements, as follows: 1) revise the definition of "eligibility period" to clarify that the 10-year period on which a business may claim an urban transit hub tax credit shall begin with the tax period in which the Authority first certifies, rather than accepts a certification of the business, that the business has met the capital investment and employment qualifications; 2) revise the definition of "full-time employee at the qualified business facility" to clarify that to be considered new, a position must be in addition to the number of full-time employees in the business' statewide workforce in the last tax accounting or privilege period prior to the tax credit amount approval; 3) revise the definition of "rail station" to provide that any property located within a one-half mile radius surrounding the mid point of a New Jersey Transit Corporation rail station platform area at an international airport upon which a qualified business facility is constructed or renovated commencing after the effective date of P.L. 2011, c. 149 shall be deemed an urban transit hub, excluding any property owned or controlled by the Port Authority of New York and New Jersey; and; 4) revise the definition of "urban transit hub" to include property in an area that is the subject of a Choice Neighborhoods Transformation Plan funded by the federal Department of Housing and Urban Development, the site of the campus of an acute care medical facility located within a one-mile radius of the mid point of the platform area of such a rail station, and the site of a closed hospital located within a one-mile radius of the mid point of the platform area of such a rail station. The proposed amendment at N.J.A.C. 19:31-9.3 revises the eligibility criteria for the UTHTC Program to clarify that the net economic benefit shall equal at least 110 percent of the requested, rather than approved, tax credit allocation amount. The proposed amendment at N.J.A.C. 19:31-9.4(d) is intended to conform the provisions of the subsection to the proposed new rules for the Grow New Jersey Assistance Program and clarify that the tax credit must be submitted, rather than approved, by July 1, 2014. The proposed amendments at N.J.A.C. 19:31-9.5 conform the application requirements for the UTHTC Program to a new provision contained in the proposed new rules for the Grow New Jersey Assistance Program to require a written certification by the chief executive officer, or equivalent officer for North American operations, stating that the business applying for the program is not in default of any other program administered by the State of New Jersey and that he/she has reviewed the application information submitted and that the representations contained therein are accurate. The proposed amendments at N.J.A.C. 19:31-9.7(b) also conform the provisions of the subsection to the proposed new rules for the Grow New Jersey Assistance Program and clarify that the Authority's review of applications shall commence with the completed application bearing the earliest submission date as well as provide notice of the criteria for applications to be deemed complete. The proposed amendment at N.J.A.C. 19:31-9.9(a) clarifies that the amount of tax credit allowed shall be equal to the lesser of the capital investment or the amount which satisfies the net benefit test pursuant to N.J.A.C. 19:31-9.7(c). The purpose of the revision is to establish a requirement that, when a business creates fewer than 200 new full-time jobs resulting in a reduction of the award of tax credits by 20 percent, the reduction shall be based on the net benefits test and rather than the eligible capital costs, to prevent a business from not having its benefits reduced when it does not create 200 new full-time employees. Based on statutory revisions in P.L. 2011, c. 149, the proposed amendment at N.J.A.C. 19:31-9.9(b) clarifies that the period in which a business may apply the percentage of the total credit amount begins with the tax period in which the business is first certified by the Authority as having met the capital and employment qualifications; and, the proposed amendment at new N.J.A.C. 19:31-9.9(g) inserts statutory language from the UTHTC Act, as amended by P.L. 2011, c. 149, that the amount of credit for any tax period ending eight years after the effective date of the UTHTC Act during which the documentation of a business' credit amount remains uncertified shall be forfeited, although credit amounts for the remainder of the years of the 10-year eligibility period shall remain available to it. Finally, the proposed amendment at N.J.A.C. 19:31-9.12(b) deletes an incorrect reference to a tax credit amount approval under the section, as the approval is made under N.J.A.C. 19:31-9.7.

Business Employment Incentive Program (BEIP)

The proposed amendment at N.J.A.C. 19:31-10.2 establishes a new definition of "full-time employee at the qualified business facility" which is presently used in the Urban Transit Hub Tax Credit (UTHTC) Program to clarify that, to be considered full-time, an employee's primary office shall be at the site wherein he/she spends at least 80 percent of his or her time, or any other period of time generally accepted by custom or practice as full-time employment at the site, as determined by the Authority. The proposed amendment at N.J.A.C. 19:31-10.4 revises the scoring criteria for the Business Employment Incentive Program (BEIP) to more effectively promote the collaboration between the private sector and New Jersey's institutions of higher education. Specifically, the amendment eliminates the requirement that a company, which is working collaboratively with a public or non-profit university on research and development, also be located within 5 miles of the institution. In addition, the proposed amendment at N.J.A.C.

19:31-10.7 is intended to conform the provisions of the subsection to a requirement contained in the proposed new rules for the Grow New Jersey Assistance Program to require a written certification by the chief executive officer, or equivalent officer for North American operations, stating that the business applying for the program is not in default with any other program administered by the State of New Jersey and that he/she has reviewed the application information submitted and that the representations contained therein are accurate.

Business Retention and Relocation Assistance Grant (BRRAG) Program

The proposed amendments at N.J.A.C. 19:31-14.2, pursuant to statutory revisions to the Business Retention and Relocation Assistance Act, P.L. 1996, c. 25 (N.J.S.A. 34:1B-112 et seq.) in P.L. 2011, c. 149 and a recent policy determination by the Authority intended to clarify certain eligibility and application requirements: 1) revise the definition of "capital investment" under the BRRAG Program to provide that a business that acquires or leases a qualified business facility shall also be deemed to have acquired the capital investment made or acquired by the seller or landlord, as the case may be; and, 2) establish a new definition of "full-time employee at the qualified business facility" which is presently used in the Urban Transit Hub Tax Credit (UTHTC) Program to clarify that, to be considered full-time, an employee's primary office shall be at the site wherein he/she spends at least 80 percent of his or her time, or any other period of time generally accepted by custom or practice as full-time employment at the site, as determined by the Authority. The proposed amendment at N.J.A.C.19:31-14.3 clarifies that the business demonstrate that the grant of tax credits and resultant retention of full time jobs shall equal at least 110 percent of the requested tax credit allocation amount during the commitment duration. In addition, the proposed amendment at N.J.A.C. 19:31-14.6 conforms the provisions of the subsection to a new provision contained in the proposed new rules for the Grow New Jersey Assistance Program to require a written certification by the chief executive officer, or equivalent officer for North American operations, stating that the business applying for the program is not in default with any other program administered by the State of New Jersey and that he/she has reviewed the application information submitted and that the representations contained therein are accurate. The proposed amendment at N.J.A.C. 19:31-14.10 deletes a revenue test pertaining to retained State tax revenues equal to or in excess of credits to be applied by the business pursuant to statutory revisions in P.L. 2011, c. 149. Finally, the proposed amendment at N.J.A.C. 19:31-14.11, based on statutory revisions in P.L. 2011, c. 149, clarifies that the aggregate annual $20 million cap of grants approved by the Authority that may be applied against tax liability shall be applied for any tax period, rather than fiscal year.

Grow New Jersey Assistance Program

N.J.A.C. 19:31-18.1 addresses the statutory authority for the Grow New Jersey Assistance Program and summarizes the scope and purpose of the program pursuant to P.L. 2011, c. 149;

N.J.A.C. 19:31-18.2 defines certain terms used in this subchapter, incorporates terms defined in the Act pertaining to the program, clarifies statutory terms and provides additional terms included in the implementation of the program;

N.J.A.C. 19:31-18.3 outlines the criteria for a business to be eligible for tax credits, including requirements for capital investment and retention and creation of new full-time jobs, i.e., 1) make, acquire, or lease a capital investment totaling not less than $20,000,000; 2) employ not fewer than 100 full-time employees in retained full-time jobs at the qualified business facility, or create at least 100 new full-time jobs at the qualified business facility in an industry identified by the Authority as desirable for the State to maintain or attract; and 3) demonstrate to the Authority that i.) the proposed capital investment and the resultant retention and creation of eligible positions will yield a net positive benefit, equaling at least 110 percent of the requested tax credit allocation amount, to the State; and, ii.) the award of tax credits will be a material factor in the business's decision to create or retain the minimum number of full-time jobs for eligibility under the program;

N.J.A.C. 19:31-18.4 provides for certain restrictions on program eligibility, such as ineligibility with respect to the same capital investment and employees that are included in a Business Employment Incentive Program grant or a Business Retention and Relocation Assistance Grant (BRRAG) Program grant, or tax credits under the Urban Transit Hub Tax Credit (UTHTC) Program;

N.J.A.C. 19:31-18.5 establishes the information and procedures required for submitting an application to the Authority for tax credits under the program;

N.J.A.C. 19:31-18.6 establishes non-refundable application and other fees identical to the existing fees under the similarly-structured Urban Transit Hub Tax Credit Program intended to assist the Authority in recouping the administrative costs in processing applications;

N.J.A.C. 19:31-18.7 outlines a two-stage review process, with the first being a review to determine eligibility of a project, and the second being a review to determine whether the Authority accepts the business's certification of having met the capital investment and employment requirements for issuance of the tax credits. The first stage of the review process, focusing on project eligibility, entails a Board determination and notification of the business and the Division of Taxation of the determination. The second stage entails a review of the business's certification of having completed the project and having met the requirements for the Authority to issue the tax credit certificate. If the Authority accepts the certification, it will notify the business and the Director of the Division of Taxation;

N.J.A.C. 19:31-18.8 establishes the value of each tax credit at $5,000 per job, per year for a period of ten years for each new or retained full-time job to be located at the qualified business facility, as well as additional bonus awards of up to an additional $3,000 per job, per year which shall be based on factors outlined in the section;

N.J.A.C. 19:31-18.9 addresses the total amount of tax credit allowed, the tax liabilities against which the credit may be applied, the allocation of tax credits to a business and its affiliate or affiliates for the eligibility period, and, the carry forward of credit amounts for 20 successive tax periods;

N.J.A.C. 19:31-18.10 requires that all applicants execute a project agreement with the

Authority to establish the terms and conditions for the tax credits. It sets forth a number of those terms and conditions such as the requirement for maintaining employees at the project site, the requirement that the project comply with all State and Federal laws as applicable, including prevailing wage and affirmative action laws, and the allocation of tax credits to a business and its affiliate or affiliates;

N.J.A.C. 19:31-18.11 imposes the annual reporting requirements of the business during the term of the project agreement and outlines the provisions for issuance of the certificate of compliance by EDA;

N.J.A.C. 19:31-18.12 establishes certain terms and conditions under tax credit certificates, including the starting date of the eligibility period, amount of tax credits, submission of the letter of compliance, schedule setting forth eligible affiliates, and events that would result in reduction and forfeiture of tax credits;

N.J.A.C. 19:31-18.13 allows a business that is a holder of a credit, upon application and approval by the Division of Taxation in Treasury and the Authority, to sell their credit, covering one or more years, under the tax credit transfer certificate program for consideration received by the business of not less than 75 percent of the transferred credit amount;

N.J.A.C. 19:31-18.14 caps the value of all credits approved under the program at $200,000,000, which based on application and allocation activity and if sufficient funds are available, may be exceeded if deemed reasonable, justifiable, and appropriate by the EDA Board; provided however, that the combined value of all credits approved by the Authority pursuant to the Urban Transit Hub Tax Credit Act, P.L. 2007, c. 346 and Offshore Wind Economic Development Act, P.L. 2010, c. 57 (N.J.S.A. 34:1B-207 et seq.) shall not exceed $1,500,000,000;

N.J.A.C. 19:31-18.15 establishes provisions for the reduction, forfeiture and recapture of tax credits in certain instances wherein a business reduces the total number of full-time employees in its Statewide workforce by more than 20 percent from the number of full-time employees in its Statewide workforce and the number of full-time employees at the qualified business facility drops below 100 full-time employees or 80 percent of the number of new and retained full-time jobs specified in the project agreement;

N.J.A.C. 19:31-18.16 requires that in the event a qualified business facility is sold during the 10-year eligibility period, the new owner shall not acquire the capital investment of the seller and the seller shall forfeit all credits for the tax period in which the sale occurs, except for credits of tenant which shall remain unaffected. The same restriction would apply to a tenant that subleases its tenancy any sublessor tenant(s); and

N.J.A.C. 19:31-18.17 states that if any portion of this subchapter is adjudged to be unconstitutional or invalid by a court of competent jurisdiction, the remaining portions of the subchapter are severable and shall not be affected by that determination.

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

Social Impact

The proposed new rules, which establish the Grow New Jersey Assistance Program to encourage development and job creation and to preserve at-risk jobs in New Jersey, are intended to have a positive social impact. In addition, the proposed amendments to rules implementing other EDA incentive programs, intended to clarify certain eligibility and application requirements and improve implementation of each, will ensure the effectiveness of the programs to retain and increase jobs necessary for a high quality of life and strong economy in New Jersey.

Economic Impact

The proposed new rules implementing the Grow New Jersey Assistance Program are intended to re-energize the State's economy by stimulating new economic development. To qualify, a business shall make, acquire, or lease a capital investment of at least $20,000,000 at a qualified business facility at which it will employ at least 100 full-time employees in retained full-time jobs or create at least 100 new full-time jobs in certain key industries identified by the Authority. In addition to the direct investment by qualified businesses, the Grow New Jersey Assistance Program will also produce an indirect revenue gain encompassing purchases by businesses from their suppliers to spending by employees of all impacted businesses and payments entering the State's economy from constructing the qualified facilities and benefits if recipient businesses maintain their credit-induced jobs beyond the 10-year eligibility period of the credit. The proposed new rules – as well as the proposed amendments – will not increase the minimal costs incurred by businesses to comply with reporting requirements, specifically certification of having met the capital investment and employment requirements and the annual reports of employment during the eligibility period required to determine compliance with the terms and conditions of the Grow New Jersey Assistance Program. Finally, the proposed fees for the program are identical to existing fees charged for the similarly-structured Urban Transit Hub Tax Credit Program and are intended to ensure a source of necessary administrative fee revenue for EDA to more fully cover the costs of the program.

Federal Standards Statement

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

Jobs Impact

The Authority believes that the proposed new rules will result in retaining existing private sector jobs and stimulating the creation of new private sector jobs in qualified incentive areas, as well as supporting job growth in the construction industry due to the capital investment requirements of the program. The proposed amendments to the rules implementing other EDA incentive programs are administrative and not intended to impact capital investment or job creation in New Jersey.

Agriculture Industry Impact

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

Regulatory Flexibility Statement

The new rules do not impose reporting, recordkeeping, or other compliance requirements on small business, as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., because the New Jersey Assistance Program provides tax credits to businesses making major capital investments and employing at least 100 new or retained full-time employees. Therefore, a regulatory flexibility analysis is not required. In addition, the proposed amendments to other incentive programs, except for the BRRAG Program, apply to large employers and developers however, any costs due to reporting, recordkeeping, or other compliance requirements will be fully offset by the amount of financial assistance received.

