



MEMORANDUM

TO: Members of the Authority
FROM: Melissa Orsen
Chief Executive Officer
DATE: February 14, 2017
SUBJECT: Agenda for Board Meeting of the Authority February 14, 2017

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Incentive Programs

Bond Projects

Loans/Grants/Guarantees

Office of Recovery

Real Estate

Board Memorandums

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

January 10, 2017

MINUTES OF THE MEETING

Members of the Authority present: Larry Downes, acting as Chairman; Commissioner Richard Badolato of the Department of Banking and Insurance; Peter Simon representing Acting State Treasurer Ford M. Scudder; Jeffrey Stoller representing Acting Commissioner Aaron Fichtner of the Department of Labor and Workforce Development; Colleen Kokas representing Commissioner Bob Martin of the Department of Environmental Protection; Public Members: David Huber, Charles Sarlo, Fred B. Dumont, Philip Alagia, Patrick Delle Cava, First Alternate Public Member; and Harold Imperatore, Third Alternate Public Member.

Present via conference call: Public Members: Massiel Medina Ferrara, William Layton, and William J. Albanese, Sr., Second Alternate Public Member.

Absent: Rodney Sadler, Non-Voting Member.

Also present: Melissa Orsen, Chief Executive Officer of the Authority; Timothy Lizura, President and Chief Operating Officer; Deputy Attorney General Bette Renaud; Thomas Huth, Governor's Authorities' Unit; and staff.

Mr. Downes called the meeting to order at 10:00 a.m.

Pursuant to the Internal Revenue Code of 1986, Ms. Orsen 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. Orsen 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 December 13, 2016 meeting minutes. A motion was made to approve the minutes by Commissioner Badolato, and seconded by Mr. Stoller and was approved by the 12 voting members present.

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

Mr. Alagia entered the meeting at this time.

Mr. Sarlo entered the meeting at this time.

INCENTIVE PROGRAMS

Economic Redevelopment and Growth (ERG) Program

ITEM: Kingsland Street Urban Renewal, LLC APPL.#42840

REQUEST: To approve the application of Kingsland Street Urban Renewal, LLC for a project located in Clifton, Passaic County for the issuance of tax credits. The recommendation is to award 100% of actual eligible parking costs, not to exceed \$20,000,000, in tax credits, based on the budget submitted.

MOTION TO APPROVE: Mr. Delle Cava **SECOND:** Mr. Alagia **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Grow New Jersey Assistance Program

ITEM: F & S Produce Co., Inc. APPL.#43888

REQUEST: To approve the finding of jobs at risk.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Imperatore **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

ITEM: F & S Produce Co., Inc. APPL.#43888

REQUEST: To approve the application of F & S Produce Co., Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Deerfield Township, NJ. Project location of Deerfield, Cumberland County qualifies as a Mega Project under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Large Number of New/Retained F/T Jobs, Targeted Industry (Manufacturing), Mega Ind. Project with Cap. Inv. In Excess of Minimum. The estimated annual award is \$2,812,500 for a 10-year term.

MOTION TO APPROVE: Commissioner Badolato **SECOND:** Mr. Huber **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: New Classic Cooking LLC APPL.#43883

REQUEST: To approve the application of New Classic Cooking LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Woodbridge Township, NJ. Project location of Woodbridge, Middlesex County qualifies as a Distressed Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Capital Investment in Excess of Minimum (non-Mega) and Targeted Industry (Manufacturing) The estimated annual award is \$825,000 for a 10-year term.

MOTION TO APPROVE: Mr. Delle Cava **SECOND:** Ms. Kokas **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: JP Morgan Chase & Co.

REQUEST: Approve the recommendation not to disqualify.

MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Stoller **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

Grow New Jersey Assistance Program – Modifications

ITEM: Stericycle, Inc. APPL.#38819
REQUEST: To approve the modification request to extend the deadlines to meet approval conditions and complete the project.
MOTION TO APPROVE: Commissioner Badolato **SECOND:** Mr. Alagia **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

BOND PROJECTS

Bond Resolutions

ITEM: 2016 Carryforward Request
REQUEST: To approve carrying forward the unused portion of the 2016 Private Activity Bond allocation.
MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Stoller **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: KIPP: Cooper Norcross, A NJ Nonprofit Corporation APPL.#42944
THIS PROJECT WAS WITHHELD FROM CONSIDERATION.

ITEM: MSC Facilities LLC APPL.#42262
THIS PROJECT WAS WITHHELD FROM CONSIDERATION.

Public Hearing Only

ITEM: ACMY, LLC APPL.#43675
LOCATION: Piscataway, Middlesex County
PROCEEDS FOR: Acquisition of existing building
FINANCING: \$10,228,200
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

LOANS/GRANTS/GUARANTEES

Local Development Financing Fund

ITEM: The Hibbert Company APPL.#42920
LOCATION: Trenton City, Mercer County
PROCEEDS FOR: Renovation of existing building, Purchase of equipment and machinery
FINANCING: \$2,000,000
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Huber **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

Camden Economic Recovery Board

ITEM: Coopers Hill Housing Development, LLC and Cooper-Grant Neighborhood Association - MODIFICATION

REQUEST: To approve the restructure of the grant into two separate soft loans and allow an exception to exceed the \$60,000 per unit maximum.

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Delle Cava **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

Petroleum Underground Storage Tank (PUST)

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

MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Stoller **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PROJECT: Augustine Rojas APPL.#42975

LOCATION: Perth Amboy City, Middlesex County

PROCEEDS FOR: Remediation

FINANCING: \$413,013

PROJECT: Enterprises 46 Inc APPL.#43418

LOCATION: Fort Lee Borough, Bergen County

PROCEEDS FOR: Remediation

FINANCING: \$30,072

PROJECT: Mullica Hill Shell and Garage APPL.#43506

LOCATION: Harrison Township, Gloucester County

PROCEEDS FOR: Remediation

FINANCING: \$374,294

PROJECT: Adam Roller APPL.#43387

LOCATION: Springfield Township, Union County

PROCEEDS FOR: Upgrade, Closure, Remediation

FINANCING: \$12,260

PROJECT: Richard C. Martindale APPL.#42403

LOCATION: Park Ridge Borough, Bergen County

PROCEEDS FOR: Remediation

FINANCING: \$350,540

OFFICE OF RECOVERY

Stronger New Jersey Business Grant Appeals

ITEM: Art of Kuzma APPL.#55621

THIS PROJECT WAS WITHHELD FROM CONSIDERATION.

Stronger New Jersey Business Loan Appeals

ITEM: Herlihy & Young, LLC APPL.#610795
REQUEST: Approve the recommendation to uphold the declination
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Huber **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

ITEM: Hobby Lobby Marine APPL.#631441
REQUEST: Approve the recommendation to uphold the declination
MOTION TO APPROVE: Mr. Delle Cava **SECOND:** Mr. Huber **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

REAL ESTATE

ITEM: Trenton State Office Buildings Project, Health Agriculture Building,
Architectural/Engineering & Construction Management Services
THIS PROJECT WAS WITHHELD FROM CONSIDERATION.

ITEM: Trenton State Office Buildings Project, Taxation Building,
Architectural/Engineering & Construction Management Services
THIS PROJECT WAS WITHHELD FROM CONSIDERATION.

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Projects approved under Delegated Authority

Direct Loan Program: Tidewater North, LLC (P43694 & P43343),

Premier Lender Program: BF 227 Limited Liability Company (P43803)

Small Business Fund Program: Mahi Aashirwad LLC (P43525)

Stronger NJ Business Loan Program: Clean Mat Services LLC
(P39545), Orange Trucking Inc. (P43440 & P43442)

FOR INFORMATION ONLY: Post Closing Credit Delegated Authority Approvals for
4th Quarter 2016

FOR INFORMATION ONLY: Hazardous Discharge Site Remediation Fund Delegated
Authority Approvals for 4th Quarter 2016

FOR INFORMATION ONLY: Petroleum Underground Storage Tank Program (PUST)
Delegated Authority Approvals for 4th Quarter 2016

FOR INFORMATION ONLY: Incentives Modifications Delegated Authority
Approvals for 4th Quarter 2016

FOR INFORMATION ONLY: Real Estate Division Delegated Authority for Leases, CCIT Grants, and Right of Entry (ROE)/ Licenses for Fourth Quarter 2016

FOR INFORMATION ONLY: Post Closing Credit Delegated Authority Approvals for 4th Quarter 2016

PUBLIC COMMENT

There were no public comments.

EXECUTIVE SESSION

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

MOTION TO APPROVE: Mr. Huber **SECOND:** Commissioner Badolato **AYES: 14**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

The Board returned to Public Session.

There being no further business, on a motion by Mr. Dumont, and seconded by Mr. Stoller, the meeting was adjourned at 10:40 am.

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



Erin Gold, Director, Marketing & Public Affairs
Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

February 1, 2017

MINUTES OF THE SPECIAL MEETING

Members of the Authority present: Commissioner Richard Badolato of the Department of Banking and Insurance; and Jeffrey Stoller representing Acting Commissioner Aaron Fichtner of the Department of Labor and Workforce Development; and William Layton, Public Member.

Members of the Authority present via conference call: Larry Downes, acting as Chairman; Peter Simon representing State Treasurer Ford M. Scudder; Colleen Kokas representing Commissioner Bob Martin of the Department of Environmental Protection; Public Members: David Huber, Charles Sarlo, Philip Alagia, Fred B. Dumont, Harold Imperatore, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Absent: Public Members: Massiel Medina Ferrara, Patrick Delle Cava, First Alternate Public Member; and William J. Albanese, Sr., Second Alternate Public Member.

Also present: Melissa Orsen, Chief Executive Officer of the Authority; Timothy Lizura, President and Chief Operating Officer; Thomas Huth, Governor's Authorities' Unit and staff.

Mr. Downes called the meeting to order at 12pm.

In accordance with the Open Public Meetings Act, Ms. Orsen 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

BOND PROJECTS

ITEM: KIPP: Cooper Norcross, A NJ Nonprofit Corporation APPL.#42944
LOCATION: Camden City, Camden County
PROCEEDS FOR: Renovation of existing building
FINANCING: \$29,833,634.33 Taxable Qualified School Construction Bond
MOTION TO APPROVE: Commissioner Badolato **SECOND:** Mr. Stoller **AYES:** 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Mr. Alagia joined the call at this time.