Housing Affordability Impact

The proposed new rules and amendments will not impact the amount or cost of housing units, including multi-family rental housing and for sale housing in the State. The proposed new rules implement the Grow New Jersey Assistance Program which provides incentives for businesses to create a minimum of 100 new or retained full-time jobs as well as making capital investments of at least $20 million in certain incentive areas; and, the proposed amendments to rules implementing other EDA incentive programs clarify certain eligibility and application requirements and improve implementation of each.

Smart Growth Development Impact

The proposed new rules and amendments will not impact the number of housing units or result in any increase or decrease in the average cost of housing in Planning Areas 1 or 2 of the State Development and Redevelopment Plan. The proposed new rules implement the Grow New Jersey Assistance Program which provides incentives for businesses to create a minimum of 100 new or retained full-time jobs as well as making capital investments of at least $20 million in certain incentive areas; and, the proposed amendments to rules implementing other EDA incentive programs clarify certain eligibility and application requirements and improve implementation of each.

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

CHAPTER 31. AUTHORITY ASSISTANCE PROGRAMS

SUBCHAPTER 4. ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM

19:31-4.2 Definitions

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

...

"Fiscal impact analysis" means the analysis to be undertaken by the Authority to determine if the project meets the requirement of providing a net positive economic benefit to the State. For the purposes of determining if the applicant fulfills the net positive economic benefit requirement, the analysis needs to demonstrate that the project's net positive economic benefit equals at least 110 percent of the amount of grant assistance**, for the period equal to 75 percent of the useful life of the project not to exceed 20 years**. The analysis will be an econometric model that uses project data provided by the developer, including, but not limited to: new and retained jobs, amount of capital investment, type of project, occupancy characteristics and location; and by using this information, shall generate an estimate of direct and indirect economic output, as deemed reasonable by the Authority, and projected eligible revenues. This information may be supplemented by the use of industry accepted estimates, that is, U.S. Department of Commerce Regional Input-Output Modeling System data, when specific data is not available.

"Full-time employee at the qualified business facility" means a full-time employee whose primary office is at the site and who spends at least 80 percent of his or her time at the site, or who spends any other period of time generally accepted by custom or practice as full-time employment at the site, as determined by the Authority.

...

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

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

(b) A developer seeking a State incentive grant shall submit to the Authority the following information in its application:

1. – 12. (No change.)

13. **A written** [C]certification **by the chief executive officer, or equivalent officer for North American operations, stating:**

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

ii. that he/she has reviewed the application information submitted and that the representations contained therein are accurate;

14. – 22. (No change.)

19:31-4.5 Financing gap and fiscal impact analysis

(a) (No change.)

(b) The Authority, in consultation with the State Treasurer, shall undertake the fiscal impact analysis by determining whether the overall public assistance provided to the proposed redevelopment project will result in net positive economic benefits **equaling 110 percent of the amount of grant assistance,** to the State for a period equal to 75 percent of the useful life of the project not to exceed 20 years.

(c) – (e) (No change.)

SUBCHAPTER 9. URBAN TRANSIT HUB TAX CREDIT PROGRAM

19:31-9.2 Definitions

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

...

"Eligibility period" means the 10-year period in which a business may claim an urban transit hub tax credit, beginning with the tax period in which the Authority [accepts the certification of] **first certifies that** the business [that it] has met the capital investment and employment qualifications, if any, of the Program.

...

"Full-time employee at the qualified business facility" means a full-time employee whose primary office is at the site and who spends at least 80 percent of his or her time at the site, or who spends any other period of time generally accepted by custom or practice as full-time employment at the site, as determined by the Authority. For the purpose of calculating the number of new full-time employees, a position shall not be considered a new full-time position unless it is in addition to the number of full-time employees in the business' statewide workforce in the last tax accounting or privilege period prior to the tax credit amount approval.

...

"Rail station" means a rail station, including light rail stations, of the New Jersey Transit Corporation, Port Authority Transit Corporation or Port Authority Trans-Hudson Corporation, but shall not include any rail station located at an international airport**, except that any property**

located within a one-half mile radius surrounding the mid point of a New Jersey Transit Corporation rail station platform area at an international airport upon which a qualified business facility is constructed or renovated commencing after the effective date of P.L. 2011, c. 149 shall be deemed an urban transit hub, excluding any property owned or controlled by the Port Authority of New York and New Jersey.

"Urban transit hub" means property located within a one-half mile radius surrounding the mid point of a New Jersey Transit Corporation, Port Authority Transit Corporation or Port Authority Trans-Hudson Corporation rail station platform area, including all light rail stations[, and]; property located within a one-mile radius of the mid point of the platform area of such a rail station if the property is in a qualified municipality under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.) **or in an area that is the subject of a Choice Neighborhoods Transformation Plan funded by the federal Department of Housing and Urban Development; the site of the campus of an acute care medical facility located within a one-mile radius of the mid point of the platform area of such a rail station; and, the site of a closed hospital located within a one-mile radius of the mid point of the platform area of such a rail station**; property located within a one-half mile radius surrounding the mid point of one of up to two underground light rail stations' platform areas that are most proximate to an interstate rail station; and property adjacent to, or connected by rail spur to, a freight rail line if, as part of its regular course of business, as determined by the Authority, the business utilizes that freight rail line for loading and unloading freight cars on trains delineated by the Authority pursuant to subsection e. of section 3 of P.L. 2007, c. 346 (N.J.S.A. 34:1B-3e). A property, which is partially included within the radius, shall only be considered part of the hub if over 50 percent of its land area falls within the radius. In the case of a rail station with multiple rail lines, a separate midpoint shall be determined for each such rail line. Once the hubs have been delineated, the Authority will post eligible rail stations and corresponding midpoints on the website at www.newjerseybusiness.gov. The posting will be updated if the eligible rail stations change and to reflect changes in station midpoints.

...

19:31-9.3 Eligibility criteria

(a) In order to be eligible to be considered for an urban transit hub tax credit:

1. (No change.)

2. If the business is a tenant in a qualified business facility:

i. – iv. (No change.)

v. Except for tenants of a qualified business facility for which the owner has previously demonstrated a net positive benefit and received approval of the project site or approval of tax credits, the business shall demonstrate to the Authority that the State's financial support of the proposed capital investment will yield a net positive economic benefit, equaling at least 110 percent of the [approved] **requested** tax **credit** allocation amount, to both the State and the eligible municipality for the period equal to 75 percent of the useful life of the term of the tenant's lease, not to exceed 20 years. For purposes of this evaluation, the tenant may include the benefit derived from the owner's capital investment, but not from employees other than those referenced in (a)2iii above. For purposes of this evaluation, the tenant may include the benefit derived from the owner's capital investment and from all employees located in the qualified business facility.

3. (No change.)

(b) – (f) (No change.)

19:31-9.4 Restrictions

(a) – (c) (No change.)

(d) Capital investments in a qualified business facility must be incurred after the effective date of P.L. 2007, c. 346, which is January 13, 2008, and must be [applied for] **submitted** within five years of January 13, 2008. An approved business must submit its documentation for approval of its credit amount before the end of the eighth year after the effective date, and thus, before January 13, 2016. The credit amount allowed for a tax period ending after January 16, 2016 during which documentation of a business' credit amount remains unapproved shall be forfeited, although credit amounts for the remainder of the 10 years shall remain available to it. This eighth year limit is expected to afford businesses applying toward the end of the five-year application period at least three years to complete the project. Capital investments in a qualified residential facility must be incurred after the effective date of P.L. 2009, c. 90, which is July 28, 2009, and be applied for within five years of July 28, 2009. A residential developer must submit its documentation for approval of its credit amount within eight years after July 28, 2009. The credit amount allowed for a tax period ending after July 28, 2017 during which documentation of a business' credit amount remains unapproved shall be forfeited, although credit amounts for the remainder of the 10 years shall remain available to it. This eight-year limit is expected to afford businesses applying toward the end of the five-year application period at least three years to complete the project.

(e) (No change.)

19:31-9.5 Application submission requirements

(a) Each application to the Authority made by an owner, tenant or residential developer shall include the following information in an application format prescribed by the Authority:

1. Business information, including information on all affiliates contributing either full-time employees or capital investment or both to the project, shall include the following:

i. – ix. (No change.)

x. **A written** [C]certification **by the chief executive officer, or equivalent officer for North American operations, stating** that the business applying for the program is not in default with any other program administered by the State of New Jersey **and that he/she has reviewed the application information submitted and that the representations contained therein are accurate**;

xi. – xv. (No change.)

2. – 3. (No change.)

(b) – (c) (No change.)

19:31-9.7 Review of application and certification of project completion

(a) (No change.)

(b) The Authority shall conduct a review of the applications commencing with the **completed** application bearing the earliest submission date or if interest in the program so warrants, at its discretion and upon notice, institute a competitive application process whereby all applications submitted by a date certain will be evaluated as if submitted on that date. The Authority may require the submission of additional information to complete the application or may require the resubmission of the entire application, if incomplete. **In order to be deemed complete, the application shall identify the proposed project site and demonstrate financial and organizational ability to undertake the proposed project through evidence of available capital sufficient to complete the project.** The review will determine whether the applicant:

1. – 3. (No change.)

(c) – (h) (No change.)

19:31-9.9 Tax credit amount; application and allocation of the tax credit

(a) The amount of tax credit allowed shall be equal to the lesser of the amount which satisfies the net benefit test pursuant to N.J.A.C. 19:31-9.7(c), or either the capital investment made by the business or the capital investment represented by the business' leased area, or area owned by the business as a condominium, subject to any reduction or disqualification provided in the Act and this subchapter and, provided that in no event will the amount of tax credits exceed the amount of tax credits previously approved by Board or, in the case of a residential developer, the maximum percentage amount of allowed tax credits approved by the Board for the business's capital investment in a qualified residential project as follows:

1. – 2. (No change.)

(b) For the 10 consecutive years following the notification pursuant to N.J.A.C. 19:31-9.7(h), a business may apply 10 percent of the total credit amount per each tax accounting or privilege period, **beginning with the tax period in which the business is first certified by the Authority as having met the investment capital and employment qualifications,** subject to the provisions of the Act and this subchapter.

(c) – (f) (No change.)

(g) **The amount of credit for any tax period ending eight years after the effective date of P.L. 2007, c. 346 (N.J.S.A. 34:1B-207) during which the documentation of a business' credit amount remains uncertified shall be forfeited, although credit amounts for the remainder of the years of the 10-year eligibility period shall remain available to it.**

[(g)] **(h)** Credits unused at the conclusion of 10 years beginning with the tax period in which the Authority accepts the certification that the business has satisfied its investment capital and employment qualifications shall be void.

19:31-9.12 Reduction and forfeiture of tax credits

(a) (No change.)

(b) If, in any tax period, the business reduces the total number of full-time employees in its Statewide workforce by more than 20 percent from the number of full-time employees in its Statewide workforce in the last tax accounting or privilege period prior to the credit amount approval [under this section], then the business shall forfeit its credit amount for that tax period and each subsequent tax period until the first tax period for which documentation demonstrating the restoration of the business's Statewide workforce to the threshold levels required by this subsection has been reviewed and approved by the Authority, for which tax period and each subsequent tax period the full amount of the credit shall be allowed. For purposes of this section, "business" shall include any affiliate that has contributed to the capital investment, received the tax credit or contributed to the 250 full-time employees at the qualified business facility.

(c) – (d) (No change.)

SUBCHAPTER 10. BUSINESS EMPLOYMENT INCENTIVE PROGRAM

19:31-10.2 Definitions

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

...

"Full-time employee at the qualified business facility" means a full-time employee whose primary office is at the site and who spends at least 80 percent of his or her time at the site, or who spends any other period of time generally accepted by custom or practice as full-time employment at the site, as determined by the Authority.

...

19:31-10.4 Amount/term of grant

(a) – (b) (No change.)

(c) The following criteria shall be considered when determining the grant amount and term that a business will be eligible to receive:

1. – 17. (No change.)

18. Whether the business [is located within five miles of and] is working cooperatively with a public or non-profit university on research and development;

19. – 20. (No change.)

(d) - (h) (No change.)

19:31-10.7 Application procedures

(a) A business shall apply to the Authority for a grant on a form prescribed by the Authority which requires the following:

1. – 9. (No change.)

10. A **written** certification **by the chief executive officer, or equivalent officer for North American operations,** stating:

i. the amount, date received and provider of any grant received under State law, including the Business **Retention and** Relocation Assistance Grant **Program**; **and**

ii. that he/she has reviewed the application information submitted and that the representations contained therein are accurate;

11. – 21 (No change.)

SUBCHAPTER 14. BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT PROGRAM

19:31-14.2 Definitions

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

…

"Capital investment" means expenses that the business incurs following its submission of an application to the Authority pursuant to section 5 of P.L. 1996, c. 25 (N.J.S.A. 34:1B-116), but prior to the Capital Investment Completion Date, as shall be defined in the project agreement, for: the site preparation and construction, renovation, improvement, equipping of, or obtaining and installing fixtures and machinery, apparatus or equipment in, a newly constructed, renovated or improved building, structure, facility, or improvement to real property in this State; and obtaining and installing fixtures and machinery, apparatus or equipment in a building, structure, or facility in this State. Provided, however, that "capital investment" shall not include soft costs such as financing and design, furniture or decorative items such as artwork or plants, or office equipment if the office equipment is property with a recovery period of less than five years. The recovery period of any property, for purposes of this definition, shall be determined as of the date such property is first placed in service or use in this State by the business, determined in accordance with section 168 of the Federal Internal Revenue Code of 1986 (26 U.S.C. § 168). For the purposes of this definition, cubicles and cubicles that include office equipment shall constitute capital investment. If the business is a tenant, expenses incurred on behalf of the tenant by the landlord and financed through the lease shall constitute capital investment expenses incurred by the tenant provided that the capital investment shall relate solely to the tenant's leasehold space and not the common areas of the building and shall be supported by the documentation referenced in N.J.A.C. 19:31-14.6(a)1xii and 14.10(a)2. **A business that acquires or leases a qualified business facility shall also be deemed to have acquired the capital investment made or acquired by the seller or landlord, as the case may be.**

...

"Full-time employee at the qualified business facility" means a full-time employee whose primary office is at the site and who spends at least 80 percent of his or her time at the site, or who spends any other period of time generally accepted by custom or practice as full-time employment at the site, as determined by the Authority.

...

19:31-14.3 Eligibility criteria

(a) – (c) (No change.)

(d) A business shall demonstrate to the Authority, at the time application, that the grant of tax credits and resultant retention of full-time jobs and any capital investment will yield a net positive benefit to the State equaling at least 110 percent of the **requested** [grant of] tax credit[s] **allocation amount** during the commitment duration. The net benefit resulting from the retention of full-time jobs and any capital investment by a business that has had grant pre-application meetings with the Authority and has executed contracts relating to the new business location during the period commencing May 1, 2010 until January 6, 2011, shall be calculated from the date of the initial grant pre-application meeting.

(e) (No change.)

19:31-14.6 Application submission requirements

(a) Each application to the Authority shall include the following information in an application format prescribed by the Authority:

1. Business information shall include the following:

i. – ix. (No change.)

x. **A written** [C]certification **by the chief executive officer, or equivalent officer for North American operations, stating** that the business applying for this program is not in default with any other program administered by the State of New Jersey **and that he/she has reviewed the application information submitted and that the representations contained therein are accurate**;

xi. – xiv. (No change.)

2. – 3. (No change.)

19:31-14.10 Project agreement

(a) – (c) (No change.)

[(d) The project agreement shall provide that no tax credits issued as a grant of tax credits under the program may be applied by the business against liability until the State Treasurer has certified that the amount of retained State tax revenue from the business for the tax period prior to the period in which the credits will be applied equals or exceeds the amount of tax credits to be applied by the business.]

Recodify existing (e) as (f) (No change in text.)

19:31-14.11 Tax credit applicable; when effective; when adjusted

(a) – (b) (No change.)

(c) The total value of the grants of tax credits approved by the Authority pursuant to this program that may be applied against tax liability [in a fiscal year] **for any tax period** shall not exceed an aggregate annual limit of $ 20,000,000. If the approval of a grant of tax credits pursuant to N.J.A.C. 19:31-14.8(a) would exceed the $20,000,000 aggregate annual limit, the Authority may award a smaller grant of tax credits, no grants of tax credits or may assign credits to be issued in subsequent years, as necessary to comply with the aggregate limit.

(d) (No change.)

SUBCHAPTER 18. GROW NEW JERSEY ASSISTANCE PROGRAM

19:31-18.1 Applicability and scope

The rules in this subchapter are promulgated by the New Jersey Economic Development

Authority ("EDA" or "Authority") to implement the Grow New Jersey Assistance Act, P.L. 2011, c. 149 (the "Act"). The Act establishes the Grow New Jersey Assistance Program ("the Program"), administered by the Authority, to encourage economic development and job creation and to preserve jobs that currently exist in New Jersey but which are in danger of being relocated outside of the State. To implement this purpose, and to the extent that funding for the program is available, the program may provide tax credits to eligible businesses which make, acquire or lease a capital investment of at least $20 million at a qualified business facility at which it will employ at least 100 full-time employees in retained full-time jobs or create at least 100 new full-time jobs in an industry identified by the EDA as desirable for the State to maintain or attract. In addition, the capital investment and resultant retention and creation of eligible positions will yield a net positive benefit to the State; and, with one exception, the award of tax credits will be a material factor in the business's decision to create or retain the minimum number of full-time jobs for eligibility under the program. Qualified eligible businesses would receive a base tax credit of $5,000 per job, per year, for 10 years with no distinction between retained or new jobs. The tax credit term of 10 years includes an annual compliance review for credit issuance. In addition, a bonus credit of up to $3,000 per job, per year may be received by an eligible business that, as determined by the Authority: is in an industry identified by the EDA as desirable for the State to maintain or attract; locates or relocates to a location adjacent to, or within walking distance or short-distance shuttle service of, a public transit facility as determined by the Authority; creates jobs using full-time employees whose annual salaries, according to the Department of Labor and Workforce Development, are greater than the salary of the average worker employed in this State; or is negatively impacted by the approval of a "qualified business facility," under the Urban Transit Hub Tax Credit program. Businesses may apply for the tax credits by July 1, 2014 shall submit its documentation indicating that it has met the capital investment employment requirements specified in the project agreement for certification of its credit amount no later than July 28, 2017. The program provides for performance requirement "claw backs" if a business receiving assistance under the program does not meet an 80 percent Statewide job maintenance and 15-year job maintenance (10 year term plus additional five) requirements.

19:31-18.2 Definitions

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

"Act" means the Grow New Jersey Assistance Program Act, P.L. 2011, c. 149.

"Affiliate" means an entity that directly or indirectly controls, is under common control with, or is controlled by the business. Control exists in all cases in which the entity is a member of a controlled group of corporations as defined pursuant to section 1563 of the Internal Revenue Code of 1986 (26 U.S.C. s. 1563) or the entity is an organization in a group of organizations under common control as defined pursuant to subsection (b) or (c) of section 414 of the Internal Revenue Code of 1986 (26 U.S.C. s. 414). A taxpayer may establish by clear and convincing evidence, as determined by the Director of the Division of Taxation in the Department of the Treasury, that control exists in situations involving lesser percentages of ownership than required by those statutes. An affiliate of a business may contribute to meeting either the qualified investment or full-time employee requirements of a business that applies for a credit under section 3 of P.L. 2007, c. 346 (N.J.S.A. 34:1B-209).

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

"Board" means the Board of the New Jersey Economic Development Authority.

"Business" means a corporation that is subject to the tax imposed pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), a corporation that is subject to the tax imposed pursuant to sections 2 and 3 of P.L. 1945, c. 132 (N.J.S.A. 54:18A-2 and 54:18A-3), section 1 of P.L. 1950, c. 231 (N.J.S.A. 17:32-15) or N.J.S. 17B:23-5, or is a partnership, an S corporation, or a limited liability corporation. A business shall include an affiliate of the business if that business applies for a credit based upon any capital investment made by or full-time employees of an affiliate.

"Capital investment" in a qualified business facility means expenses incurred after application, but before the earlier of the end of the tenth year after the effective date of P.L. 2011, c. 149 or July 28, 2017, whichever is sooner for: a. site preparation and construction, repair, renovation, improvement, equipping, or furnishing of a building, structure, facility, or improvement to real property; and b. obtaining and installing furnishings and machinery, apparatus, or equipment for the operation of a business in a building, structure, facility, or improvement to real property, including associated soft costs. Capital investment includes obtaining and installing furnishings and machinery, apparatus or equipment for the operation of a business in a building, structure, facility or improvement to real property, site-related utility and transportation infrastructure improvements, plantings or other environmental components required to attain the level of silver rating or above in the LEED building rating system, but only to the extent that such capital investments have not received any grant financial assistance from any other State funding source including N.J.S.A. 52:27H-80 et seq. (The United States Green Building Council has developed the Leadership in Energy & Environmental Design (LEED) Green Building Rating System for measuring the energy efficiency and environmental sustainability of buildings. The LEED Rating System is a third party certification program and the nationally accepted benchmark for the design, construction and operation of high performance buildings.) Vehicles and heavy equipment not permanently located in the building, structure, facility or improvement shall not constitute a capital investment. Also included is remediation of the qualified business facility or qualified residential project site, but only to the extent that such remediation has not received financial assistance from any other Federal, State, or local funding source. A business that acquires or leases a qualified business facility shall also be deemed to have acquired the capital investment made or acquired by the seller or landlord.

"Commitment duration" means the tax credit term and five years from the end of the tax credit term specified in the project agreement entered into pursuant to section 4 of P.L. 2011, c. 149 and pursuant to this subchapter.

"Eligible position" means a full-time position retained or created by a business in this State for which a business provides employee health benefits under a group health plan as defined under section 14 of P.L. 1997, c. 146 (N.J.S.A. 17B:27-54), a health benefits plan as defined under section 1 of P.L. 1992, c. 162 (N.J.S.A. 17B:27A-17), or a policy or contract of health insurance covering more than one person issued pursuant to Article 2 of chapter 27 of Title 17B of the New Jersey Statutes.

"Full-time employee" means a person employed by the business for consideration for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, or a person who is employed by a professional employer organization pursuant to an employee leasing agreement between the business and the professional employer organization, in accordance with P.L. 2001, c. 260 (N.J.S.A. 34:8-67 et seq.) for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, and whose wages are subject to withholding as provided in the "New Jersey Gross Income Tax Act," N.J.S. 54A:1-1 et seq. or an employee who is a resident of another State but whose income is not subject to the "New Jersey Gross Income Tax Act," N.J.S. 54A:1-1 et seq. or who is a partner of a business who works for the partnership for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, and whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes, as provided in the "New Jersey Gross Income Tax Act," N.J.S. 54A:1-1 et seq. "Full-time employee" shall not include any person who works as an independent contractor or on a consulting basis for the business.

"Grow New Jersey tax credit transferee" or "tax credit transferee" means if the business transfers its tax credits, pursuant to N.J.A.C. 19:31-18.13, the purchaser of the tax credits, including any subsequent purchasers of the tax credits.

"New full-time job" means an eligible position created by the business at the qualified business facility that did not previously exist in this State. For the purposes of determining a number of new full-time jobs, the eligible positions of an affiliate shall be considered eligible positions of the business.

"Partnership" means an entity classified as a partnership for federal income tax purposes.

"Professional employer organization" means an employee leasing company registered with the Department of Labor and Workforce Development pursuant to P.L. 2001, c. 260 (N.J.S.A. 34:8-67 et seq.).

"Program" means the Grow New Jersey Assistance Program established pursuant to P.L. 2011, c. 149 and provided in this subchapter.

"Public transit facility" means a rail station, light rail station or bus hub.

"Qualified business facility" means any building, complex of buildings or structural components of buildings, and all machinery and equipment located within a qualified incentive area, used in connection with the operation of a business.

"Qualified incentive area" means an area designated pursuant to P.L. 1985, c. 398 (N.J.S.A. 52:18A-196 et seq.) as Planning Area 1 (Metropolitan), Planning Area 2 (Suburban) 2, or any urban, regional, or town designated center under the State Development and Redevelopment Plan; an area zoned for development pursuant to a master plan adopted by the New Jersey Meadowlands Commission pursuant to subsection (i) of section 6 of P.L. 1968, c. 404 (N.J.S.A. 13:17-6) or subject to a redevelopment plan adopted by the New Jersey Meadowlands Commission pursuant to section 20 of P.L. 1968, c. 404 (N.J.S.A. 13:17-21); any land owned by the New Jersey Sports and Exposition Authority, established pursuant to P.L. 1971, c. 137 (N.J.S.A. 5:10-1 et seq.), within the boundaries of the Hackensack Meadowlands District as delineated in section 4 of P.L. 1968, c. 404 (N.J.S.A. 13:17-4); a pinelands regional growth area, a pinelands town management area, a pinelands village, or a military and federal installation area established pursuant to the pinelands comprehensive management plan adopted pursuant to P.L. 1979, c. 111 (N.J.S.A. 13:18A-1 et seq.); an area designated for development, redevelopment, or economic growth within the Highlands Region; federally owned land approved for closure under any federal Base Closure and Realignment Commission action; or any property consisting of a vacant commercial building having over 400,000 square feet of office, laboratory, or industrial space available for occupancy for a period of over one year or is negatively impacted by the approval of a "qualified business facility," as defined pursuant to section 2 of P.L. 2007, c. 346 (N.J.S.A. 34:1B-208).

"Retained full-time job" means an eligible position that currently exists in New Jersey and is filled by a full-time employee but which, because of a potential relocation by the business, is at risk of being lost to another state or country. For the purposes of determining a number of retained full-time jobs, the eligible positions of an affiliate shall be considered eligible positions of the business.

"Soft costs" means all costs associated with financing, design, engineering, legal, real estate commissions, furniture, or office equipment with a useful life of less than five years, provided they do not exceed 20 percent of total capital investment.

"Tax credit term" means the 10-year period of time commencing in the year that the tax credits are issued in which the recipient of a grant of tax credits is eligible to apply the tax credits pursuant to section 5 of P.L. 2011 c. 149.

19:31-18.3 Eligibility criteria

(a) In order to be considered for a Grow New Jersey tax credit, the chief executive officer of a business shall demonstrate at the time of application that the business will:

1. Make, acquire, or lease a capital investment totaling not less than $20,000,000.

2. Employ not fewer than 100 full-time employees in retained full-time jobs at the qualified business facility, or create at least 100 new full-time jobs at the qualified business facility in an industry identified by the Authority as desirable for the State to maintain or attract; and

3. Demonstrate to the Authority that:

i. The proposed capital investment and the resultant retention and creation of eligible positions will yield a net positive benefit, equaling at least 110 percent of the requested tax credit allocation amount, to the State, as calculated pursuant to N.J.A.C. 19:31-18.7(c); and

ii. The award of tax credits will be a material factor in the business's decision to create or retain the minimum number of full-time jobs for eligibility under the program.

(b) The Authority may determine as eligible for tax credits any business that is required to respond to a request for proposals and to fulfill a contract with the federal government although the business's chief executive officer or equivalent officer for North American operations has not demonstrated to the Authority that the award of tax credits will be a material factor in the business's decision to retain at least 100 full-time jobs, as otherwise required by N.J.A.C 19:31-18.3(a)ii. The Authority may, in its discretion, consider the economic benefit of the retained jobs servicing the contract in conducting the net benefit analysis required by N.J.A.C 19:31-18.3(a)i. For the purposes of this subsection, "retained jobs" includes jobs that are at risk of being eliminated. Applications to the Authority for eligibility pursuant to this subsection shall be completed by March 31, 2012. Submission of a proposal to the federal government prior to Authority approval shall not disqualify a business from the program.

(c) Capital investments made by a tenant shall be deemed to be included in the calculation of the capital investment made or acquired by the owner, but only to the extent necessary to meet the owner's minimum capital investment of $20,000,000. If the owner uses space in a qualified business facility, in order to determine the amount of the owner's capital investment that may be attributed toward the amount of its tax credit, the Authority shall multiply the owner's capital investment by a fraction, the numerator of which is the net leaseable area of the qualified business facility not leased to tenants and the denominator of which is the total net leaseable area.

(d) In order to determine whether the tenant's leasable area of the qualified business facility satisfies the capital investment eligibility threshold, the Authority shall multiply the owner's capital investment by the fraction, the numerator of which is the leased net leasable area and the denominator of which is the total net leasable area. Capital investments made by a tenant and not allocated to meet the owner's minimum capital investment threshold of $20,000,000 shall be added to the amount of capital investment represented by the tenant's leased area in the qualified business facility. Capital investments made by a tenant and not allocated to meet the owner's minimum capital investment threshold of $20,000,000 shall be added to the amount of capital investment represented by the tenant's leased area in the qualified business facility.

(e) Full-time employment for an accounting or privilege period shall be determined as the average of the monthly full-time employment for the period.

(f) The capital investment and employment requirements may be met by the business or by one or more of its affiliates, and the entity satisfying the capital investment requirement does not need to be the same as the entity satisfying the employment requirement.

(g) A business shall be treated as owner of a qualified business facility if it holds fee simple title to the facility, whether it ground leases the land underlying the facility for at least 50 years or holds title to the land underlying the facility.