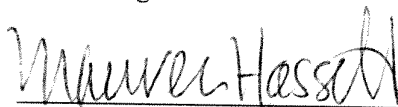
ITEM: MSC Facilities LLC APPL.#42262
LOCATION: Camden City, Camden County
PROCEEDS FOR: Renovation of existing building
FINANCING: \$34,433,634.34 Taxable Qualified School Construction Bond
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Layton **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

PUBLIC COMMENT

There were no public comments.

There being no further business, on a motion by Mr. Stoller, and seconded by Mr. Layton, the meeting was adjourned at 12:10 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, Sr. Vice President
Governance, Communications and Strategic Initiatives
Assistant Secretary



MEMORANDUM

TO: Members of the Authority

FROM: Melissa J. Orsen
Chief Executive Officer

DATE: February 14, 2017

RE: Monthly Report to the Board

UPDATE - COMPLETED AND CERTIFIED INCENTIVE PROJECTS

As noted in my report last month, the Economic Opportunity Act has continued to successfully attract interest from businesses and developers inside and outside the State. We also continue to close out significant projects that were advanced under the legacy incentive programs. Consistent with our commitment to the highest level of fiduciary oversight and transparency as the agency charged with administering these programs, we created a new “Completed and Certified Incentive Projects” report in 2015 that compiles data from all projects approved under the Grow New Jersey Assistance (Grow NJ), Economic Redevelopment and Growth (ERG) and Urban Transit Hub Tax Credit (Hub) programs that have certified completion and received tax credits or reimbursements to date.

As you are aware, these incentive programs are performance-based. While this Board’s approval of an application represents the opportunity for a project to realize tax credits, companies must certify that they have satisfied the specific legislative requirements before they receive any funds. The attached report details actual private investment and jobs, as well as the certified credit amount disbursed for each project. Following EDA’s review and verification, a letter of compliance is sent to Taxation to authorize the issuance of the tax credits or reimbursement. Below is a summary of activity to date.

Since 2011, 44 projects approved under the Grow NJ, ERG and Hub programs have certified completion and received tax credits or reimbursements of \$152 million. These projects have certified private investment totaling \$2.29 billion and reported 9,205 jobs. The 9,205 figure only reflects the total for programs where job creation and retention is legislatively required and therefore tracked as part of the annual certification process.

For Grow NJ, credits are approved over a 10 year term and certified for use annually and proportionally based on actual job performance during that year; companies must submit a certification of costs (capital investment) at project completion as certified by an independent CPA, as well as a certification of jobs from the Chief Financial Officer.

Created by statute in 2012, the legacy Grow NJ program was available to businesses creating or retaining a minimum 100 jobs in New Jersey and making a qualified capital investment of at least \$20 million at a qualified business facility.

Under legacy Grow NJ, 18 projects were approved for a total of up to \$529.7 million. An additional seven approved projects were withdrawn. The 18 active projects are expected to leverage \$785.7 million in eligible capital investment, create an estimated 2,523 new jobs and retain 6,685 jobs at risk of leaving the State. An estimated 3,426 construction jobs are also expected to be created as a result of these projects. All projects have signed agreements and are in the process of completing approved projects. To date, five have certified completion, receiving disbursements totaling \$26.4 million between 2014 and 2016.

Created by statute in 2013 as part of the EOA, Grow NJ is currently available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Under Grow NJ, 219 projects have been approved for a total of up to \$4 billion. An additional 35 approved projects were withdrawn. The 219 active projects are expected to leverage \$3.5 billion in eligible capital investment, create an estimated 27,700 new jobs and retain over 27,100 at risk jobs. An estimated 13,588 construction jobs are also expected to be created as a result of these projects. To date, 15 projects have certified completion, receiving disbursements totaling \$31.5 million between 2014 and 2016.

For ERG, grants are approved for up to a 20 year term and made annually based on the incremental eligible taxes actually generated as a result of the project. Note, there is no legislative requirement under ERG related to job creation or retention, therefore this information is not tracked as part of the annual certification process.

Created by law in 2009, the intent of the ERG program was to provide state incentive grants to developers to capture new state incremental taxes derived from a project's development to address a financing gap. Under legacy ERG, 16 projects were approved for a total of up to \$551.6 million. An additional eight approved projects were withdrawn. The 16 active projects are expected to leverage \$4 billion in eligible capital investment. To date, eight projects have certified completion, receiving disbursements totaling \$9.18 million between 2013 and 2016.

The EOA ERG program, advanced in 2013, offers state incentive grants to finance commercial and residential development projects that demonstrate a financing gap. Under ERG, 44 commercial and residential projects have been approved for a total of up to \$842.7 million (34 represent residential projects). An additional two approved projects were withdrawn. The 44 active projects are expected to leverage \$3.35 billion in eligible capital investment. In addition, four projects have been approved under the Public Infrastructure Project component of the program totaling \$17 million, and two projects have been approved under the Mixed Use Parking component of the program totaling \$34 million. To date, four residential projects have certified completion, receiving tax credits totaling \$7.4 million between 2013 and 2016.

Created by statute in 2007, the intent of the Hub program was to encourage capital investment and increased employment in targeted urban rail transit hubs to catalyze economic development in these areas. Qualified commercial projects were required to make or acquire capital investments of at least \$50 million and employ not fewer than 250 full-time employees; qualified residential projects were to

make or acquire capital investments of at least \$50 million, but were not statutorily obligated to meet employment requirements.

Through Hub, projects were approved over a term of 10 years. For residential projects, credits are initially certified based on actual costs and applicants must demonstrate that projects are conforming to residential use through annual certification. For commercial projects, credits are certified for use annually based on meeting job thresholds at the project site and the statewide employment base threshold.

Under Hub, 11 commercial projects were approved for up to \$751.5 million. An additional two approved commercial projects were withdrawn. The 11 active projects are expected to leverage \$1.1 billion in eligible capital investment and the creation of 2,480 new jobs. An estimated 5,486 construction jobs were also expected to be created as a result of these projects. In addition, 15 residential projects were approved for up to \$485.6 million. An additional one approved resident project was withdrawn. The 15 projects are expected to leverage \$1.9 billion in eligible capital investment. To date, eight commercial projects and four residential projects have certified completion, receiving tax credits totaling \$170.4 million between 2011 and 2016.

As noted, the detailed "Completed and Certified Incentive Projects" report is attached. All reports are regularly updated and available at www.njeda.com/public_information/incentives_activity.

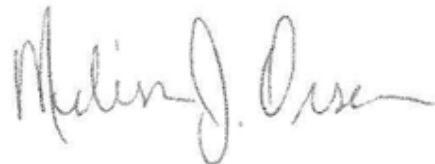
CLOSED PROJECTS

In January 2017, EDA closed on more than \$9 million in traditional lending assistance to support 16 projects, leveraging \$11.9 million in public/private investment and the creation of an estimated 41 new permanent jobs and 43 construction jobs.

In addition to the assistance provided through traditional lending programs, EDA also executed agreements pending certification for one project of up to \$10.1 million, leveraging \$3.8 million in private investment, the creation of an estimated 115 new jobs and 18 construction jobs, and the retention of 276 jobs at risk of leaving New Jersey.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees, or exhibitors at 18 events in January. These included the NJBA Economic Forum in Somerset, the NAIOP Annual Meeting and Commercial Real Estate Outlook in Short Hills, and the EDANJ Annual Meeting and Awards Reception in Somerset.



February 14, 2017 Board Book - CEO Report

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Completed and Certified Incentive Projects

| Legacy Grow NJ * | | | | | | | | 2014 | | | | 2015 | | | | 2016 | |
|-----------------------------------------------------------------------|---------------|------------|----------------------|------------|-------------------------------------|----------------------------------|---------------------------------------------|---------------|------------|-------------------------|---------------|--------------|-------------------------|---------------|------------|----------------------------------------------|--------------|
| Project | Municipality | County | Award Amount | Term (Yrs) | Minimum Capital Investment Required | Capital Investment (At Issuance) | Minimum Jobs Required (new and/or retained) | Jobs Reported | | Certified Credit Amount | Jobs Reported | | Certified Credit Amount | Jobs Reported | | Certified Credit Amount | |
| | | | | | | | | New | Retained | | New | Retained | | New | Retained | | |
| Burlington Coat Factory Warehouse Corporation | Florence | Burlington | \$40,000,000 | 10 | \$20,000,000 | \$43,427,945 | 100 | 85 | 626 | \$4,000,000 | 110 | 626 | \$4,000,000 | | | | |
| Destination Maternity Corporation | Florence | Burlington | \$40,000,000 | 10 | \$20,000,000 | \$50,124,187 | 100 | | | | 593 | | \$4,000,000 | | | | |
| Imperial Bag & Paper Co., LLC | Jersey City | Hudson | \$29,120,000 | 10 | \$20,000,000 | \$54,525,554 | 100 | | | | 57 | 364 | \$2,912,000 | 107 | 364 | \$2,912,000 | |
| Royal Wine Corporation, Kenover Marketing Corporation, and affiliates | Bayonne | Hudson | \$22,890,000 | 10 | \$20,000,000 | \$34,494,019 | 100 | | | | 146 | 184 | \$2,289,000 | 160 | 184 | \$2,289,000 | |
| Horizonwell International, Inc. | Morris Plains | Morris | \$40,000,000 | 10 | \$20,000,000 | \$46,251,182 | 100 | | | | 15 | 983 | \$4,000,000 | | | | |
| 8 projects | | | \$172,010,000 | | \$100,000,000 | \$228,821,887 | 500 | 85 | 626 | \$4,000,000 | 921 | 2,157 | \$17,201,000 | 267 | 548 | \$5,201,000 | |
| | | | | | | | | | | | | | | | | Total Legacy Grow NJ Certified Credit Amount | \$26,402,000 |