19:31-18.4 Restrictions

(a) Except as set forth in subsection (f) below, a business shall not be allowed Grow New Jersey tax credits if the business participates in a Business Employment Incentive Program grant pursuant to P.L. 1996, c. 25 (N.J.S.A. 34:1B-112 et seq.) or Business Retention and Relocation Assistance Grant Program grant pursuant to P.L. 1996, c. 26 (N.J.S.A. 34:1B-124 et seq.) relating to the same capital investment and employees that qualify the business for Grow New Jersey tax credits; or

(b) Except as set forth in subsection (f) below, a business shall not qualify for a tax credit based upon capital investment and employment of full-time employees, if that capital investment or employment was the basis for which tax credit were provided to the business pursuant to the Urban Transit Hub Tax Credit Act, P.L. 2007, c. 346 (N.J.S.A. 34:1B-207 et seq.).

(c) Except as set forth in subsection (f) below, a business that is allowed a tax credit shall not be eligible for incentives authorized by the Municipal Rehabilitation and Economic Recovery Act pursuant to P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et al.).

(d) A project that consists solely of point-of-final-purchase retail facilities, excluding catalog distribution centers, shall not be eligible for a grant of tax credits. If a project consists of both point-of-final-purchase retail facilities and non-retail facilities, only the portion of the project consisting of non-retail facilities shall be eligible for a grant of tax credits. If a warehouse facility is part of a point-of-final-purchase retail facility and supplies only that facility, the warehouse facility shall not be eligible for a grant of tax credits.

(e) Capital investments in a qualified business facility must be incurred after the effective date of P.L. 2011, c. 149, which is January 5, 2012, and the tax credit must be submitted prior to July 1, 2014 except as set forth at N.J.A.C. 19:31-18.3(b). An approved business must submit its documentation for approval of its credit amount no later than July 28, 2017, except as otherwise set forth at N.J.A.C. 19:31-18.3(b). The credit amount allowed for a tax period ending after July 28, 2017 during which documentation of a business' credit amount remains uncertified by the Authority, shall be forfeited, although credit amounts for the remainder of the 10 years shall remain available to it.

(f) If a business participating in a Business Employment Incentive Program grant or receiving assistance from the Business Retention and Relocation Assistance Grant Program, Urban Transit Hub Tax Credit Program, or incentives authorized by the Municipal Rehabilitation and Economic Recovery Act for the same capital investment and employees, seeks to qualify for Grow New Jersey tax credits, it shall first repay and terminate assistance pursuant to the rules governing the Business Employment Incentive Program, Business Retention and Relocation Assistance Grant Program, Urban Transit Hub Tax Credit Program or Municipal Rehabilitation and Economic Recovery Act, as applicable.

(g) Notwithstanding the provisions of subsections (a) and (b) of this section, the amount of tax credits available to be applied by the business annually shall not exceed the lesser of one tenth of the capital investment certified by the Authority pursuant to section 6 of P.L. 2011, c. 149 or $4,000,000, and the number of new full-time jobs for which a business receives a tax credit shall not exceed the number of retained full-time jobs for which a business receives a tax credit, unless the business qualifies by creating at least 100 new full-time jobs in an industry identified by the Authority as desirable for the State to maintain or attract.

(h) The amount of credit allowed shall not exceed the capital investment made by the business or the capital investment represented by the business' leased area, as certified by the Authority pursuant to subsection (b) of this section, as having met the investment capital and employment qualifications, subject to any reduction or disqualification as provided by subsection (d) of this section as determined by annual review by the Authority. In conducting its annual review, the Authority may require a business to submit any information determined by the Authority to be necessary and relevant to its review.

(i) The amount of credit allowed for a tax period to a business that is a tenant in a qualified business facility shall not exceed the business' total lease payments for occupancy of the qualified business facility for the tax period.

19:31-18.5 Application submission requirements

(a) Each application to the Authority made by an owner or tenant shall include the following information in an application format prescribed by the Authority:

1. Business information, including information on all affiliates contributing either full-time employees or capital investment or both to the project, shall include the following:

i. The name of the business;

ii. The contact information of the business;

iii. Prospective future address of the business (if different);

iv. The type of the business;

v. Principal products and services and three-digit North American Industry Classification System number;

vi. The New Jersey tax identification number;

vii. The Federal tax identification number;

viii. The total number of employees in New Jersey;

ix. The total list of New Jersey operations;

x. A written certification by the chief executive officer, or equivalent officer for North American operations, stating that the business applying for the program is not in default with any other program administered by the State of New Jersey and that he/she has reviewed the application information submitted and that the representations contained therein are accurate;

xi. Disclosure of legal matters in accordance with the Authority debarment and disqualification rules at N.J.A.C. 12A:4-12;

xii. Submission of a tax clearance certificate, pursuant to P.L. 2007, c. 101;

xiii. A list of all the development subsidies, as defined by P.L. 2007, c. 200, that the applicant is requesting or receiving, the name of the granting body, the value of each development subsidy, and the aggregate value of all development subsidies requested or received. Examples of development subsidizes are tax benefits from programs authorized under P.L. 2004, c. 65; P.L. 1996, c. 26; and P.L. 2002, c. 43;

xiv. In the event that the business is a partnership and chooses to allocate the revenue realized from the sale of the tax credits other than as a proportion of the owners' distributive share of income or gain of the partnership, the business shall provide an agreement that sets forth the allocation among the owners. This agreement will be submitted to the Director of the Division of Taxation in the Department of Treasury by such time and with such information as the Director may require; and

xv. Any other necessary and relevant information as determined by the Authority for a specific application;

2. Project information shall include the following:

i. An overall description of the proposed project;

ii. A description of the capital investments planned by the business, if other than a tenant at the proposed qualified business facility, or, if the business is a tenant, represented by the leased area of the business, at the proposed qualified business facility;

iii. The estimated value of the capital investment;

iv. Supporting evidence that the State's financial support of the proposed capital investment in a qualified business facility will yield a net positive economic benefit, equaling 110 percent of the requested tax credit allocation amount, to the State, for the period equal to 75 percent of the useful life of the improvement or 75 percent of the term of the tenant's lease, both not to exceed 20 years, taking into account the criteria listed at N.J.A.C. 19:31-18.7(c). In determining whether a proposed capital investment will yield a net positive benefit, the business's chief executive officer, or equivalent officer for North American operations, shall submit a certification indicating that any existing jobs are at risk of leaving the State and that any projected creation of new full-time jobs would not occur but for the provision of tax credits under the program, and that the business's chief executive officer has reviewed the information submitted to the Authority and that the representations contained therein are accurate. The applicant may be required to submit any other information required by the Authority to conduct an analysis of the economic impact of the project;

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

vi. Identification of the site of the proposed qualified business facility, including the block and lot of the site as indicated upon the local tax map;

vii. A project schedule that identifies projected move dates for the proposed qualified business facility;

viii. A schedule of short-term and long-term employment projections of the business in the State taking into account the proposed project;

ix. The terms of any lease agreements (including, but not limited to, information showing net leasable area by the business if a tenant and total net leasable area; or if the business is an owner, information showing net leasable area not leased to tenants and total net leasable area) and/or details of the purchase or building of the proposed project facility; and, if an application involves intra-State job transfers, a full economic analysis of all locations under consideration by the business, as well as all lease agreements, ownership documents, or substantially similar documentation for the business's current in-State locations and all lease agreements, ownership documents, or substantially similar documentation for the potential out-of-State location alternatives, to the extent they exist;

x. The total number of anticipated new full-time positions that would be created in New Jersey and occupy the qualified business facility and the total number of full-time employees that would occupy the qualified business facility, and the distribution of such totals identified by business entity; and

xi. Any other necessary and relevant information as determined by the Authority for a specific application; and

3. Employee information shall include the following:

i. A written certification that the employees that are the subject of this application will be full-time employees at the qualified business facility and are subject to withholding as provided in the New Jersey Gross Income Tax Act;

ii. The average annual wage and benefit rates of full-time employees and new full-time positions at the qualified business facility;

iii. Evidence that the applicant has provided the application information required by the State Treasurer for a development subsidy such as the tax credits, pursuant to P.L. 2007, c. 200; and

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

(b) Any tenant seeking an approval of tax credits for a qualified business facility so approved will be required to submit the information required pursuant to (a)1, 2iv through ix and 3 above.

(c) The business applying to the program shall submit an application fee set forth at N.J.A.C. 19:31-18.6(a).

19:31-18.6 Fees

(a) A business applying for benefits under this program shall submit a one-time non-refundable application fee of $5,000, with payment in the form of a check, payable to the "New Jersey Economic Development Authority."

(b) In addition to the application fee above, for a qualified business facility, a business shall pay to the Authority the full amount of direct costs of an analysis by a third party retained by the Authority, if the Authority deems such retention to be necessary.

(c) A non-refundable fee of .5 percent of the approved tax credit, not to exceed $200,000, shall be charged by the Authority upon the approval of the tax credit.

(d) A non-refundable fee of .5 percent of the tax credit, not to exceed $200,000, shall be paid prior to the receipt of the tax credit certificate.

(e) A business shall pay to the Authority an annual review fee, beginning the tax accounting or privilege period in which the Authority accepts the certification that the business has met the capital investment and employment qualifications, and for the duration of the eligibility period. The annual review fee shall be paid to the Authority by the business at the time the business submits its annual letter of compliance. The annual review fee shall be $2,500 per year.

(f) A business applying for a tax credit transfer certificate pursuant to N.J.A.C. 19:31-18.13 shall pay to the Authority a fee of $2,500.

19:31-18.7 Review of application and certification of project completion

(a) A business seeking an approval of tax credits for a qualified business facility shall apply for tax credits prior to July 1, 2014, except as set forth at N.J.A.C. 19:31-18.3(b), and shall submit its documentation indicating that it has met the capital investment and employment specified in the project agreement for certification of its credit amount no later than July 28, 2017.

(b) The Authority shall conduct a review of the applications commencing with the completed application bearing the earliest submission date or if interest in the program so warrants, at its discretion and upon notice, institute a competitive application process whereby all applications submitted by a date certain will be evaluated as if submitted on that date. The Authority may require the submission of additional information to complete the application or may require the resubmission of the entire application, if incomplete. In order to be deemed complete, the application shall identify the proposed project site and demonstrate financial and organizational ability to undertake the proposed project through evidence of available capital sufficient to complete the project. The review will determine whether the applicant:

1. Complies with the eligibility criteria;

2. Satisfies the submission requirements; and

3. Provides adequate information for the subject application.

(c) In determining whether the company meets the net economic benefits test, as certified by the chief executive officer pursuant to N.J.A.C. 19:31-18.5(a)2iv, the Authority's consideration shall include, but not be limited to, the local and State taxes paid directly by and generated indirectly by the business, property taxes or payment in lieu of taxes paid directly by and generated indirectly by the business, taxes paid directly or generated indirectly by new or retained employees, and peripheral economic growth caused by the business's relocation for the period equal to 75 percent of the useful life of the improvement or 75 percent of the term of the tenant's lease, both not to exceed 20 years, provided that such determination shall be limited to the net economic benefits derived from the capital investment commenced after the submission of an application to the Authority.

(d) Upon completion of the review of an application pursuant to (b) and (c) above, and receipt of a recommendation from Authority staff on the application, the Board shall determine whether or not to approve the application, the maximum amount of tax credits to be granted and, promptly notify the applicant and the Director of the Division of Taxation of the determination. When considering an application involving intra-State job transfers, after staff's review of the materials submitted by the applicant, testing the validity of financial information and assumptions through the use of computer models and, to the extent necessary seeking input from third party consultants, the cost which will be paid by the applicant, the Board shall make a separate determination to verify and confirm by way of making a factual finding by separate vote that the jobs are at risk of leaving the State. The Board's award of the credits will be subject to conditions subsequent that must be met in order to retain the credits. An approval letter setting forth the conditions subsequent will be sent to the applicant. Such conditions shall include, but not be limited to, the requirement that the project complies with the Authority's prevailing wage requirements P.L. 2007, c. 245 (N.J.S.A. 34:1B-5.1) and affirmative action requirements P.L. 1979, c. 303 (N.J.S.A. 34:1B-5.4), that the project does not violate any environmental law requirements, and requirements regarding the use of renewable energy, energy-efficient technology, and non-renewable resources in order to reduce environmental degradation and encourage long-term cost reduction.

1. If the application is approved, the project approval is subject to the terms and conditions of the approval letter and project agreement, and any benefits under the program are subject to the completion of the project and satisfaction of the capital investment and employment qualifications required for the Grow New Jersey tax credits.

2. In the approval letter to the business, the Authority shall set a date by which its approval will expire.

(e) Within six months following the date of application approval by the Authority, each approved business shall submit progress information indicating that the business has site plan approval, committed financing for and site control of the qualified business facility. Unless otherwise determined by the Authority in its sole discretion, the Authority's approval of the tax credits shall expire if the progress information is not received by the Authority within six months of the date of application approval.

(f) Upon completion of the capital investment and employment requirements of the program, the business shall submit certifications of a certified public accountant which may be made pursuant to an "agreed upon procedures" letter acceptable to the Authority evidencing that the business has satisfied the conditions relating to capital investment and any employment requirements.

1. The certification with respect to the capital investment shall not be increased regardless of additional capital investment in the qualified business facility, provided, however that in no event will the amount of capital investment exceed the amount of capital investment previously approved by the Board. If the certification indicates that the capital investment is less than the minimum eligibility requirement, the business shall no longer be eligible for tax credits.

2. The certification with respect to the employees shall be utilized by the Authority in the calculation of tax credits and shall not be increased regardless of additional employees located at the qualified business facility, and in no event will the number of employees exceed the number of employees previously approved by the Board. If the certification indicates that the employment is less than the minimum eligibility requirement, the business shall no longer be eligible for tax credits.

3. In general, the certification with respect to capital investment shall be submitted within six months of receipt of a temporary certificate of occupancy. In general, the certification with respect to employment shall be submitted to the Authority no later than two years after the business's receipt of a temporary certificate of occupancy for the site, but in no event later than July 28, 2017.

4. The Authority may seek additional information from the business and or information from the Department of Labor and Workforce Development to support the certification.

(g) Once the Authority accepts the certification of the business that it has satisfied the capital investment and employment requirements, if any, of the program, and the Authority determines that other necessary conditions have been met, the Authority shall notify the business and notify the Director of the Division of Taxation, and the business shall receive its tax credit certificate. The use of the tax credit certificate shall be subject to the receipt of an annual letter of compliance issued by the Authority.

19:31-18.8 Determination of grant amount; bonus award

(a) The value of each tax credit for an eligible business shall be equal to $5,000 per job, per year for a period of 10 years for each new or retained full-time job determined by the Authority pursuant to N.J.A.C. 19:31-18.3 to be located at the qualified business facility.

(b) In addition to any grant of tax credits determined pursuant to subsection (a) of this section, a bonus award of up to an additional $3,000 per job, per year of the amount of the original tax credits may be made to any eligible business as determined by the Authority. In making a bonus award to an eligible business, the Authority shall consider the following factors, such as whether the business: (1) is an industry identified by the Authority as desirable for the State to maintain or attract; (2) locates or relocates to a location within a qualified incentive area adjacent to, or within one-half mile walking distance or active short-distance-shuttle service of, a public transit facility, as determined by the Authority; (3) creates jobs using full-time employees in eligible positions whose annual salaries, according to the Department of Labor and Workforce Development, are greater than the average full-time salary in this State; or (4) is locating to a project site that is or has been negatively impacted by the approval of a "qualified business facility," as defined pursuant to section 2 of P.L. 2007, c. 346 (N.J.S.A. 34:1B-208).

(c) Notwithstanding the provisions of subsections (a) and (b) of this section, the amount of tax credits available to be applied by the business annually shall not exceed the lesser of one tenth of the capital investment certified by the Authority pursuant to P.L. 2011, c. 149 or $4,000,000 and (2) the number of new full-time jobs for which a business receives a tax credit shall not exceed the number of retained full-time jobs for which a business receives a tax credit, unless the business qualifies by creating at least 100 new full-time jobs in an industry identified by the Authority as desirable for the State to maintain or attract.

19:31-18.9 Tax credit amount; application and allocation of the tax credit

(a) For the 10 consecutive years following the notification pursuant to N.J.A.C. 19:31-18.7(g), a business may apply 10 percent of the total credit amount per each tax accounting or privilege period, subject to the provisions of the Act and this subchapter.

(b) The business may apply the credit against the tax liability otherwise due pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), pursuant to sections 2 and 3 of P.L. 1945, c. 132 (N.J.S.A. 54:18A-2 and 54:18A-3), pursuant to section 1 of P.L. 1950, c. 231 (N.J.S.A. 17:32-15), or pursuant to N.J.S. 17B:23-5. The credit awarded to the business using one or more affiliates to satisfy the employment and/or capital investment requirements of the program shall be applied on the basis of the allocation(s) submitted pursuant to the application provided, however, that any affiliate that receives an allocation must have contributed either capital investments to the business facility or employees at the business facility during the tax period for which the tax credits are issued.

(c) The credit amount that may be taken for a tax period of the business that exceeds the final liabilities of the business for the tax period may be carried forward for use by the business in the next 20 successive tax periods, and shall expire thereafter, provided that the value of all credits approved by the Authority against tax liabilities pursuant to P.L. 2011, c. 149, in any fiscal year shall not exceed $150,000,000 and the combined value of all credits approved by the Authority pursuant to P.L. 2007, c. 346 (N.J.S.A. 34:1B-207 et seq.) and P.L. 2011, c. 149 shall not exceed $1,500,000,000.

19:31-18.10 Project Agreement

(a) All approved applicants shall execute an approval letter and a project agreement with the Authority to establish the terms and the conditions of the grant of tax credits. The approval letter will be subject to conditions subsequent that must be met in order to retain the award of tax credits. Such conditions shall include, but not be limited to:

1. The execution of a project agreement; and

2. For a tenant with capital investment expenses incurred on behalf of the tenant by a landlord, prior to execution of the project agreement, the tenant shall provide documentation satisfactory to the Authority consistent with the chief executive officer's certification in N.J.A.C. 19:31-18.__ which may include, but not be limited to, a lease or letter of credit that demonstrates in the event of an early termination of the lease that the tenant is financially liable for the cost of the capital investment.

(b) The project agreement shall include, but not be limited to, the following terms or conditions as determined by the Chief Executive Officer of the Authority:

1. A detailed description of the proposed project which will result in job creation or retention, and the number of full-time employees;

2. The term of the tax credits, and the first year for which the tax credits may be claimed;

3. A requirement that the applicant maintain the project at a location in New Jersey for at least 1.5 times the number of years of the term of the tax credits, with at least 100 full-time employees or 80 percent of the number of new and retained jobs specified in the project agreement, as required by section 6 of P.L. 2011, c. 149, and a provision to permit the Authority to recapture all or part of any tax credit awarded, at its discretion, if the business does not remain at the site for the commitment period with at least 80 percent of the number of full-time employees certified pursuant to N.J.A.C. 19:31-18.7(f), or during the commitment period reduces the total number of full-time employees in its Statewide workforce by more than 20 percent from the number of full-time employees in its State workforce in the last tax period prior to the credit amount approval. The Authority may pursue recapture at any time during the commitment period, including during any period in the tax credit term in which the tax credits are forfeited pursuant to N.J.A.C. 19:31-18.15.

4 Personnel information that will enable the Authority to administer the program;

5. A requirement that a certification by a certified public accountant relating to the amount of eligible capital investment, the number of employees at the time of submission of the certification and, if applicable, the amount of the annual lease payment with supporting evidence satisfactory to the Authority shall be submitted by the business or, in the case of a tenant, the landlord prior to the commencement of the tax credit term. Provided that such certification and supporting evidence are satisfactory to the Authority, the tax credit certificate will be issued within 90 days of submission;

6. An agreement by the applicant that the four-year statute of limitations for the collection and assessment of corporation business tax and insurance premiums tax will be extended to the period of the commitment duration;

7. Certifications by the business, including the following: the State's financial support will yield a net positive benefit to the State; and, eligibility for the program and participation in the program as a material factor in the business' decision not to relocate outside of New Jersey and to relocate the project in the State;

8. Requirements on maintaining the existence of the business and not relocating the project;

9. Annual reporting requirements for the number of full-time employees for which the tax credits are to be made;

10. Representations that the business is in good standing, the project complies with all applicable law, and specifically, that the project does not violate any environmental law;

11. Audit of the payroll records, as deemed necessary by the Authority;

12. Indemnification and insurance requirements;

13. Limitations on the grant of tax credits;

14. A provision which permits the Authority to amend the agreement;

15. Default and remedies; and

16. Reporting requirements.

(c) The project agreement shall further provide that the Authority is not liable in damages for the issuance or use of the tax credits; and that there is no guarantee that legislation will not be enacted that would cause further changes to P.L. 2011, c. 149.

19:31-18.11 Reporting requirements and annual reports

(a) After notification pursuant to N.J.A.C. 19:31-18.7(g), the business shall furnish to the Authority an annual report certified by a certified public accountant in a format as may be determined by the Authority which shall contain the following information:

1. The number of full-time employees and new full-time positions employed at the qualified business facility, the number pertaining to the business's Statewide employment, total lease payments and information on any change or anticipated change in the identity of the entities comprising the business elected to claim all or a portion of the credit. This certified report is due 120 days after the end of the business's tax privilege period; and, failure to submit the certified report within 120 days will result in forfeiture of the tax credit for that privilege period.

2. A certification indicating whether or not the business is aware of any condition, event, or act which would cause the business not to be in compliance with the approval, the Act or this subchapter.

(b) The tax credit certificate may provide for additional reporting requirements.

(c) Annually, upon satisfactory review of all information submitted, the Authority will issue a letter of compliance. No tax credit certificate will be valid without the letter of compliance issued for the relevant tax privilege period. The letter of compliance will indicate whether the business or the tax credit holder may take all or a portion of the credits allocable to the tax privilege period.

19:31-18.12 Tax credit certificate

(a) The tax credit certificate shall set forth the following terms:

1. The starting date of the tax period and the commitment duration;

2. The amount of the tax credits;

3. A requirement that any use of the tax certificate be accompanied by a letter of compliance;

4. In the event that the Board has approved an application for a business using one or more affiliates in order to satisfy the employment and or capital investment requirements of the program, a schedule setting forth the eligible affiliates and a requirement by the business to notify the Authority at least seven days prior to date of filing relating to each tax accounting or privilege period the proposed allocation of tax credits by the business;

5. Events that would trigger reduction and forfeiture of tax credit amounts;

6. Reporting requirements and the requirement for an annual tax clearance certificate issued by the Division of Taxation pursuant to P.L. 2007, c. 200.

19:31-18.13 Application for tax credit transfer certificate

(a) Tax credits, upon receipt thereof by a business from the Director and the Authority, may be transferred, by sale or assignment, in full or in part, pursuant to this section, to any other person(s) that may have a tax liability pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), pursuant to sections 2 and 3 of P.L. 1945, c. 132 (N.J.S.A. 54:18A-2 and 54:18A-3), pursuant to section 1 of P.L. 1950, c. 231 (N.J.S.A. 17:32-15), or pursuant to N.J.S.A. 17B:23-5. A business may apply to the Director of the Division of Taxation in the Department of Treasury and the Chief Executive Officer of the Authority for an initial tax credit transfer covering one or more tax periods, in lieu of the business being allowed any amount of the credit against the tax liability of the business. Such application shall identify the specific tax credits to be transferred (amounts, tax periods), the consideration received therefor, and the identity of the transferee. The total amount transferred for any single tax period shall be at least $1,000,000 in tax credits. Once approved by the Chief Executive Officer of the Authority and the Director of the Division of Taxation, a tax credit transfer certificate shall be issued to the business, naming the transferee. The certificate issued to the business shall include a statement waiving the business' right to claim that amount of the credit against the taxes that the business has elected to sell or assign. Any amount of a tax credit transfer certificate used by a purchaser or assignee against a tax liability shall be subject to the same limitations and conditions that apply to the use of the credits by the business that originally applied for and was allowed the credits.

(b) The initial sale or assignment of any amount of a tax credits allowed under this section shall not be exchanged for consideration received by the business of less than 75 percent of the transferred credit amount. In order to evidence this requirement, the business shall submit to the Authority an executed form of standard selling agreement which states that the consideration received by the business is not less than 75 percent of the transferred credit amount.

(c) In the event that the business is a partnership and chooses to allocate the income realized from the sale of the tax credits other than in proportion to the partners' distributive shares of income or gain of the partnership, the selling agreement shall set forth the allocation among the partners which has previously been submitted to the Director of the Division of Taxation in the Department of Treasury pursuant to N.J.A.C. 19:31-18.5(a)1xiv.

(d) Following an initial transfer of tax credits by a business that originally applied for and was allowed the credits, transferees and subsequent transferees of such credits may also make subsequent transfers to person(s) that may have a tax liability pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), pursuant to sections 2 and 3 of P.L. 1945, c. 132 (N.J.S.A. 54:18A-2 and 54:18A-3), pursuant to section 1 of P.L. 1950, c. 231 (N.J.S.A. 17:32-15), or pursuant to N.J.S.A. 17B:23-5. A transferee may, upon notice to the Director of the Division of Taxation in the Department of Treasury and the Authority, effectuate a subsequent tax credit transfer, in the same amount and for the same tax periods set forth in such transferee's tax credit transfer certificate, in lieu of the transferee being allowed any amount of the credits against the tax liability of the transferee. Such subsequent transfer shall occur by means of endorsement of the tax credit transfer certificate to the subsequent transferee. The provisions of subparagraphs (b) and (c) above shall not apply to such subsequent transfers.

(e) The Authority shall develop and make available forms of applications and certificates to implement the transfer processes described in this section.

19:31-18.14 Cap on total credits

The value of all credits approved by the Authority pursuant to P.L. 2011, c. 149 shall not exceed $200,000,000. Based on application and allocation activity and if sufficient credits are available, the Authority may direct that the $200,000,000 cap be exceeded if the Board determines the credits to be reasonable, justifiable, and appropriate; provided, however, the combined value of all credits approved by the Authority pursuant to P.L. 2007, c. 346 and P.L. 2010, c. 57 (N.J.S.A. 34:1B-207 et seq.) shall not exceed $1,500,000,000.

19:31-18.15 Reduction and forfeiture of tax credits

(a) If, in any tax period during the tax credit term, the business reduces the total number of full-time employees in its Statewide workforce by more than 20 percent from the number of full-time employees in its Statewide workforce in the last tax period prior to the credit amount approval, then the business shall forfeit its credit amount for that tax period and each subsequent tax period, until the first tax period for which documentation demonstrating the restoration of the business' Statewide workforce to the threshold levels required by this paragraph has been reviewed and approved by the Authority, for which tax period and each subsequent tax period the full amount of the credit shall be allowed.

(b) If, in any tax period during the tax credit term and five years thereafter, the number of full-time employees employed by the business at the qualified business facility located within a qualified incentive area drops below 100 full-time employees or 80 percent of the number of new and retained full-time jobs specified in the project agreement, then the business shall forfeit its credit amount for that tax period and each subsequent tax period, until the first tax period for which documentation demonstrating the restoration of the number of full-time employees employed by the business at the qualified business facility to 100.

(c) The restrictions set forth at N.J.A.C. 19:31-18.4(g) through (i) shall also apply on an annual basis.

(d) The amount of credit allowed for a tax period to a business that is a tenant in a qualified business facility shall not exceed the business' total lease payments for occupancy of the qualified business facility for the tax period.

19:31-18.16 Effect of sale or lease of qualified facilities

(a) If the qualified business facility is sold in whole or in part during the 10-year eligibility period the new owner shall not acquire the capital investment of the seller and the seller shall forfeit all credits for the tax period in which the sale occurs and all subsequent tax periods, provided however that any credits of tenants shall remain unaffected.

(b) If a tenant subleases its tenancy in whole or in part during the 10-year eligibility period the new tenant shall not acquire the credit of the sublessor, and the sublessor tenant shall forfeit all credits for the tax period of its sublease and all subsequent tax periods.

19:31-18.17 Severability

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

BOARD MEMORANDUMS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: January 17, 2012

RE: **Newark Farmers Market, LLC**
(This project is related to Wakefern Food Corp.)
Urban Transit Hub Tax Credit Program ("UTHTC")

Request

The Members are asked to approve an extension of the date by which the conditions to maintain approval of the UTHTC (as outlined in the January 31, 2011 commitment letter issued by the Authority pursuant to the approval on August 10, 2010) are to be submitted to December 31, 2013.

Background

On August 10, 2010, the Members of the Authority approved a UTHTC for Newark Farmers Market, LLC ("NFM") as an owner of a new commercial project on an eligible site in Newark for an amount estimated at $15,750,000. This figure represents 35% of the total $45,000,000 in UTHTC's generated by the project based on NFM's allocable share of the planned total leasable area of the project. The final credit amount issued to NFM shall be based on its proportionate share of the total leasable area upon completion of the project. The total combined tax credit issued to Newark Farmers Market, LLC and Wakefern Food Corporation, which is filing separately as a tenant, shall not exceed $45,000,000. This memo will also highlight the changes and progress of the project since the original approval.