| EOA Grow NJ * | | | | | | | | 2014 | | | | 2015 | | | | 2016 | | | | |
|--------------------------------------------------------|--------------|------------|----------------------|------------|-------------------------------------|----------------------------------|-----------------------|---------------|-----------|-------------------------|-------------------------|---------------|------------|-------------------------|-------------------------|---------------|---------------------|-------------------------|-------------------------------------------|--------------|
| Project | Municipality | County | Award Amount | Term (Yrs) | Minimum Capital Investment Required | Capital Investment (At Issuance) | Minimum Jobs Required | Jobs Reported | | Certified Median Salary | Certified Credit Amount | Jobs Reported | | Certified Median Salary | Certified Credit Amount | Jobs Reported | | Certified Median Salary | Certified Credit Amount | |
| | | | | | | | | New | Retained | | | New | Retained | | | New | Retained | | | New |
| WebiMax LLC ** | Camden | Camden | \$6,035,000 | 10 | \$233,467 | \$496,776 | 19 | 27 | 21 | \$40,000 | \$603,500 | 22 | 50 | \$40,000 | \$603,500 | 8 | 50 | \$41,063 | \$493,000 | |
| Copcor Health System **** | Camden | Camden | \$39,990,000 | 10 | \$3,295,433 | \$9,223,626 | 19 | 27 | | | | 35 | 151 | \$50,132 | \$4,059,000 | 89 | 353 | \$51,990 | \$4,444,000 | |
| Urban Law, P.C. | Jersey City | Hudson | \$5,600,000 | 10 | \$676,080 | \$704,393 | 35 | 50 | | | | 71 | - | \$46,500 | \$497,000 | | | | | |
| First Data Corporation | Jersey City | Hudson | \$5,920,000 | 10 | \$960,000 | \$1,409,800 | 25 | 35 | | | | 74 | - | \$150,000 | \$592,000 | | | | | |
| Forbes Media LLC & Forbes Media Holdings LLC | Jersey City | Hudson | \$24,722,500 | 10 | \$3,720,000 | \$3,790,930 | 35 | n/a | | | | 324 | - | \$76,500 | \$2,472,250 | 344 | - | \$80,000 | \$2,472,250 | |
| Inaight Catastrrophe Group, LLC | Jersey City | Hudson | \$2,480,000 | 10 | \$345,000 | \$892,304 | 25 | 35 | | | | 26 | - | \$90,903 | \$298,000 | | | | | |
| Interop, Inc. d/b/a TRAC Intermodal (1) | Plainboro | Middlesex | \$8,800,000 | 10 | \$2,745,840 | \$6,655,416 | 25 | 35 | | | | 65 | 310 | \$60,886 | \$880,000 | | | | | |
| Jacmel Jewellery, Inc. | Secaucus | Hudson | \$3,000,000 | 10 | \$645,640 | \$1,579,388 | 35 | 50 | | | | 77 | - | \$22,859 | \$300,000 | | | | | |
| Northern Leasing Systems, Inc. | Jersey City | Hudson | \$7,130,000 | 10 | \$986,480 | \$2,688,482 | 25 | 35 | | | | 127 | - | \$66,603 | \$713,000 | | | | | |
| Pacific Construction Corp. | Passaic | Passaic | \$10,925,000 | 10 | \$1,083,787 | \$2,127,574 | 8 | 19 | | | | 71 | - | \$56,663 | \$1,015,000 | | | | | |
| Plastics Consulting and Manufacturing Company, Inc. | Camden | Camden | \$3,920,000 | 10 | \$180,000 | \$2,368,384 | 8 | 19 | | | | 8 | 20 | \$36,050 | \$392,000 | 8 | 20 | \$39,006 | \$392,000 | |
| Principis Capital LLC **** | Jersey City | Hudson | \$3,875,000 | 10 | \$250,880 | \$464,777 | 25 | n/a | | | | 38 | 0 | \$51,697 | \$285,000 | | | | | |
| Unison Communications Inc. and Subsidiaries | Vineyard | Cumberland | \$3,500,000 | 10 | \$703,520 | \$5,033,671 | 27 | 38 | | | | 101 | - | \$33,400 | \$350,000 | | | | | |
| Contemporary Graphics and Bindery, Inc. and Affiliates | Camden | Camden | \$33,900,000 | 10 | \$1,662,667 | \$18,971,320 | 8 | 19 | | | | | | | | 56 | 170 | \$27,040 | \$3,410,000 | |
| TRC Capital Markets, LLC | Jersey City | Hudson | \$73,337,500 | 10 | \$8,274,440 | \$13,394,696 | 25 | 35 | | | | | | | | 837 | - | \$160,013 | \$7,333,750 | |
| 15 projects | | | \$232,435,000 | | \$25,743,214 | \$69,781,515 | 344 | 424 | 21 | 50 | \$603,500 | 1,039 | 733 | \$12,366,750 | 1,342 | 593 | \$18,535,000 | | | |
| | | | | | | | | | | | | | | | | | | | Total EOA Grow NJ Certified Credit Amount | \$31,505,250 |

| Urban Transit Hub Tax Credit Program (commercial projects only) * | | | | | | | | 2011 | | 2012 | | 2013 | | 2014 | | 2015 | | 2016 | | |
|-------------------------------------------------------------------|--------------|--------|----------------------|------------|-------------------------------------|----------------------------------|----------------------------------------------|---------------|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|-------------------------|--|
| Project | Municipality | County | Award Amount | Term (Yrs) | Minimum Capital Investment Required | Capital Investment (At Issuance) | Minimum Jobs Required (Jobs at project site) | Jobs Reported | Certified Credit Amount | Jobs Reported | Certified Credit Amount | Jobs Reported | Certified Credit Amount | Jobs Reported | Certified Credit Amount | Jobs Reported | Certified Credit Amount | Jobs Reported | Certified Credit Amount | |
| | | | | | | | | | | | | | | | | | | | | |
| Daily News, L.P. | Jersey City | Hudson | \$41,650,000 | 10 | \$50,000,000 | \$86,800,000 | 250 | 522 | \$4,165,000 | 536 | \$4,165,000 | 536 | \$4,165,000 | 511 | \$4,165,000 | 508 | \$4,165,000 | | | |
| Gow Foods, Inc. | Jersey City | Hudson | \$81,901,095 | 10 | \$50,000,000 | \$107,033,747 | 250 | - | - | - | - | - | - | - | - | 364 | \$8,035,299 | | | |
| Wakefern Food Corp. (2) | Elizabeth | Union | \$58,000,000 | 10 | \$50,000,000 | \$60,300,000 | 250 | - | - | - | - | - | - | 270 | \$5,692,940 | 267 | \$5,800,000 | 385 | \$8,035,299 | |
| Parsons Corporation of North America | Newark | Essex | \$102,408,062 | 10 | \$50,000,000 | \$111,000,000 | 250 | - | - | - | - | 267 | \$8,192,645 | 275 | \$8,192,645 | 642 | 8,192,645 | | | |
| Prudential Financial Inc. and/or Affiliates | Newark | Essex | \$210,828,357 | 10 | \$50,000,000 | \$402,079,734 | 250 | - | - | - | - | - | - | - | - | 1,214 | \$21,082,836 | 1,391 | \$21,082,836 | |
| Ahadi eCommerce Sales Company, LLC | Jersey City | Hudson | \$34,561,347 | 10 | \$50,000,000 | \$91,781,639 | 250 | - | - | - | - | - | - | - | - | 652 | \$3,456,135 | | | |
| Newark Farmers Market, LLC | Newark | Essex | \$18,450,000 | 10 | \$50,000,000 | \$21,230,741 | 250 | - | - | - | - | - | - | - | - | - | 501 | \$1,845,000 | | |
| Wakefern Food Corp. (1) | Newark | Essex | \$26,550,000 | 10 | \$50,000,000 | \$30,551,555 | 250 | - | - | - | - | - | - | - | - | - | n/a ** | \$2,655,000 | | |
| 8 projects | | | \$574,348,971 | | \$400,000,000 | \$910,777,416 | | 522 | \$4,165,000 | 536 | \$4,165,000 | 803 | \$12,357,645 | 1,056 | \$18,050,585 | 3,647 | \$50,731,915 | 2,277 | \$3,618,135.00 | |

| Urban Transit Hub Tax Credit Program (residential projects only) *** | | | | | | | | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------------------------------------------------|---------------|-----------|--------------|------------|-------------------------------------|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------|
| Project | Municipality | County | Award Amount | Term (Yrs) | Minimum Capital Investment Required | Capital Investment (At Issuance) | Certified Credit Amount | Certified Credit Amount | Certified Credit Amount | Certified Credit Amount | Certified Credit Amount | |
| Transit Village | New Brunswick | Middlesex | \$76,600,000 | 10 | \$233,046,673 | \$220,200,000 | \$7,660,000 | \$7,660,000 | \$7,660,000 | \$7,660,000 | \$7,660,000 | |
| Borae Development LLC of a New Entity to be formed (133 Somerset & Albany Sts) | New Brunswick | Middlesex | \$23,810,360 | 10 | | | | | \$2,381,036 | \$2,381,036 | \$2,381,036 | |
| Grand LHM Urban Renewal LLC | Jersey City | Hudson | \$42,015,207 | 10 | \$68,029,600 | \$78,800,000 | | | \$4,201,521 | \$4,201,521 | \$4,201,521 | |
| | | | | | \$120,043,449 | \$144,552,000 | | | | | | |

February 14, 2017 Board Book - CEO Report

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Completed and Certified Incentive Projects

| | | | | | | | | | | | |
|--------------------------------------------|---------|--------|----------------------|----|----------------------|----------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| Penrose Properties LLC (Card Miller Homes) | Trenton | Mercer | \$17,716,713 | 10 | \$50,619,179 | \$62,079,720 | | | \$1,771,671 | \$1,771,671 | |
| 4 projects | | | \$160,142,280 | | \$471,738,901 | \$505,631,729 | \$7,660,000 | \$7,660,000 | \$16,014,228 | \$16,014,228 | \$14,242,557 |