NFM is a real estate company which owns the proposed project site. NFM will construct new facilities totaling 280,000 square feet (which is 20,000 square feet greater than the original approval and this increase will be absorbed equally by the two users as noted hereafter), with an estimated 100,000 square feet leased to two affiliates, Wuhl Shafman Lieberman Corp. ("Wuhl"), a produce distribution company; and Fresh Cuts Produce LLC ("Fresh Cuts"), a manufacturer and distributor of fruit platters. The companies distribute throughout the North East, from Maryland to Massachusetts. The 180,000 square feet balance of the facility will be leased to Wakefern Food Corporation ("Wakefern") which was approved in a separate application for tax credits as a Tenant. Wakefern was approved by the Members of the Authority on August 10, 2010 for UTHTC in the amount of $29,250,000. This figure is based upon the total $45,000,000 in tax credits generated by the project based on Wakefern's allocable share of the planned total leasable area of the project. The final credit amount issued to Wakefern will be based on its proportionate share of the total leasable area upon completion of the project.

NFM applied for the UTHTC as an owner of a commercial project on an eligible site in Newark for the portion of the project which will be occupied by its affiliates. The project site, having a street address of 140 Joseph Street, has been verified to be in an eligible municipality as well as served by active freight rail which will be utilized by the businesses operating on the site. The project includes the demolition of the existing facility and construction of two new facilities. The project will involve the relocation of 274 employees from the existing facility on the project site to the new facility. The relocated jobs include approximately 147 currently employed by Wuhl and approximately 127 employed by Fresh Cuts. In addition, NFM expects to create 138 new jobs initially and potentially 100 additional jobs over the next 10 years through its affiliates. Wuhl, Fresh Cuts and a to-be-created entity to operate the Wakefern facilities are all affiliates and within the same control group.

The estimated total eligible capital investment in the project is $75,500,000. NFM is eligible as an owner under the UTHTC program since they are making a capital investment of at least $50,000,000 and will be employing at least 250 full-time workers at the site through its affiliates. The total combined tax credit issued to NFM and Wakefern, which is filing separately as a tenant, shall not exceed $45,000,000. This credit amount was limited by the requirement for the project to provide at least a 110% net positive benefit to the State of New Jersey, after netting out the present value all State and local incentives.

Project Uses and Sources

NFM has provided the following budget uses for their portion of the Project:

Uses	*NFM Project Costs*	*HUB Eligible Amount**
Acquisition of Land and Building	$ 5,000,000	$ 0
Construction of Building & Site Improvements	$ 15,000,000	$ 15,000,000
Professional Services & Financing Costs	$ 2,000,000	$ 2,000,000
TOTAL USES	**$ 22,000,000**	**$ 17,000,000**

* HUB eligible costs exclude land cost, developer fees and project expenses which do not fit within the guidelines definition of eligible hard or soft costs.

Sources	*NFM Project Costs*
Bank Loan	$ 10,000,000
Pre Development Loan	$ 2,000,000
NMTC	$ 2,500,000
Equity (includes contributed land value $5 MM)	$ 7,500,000
Total	**$ 22,000,000**

The Sources and Uses of the entire project (NFM and Wakefern) is as follows:

Uses	*Total Project Costs*	*HUB Eligible Amount**
Acquisition of Land and Building	$ 14,795,000	$ 0
Construction of Building & Site Improvements	$ 53,500,000	$ 53,500,000
Professional Services & Financing Costs	$ 7,205,000	$ 7,205,000
TOTAL USES	**$ 75,500,000**	**$ 60,705,000**

Sources	*Total Project Costs*
Bank Loan	$ 42,000,000
Pre Development Loan	$ 4,000,000
NMTC	$ 11,205,000
Equity (includes contributed land value $11.795 MM)	$ 18,295,000
Total	**$ 75,500,000**

Total project costs at time of original approval were $65 million. The additional 20,000 square feet of space is a factor in the increased costs along with other cost categories which also reflect adjustments since the initial approval in August of 2010. The applicant is not seeking any additional tax credits as a result of the increased capital investment.

As of 12/31/2011, approximately $30 million has been spent on the Wakefern portion of the project (excludes land which represents another $9.75 million) out of the $53.5 million total budget. The financing for this portion of the project closed in April of 2011. Vertical construction is underway (estimated at 75% complete as of 12/31/2012) and is on target for completion and occupancy by May 2012. The Energy Phase of the project, which is part of the Wakefern portion of the project (totals $10 million in costs and financed separately), is expected to commence in mid 2012. After the Wakefern project has been operating for several months, demolition of the existing facility will occur to be followed by design of the new facility for the NFM portion of the project. In order to give the Wakefern operation time to maximize efficiencies as well as to evidence financial and operating performance for several quarters the proposed time line will enable the lender to get comfortable to underwrite the financing for the final phase. Plans call for commencement of construction by the end of 2013 with completion expected by December 2014. Site plan approval has been received for all phases.

Pursuant to the rules governing the program, the applicant will need to meet certain project milestones within 12 months of approval in order to maintain the project's credit approval. These milestones include: 1) site control, 2) site plan approval, 3) binding commitment of financing, and 4) other project specific items which may be added. Upon project completion, the Authority shall issue a tax credit certificate based on the final qualified costs, not to exceed the approved amount. The tax credit certificate shall indicate that the applicant may take one tenth of the total credit annually over ten years when accompanied by a letter issued by EDA indicating the project is compliant with program guidelines.

Recommendation

Given the specific timing with respect to the NFM portion of the project, namely that the Wakefern piece is to be completed first, the request for extension is being requested as this was the intention of the project initially however not clearly articulated in the prior approval and documentation. The financial commitment milestone with respect to the NFM portion of the project is expected to be able to be met by 12/31/2013 and therefore the Members are requested to approve an extension until that time. No tax credits will be available to Wakefern until such time that the entire project (including NFM) is completed and all requirements under the program have been met.

Caren S. Franzini

Prepared by: Michael A. Conte

New Jersey Economic Development Authority

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: January 17, 2012

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

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

New Jersey Business Growth Fund:

1) Atlantic Cardiac Realty LLC (P37053), located in Marlboro Township, Monmouth County, is a real estate holding company that owns the project property. The operating company, Atlantic Cardiology LLC was formed in 2006 as a cardiology practice specializing in cardiology testing, care and treatments. The practice currently operates three locations in NJ. PNC Bank approved a $540,000 bank loan with a five-year, 25% guarantee of principal outstanding, not to exceed $135,000. Proceeds will be used to purchase commercial real estate. Currently, the company has 20 employees and plans to create five new positions within the next two years.

2) Musicland LLC (P37041), located in Neptune Township, Monmouth County, is a real estate holding company that owns the project property. There are four companies operating from this location. Malletech LLC, a manufacturer of musical instruments and Marimba Productions, Inc., a publisher of solo and ensemble sheet music, books and recorder music are the primary operating companies that generate most of the annual revenues. M Tech Percussions Inc. and Leigh Stevens Performing Art Companies also operate from the project property. PNC Bank approved a $457,000 bank loan with a five-year, 25% guarantee of principal outstanding, not to exceed $114,250. Proceeds will be used to refinance existing real estate. The company currently has twelve employees and plans to create five new jobs over the next two years.

3) Permalith Plastics LLC (P37020), located in Pennsauken Township, Camden County, was founded in 1956 as a manufacturer and distributor of print materials on plastic, and has been under the current ownership since 2001. Products produced include calculators, promotional products and plastic cards such as credit and debit cards. PNC Bank approved a $127,800 bank loan with a five-year, 25% guarantee of principal outstanding, not to exceed $31,950. Proceeds will be used to purchase equipment and machinery. Currently, the company has 45 employees and plans to maintain all positions.

Mailing Address: | PO Box 990 | Trenton, NJ 08625-0990
Shipping Address: | 36 West State Street | Trenton, NJ 08625 | 609.292.1800 | e-mail: njeda@njeda.com | www.njeda.com

Small Business Fund Direct Loan Program - Modification:

1) 201 Luiz Marin Realty LLC and Doggy Care of Jersey City LLC DBA Club Barks (P36893) were approved on October 31, 2011 for a $231,275 loan used to purchase and renovate the project property, purchase equipment and machinery and pay legal and finance fees. The applicant requested an increase in their loan amount from $231,275 to $281,275 based on an increased purchase price of the property in the final executed purchase agreement. As such, the applicant has requested that we increase our proposed loan amount in order to maintain 100% loan to value. All other terms and conditions of the original approval remain unchanged.

Prepared by: D. Lawyer
DL/gvr

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: January 17, 2012

SUBJECT: Delegated Authority Approvals for 4th Quarter 2011
For Informational Purposes Only

POST CLOSING ACTIONS APPROVED UNDER DELEGATED AUTHORITY

Name	EDA Exposure	Action
New West Urban Renewal (Real Estate holding company for vacant property)	$ 513,481	Restructure the defaulted HDSRF loan and extended the maturity 5 years to 8/1/2016 due to borrower's inability to refinance or pay-off the loan until clean up is complete.
Medical Missions for Children, Inc. (NFP medical service provider)	$ 338,806	Restructure repayment terms to repay past due principal from rental income from Borrower's HDTV studio. This account is handled in Special Loan Management.
Steel Brite Polishing Corp., Joseph Anfuso Jr. & Elaine Scala (former steel manufacturing facility)	$ 138,473	Extend the HDSRF loan maturity 2 years to 12/1/2013 pending final DEP approval and sale of the property which is under contract.
Access Capital International Corp. (Title insurance agency)	$ 104,835	Waiver of the modification fee due to financial hardship of the SWM borrower. An initial 6 month principal moratorium was granted to permit time to obtain a replacement title insurance provider.
M&A Holdings d/b/a Camden Yards Steel Camden, NJ (steel manufacturer)	$ 50,000	Release EDA's mortgage on a principal's residence located in Mt. Laurel, NJ in exchange for a $50,000 prepayment on the Main Street loan.
Kinton, Inc.	$ 39,360	BGF loan written off with recourse in response to payment default and bankruptcy filing. Recovery not expected from collateral liquidation in near term.

Caren Franzini / MS

Prepared by: Daniel Weick

New Jersey Economic Development Authority

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: January 17, 2012

SUBJECT: Incentives Modifications
(For Informational Purposes Only)

On September 11, 2001, and as amended on September 16, 2003, the Members of the Authority approved a delegation of authority to the Chief Executive Officer and staff to approve certain BEIP modifications.

Attached is a list of the BEIP modifications that were approved in the 4rd quarter ending December 31, 2011.

Prepared by: C. Craddock

ACTIONS APPROVED UNDER DELEGATED AUTHORITY
QUARTER ENDING DECEMBER 2011

BUSINESS EMPLOYMENT INCENTIVE PROGRAM

Name	Action	Modification
Ansell Healthcare Products, LLC/Ansell Protective Products, Inc.	Addition of Parent Company	Addition of Pacific Dunlop Holdings (USA) LLC to the grant. Adding the parent company to the grant will not create additonal job growth, as some existing eligible positions will be transferred from Ansell Healthcare Products and Ansell Protective Products to Pacific Dunlop Holdings.
Itelagen LLC/NetGenIT, Inc.	Name Change/Addition of Grantee	Name Change from NetGenIT, Inc. to Acquiescent Holdings, Inc. Name Change from Itelagen, LLC to Itelagen, Inc. Addition of Zeus Healthcare, Inc. to the grant. The addition will not result in unanticipated growth as the grant is capped.
MedAssets, Inc. and MedAssets Revenue Systems, LLC.	Name Change	Name Change from MedAssets, Inc. and MedAssets Revenue Systems, LLC. to MedAssets Services, LLC.
Oracle Financial Services Software, Inc.	Reduction of NEC & Grant Award Percentage	Decrease in the grant award percentage from 75% to 70% as a result of decrease in eligible positions from 275 to 70. The company did not reach anticipated job creation numbers by end of base year due to the downturn in the economy.
Scivantage, Inc.	Project Location Change	Project location change from 10 Exchange Plaza, Jersey City, NJ to 499 Washington Boulevard, Jersey City, NJ. This move was due to the expiration of their lease. No change in the operations of company or job creation.
Tullett Prebon Holdings Corp.	Name Change	Name Change from Tullett Prebon Holdings Corp. to Tullett Prebon Americas Corporation.

UEZ Energy Sales Tax Exemption for Manufacturers

Anheuser-Busch, Inc.	Name Change	Name change from Anheuser-Busch Inc. to Anheuser-Busch, LLC
Church & Dwight Co., Inc.	Salem Annual Extension	Extension to September 4, 2012
Leone Industries	Salem Annual Extension	Extension to December 31, 2012
Omni Baking Company	Salem Annual Extension	Extension to November 3, 2012

REAL ESTATE

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Higher Education Public Private Partnership Program
Ramapo College
4.5 Megawatt Solar Installation

DATE: January 17, 2012

Summary
The Members are asked to authorize the Authority's staff to approve Ramapo College's ("Applicant") application to develop a 4.5 megawatt solar array (the "Array" or "Project") on the Applicant's campus under the Higher Education Private Public Partnership Program (the "Program") established by P.L. 2009, c. 90 (the "Act"). The Project will be located on several campus buildings, parking lots, and vacant land, some of which will be deeded, for nominal consideration, to the Applicant by the Education Facilities Authority. In December 2011, the State House Commission approved the easements for the installation of the array on State owned land. The project's total development cost will not exceed $23 million. Under the Act, the "Authority shall review all completed applications" and "[n]o project shall be undertaken until final approval has been granted by the [A]uthority." Staff performed a substantive review of the Applicant's application and supporting documentation in accordance with the Act and pursuant to the Authority's Higher Education Institution Public-Private Partnership Program Guidelines (the "Guidelines") and recommends approval of the Applicant's project. The Authority's approval will be subject to the Applicant submitting additional items that are outlined below.

Background
The Authority's Scope of Review
Under the Program, the Authority must review and approve an application, which, in order to be complete, must contain the following items: (1) a full narrative description of the project; (2) a public-private partnership agreement between the State or county college and the private developer; (3) a land lease or land agreement; (4) financial information including the estimated

costs and financial documentation for the project; (5) a detailed project schedule (i.e. timetable) for completion of the project extending no more than five years after consideration and approval; (6) DPMC classification information for the private developer; (7) evidence of arrangements for entering into project labor agreements and paying prevailing wages for development and maintenance of the project; and (8) evidence of arrangements for issuance of required bonds. The financial documentation shall include a long range maintenance plan that will "specify the expenditures that qualify as an appropriate investment in maintenance." In addition, the Authority may impose "other requirements that the [A]uthority deems appropriate or necessary." Applicant has submitted a complete application for the project with adequate exhibits and supporting documentation. As required by the Guidelines, the applicant has submitted adequate forms of the Public-Private Partnership and Solar Power Purchase Agreement which serve as the partnership agreement for this Project.