Total UTHTC Certified Credit Amount (includes Comm & Res Projects) **\$170,436,736**

| Legacy Economic Redevelopment and Growth (ERG) Program*** | | | | | | | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------------------------------|---------------|----------|---------------------|------------|-------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Project | Municipality | County | Award Amount | Term (Yrs) | Minimum Capital Investment Required | Capital Investment (At Issuance) | Certified Credit Amount/Actual Taxes Reimbursed | Certified Credit Amount/Actual Taxes Reimbursed | Certified Credit Amount/Actual Taxes Reimbursed | Certified Credit Amount/Actual Taxes Reimbursed |
| Seize Opportunities | Somerville | Somerset | \$5,000,000 | 20 | \$28,100,000 | \$24,900,000 | \$555,000 | \$520,642 | \$455,221 | \$503,508 |
| Port Imperial South LLC | Weehawken | Hudson | \$8,893,049 | 20 | \$57,164,286 | \$64,700,000 | - | \$275,951 | - | - |
| DGMB Casino, LLC | Atlantic City | Atlantic | \$5,055,556 | 20 | \$40,362,958 | \$41,700,000 | - | \$1,253,964 | \$1,112,678 | \$525,454 |
| Harrison Hotel 1, LLC, or affiliate | Harrison | Hudson | \$7,250,987 | 20 | \$36,254,935 | \$36,400,000 | - | - | \$490,041 | - |
| Jersey Gardens Lodging Associates LP | Elizabeth | Union | \$7,961,200 | 20 | \$39,806,000 | \$39,806,000 | - | - | \$614,525 | \$514,850 |
| M&T Fidelity Properties, LLC | Newark | Essex | \$5,640,161 | 20 | \$28,200,803 | \$34,927,978 | - | - | \$504,247 | \$418,782 |
| TDK1 Div. Hotel Urban Renewal Company LLC | Newark | Essex | \$6,056,362 | 20 | \$32,918,187 | \$30,282,000 | - | - | \$802,106 | \$417,087 |
| B10 Broad LLC | Newark | Essex | \$4,700,238 | 20 | \$27,486,774 | \$26,704,057 | - | - | - | \$216,547 |
| 8 projects | | | \$50,557,553 | | \$290,293,943 | \$299,420,035 | \$555,000 | \$2,050,557 | \$3,976,818 | \$2,996,228 |

Total Legacy ERG Certified Credit Amount **\$9,180,603**

| EOA Economic Redevelopment and Growth (ERG) Program*** | | | | | | | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------------------------------------|--------------|------------|---------------------|------------|-------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Project | Municipality | County | Award Amount | Term (Yrs) | Minimum Capital Investment Required | Capital Investment (At Issuance) | Certified Credit Amount/Actual Taxes Reimbursed | Certified Credit Amount/Actual Taxes Reimbursed | Certified Credit Amount/Actual Taxes Reimbursed | Certified Credit Amount/Actual Taxes Reimbursed |
| Broadway Associates 2010 LLC | Camden | Camden | \$13,491,861 | 20 | \$38,405,727 | \$39,583,824 | - | - | \$1,349,166 | - |
| Washington Street University Housing Urban Renewal Associates, LLC | Newark | Essex | \$23,142,465 | 20 | \$77,141,550 | \$88,177,264 | - | - | \$2,314,247 | - |
| PRC Campus Centers, LLC | Ewing | Mercer | \$15,767,702 | 20 | \$78,838,509 | \$79,419,971 | - | - | - | \$1,576,770 |
| Glasboro Mixed-Use Urban Renewal, LLC | Glasboro | Gloucester | \$22,845,806 | 20 | \$73,486,021 | \$73,495,917 | - | - | - | \$2,204,581 |
| 4 projects | | | \$74,447,634 | | \$267,871,807 | \$280,676,976 | | | \$3,663,413 | \$3,781,351 |

Total EOA ERG Certified Credit Amount **\$7,444,764**

| All Certified & Completed Projects | | | | | | | |
|------------------------------------|-----------|------------------------|-------------------------------------|--------------------------------|-------------------------|-------------------------------|---------------|
| Year | Projects | Award Amount | Minimum Capital Investment Required | Capital Investment at Issuance | Certified Credit Amount | Jobs Reported at Issuance *** | |
| | | | | | | New | Retained ^ |
| 2011 | 1 | \$41,650,000 | \$50,000,000 | \$86,800,000 | \$4,165,000 | | |
| 2012 | 1 | \$76,800,000 | \$233,046,673 | \$229,200,000 | \$11,825,000 | | 536 |
| 2013 | 2 | \$107,408,062 | \$78,400,000 | \$135,900,000 | \$20,572,645 | | |
| 2014 | 8 | \$201,525,885 | \$406,452,939 | \$496,056,450 | \$36,050,989 | 106 | 1,221 |
| 2015 | 24 | \$607,544,898 | \$448,299,842 | \$1,000,603,212 | \$60,156,717 | 1,960 | 3,792 |
| 2016 | 8 | \$229,212,593 | \$139,748,111 | \$355,549,896 | \$19,231,648 | 893 | 671 |
| GRAND TOTAL | 44 | \$1,263,941,438 | \$1,555,647,865 | \$2,295,109,558 | \$152,001,999 | 2,959 | 6,246^ |

**As an additional condition of approval, if the business reduces the total number of its full-time employees in the State by more than 20% from the tax period prior to approval, then the business forfeits its credit for that tax period and going forward until such time as its full-time employment in the State has increased to the 80% level.

*** WebiMax was approved in Dec. 2013 for tax credits up to \$12.75 million over ten years related to the company's expected creation of 100 new jobs and the retention of 50 "at risk" jobs. The Board approved a modified project in Dec. 2014 to reflect the 50 retained jobs and 21 new jobs actually created (for a total of 71 full-time employees in Camden), resulting in a reduction to \$6,035,000 over ten years.

*** There is no legislative requirement under these programs related to job creation or retention, therefore this information is not tracked as part of the annual certification process. Please note that the GRAND TOTAL jobs reported only reflects total for programs where job creation and retention is legislatively required.

**** The 2015 new jobs for Cooper Health System were higher than anticipated, resulting in an award increase in a Garden State Growth Zone.

***** The 2015 new jobs for Principis Capital were lower than anticipated, resulting in a decreased award.

^^ Retained job total is not a cumulative total of each year, but rather a total of the highest reported number of retained jobs for the project in any given year.

^^^ The jobs for these two projects are combined with Newark Farmer's Market - Newark Farmer's Market is the landlord, Wakefern is the tenant, and they are co-located.

Glossary

Legacy Grow NJ - Created by statute in 2012, the legacy Grow NJ Program was available to businesses creating or retaining a minimum 100 jobs in New Jersey and making a qualified capital investment of at least \$20 million at a qualified business facility.

EOA Grow NJ - Created by statute in 2013 as part of the New Jersey Economic Opportunity Act of 2013, the Grow NJ Program is currently available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area.

Legacy Hub - Created by statute in 2007, the intent of the Urban Transit Hub Tax Credit Program was to encourage capital investment and increased employment in targeted urban rail transit hubs to catalyze economic development in the areas. Qualified commercial projects are required to make or acquire capital investments of at least \$50 million and employ not fewer than 250 full-time employees; qualified residential projects must make or acquire capital investments of at least \$50 million, but not be required to meet employment requirements.

Legacy ERG - Created by law in 2009, the intent of the ERG Program was to provide State incentive grants to developers to capture new State incremental taxes derived from a project's development to address financing gaps.

Capital Investment at Issuance - The actual amount of reported private capital invested in the project based on certification from an independent CPA.

February 14, 2017 Board Book - CEO Report

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY Completed and Certified Incentive Projects

Jobs Reported at Issuance – The actual number of reported jobs at the project site (new and/or retained, based on program and project requirements) based on certification from the Chief Financial Officer.

Certified Credit Amount – For Legacy Grow NJ and EDA Grow NJ, credits are certified for use annually and proportionally based on actual job performance during that year; companies must submit a certification of costs (capital investment) at project completion as certified by an independent CPA. For Legacy ERG, grants are made annually based on the incremental eligible taxes actually generated as a result of the project. For Legacy Hub (residential projects), credits are initially certified based on actual costs and applicants must demonstrate that projects are conforming to residential use through annual certification. For Legacy Hub (commercial projects), credits are certified for use annually based on meeting job thresholds at the project site and the statewide employment base threshold. All awardees are subject to forfeiture and recapture in event of default.

Updated as of 2/14/2017

INCENTIVE PROGRAMS

**GARDEN STATE GROWTH ZONE BUSINESS LEASE
INCENTIVE (GSGZ BLI) & BUSINESS IMPROVEMENT
INCENTIVE PROGRAMS (GSGZ BII)**



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: February 14, 2017

RE: Garden State Growth Zone Business Lease Incentive & Business Improvement Incentive Programs

Summary

The Members are requested to approve two proposed new pilot incentive programs - the Business Lease Incentive Program and the Business Improvement Incentive Program - designed to enhance the vibrancy of commercial corridors through business attraction, retention, and building improvements in Garden State Growth Zones (GSGZs.) Both programs would be capitalized in total utilizing \$3 million of eligible Authority funds, utilizing the Economic Recovery Fund account.

Background

The proposed pilot programs will be modeled based on those used by the Camden Economic Recovery Board (ERB). Since 2003, through the ERB, EDA has administered grant funding to stimulate commercial, industrial and retail business activities throughout the City of Camden. This grant funding was administered through two programs: Business Lease Incentives and Business Improvement Incentives.

Business Lease Incentives provided businesses and non-profit organizations seeking to relocate or expand in Camden with a rental subsidy that was in the form of a rent reimbursement structured over 5 years. In total, more than \$4 million in Business Lease Incentives were provided to 31 businesses in Camden.

Business Improvement Incentives provided grants to businesses within a commercial corridor in Camden that planned to make building or façade improvements in order to increase business activity. In total, more than \$360,000 of Business Improvement Incentives were provided for façade improvements to 20 businesses in Camden.

At an ERB meeting in the Spring of 2016, numerous representatives of the small business community requested new funding for the incentive programs. The continuation of these programs would complement the Economic Opportunity Act incentives that are revitalizing the City, drawing new employees and residents to the City.

Given that guidelines already exist and EDA has experience in administering these incentives, Authority staff began development of similar programs, funded by EDA, that would continue to offer these incentives to the City of Camden, as well as other Garden State Growth Zones where a similar need exists, and as a result of business and local government interest.

Business Lease & Business Improvement Incentives

The proposed Business Lease & Business Improvement incentives are aligned with the Authority's ongoing strategy to encourage business growth in distressed communities, stimulating capital investment and job creation and retention. The programs would be created on a pilot basis and capitalized in total with \$3 million of eligible Authority funds. This funding would be budgeted and administered as \$1 million annually over the 3-year life of the program, evenly divided and reserved for projects in the 5 GSGZs; Trenton, Camden, Paterson, Passaic and Atlantic City (\$200,000/GSGZ).