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

Project Description

In July 2011, the Applicant issued a Request for Proposals to select a partner for the roof replacement and to install, own maintain and operate the solar array. The Project will consist of installing solar panels and related equipment on the following areas of the Applicant's campus:

- On selected roof areas of Academic Complex Wings A through E
- South Parking Lots A1, A2, A3, B1, B2, B3, C1, C2, C3, D1, and D2
- Vacant land (Berm) along Route 206 at South Entrance

Four parties responded to the solicitation, and a result of the process, the Applicant selected The private partners, National Energy Partners, LLC ("NEP") and its affiliate, Ramapo Solar, LLC ("Ramapo Solar") (referred to collectively as the "Partners"). The Partners will engage Amberjack Solar Energy, LLC ("Amberjack"), who will design and maintain the solar array. A & E Construction will be the general contractor for the Project. On September 22, 2011, the Applicant's Board of Trustees ("Trustees") adopted a resolution which approved the selection of the Partners and authorized appropriate staff of the Applicant to "execute and deliver and all documents" necessary for the transaction subject to review and approval by the "Attorney General's Office and other State agencies, commissions and authorities, as appropriate."

In accordance with the Guidelines, staff reviewed Applicant's description of the Project and its design. Staff concludes that the plan, as depicted on the site plan, effectively uses roofs and open space for the solar installation, is consistent with solar industry practices, and feasible.

Summary of the Partnership Documents

Each party's role, responsibility and benefits in the transaction are summarized below:

- **Applicant**. Under a Public Private Partnership Agreement ("P3 Agreement"), the Applicant will provide access to several rooftops, parking lots and vacant land (the "Project Site"), and will obtain easements from the State and grant easements for the array installation to the Project Owner for the term of the Solar Power Purchase Agreement ("PPA"). The P3 Agreement will have the same term as the PPA. The Applicant will be reimbursed $2.2 million for roof replacements; this reimbursement is included in the Project's budget.

  The PPA details the Project Owner's design, development, construction, maintenance, and operation obligations, and its energy supply obligations. The PPA also establishes the rates and charges the Applicant will pay for energy services. Under these agreements, the Applicant has the following responsibilities:

  1. **Hazardous Materials**. The Applicant bears the risk for "unforeseen existing conditions" related to the roof replacements, and bears the removal cost of any hazardous materials discovered during the installation of the solar array.
  2. **Site Control**. The P3 Agreement outlines the responsibility to obtain the approval of the Educational Facilities Authority to transfer properties to be used for the Project and the State House Commission for the required easements for the solar installation.
  3. **Purchase of Electricity**. Under the PPA, the Applicant will purchase all the power generated by the solar array for the duration of the lease term. The Applicant will purchase electricity at .105 per kilowatt annually, and the rate will not increase more than 2.5% a year for the term of the PPA.
  4. **Access**. Applicant will ensure access to the site to or permit an person to take action (or fail to take action) that would adversely affect the solar installation.
  5. **Non-interference**. The P3 Agreement outlines the Applicant's obligation to maintain and use the campus in a manner that does not interfere with Partner's obligation to install, maintain and operate the system. The Partners agree not to install, operate and maintain the system in a manner that unreasonably interferes with the Applicant's use of the campus.
  6. **Information**. The Applicant will provide the Partners with information necessary for the Partners to perform their obligation under the agreements.
  7. **Disposition Alternatives**. At the end of the initial 15 year PPA term, the following disposition alternatives exist for the Applicant:
     a. Purchase the system for $3.75 million; or
     b. Renew the PPA for an additional 5 year term. At the end of the additional 5 year term, the Applicant, at its discretion, may have the Partners either abandon in place or remove the solar installation.

  If the Applicant does not exercise the option to renew the PPA for a 5 year term at the end of the initial 15 year term, the Applicant, at its discretion, may have the Partners either abandon in place or remove the solar installation.

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

  1. Reimburse the Applicant for the roof installations.
  2. Design, finance and install the solar array.
  3. Obtain all necessary permits, approvals and licenses to install the solar array.

4. Own the installed system until the end of the PPA term
5. Maintain and operate the solar panels.
6. Provide power from the solar array.
7. Maintain the solar array's output.
8. Maintain the interconnection facility between the solar array and the Applicant's electrical equipment.
9. Indemnify and hold the Applicant harmless for all damages or injuries as result of a breach of the Partners' obligation under the P3 Agreement.
10. Pay for structural deficiencies to those roofs that will be used for the solar installation or modify the system to comply with the Applicant's insurer's and/or Department of Community Affairs' standards.
11. Comply with all applicable laws.

The Project Owner will obtain estimated financing as follows: (i) permanent loan in the amount of $10.86 million (6%, 10 year term); (ii) federal investment tax credits and depreciation provided as a cash grant in the amount of $7.8 million; (iii) tax credit equity investment in the amount of $2.6 million; and (iv) developer equity in the amount of $1.74 million.

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

Members of the Partners' Team.

- **Ramapo Solar.** Ramapo Solar, will be the Project Owner, and is a single purpose entity created by New Age Energy Holdings ("New Age"). This single purpose entity will own the Project. New Age consists of several entities that are controlled or operated by the following persons (or family member(s) of these persons): Jeremy Conner, Lou Sabec, Mitchell Cohen, Warren Simons and George Diemer. The ownership entity will be operated by the same parties that control New Age.

- **NEP**. Located in Mount Laurel, New Jersey, NEP is a privately held company that owns and finances energy projects. NEP consists of several entities that are controlled or operated by the following persons (or family member(s) of these persons): Jeremy Conner, Lou Sabec, Mitchell Cohen, Warren Simons and George Diemer. NEP will finance and provide administrative services to the project during the PPA's duration. To date, NEP has financed 12 solar projects totaling $15.5 million.

- **Amberjack**. Established in 2009, Amberjack has installed approximately 100 solar projects, generating approximately 20 megawatts, and totaling $75 million. It currently operates and maintains 25 solar installations. This company is owned by Land and David Kulick, who also currently own and operate State Lumber Products (building material supply company in existence since 1955) and Kulick Development (real estate development company).

- **A&E Construction Company.** Located in Cherry Hill, New Jersey, A & E was established in 1978. The company has recently completed a 9 megawatt riverside renewable energy project at the Gloucester Marine Terminal in Gloucester City, Camden County. In addition, the firm was affiliated with 3 solar projects, generating 10 megawatts and totaling $1.1 million.

Staff concludes that the Partners' team has the qualifications and experience to develop the Project.

Project Financing and Feasibility

The project's development budget and construction costs are within the existing market conditions (taking into account prevailing wage) to develop a commercial facility of this type.

The following chart summarizes the project's sources and uses:

Uses		
Improvements	$ 20,830,000	90.57%
Financing Fees	$ 70,000	0.30%
Other Soft Costs	$ 2,100,000	9.13%
Total Uses	**$ 23,000,000**	**100.00%**
Sources		
Permanent Debt	$ 10,860,000	47.22%
Tax Credit Investor Equity	$ 2,600,000	11.30%
Investment Tax Credit and Depreciation	$ 7,800,000	33.91%
Developer Equity	$ 1,740,000	7.57%
Total Sources	**$ 23,000,000**	**100.00%**

The operating proforma included reasonable assumptions regarding expense growth rates (3.0%), and used the PPA cap for growth on the energy payments that the Applicant will make (2.5%). The proforma shows that the project has a sufficient cash flow to meet a debt service coverage ratio that would be acceptable in the financial marketplace (1.64 in Year 1).

The Applicant states that the Project is part of its commitment to improve the environment and to conserve energy. The Project is consistent with the Applicant's long range facilities maintenance plan and dovetails with the Applicant's other activities to reduce energy consumption (i.e., retrofitting buildings to reduce energy costs, adhering to LEED building standards to building improvement and new construction).

In addition, the Applicant provided, at the Authority's request, a comparative analysis between the possible alternatives (continue with existing conditions for energy supply v. develop the Project) The following chart summarize the net present value cost savings, using a 5% discount rate, for two possible alternatives based on current electric costs, projected energy production of the solar installation, and payments under the PPA (Alternative 1: Applicant purchases the solar array for $3.75 million in Year 15[1], and Alternative 2: Applicant extends the PPA for 5 years in Year 15):

	Net Present	NPV Annual	Average Ann. Savings (Average

[1] The analysis assumes that the purchase of the solar installation will occur in Year 16, not 15.

Net Present Value Period	Value @ 5%	Savings (NPV / Yrs)	of the Ann. Savings over 15 or 20 Yrs Undiscounted)
15 Yr Term and Purchase Array	$1,813,801	$113,363	$17,002
20 Yr Term and End Agreement	$2,651,708	$132,585	$243,835

As the chart demonstrates, under any of the alternatives, the Applicant has a net present value costs savings and an annual cost savings if the Project is developed versus the existing conditions. However, the cost savings are greater when the Applicant extends the term for an additional 5 years.

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

Long Range Maintenance Plan
The Act requires that the estimated costs and financial documents submitted with an application must include a long-range maintenance plan that specifies expenditures that qualify as an appropriate investment in maintenance. To address long range maintenance items for the solar installation, the Project Owner will purchase warranties that cover all the major components and systems (e.g., racking, panels, inverters, and monitoring). These warranties will cover the labor and components during the term of the system and the Project Owner will not have any out of pocket expenses for the Project after the initial purchase price. Staff concludes that this warranty arrangement, capitalized from the initial development budget, is an adequate long range maintenance plan and satisfies the Act's long range maintenance plan requirements.

Project Schedule
The Applicant has provided a schedule to have the Project operational by September 2012. This period complies with the requirement of the Act that projects be completed within 5 years of the Authority's approval date.

NJ Green Building Manual and LEED Standards
The Act encourages projects to adhere to the Leadership in Energy and Environmental Design ("LEED") Green Building Rating System and the New Jersey Green Building Manual. Because of the nature of the project, the New Jersey Green Building and LEED standards are not directly applicable to the proposed Project. Review of the LEED and NJ Green Building Manual standards revealed a focus on development of mutli-family, office and warehouse facilities; there are no easy analogies to the development of a power plant. Because the LEED and NJ Green Building Manual standards are not mandatory requirements of the Act,[2] Staff believes that these standards do not apply to this project. I note that the development of a project of this type is a strategy that receives points under LEED if it is incorporated in the new construction or rehabilitation of a commercial building.

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[2] *See* N.J.S.A. 18:64-85d(1), projects "when practicable, are encouraged to adhere to the Leadership in Energy Environmental Design Green Building Rating System as adopted by the United States Green Building Council," and f(1) "[t]he projects are encouraged, when practicable, to adhere to the green building manual."

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

- The private partner will pay prevailing wage during the construction of the project
- The private partner will enter into the required project labor agreements during the construction and operation of the project
- The private partner will post the required bond (or have the bond posted on its behalf).

Staff recommends that the Board delegate final approval of the application to appropriate staff (e.g., Chief Executive Officer, Senior Vice President of Finance and Development, or the Managing Director of Finance and Development for the Real Estate Division), upon the Applicant meeting the following conditions:

- Completing the site acquisition, for nominal consideration, from the Educational Facilities Authority (EFA).
- Providing a copy of the recorded deed from EFA to the Applicant.
- Providing a copy of State House Commission approval of the easement.
- Provide a copy of the applicable executed easement(s).
- Providing evidence of a contractor's DPMC classification equivalent to the Project's construction costs.
- Submitting, in final form, the development and operating budget (substantially the same as the documents reviewed by the Authority).
- Submitting, in final form, transaction documents that reflect the agreement between the parties (substantially the same as the documents reviewed by the Authority).
- Submitting, in final form, project labor agreements for the construction and contracts to implement the long range maintenance plan, which to the greatest extent possible enhances employment opportunities for individuals residing in the county of the project's location.
- Submitting, in final form, posted bonds guaranteeing prompt payment of moneys due to the contractor and sub-contractors.
- Submitting evidence that the project met the 5% safe harbor provision for the federal tax credit incentive.
- Submitting other items (such as final forms of financial documents) that the Applicant must provide in order to obtain the Authority's final approval.
- Prior to the start of construction of the solar array, provide samples of the applicable warranties for the Project that will serve as the long range maintenance plan.
- Upon construction completion of the solar array, submitting copies of the actual warranties for the Project's long range maintenance.
- Paying the additional application fee of $13,750.

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

Caren S. Franzini
Chief Executive Officer

Prepared by: Juan Burgos

HIGHER EDUCATION PUBLIC-PRIVATE PARTNERSHIP

Applicant: Ramapo College
Project: 4.5 Megawatt Solar Array
Date: January 5, 2012

INPUT INFORMATION IN WHITE CELLS ONLY

Acres: Improv. SF:

		DETAILED USES	
I	*	**Acquisition**	
	6	Other:	
		Sub Total	$ -
II		**Improvements**	
	1	Demolition	
	2	Relocation of Existing Facilities (if any)	
	3	Enivironmental Remediation	
	4	Site Improvements	
	5	Solar Array and Related Equipment	$ 18,630,000
	6	Off-Site	
	7	Reimbursement to Ramapo College: Roof Replacements	$ 2,200,000
	8	Fixtures, Furniture and Equipment	
	9	Bond	
	10	General Conditions	
	11	Overhead and Profit	
	12	Other:	
	13	Other:	
		Sub Total	$ 20,830,000
III		**Professional Services**	
	12	Other:	
		Sub Total	$ -
IV		**Financing and Other Costs**	
	1	Financing Fees	
	2	Application Fees	$ 35,000
	3	Commitment Fees	$ 35,000
	4	Other:	
	5	Financing: Professional Fees	
	6	Legal	
	7	Environmental	
	8	Construction Review and Meetings	$ 1,000,000
	9	Appraisal	
	10	Other:	$ 500,000
	11	Financing: Interest	
	12	Construction Interest	$ 300,000
	13	Other Capitalized Interest	$ 100,000
	23	Insurance	
	24	Liability Insurance	$ 50,000
	27	Permits and Fees	
	28	Zoning and Planning	$ 50,000
	29	Building and Related Permits	$ 50,000
	30	Utility Connnection Fees	$ 50,000
	39	Other:	
		Sub Total	$ 2,170,000
V		**Contingency**	
		Project Contingency	
			$ -
VI		**Development Fee**	
		Fee	$ -
		Sub Total	$ -
VII		TOTAL USES	$ 23,000,000

SOURCES AND USES SUMMARY AND GAP ANALYSIS

		TOTAL USES	% of TDC	SF Cost	
VIII	I	Acquisition	0%	$ -	$ -
	II	Improvements	91%	$ -	$ 20,830,000
	III	Professional Services	0%	$ -	$ -
	IV	Financing and Other Costs	9%	$ -	$ 2,170,000
	V	Contingency			
	VI	Development Fee	0%	$ -	$ -
		TOTAL	100%	$ -	$ 23,000,000

		TOTAL SOURCES ***	Ann. Interest Rate	Term (yrs)	Amortization		Ann. Paymt
VIII	1	Permanent Debt	6.00%	10.00	10	$ 10,860,000	$1,475,526.03
	2	Tax Credit Investor Equity				$ 2,600,000	$0.00
	3	Investment Tax Credit				$ 7,800,000	$0.00
	4	Developer Equity				$ 1,740,000	$0.00
	5						$0.00
		TOTAL				$ 23,000,000	

IX		**GAP ANALYSIS**	
	VIII	TOTAL SOURCES	$ 23,000,000
	VIII	TOTAL USES	$ 23,000,000
			$ -
			NO GAP

Notes

* Only costs related to property lease (if any)

** Also known as the clerk of the works

*** Bond transactions should include "earned interest" as a source of funds

HIGHER EDUCATION PUBLIC-PRIVATE PARTNERSHIP

Applicant: **Ramapo College**
Project: **4.5 Megawatt Solar Array**
Date: **January 5, 2012**

INPUT INFORMATION IN WHITE CELLS ONLY

Base Year Income

First Year Stabilized Occupancy: Year 2012

Energy Sales

PPA Payments		$655,200
Other:		
Other:		
Other:		
Total Other Income		$655,200
Vacancy %	0%	$0
Other Net Effective Income		$655,200

Notes: Explain Other Income Source and Calculation

If no vacancy, explain why

% Ann.