Although these pilot programs were created in close collaboration with the GSGZs, Authority staff will reach out to the GSGZs following Board approval for information to formalize the partnership between EDA and the GSGZs in building a successful program for the respective markets. This information will include a letter of support from the GSGZ, recommended areas of eligibility within the city with any supporting information (i.e. maps/redevelopment plans/zoning ordinances), a plan for marketing the incentives to potential applicants within the cities, and a contact at each GSGZ to pre-screen applicants to ensure required documentation is in order.

The Business Lease Incentive will offer reimbursement of a percentage of annual lease payments to for profit businesses and non-profit organizations in eligible areas that plan to lease between 500 – 5,000 s.f. of new or additional market-rate, first-floor office, industrial or retail space for a minimum 5-year term. An applicant leasing over 5,000 s.f. would be eligible for a Business Lease Incentive, but the incentive would only reimburse the first 5,000 s.f. of space. Business Lease Incentives would be limited to one per applicant or related entity over the life of the program, applicants that are operating in facilities that have already been approved for or have received assistance through other EDA-administered incentive programs will not be eligible. If an applicant has received EDA financing, they must certify that they are not in default of any EDA financing, pursuant to State law. Incentive payments, when combined with any other governmental grants, cannot exceed 80% of annual lease payment. Additional guidelines, including reimbursement structure, are listed in attached Exhibit A – Business Lease Incentive Program Specifications.

The Business Improvement Incentive will offer grants of up to 50% of total project cost, grant amount not to exceed \$20,000, to businesses operating within the first-floor of a commercial corridor in the GSGZ that are planning to make building improvements, with a minimum project cost of \$5,000. Applicants must certify a 1:1 match of grant funding, and obtain all applicable zoning and building permits. Grants would be limited to three applications per property over the life of the pilot

program, and funding will be disbursed in full upon proof of completion and payment of the building improvements, as well as a site visit from Authority staff confirming improvements were made. Applicants that are operating in facilities that have already been approved for or have received assistance through other EDA-administered incentive programs are not eligible. Additional guidelines are listed in attached Exhibit B – Business Improvement Incentive Program Specifications.

Both incentive programs are performance-based and no funding is disbursed until evidence is provided demonstrating that clear and specific requirements are met. Prior to applications reaching Authority staff, the GSGZs will pre-screen potential applicants to ensure that they have provided the proper documentation. Authority staff will develop a detailed checklist that encompasses the necessary requirements, and use this as an instrument to review applications and approve projects for assistance under Delegated Authority. The Board will be kept apprised of program activity through quarterly updates. Program funding will be on a first come, first served basis within the GSGZ and businesses will be required to complete an application similar to the application used to administer the programs under the Camden ERB, but modified to meet the specifications of the proposed programs. For both programs, there will be a \$500 application fee for for-profit business entities and a \$250 application fee for not-for-profit entities. Business Lease Incentives will have an annual administrative fee equal to 1% of the annual lease incentive, and Business Improvement Incentives will have a \$100 administrative fee per approved incentive.

The launch of the new program is anticipated to be in 2Q CY2017.

Recommendation

The Members are requested to approve: (1) two proposed new pilot incentive programs - the Business Lease Incentive Program and the Business Improvement Incentive Program, to enhance the vibrancy of commercial corridors in GSGZs through the utilization of \$3 million of eligible Authority funds for the initial capitalization of both programs; (2) delegation to Authority staff (Director of Business Banking & Community Development or Director of Finance & Bond Portfolio Management) to approve individual applications to the programs, to be reviewed in accordance with the terms set forth in the attached program specifications.



Timothy J. Lizura
President/Chief Operating Officer

Prepared by: Pat Rose

Attachments

- Exhibit A – Business Lease Incentive Program Specifications
- Exhibit B – Business Improvement Incentive Program Specifications

**Exhibit A - Garden State Growth Zone Business Lease Incentive
Proposed Program Specifications
February 2017**

| | |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Funding Source | Total funding for both Business Lease and Business Improvement programs will be \$1 million per year using any eligible Authority funds, divided and reserved for projects evenly among the 5 Garden State Growth Zones (\$200,000/GSGZ). The total amount of 2-year BLI award will be aggregated towards the GSGZ's annual allocation, based upon the year the BLI is approved. |
| Program Expiration | Programs to operate on a pilot basis. All funds must be committed within three years. Uncommitted annual funds will not be allowed to roll over to the following year. |
| Administrating Agency | EDA |
| Program Structure Purpose | <p>The purpose of the Business Lease Incentive is to enhance the vibrancy of commercial corridors through business attraction and retention in Garden State Growth Zones.</p> <p>The GSGZs will provide information to EDA to help establish program and ensure its viability, including: a letter of support, recommended eligible areas with supporting information (i.e. maps, redevelopment plans), a communication plan to make potential applicants aware, and a contact/process at the GSGZ to assist with pre-screening applicants.</p> |
| Eligible Applicants | <p>A limit of one BLI will be approved per applicant (or related entity) over the life of the program.</p> <ul style="list-style-type: none"> • For profit businesses and non-profit organizations (see exclusions) that plan to lease between 500 s.f. – 5,000 s.f. of first-floor, market-rate office, industrial and retail space in the GSGZ for a minimum 5-year term; or • Entities within the GSGZ seeking to lease between 500 – 5,000 s.f. of additional space for a minimum 5-year term. • An entity leasing more than 5,000 s.f. is eligible for a BLI, but the BLI will only reimburse the first 5,000 s.f. of space • Applicant or related entity operating within a facility that has received incentives through the State of New Jersey (i.e. Grow NJ or ERG are not eligible. • Applicants/related entities may not receive both a Business Lease Incentive and a Business Improvement Incentive. • Applicant must certify that they are not in default of any other EDA financing. • Applicant must occupy and operate in the leased space for the full year under which reimbursement is being requested. |

**Exhibit A - Garden State Growth Zone Business Lease Incentive
Proposed Program Specifications
February 2017**

| | |
|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Targeted Areas/Eligible Locations | Applicants must lease first-floor space in facilities within eligible locations and occupy and operate within the facility for the full year under which they are seeking reimbursement. Eligible locations within the GSGZs will be determined by the GSGZ in consultation with EDA, based on consistency with existing redevelopment plans and/or zoning ordinances (if applicable). Applicant must obtain all applicable zoning and building permits. |
| Incentive Type and Amount | Reimbursement of a percentage of annual lease payment (for 2 years of a 5 or 10-year lease) administered as follows: <ul style="list-style-type: none"> • Year 1: 15% of annual lease payment • Year 2: 15% of annual lease payment Incentive payment, when combined with any other governmental grants, not to exceed 80% of annual lease payment. |
| Funding Disbursement | Paid annually upon receipt of landlord confirmation of no monetary or other material lease agreement default, certification by the applicant of any governmental grants received by applicant not to exceed 80% of the annual lease payment and receipt of NJ State Tax Clearance Certificate. |
| Exclusions and Additional Requirements | <ul style="list-style-type: none"> • Available to first floor businesses only to increase pedestrian traffic, encourage streetscape vibrancy. • High Tech and Business Incubator members in Not for Profit facilities would not be eligible for independent lease incentives (operators are eligible.) • All leases will be analyzed for market-rate pricing by EDA based on comparable market rates provided by third party (i.e. CoStar). • Landlord and tenant cannot be related parties |
| Application Process and Board Approval/ Delegated Authority | <ul style="list-style-type: none"> • Applications will be reviewed on a rolling basis until all funds are committed or program expires. • EDA staff will be responsible for reviewing applications and approving projects for assistance under Delegated Authority. • GSGZs will pre-screen applicants to ensure that proper documentation has been provided by the applicant. |
| Fees: | <ul style="list-style-type: none"> • \$500 Application Fee for For-Profit Entities • \$250 Application Fee for Not-for-Profit Entities • Annual Administrative Fee equal to 1% of the Annual Lease Incentive |

**Exhibit B - Garden State Growth Zone Business Improvement Incentive
Proposed Program Specifications
February 2017**

| | |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Funding Source | Total funding for both Business Lease and Business Improvement programs will be \$1 million per year using any eligible Authority funds, divided and reserved for projects evenly among the 5 Garden State Growth Zones (\$200,000/GSGZ). The total amount of the BII award will be aggregated towards the GSGZ's annual allocation, based upon the year the BII is approved. |
| Program Expiration | Programs to operate on a pilot basis. All funds must be committed within three years. Uncommitted annual funds will not be allowed to roll over to the following year. |
| Administrating Agency | EDA |
| Program Structure Purpose | <p>The purpose of the Business Improvement Incentive is to enhance the vibrancy of commercial corridors through building improvements (façade and interior) in Garden State Growth Zones</p> <p>The GSGZs will provide information to EDA to help establish program and ensure its viability, including: a letter of support, recommended eligible areas with supporting information (i.e. maps, redevelopment plans), a communication plan to make potential applicants aware, and and a contact/process at the GSGZ to assist with pre-screening applicants.</p> |
| Eligible Applicants | <p>A limit of three BII grants will be approved per applicant or related entity over the life of the program.</p> <ul style="list-style-type: none"> • Businesses or building owners making improvements of at least \$5,000 to the first-floor of a facility within commercial corridor in the GSGZ. • Facilities that have received incentives through the State of New Jersey (i.e. Grow NJ or ERG) are not eligible. • Applicants/related entities may not receive both a Business Lease Incentive and a Business Improvement Incentive. |
| Targeted Areas/Eligible Locations | Improvements must include work done to the first floor of a facility within an eligible commercial corridor in the GSGZ. Eligible locations within the GSGZs will be determined by the GSGZ in consultation with EDA, based on consistency with existing redevelopment plans and/or zoning ordinances (if applicable). Applicant must obtain all applicable zoning and building permits. Standard prevailing wage laws apply. |

**Exhibit B - Garden State Growth Zone Business Improvement Incentive
Proposed Program Specifications
February 2017**

| | |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Incentive Type and Amount | <ul style="list-style-type: none"> • 50% of total project cost (applicant must certify 1:1 match) • Grant amount not to exceed \$20,000. • Minimum project cost of \$5,000. |
| Funding Disbursement | Funding will be disbursed in full upon proof of completion and payment of the building improvements, as well as a site visit from Authority staff confirming improvements were made. |
| Exclusions and Additional Requirements | Project must include improvements made to first floor of a facility within an eligible commercial corridor in the GSGZ, as program purpose is to increase pedestrian traffic and encourage streetscape vibrancy and building improvements. |
| Application Process and Board Approval/ Delegated Authority | <ul style="list-style-type: none"> • Applications will be reviewed on a rolling basis until all funds are committed or program expires. • EDA staff will be responsible for reviewing applications and approving projects for assistance under Delegated Authority. • GSGZs will pre-screen applicants to ensure that proper documentation has been provided by the applicant. |
| Fees: | <ul style="list-style-type: none"> • \$500 Application Fee for For-Profit Entities • \$250 Application Fee for Not-for-Profit Entities • \$100 Administrative Fee |

**ECONOMIC REDEVELOPMENT AND GROWTH (ERG)
PROGRAM**



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: February 14, 2017

RE: **Rutgers, the State University of New Jersey**
Residential Economic Redevelopment and Growth Grant Program (“RES ERG”)
P #43052

Request

As created by statute, the Economic Redevelopment and Growth (ERG) Program offers state incentive grants to finance development projects that demonstrate a financing gap. Applications to the ERG Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 52 :27D-489a et seq. / N.J.A.C. 19:31-4 and the program’s rules, developers or non-profit organizations on behalf of a qualified developer, must have a redevelopment project located in a qualifying area, demonstrate that the project has a financing gap, meet minimum environmental standards, meet a 20% equity requirement, and, except with regards to a qualified residential project, university infrastructure project and mixed-use parking projects, yield a net positive benefit to the state. With the exception of residential ERG projects, a university infrastructure project and mixed-use parking projects, grants are made annually based on the incremental eligible taxes actually generated as a result of the project.

The Members are asked to approve the application of Rutgers, the State University of New Jersey (the “Applicant”, “Rutgers” or the “University”) for a Project located at three separate sites in Piscataway, Middlesex County (the “Project”), for the issuance of tax credits pursuant to the RES ERG program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 (“Act”).

The total costs of the Project are estimated to be \$140,350,000, and of this amount, \$134,550,000 is eligible costs under the RES ERG program. The recommendation is to award up to \$25,000,000 in tax credits (which equates to 18.58% of eligible costs per budget submitted). The Applicant is eligible for a maximum award of \$25 million in tax credits based on the enactment of recent statutory revisions. More specifically P.L. 2015, c. 242 authorizes up to \$25 million in ERG program tax credits to Rutgers, to finance certain infrastructure facility projects on its campus; raises

the total program cap to accommodate the additional tax credits without adversely affecting other tax credit categories; and adds university infrastructure projects receiving tax credits to the ERG program exception for qualified residential projects from the fiscal impact analysis required to determine net positive economic benefits. University infrastructure is defined as any of the following located on the campus of Rutgers, the State University: buildings and structures, such as academic buildings, recreation centers, indoor athletic facilities, public works garages, and water and sewer treatment and pumping facilities; open space with improvements, such as athletic fields and other outdoor athletic facilities, planned commons, and parks; and transportation facilities, such as bus shelters and parking facilities. At a meeting held on 9/9/16, the Members of the Authority approved amendments to its regulations to accommodate this statutory change; these amendments which were promulgated in the New Jersey Register and became final on 1/3/17. The amendments include that the Authority may rely on a certification of the University Chief Financial Officer that, based on current university budget projections, a financing gap exists.

Project Description

The Project site encompasses several blocks and lots totaling 9.8 acres on the Piscataway Campus of Rutgers. The three components of the Project include a) a new multisport training complex and parking facility, b) lacrosse, soccer and tennis training complex and c) renovations to the Rutgers Athletic Center. The land for the three components of the Project is currently a surface parking lot, a grass field and an existing building, respectively.

The three components are phase 1 of the Rutgers University Big Ten Build Initiative first announced on January 20, 2016. This Big Ten Build Initiative will be impactful and essential to growing the 24 athletic programs and to the 600+ student athletes playing sports for Rutgers, nationally throughout the US. Specifics on the three components are:

A) Multisport Training Complex (“MTC”):

Located adjacent to the Rutgers Athletic Center (“RAC”, an 8,000 seat indoor arena). This facility will be home to men’s and woman’s basketball, wrestling and gymnastics with state-of-the-art locker rooms, coaches’ offices, sports medicine suites, meeting spaces and team practice areas. It will also include the creation of a comprehensive student-athlete Rutgers Leadership Academy suite, career center and a café serving healthy meals to student athletes. The new space will also include a wrestling training area that will be one of the finest in the country. This component will be a four-story building that includes 550 space parking garage that will be integral to support the training complex and the RAC, Business School, and other future facilities. The budget for this component is \$105.9 million. This project will be approximately 300,000 square feet including the parking garage.

B) The Lacrosse, Soccer and Tennis Training Complex (“LST”):

This new complex will serve as the home for both the men’s and women’s lacrosse, soccer and tennis teams. It will include year-round locker rooms, lounges, meeting spaces, and space for career networking events with players and alumni. There will be conditioning and strength training areas for athletes’ on-site development dedicated specifically to each program. The budget for this component is \$21 million. This facility is located at Yurcak Field, designed at 27,390 square feet including the renovations to the Rutgers Athletic Center.

CJ Renovations to the Rutgers Athletic Center (“RAC”):

The renovations will improve overall conditions within the facility. In addition, the renovations will help accommodate the evolving programs and add a much needed academic expansion, and create spaces dedicated to the 14 athletic teams that train on the University’s Livingston Campus. The budget for this component is \$13.4 million.

Plans call for construction to commence with the closing on the financing and fund raising in the first quarter of 2017 (initially the LST to be followed three months later by the MTC and renovations to the RAC starting in the 4th quarter of 2018) with completion by the 3rd quarter of 2019.

The Project will be financed with the proceeds of approximately \$94 million in tax exempt bonds (the “Project Bonds”) to be issued by Rutgers as well as approximately \$28.1 million in equity from University donor contributions and RWJBarnabus Health (“RWJ”). Project Bonds are anticipated to have investment grade ratings from major credit rating agencies. Rutgers is an instrumentality of the State of New Jersey. Payments under the Project Bonds are set at an amount sufficient to pay debt service payments due on the Project Bonds including the proceeds from the sale of RES ERG tax credits.

The Project will also align with and comply with the EDA’s green building requirements by utilizing the New Jersey Board of Public Utilities Pay for Performance Program and/or LEED silver for new construction by employing a comprehensive whole building approach to saving energy and selecting sustainable materials.

Although applicants for the RES ERG program are not required to maintain certain employment levels, it is estimated that this Project, per the Applicant, will create approximately 350 temporary construction jobs.

Project Ownership

The Applicant is Rutgers, the University of the State of New Jersey. Rutgers is a leading national research university and the State of New Jersey’s preeminent, comprehensive public institution of higher education. Established in 1766 and celebrating a milestone 250th anniversary in 2016, the University is the eighth oldest higher education institution in the United States. More than 67,000 students and 22,000 faculty and staff learn, work, and serve the public at Rutgers locations across New Jersey and around the world.

Rutgers, The State University of New Jersey, one of the nation’s nine colonial colleges, consists of 34 schools and colleges located at campuses in New Brunswick and adjacent areas, Newark and Camden, and maintain educational services in many other communities throughout the State of New Jersey (the State). The University is the State University of New Jersey and the Land Grant College of the State of New Jersey. The University was created as a body corporate and politic with the title “The Trustees of Queens College in New Jersey” by royal charter granted by King George III, on November 10, 1766. In 1945, an act of the State Legislature designated Rutgers as the State University of New Jersey to be utilized as an instrumentality of the State for providing public higher education and thereby increasing the efficiency of its public school system. The University’s title was changed to “Rutgers, The State University” and its charter was amended and supplemented by an act of the Legislature of the State in 1956 (the Rutgers Law).

With its entry into the Big Ten Conference in 2014, Rutgers has achieved significant momentum in the advancement of its athletics program. As part of this effort, the University has embarked on a program to strengthen Rutgers Athletics through the development of new training, support and parking facilities. These facilities will enable student-athletes to compete at the highest levels, helping Rutgers build championship programs, while providing first-class academic opportunities. This major athletic infrastructure initiative, aptly named the Big Ten Build Initiative, focuses on developing essential training facilities for all Rutgers' student athletes. The facilities proposed will provide an environment in which students can train, dine and study.

Project Uses

The Applicant proposes the following uses for the Project:

| <i>Uses</i> | <i>Total Project Costs</i> | <i>RES ERG Eligible Amount</i> |
|-----------------------------------|----------------------------|--------------------------------|
| Acquisition of Land and Buildings | \$ 0 | \$ 0 |
| Construction & Site Improvements | 112,700,000 | 112,700,000 |
| Professional Services | 9,150,000 | 9,150,000 |
| Financing & Other Costs | 3,970,000 | 3,970,000 |
| Contingency | 9,230,000 | 8,730,000 |
| Development Fee | 5,300,000 | 0 |
| TOTAL USES | \$ 140,350,000 | \$ 134,550,000 |

ERG eligible project costs exclude ineligible costs aggregating \$5.8 million, which includes the developer fee of \$5.3 million and several other soft costs which are deemed ineligible.

| <i>Sources of Financing</i> | <i>Amount</i> |
|---------------------------------------|-----------------------|
| Tax Exempt Bonds Tax Credit Supported | 18,600,000 |
| Tax Exempt Bonds | 93,680,000 |
| Equity: | |
| Applicant contribution | 28,070,000 |
| Total | \$ 140,350,000 |

The Applicant has indicated their intention to issue all tax-exempt bonds based on the University's creditworthiness, but one series will be sized to reflect the tax credits support of the project. The Applicant will apply the proceeds of the sale of RES ERG tax credits as a source of funds to the Project. The RES ERG tax credits are assumed to be sold to yield net proceeds of \$18.6 million. The underwriters and buyers of the bonds have not been identified.

RES ERG projects are required to have a minimum of 20% equity in the project based on the total projects costs. The Applicant intends to contribute the \$28.07 million of equity, which aggregates 20% of eligible project costs. The Applicant plans to raise the equity from University donations (since the launch of the Big Ten Build campaign in January 2016 over \$44 million has been raised towards the \$100 million goal as of 12/31/16) and an \$18 million contribution from RWJ. The RWJ contribution is towards the Multisports complex which will be named the RWJBarnabus Health Athletic Performance Center.