HIGHER EDUCATION PUBLIC-PRIVATE PARTNERSHIP

Applicant: **Ramapo College**
Project: **4.5 Megawatt Solar Array**
Date: **January 5, 2012**

INPUT INFORMATION IN WHITE CELLS ONLY

Base Year Operating Expenses

Number of Employees:

Administrative	
Insurance	
Accounting and Bookkeeping	
Dues and Subscriptions	
Postage and Deliveries	
Inspection, Permits and Related Fees	
Marketing	
Legal Services	
Annual Audit	
Accounting and Bookkeeping	$5,000
Computer Expenses/Charges	
Other:	$38,523
Other:	
Other:	
Other:	
Total Administrative	**$43,523**

Operating and Maintenance	
Masonry	$52,000
Carpentry	
Fixture Furniture & Equipment Repairs	
Plumbing	
Painting and Decorating	
Electrical	
Elevator Repairs (non-contract)	
Windows and Equipment	
Vehicles	
Landscaping	
Snow Removal	
HVAC Repairs (non-contract)	
Janitorial Supplies	
Maintenance Repair Supplies	
Painting and Decorating Supplies	
Other:	
Other:	
Other:	
Other:	
Total Maintenance and Repairs	**$52,000**

Management Fee	
	$5,000

Real Estate Taxes	

If none, please provide legal justification

Annual Financing Payments		Term (yrs)
Permanent Debt	$1,475,526	10.00
Tax Credit Investor Equity	$0	0.00
Investment Tax Credit	$0	0.00
Developer Equity	$0	0.00
0	$0	0.00
Total Financing Payments	$1,475,526	

Annual Ground Rent	

Salaries and Related Charges	
Superintendent/Building Mechanic	
Janitorial	
Grounds and Landscaping	
Security	
Site Office and Administration	
Other Salaries:	
Other Salaries:	
Employee Benefits	
Employee Payroll Taxes	
Worker's Compensation	
Other:	
Other:	
Other:	
Other:	
Total Salaries and Related Charges	**$0**

Maintenance Contracts	
Security	
Elevator	
Rubbish Removal	
HVAC Maintenance	
Elevator Maintenance	
Landscaping	
Snow Removal	
Exterminating	
Painting	
Janitorial Contract	
Other:	
Other:	
Other:	
Other:	
Total Maintenance Contracts	**$0**

Utilities	
Water	
Sewer	
Gas	
Electric	
Total Utilities	**$0**

Reserves		SF Cost
Fixtures Furnitures and Equipment		$0.00
Elevator		$0.00
HVAC		$0.00
Electrical		$0.00
Building Remodeling/Upgrades		$0.00
Landscaping		$0.00
Core and Shell Maintenance/Upgrades		$0.00
Other:		$0.00
Other:		$0.00
Other:		$0.00
Other:		$0.00
Total Reserves	**$0**	

Summary of Operating Expenses		% Ann. Increase
Administrative	$43,523	3.00%
Salaries and Related Charges	$0	
Operating and Maintenance	$52,000	3.00%
Maintenance Contracts	$0	
Utilities	$0	
Management Fee	$5,000	3.00%
Real Estate Taxes	$0	
Reserves	$0	
Total Expenses	**$100,523**	

Note

Categories may be adjusted or changed to the specific project

HIGHER EDUCATION PUBLIC-PRIVATE PARTNERSHIP
App: Ramapo College
Project: 4.5 Megawatt Solar Array
Date: January 8, 2012

ONLY INPUT DISTRIBUTION OF SURPLUS CASH

OPERATING PROFORMA

The Proforma should extend to the end of the financing period(s)
This worksheet calculates automatically from information provided in worksheets 1 through 3.

Net Effective Income	% Ann. Inc.	Year 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
SREC	100%	$1,872,000	$1,806,761	$1,740,795	$1,743,795	$1,683,024	$1,624,371	$1,567,761	$1,513,125	$1,460,392	$1,409,498	$1,360,377	$1,312,968	$1,267,211	$1,223,048	$1,180,425	$1,139,287
Energy Sales	102.5%	$655,200	$671,580	$688,370	$705,579	$723,218	$741,299	$759,831	$778,827	$798,298	$818,255	$838,711	$859,679	$881,171	$903,200	$925,780	$948,925
Total Income		$2,527,200	$2,478,341	$2,432,165	$2,449,374	$2,406,242	$2,365,670	$2,327,592	$2,291,952	$2,258,690	$2,227,753	$2,199,088	$2,172,647	$2,148,382	$2,126,248	$2,106,205	$2,088,212

Expenses	% Ann. Inc.	Year 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Administrative	103%	$43,923	$44,829	$46,174	$47,559	$48,986	$50,456	$51,969	$53,528	$55,134	$56,788	$58,491	$60,246	$62,053	$63,915	$65,832	$67,807
Operating and Maintenance	103%	$52,000	$53,560	$55,167	$56,822	$58,526	$60,282	$62,091	$63,953	$65,872	$67,848	$69,884	$71,980	$74,140	$76,364	$78,656	$81,014
Management Fee	103%	$5,000	$5,150	$5,305	$5,464	$5,628	$5,796	$5,970	$6,149	$6,334	$6,524	$6,720	$6,921	$7,129	$7,343	$7,563	$7,790
Reserves	100%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses		$100,523	$103,539	$106,645	$109,844	$113,140	$116,534	$120,030	$123,631	$127,340	$131,160	$135,095	$139,147	$143,322	$147,621	$152,050	$156,612

Net Operating Income	Year 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Income	$2,527,200	$2,478,341	$2,432,165	$2,449,374	$2,406,242	$2,365,670	$2,327,592	$2,291,952	$2,258,690	$2,227,753	$2,199,088	$2,172,647	$2,148,382	$2,126,248	$2,106,205	$2,088,212
Total Expenses	$100,523	$103,539	$106,645	$109,844	$113,140	$116,534	$120,030	$123,631	$127,340	$131,160	$135,095	$139,147	$143,322	$147,621	$152,050	$156,612
Net Operating Income	$2,426,677	$2,374,802	$2,325,520	$2,339,530	$2,293,103	$2,249,136	$2,207,562	$2,168,321	$2,131,350	$2,096,593	$2,063,994	$2,033,500	$2,005,060	$1,978,627	$1,954,155	$1,931,600

Annual Financing Payments	Term	Year 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Permanent Debt	10	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$0	$0	$0	$0	$0	$0
Tax Credit Investor Equity	0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Investment Tax Credit	0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Developer Equity	0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
0	0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Annual Debt Service		$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$0	$0	$0	$0	$0	$0

Net Income	Year 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Net Operating Income	$2,426,677	$2,374,802	$2,325,520	$2,339,530	$2,293,103	$2,249,136	$2,207,562	$2,168,321	$2,131,350	$2,096,593	$2,063,994	$2,033,500	$2,005,060	$1,978,627	$1,954,155	$1,931,600
Total Annual Debt Service	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$1,475,526	$0	$0	$0	$0	$0	$0
Net Income	$951,151	$899,276	$849,994	$864,004	$817,577	$773,610	$732,036	$692,795	$655,824	$621,067	$2,063,994	$2,033,500	$2,005,060	$1,978,627	$1,954,155	$1,931,600
Debt Coverage Ratio	1.64	1.61	1.58	1.59	1.55	1.52	1.50	1.47	1.44	1.42	0.00	0.00	0.00	0.00	0.00	0.00

Distribution of Surplus Cash	Year 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Investor Tax Credit Equity Pmt	$130,000	$130,000	$130,000	$130,000	$130,000	$130,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Cash To Owner (Bef Tax)	$821,151	$769,276	$719,994	$734,004	$687,577	$643,610	$732,036	$692,795	$655,824	$621,067	$2,063,994	$2,033,500	$2,005,060	$1,978,627	$1,954,155	$1,931,600

Investment Measures (Before Tax)		All Equity	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
IRR w/o Purchase	19.16%	($4,340,000)	$821,151	$769,276	$719,994	$734,004	$687,577	$643,610	$732,036	$692,795	$655,824	$621,067	$2,063,994	$2,033,500	$2,005,060	$1,978,627	$1,954,155	$1,931,600
IRR/ w Purchase	20.06%	($4,340,000)	$821,151	$769,276	$719,994	$734,004	$687,577	$643,610	$732,036	$692,795	$655,824	$621,067	$2,063,994	$2,033,500	$2,005,060	$1,978,627	$1,954,155	$5,681,600
Cash on Cash Avg and Ann w/o Purch	27.43%		18.92%	17.73%	16.59%	16.91%	15.84%	14.83%	16.87%	15.96%	15.11%	14.31%	47.56%	46.85%	46.20%	45.59%	45.03%	44.51%
Cash on Cash Avg and Ann w/ Purch	32.83%		18.92%	17.73%	16.59%	16.91%	15.84%	14.83%	16.87%	15.96%	15.11%	14.31%	47.56%	46.85%	46.20%	45.59%	45.03%	130.91%
NOI / TDC Avg and Ann.	9.40%		10.55%	10.33%	10.11%	10.17%	9.97%	9.78%	9.60%	9.43%	9.27%	9.12%	8.97%	8.84%	8.72%	8.60%	8.50%	8.40%
Net Cash / TDC Avg and Ann. w/o Purch	5.18%		3.57%	3.34%	3.13%	3.19%	2.99%	2.80%	3.18%	3.01%	2.85%	2.70%	8.97%	8.84%	8.72%	8.60%	8.50%	8.40%
Net Cash / TDC Avg and Ann. w Purch	6.19%		3.57%	3.34%	3.13%	3.19%	2.99%	2.80%	3.18%	3.01%	2.85%	2.70%	8.97%	8.84%	8.72%	8.60%	8.50%	24.70%
Net Present Value w/o Purch @	15.00%	$5,526,329																
Net Present Value w/o Purch @	16.00%	$5,196,776																
Net Present Value w/o Purch @	17.00%	$4,897,833																
Net Present Value w/ Purch @	15.00%	$5,927,072																
Net Present Value w/ Purch @	16.00%	$5,545,678																
Net Present Value w/ Purch @	17.00%	$5,201,962																

Ramapo College
Solar Installation: NPV Analysis

Discount Rate **5.00%**

Scenario 1: 15 Yr Term and Purchase System

Yr	Existing Conditions	Solar Installation	Savings/(Loss)
NPV	($8,693,639)	($6,879,838)	**$1,813,801**
1	-$650,160	-$567,000	$83,160
2	-$676,166	-$581,175	$94,991
3	-$703,213	-$595,704	$107,509
4	-$731,342	-$610,597	$120,745
5	-$760,595	-$625,862	$134,733
6	-$791,019	-$641,508	$149,511
7	-$822,660	-$657,546	$165,114
8	-$855,566	-$673,985	$181,581
9	-$889,789	-$690,834	$198,954
10	-$925,380	-$708,105	$217,275
11	-$962,396	-$725,808	$236,588
12	-$1,000,891	-$743,953	$256,938
13	-$1,040,927	-$762,552	$278,375
14	-$1,082,564	-$781,616	$300,948
15	-$1,125,867	-$801,156	$324,711
16	-$1,170,901	-$3,750,000	-$2,579,099
		Ann. Average	**$17,002**
		NPV / Yrs	**$113,363**

Scenario 2: 15 Yr Term and Abandon in Place or Remove

Yr	Existing Conditions	Solar Installation	Savings/(Loss)
NPV	($9,230,043)	($7,256,032)	**$1,974,011**
1	-$650,160	-$567,000	$83,160
2	-$676,166	-$581,175	$94,991
3	-$703,213	-$595,704	$107,509
4	-$731,342	-$610,597	$120,745
5	-$760,595	-$625,862	$134,733
6	-$791,019	-$641,508	$149,511
7	-$822,660	-$657,546	$165,114
8	-$855,566	-$673,985	$181,581
9	-$889,789	-$690,834	$198,954
10	-$925,380	-$708,105	$217,275
11	-$962,396	-$725,808	$236,588
12	-$1,000,891	-$743,953	$256,938
13	-$1,040,927	-$762,552	$278,375
14	-$1,082,564	-$781,616	$300,948
15	-$1,125,867	-$801,156	$324,711
16	-$1,170,901	-$821,185	$349,716
		Ann. Average	**$200,053**
		NPV / Yrs	**$123,376**

Net Present Value Savings	NPV @ 5%	NPV Ann Savings	Avg Ann Savings
15 Yr and Purchase Array	$1,813,801	$113,363	$17,002
15 Yr and Abandon/Remove Array	$1,974,011	$123,376	$200,053
20 Yr and End Agreement	$2,651,708	$132,585	$243,835

Scenario 3: 20 Year Term and End Agreement

Yr	Existing Conditions	Solar Installation	Savings/(Loss)
NPV	($11,325,055)	($8,673,347)	**$2,651,708**
1	-$650,160	-$567,000	$83,160
2	-$676,166	-$581,175	$94,991
3	-$703,213	-$595,704	$107,509
4	-$731,342	-$610,597	$120,745
5	-$760,595	-$625,862	$134,733
6	-$791,019	-$641,508	$149,511
7	-$822,660	-$657,546	$165,114
8	-$855,566	-$673,985	$181,581
9	-$889,789	-$690,834	$198,954
10	-$925,380	-$708,105	$217,275
11	-$962,396	-$725,808	$236,588
12	-$1,000,891	-$743,953	$256,938
13	-$1,040,927	-$762,552	$278,375
14	-$1,082,564	-$781,616	$300,948
15	-$1,125,867	-$801,156	$324,711
16	-$1,170,901	-$821,185	$349,716
17	-$1,217,737	-$841,715	$376,023
18	-$1,266,447	-$862,758	$403,689
19	-$1,317,105	-$884,326	$432,778
20	-$1,369,789	-$906,435	$463,354
		Ann. Average	**$243,835**
		NPV / Yrs	**$132,585.39**