Gap Analysis

The Project has a certification from the CFO of Rutgers stating that the Project would not otherwise be completed without the benefit of the ERG and that there is a gap in sources of funds available to the Project. Per the proposed amendment to N.J.A.C. 19:31-4.6 for a project involving public infrastructure, in validating the project financing gap, the Authority may rely on a certification from the CFO of the university that, based on current university budget projections, a financing gap exists.

Other Statutory Criteria

In order to be eligible for the program, the Authority is required to consider the following items:

The economic feasibility and the need of the redevelopment incentive agreement to the viability of the project.

The Project has demonstrated a gap in the sources of funds available that is proposed to be filled by the RES ERG incentive, which makes the Project's economics feasible.

Based upon the information provided, including the track record of the Applicant, as well as the anticipated funding sources for the Project's entire cost budget, the Project is economically feasible.

This Project will demonstrate the University's commitment to being competitive in the Big Ten Conference and will assist the University in attracting elite student-athletes from New Jersey, the Nation, and around the globe through the construction of premier training facilities. Moreover, this Project will serve to further the overall mission of Rutgers University as one of the country's great academic institutions. The approach echoes other efforts campus-wide, including the establishment of a new university Honors College, as well as the development of new academic facilities across campus. Piscataway Township depends on Rutgers as a major employer and attraction for the municipality. Investment in the University's facilities impacts the local economy and creates direct and indirect job growth for local residents.

The degree to which the redevelopment project within a municipality which exhibits economic and social distress, will advance State, regional, local development and planning strategies, promote job creation and economic development and have a relationship to other major projects undertaken within the municipality.

The Project is located in Piscataway. Revitalization and development associated with the Project has been identified within Rutgers overall physical master plan Rutgers 2030. This plan sets forth a long term vision for Rutgers as it moves forward. Comprehensive in its scope, the plan sets forth the future development of Rutgers over a 15-year time frame (from 2015 to 2030), and takes into account the development of buildings, the natural and constructed landscape, transportation, and infrastructure. The Big Ten Build Initiative is an essential component of that plan and will have a dramatic and wide-ranging impact on all 24 Rutgers athletic programs together with the 600 student-athletes who represent Rutgers on the national stage.

The capital from the sources of financing for the Project, which incorporates the RES ERG tax credits and equity from Rutgers, will be used to construct the new buildings and complete the renovations at the Project site.

The Project is expected to create a total of 350 construction jobs. The increased economic activity generated by this Project should help decrease the unemployment figures in the area.

Typically, for projects seeking assistance under the ERG program, a letter of support is required from the municipality in which the project is located. In this case, because Rutgers is a state entity, it will undertake a Section 31 presentation, N.J.S.A. 40:55D-31, to the Piscataway planning board in order to give the planning board the opportunity to review and make recommendations for the project, as a result, there is no requirement for a letter of support.

Recommendation

Authority staff has reviewed the application for Rutgers, the State University of New Jersey and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue an approval letter to the Applicant.

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

1. Receipt by the Authority of board resolutions from the Applicant approving the issuance of bonds and use of donor contributions in amounts sufficient to complete the Project and consistent with the information provided by the Applicant for the RES ERG; and
2. Evidence of site control and site plan approval for the Project; and
3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project.
4. Consistent with Section 31, Rutgers shall undertake a courtesy review of the project with Township of Piscataway Planning Board and shall remit to EDA any comments received by Rutgers from the Planning Board and any actions to be taken by Rutgers to address such comments to the satisfaction of the CEO of the EDA.

Tax Credits shall be issued upon:


1. Completion of construction and issuance of a Certificate of Occupancy (no later than January 28, 2021; and
2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and satisfactory to the NJEDA;

It is recommended that the members authorize the CEO of the EDA to execute any assignment agreements necessary to effectuate this transaction.

The New Jersey Economic Opportunity Act of 2013 provides a total of \$628 million in tax credits to be utilized towards eligible projects. This allocation has been amended and is further separated into five additional allocations to assist projects meeting certain geographic and/or economic criteria. This Project has a specific carve out of additional credits aggregating \$25 million and will fully utilize this amount upon approval of the amount recommended.

Total Estimated Eligible Project Costs: \$ 134,550,000.

Eligible Tax Credits and Recommended Award: Up to \$25,000,000 in tax credits not to exceed 20% of actual eligible costs to be paid over ten years.



Timothy Lizura

Prepared by: Michael A. Conte

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

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

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Builders FirstSource, Inc. P44037

PROJECT LOCATION: 210 Williamstown Road Winslow Township Camden County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Builders FirstSource, Inc. (BFS), incorporated in 1998, is headquartered in Dallas, TX and is a leading supplier and manufacturer of building materials, manufactured components, and construction services to professional contractors, subcontractors, and consumers. Manufactured products include factory-built roof and floor trusses, wall panels and stairs, vinyl windows, custom millwork and trim, and pre-hung interior and exterior doors. Following the 2015 acquisition of competitor ProBuild Holdings LLC (ProBuild), BFS now operates 399 locations in 40 states across the United States including both distribution and manufacturing facilities and doing business as ProBuild throughout New Jersey and the Mid-Atlantic region. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

BFS currently has nine locations in New Jersey including several distribution operations, three production facilities, and back-office operations in Mount Laurel. BFS is currently contemplating the expansion of an existing roof and floor truss plant in Winslow Township supplying its locations throughout the region. The project would entail the purchase of the existing site, the demolition of several structures, and the \$7.3 million construction of a new 95,000 sq. ft. facility. Additionally, the project would include a capital investment of \$4.2 million in new machinery and equipment. Alternatively, BFS has identified an existing building in Morrisville, PA well situated for the project due to it being located on a rail spur and centrally within its current regional footprint. In the event BFS elects to locate the project in Morrisville it would make a comparable capital investment in machinery and equipment and move 42 existing positions out of New Jersey.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Builders FirstSource, Inc. has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Floyd Sherman, the CEO of Builders FirstSource, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$9.6 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 42 New Jersey jobs listed in the application are at risk of being located outside the State on or before October 31, 2017 as this is the date upon which the current New Jersey lease will expire. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

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

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

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

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

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

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

| Eligibility | Minimum Requirement | Proposed by Applicant |
|--------------------|----------------------------|------------------------------|
| Capital Investment | \$3,800,000 | \$11,675,000 |
| New Jobs | 8 | 70 |
| Retained Jobs | 19 | 42 |

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

| Base Grant | Requirement | Proposed by Applicant |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Distressed Municipality | Base award of \$4,000 per year for projects located in a designated Distressed Municipality | Winslow Township is a designated Distressed Municipality |
| Increase(s) Criteria | | |
| Capital Investment in Excess of Minimum (non-Mega) | An increase of \$1,000 per job for each additional amount of capital investment in an industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$3,000 | The proposed capital investment of \$11,675,000 is 207.2% above the minimum capital investment resulting in an increase of \$3,000 per year. |
| Targeted Industry | An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business | The applicant is a Manufacturing business. |

The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

| PROJECT TYPE | GRANT CALCULATION |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project located in a Garden State Growth Zone | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| All other projects | The Retained Full-Time Jobs will receive the lesser of: <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * \$7,500 = \$3,750) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$11,675,000 / 10 / (70 + 42) = \\$10,424$) |

| | |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts. |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| <u>Grant Calculation</u> | |
|----------------------------------------------------------|---------------------------------------------|
| BASE GRANT PER EMPLOYEE: | |
| Distressed Municipality | \$ 4,000 |
| INCREASES PER EMPLOYEE: | |
| Capital Investment in Excess of Minimum: | \$ 3,000 |
| Targeted Industry (Manufacturing): | \$ 500 |
| INCREASE PER EMPLOYEE: | <u>\$ 3,500</u> |
| PER EMPLOYEE LIMIT: | |
| Distressed Municipality | \$11,000 |
| LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: | \$ 7,500 |
| AWARD: | |
| New Jobs: | 70 Jobs X \$7,500 X 100% = \$ 525,000 |
| Retained Jobs: | 42 Jobs X \$7,500 X 50% = <u>\$ 157,500</u> |
| Total: | \$ 682,500 |
| ANNUAL LIMITS: | |
| Distressed Municipality | \$ 8,000,000 |
| TOTAL ANNUAL AWARD | <u>\$ 682,500</u> |

PROJECT IS: Expansion Relocation

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 11,675,000

EXPECTED PROJECT COMPLETION: December 31, 2017

SIZE OF PROJECT LOCATION: 95,000 sq. ft.

NEW BUILDING OR EXISTING LOCATION? New

INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial

CONSTRUCTION: Yes No

NEW FULL-TIME JOBS: 70

RETAINED FULL-TIME JOBS: 42

STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016): 171

CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A

MEDIAN WAGES: \$ 29,525

| | |
|--------------------------------------------------------------------|---------------|
| GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): | \$ 16,392,741 |
| TOTAL AMOUNT OF AWARD: | \$ 6,825,000 |
| NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): | \$ 9,567,741 |

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within 24 months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before October 31, 2017; 2) approve the proposed Grow New Jersey grant to encourage Builders FirstSource, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: Justin Kenyon

APPROVAL OFFICER: Kevin DeSmedt

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

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: E-Retail Manager, Inc. P44036

PROJECT LOCATION: 5901 West Side Ave North Bergen Hudson County

GOVERNOR’S INITIATIVES:

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

APPLICANT BACKGROUND:

E-Retail Manager, Inc. (“E-Retail”) was created in 2013 to manage the business affairs of Bling Jewelry, Inc. and other Bling entities both in the US and abroad. E-Retail is responsible for all the payroll/W-2s, paying vendors, as well as warehousing and distributing some products of the Bling entities. Bling Jewelry is an international online jewelry business selling jewelry to customers all around the world and offers designs made of sterling silver, brass plated and cubic zirconia jewelry. The CEO and Founder is Elena Castaneda and the company is currently located in New York City, NY. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

The applicant would lease approximately 14,278 sf of space (or 4.8%) in an approximately 296,730 sf building located in West Side Center in North Bergen, NJ. The proposed NJ Qualified Business Facility (“QBF”) would house the management/executive team, the design and marketing team as well as serve as a storage and distribution center. The jewelry, which is manufactured abroad, would be received and inspected at the QBF, packaged and shipped to customers all around the world. The QBF would be comprised of approx. 55% office space and 45% storage and distribution space. The alternate site is a 14,000-square foot facility in Blauvelt, NY.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of E-Retail Manager, Inc. has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Elena Castaneda, the CEO of E-Retail Manager, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$5.3 million over the 20-year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

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

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

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

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

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

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

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

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

| Eligibility | Minimum Requirement | Proposed by Applicant |
|--------------------|----------------------------|------------------------------|
| Capital Investment | \$571,120 | \$645,000 |
| New Jobs | 35 | 55 |
| Retained Jobs | 50 | 0 |

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

| Base Grant | Requirement | Proposed by Applicant |
|-----------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| Distressed Municipality | Base award of \$4,000 per year for projects located in a designated Distressed Municipality | North Bergen Township is a designated Distressed Municipality |
| Increase(s) Criteria | | |

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

| PROJECT TYPE | GRANT CALCULATION |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project located in a Garden State Growth Zone | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| All other projects | <p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - 1/2 of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$4,000 = \\$2,000$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$645,000 / 10 / (55 + 0) = \\$1,172$) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p> |

| <u>Grant Calculation</u> | | | |
|----------------------------------------------------------|----------------------------|----|-----------------------|
| BASE GRANT PER EMPLOYEE: | | | |
| Distressed Municipality | \$ | | 4,000 |
| INCREASES PER EMPLOYEE: | | | |
| INCREASE PER EMPLOYEE: | | | |
| | \$ | | 0,000 |
| PER EMPLOYEE LIMIT: | | | |
| Distressed Municipality | \$11,000 | | |
| LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: | | | |
| | \$ | | 4,000 |
| AWARD: | | | |
| New Jobs: | 55 Jobs X \$4,000 X 100% = | \$ | 220,000 |
| Retained Jobs: | 0 Jobs X \$1,172 X 100% = | \$ | 0,000 |
| | Total: | | \$ 220,000 |
| ANNUAL LIMITS: | | | |
| Distressed Municipality | \$ | | 8,000,000 |
| TOTAL ANNUAL AWARD | | | |
| | \$ | | <u>220,000</u> |

E-Retail Manager, Inc.**Grow New Jersey****Page 4**

PROJECT IS: (X) Expansion () Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 645,000
EXPECTED PROJECT COMPLETION: May 31, 2017
SIZE OF PROJECT LOCATION: 14,278 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CONSTRUCTION: (X) Yes () No

NEW FULL-TIME JOBS: 55
RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016): 0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 35,880

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 7,459,257
TOTAL AMOUNT OF AWARD: \$ 2,200,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 5,259,257

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

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

DEVELOPMENT OFFICER: Maggie Peters**APPROVAL OFFICER:** Mark Chierici

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

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: J. & K. Ingredients Corp. P44034

PROJECT LOCATION: 160 East 5th Street Paterson City Passaic County

GOVERNOR’S INITIATIVES:

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

APPLICANT BACKGROUND:

Founded in 1992, J. & K. Ingredients Corp. (the “Company”) is a leading manufacturer of bakery ingredients for the baking industry. Products include bread & roll bases, chocolate products, dough conditioners, egg replacers, milk replacers, flatbread products, flavors & emulsions, mold inhibitors, pie & filling bases, shelf life extenders, sours, stabilizers, sweet goods, tortilla products, and others. The company currently occupies two buildings in Paterson, NJ, 160 East 5th St, a 38,000 sq. ft. headquarters and production facility with 82 employees and 54 East 11th St., a 45,000 sq. ft. warehouse with 5 employees. The applicant has demonstrated the financial ability to undertake the project.

In 2003, the Company together with a related real estate holding company, 146 East 5th Street LLC, received Authority assistance via tax-exempt bond financing to purchase equipment and property located at 160 East 5th Street, Paterson. The Company’s bond for equipment was paid in full and the bond for the property has an outstanding balance in the amount of approximately \$562,000, maturing in 2023.

MATERIAL FACTOR/NET BENEFIT:

The Company is evaluating whether to remain in New Jersey at the current facilities or relocate to Timmonsville, South Carolina. Given the improvements that need to be made for operations to continue at the NJ facilities, the company is considering relocating the business by leasing an 85,320 sq. ft. facility in Timmonsville, South Carolina, a lower cost area with good proximity to the company's growing business in the Southeast. If the Company remains in New Jersey, it will continue to operate in both facilities in Paterson, however as 82 of the 87 NJ employees are located at the 5th Street location, the 5th Street facility will be the Qualified Business Facility for purposes of the Grow NJ award and the 82 employees there are at risk of leaving the State.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of J. & K. Ingredients Corp. has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by James K. Sausville, the CEO of J. & K. Ingredients Corp., that states that the application has been reviewed and

the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$35 million over the 30 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 82 New Jersey jobs listed in the application are at risk of being located outside the State on or before July 1, 2017, when the operations in South Carolina would commence. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

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

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

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

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

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

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

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

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

| Eligibility | Minimum Requirement | Proposed by Applicant |
|--------------------|----------------------------|------------------------------|
| Capital Investment | \$506,667 | \$1,142,983 |
| New Jobs | 8 | 0 |
| Retained Jobs | 19 | 82 |

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

| Base Grant | Requirement | Proposed by Applicant |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Garden State Growth Zone | Base award of \$5,000 per year for projects located in a Garden State Growth Zone | Paterson is a Garden State Growth Zone |
| Increase(s) Criteria | | |
| Deep Poverty Pocket or Choice Neighborhood | An increase of \$1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood | 160 East 5 th Street is located in a Deep Poverty Pocket. |
| Transit Oriented Development | An increase of \$2,000 per job for a project locating in a Transit Oriented Development | 160 East 5 th Street is located in a Transit Oriented Development by virtue of being within 1 mile of the midpoint of a New Jersey Transit Corporation rail station. |
| Jobs with Salary in Excess of County/GSGZ Average | An increase of \$250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500 | The proposed median salary of \$39,524 exceeds the Garden State Growth Zone median salary by 43% resulting in an increase of \$250 per year. |
| Targeted Industry | An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business | The applicant is a Manufacturing business. |
| Mega/GSGZ Ind. Project w/ Cap. Inv. In Excess of Min | An increase of \$1,000 per job for a Mega Project or a project located in a Garden State Growth Zone for each additional amount of capital investment in an industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$5,000 | The proposed project is in a Garden State Growth Zone. The proposed capital investment of \$1,142,983 is 125% above the minimum capital investment resulting in an increase of \$5,000 per year. |

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

| PROJECT TYPE | GRANT CALCULATION |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project located in a Garden State Growth Zone | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| All other projects | <p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - $\frac{1}{2}$ of the Grant Calculation for New Full-Time Jobs ($\frac{1}{2} * \\$14,250 = \\$7,125$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$1,142,983 / 10 / (0 + 82) = \\$1,393$) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p> |

| <u>Grant Calculation</u> | | |
|----------------------------------------------------------|-----------------------------|---------------------------|
| BASE GRANT PER EMPLOYEE: | | |
| Garden State Growth Zone | | \$5,000 |
| INCREASES PER EMPLOYEE: | | |
| Deep Poverty Pocket: | \$ 1,500 | |
| Transit Oriented Development: | \$ 2,000 | |
| Jobs with Salary in Excess of GSGZ Average: | \$ 250 | |
| Targeted Industry (Manufacturing): | \$ 500 | |
| GSGZ Ind. Project w/ Cap. Inv. In Excess of Min: | \$ 5,000 | |
| INCREASE PER EMPLOYEE: | | <u>\$9,250</u> |
| PER EMPLOYEE LIMIT: | | |
| Garden State Growth Zone | \$15,000 | |
| LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: | | \$14,250 |
| AWARD: | | |
| New Jobs: | 0 Jobs X \$14,250 X 100% = | \$0,000 |
| Retained Jobs: | 82 Jobs X \$14,250 X 100% = | <u>\$1,168,500</u> |
| | Total: | \$1,168,500 |
| ANNUAL LIMITS: | | |
| Garden State Growth Zone | | \$30,000,000 |
| TOTAL ANNUAL AWARD | | <u>\$1,168,500</u> |

PROJECT IS: Expansion Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 1,142,983
EXPECTED PROJECT COMPLETION: August 1, 2017
SIZE OF PROJECT LOCATION: 38,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: Yes No

NEW FULL-TIME JOBS: 0
RETAINED FULL-TIME JOBS: 82
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016): 87
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 39,524

| | |
|--------------------------------------------------------------------|---------------|
| GROSS BENEFIT TO THE STATE (OVER 30 YEARS, PRIOR TO AWARD): | \$ 46,995,341 |
| TOTAL AMOUNT OF AWARD: | \$ 11,685,000 |
| NET BENEFIT TO THE STATE (OVER 30 YEARS, NET OF AWARD): | \$ 35,310,341 |

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before July 1, 2017; 2) approve the proposed Grow New Jersey grant to encourage J. & K. Ingredients Corp. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: C. Fuentes

APPROVAL OFFICER: T. Wells

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

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Master Metal Polishing Corp P43893

PROJECT LOCATION: 57 Wood Avenue Paterson City Passaic County

GOVERNOR’S INITIATIVES:

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

APPLICANT BACKGROUND:

Master Metal Polishing Corp (“Master Metal”) is an aerospace metal finishing and processing company. The company is engaged in the non-destructive testing and finishing of metal parts and components for the aerospace and defense industries. The company was founded in New York State in 1962 where it remained for 45 years. In 2007, due to attractive rental pricing, the company moved all its equipment and employees to Paterson, NJ, where it has been for the last 10 years. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

The applicant currently occupies lease space at 57 Wood Avenue in Paterson, NJ. The facility is comprised of 22,750 square feet of industrial space where it conducts the manufacture of parts specific to the aerospace industry. The applicant is proposing upgrades to the machinery and equipment at the project location to support the expansion of products it believes necessary to remain competitive in its industry. The alternate location is a 25,000-square foot facility in Wind Gap, PA which is newer and a lower cost to lease.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Master Metal Polishing Corp, has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Jeffrey Almeyda, the CEO of Master Metal Polishing Corp, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$16.0 million over the 30-year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 34 New Jersey jobs listed in the application are at risk of being located outside the State on or before April 1, 2017. This certification coupled with the economic analysis of the potential

locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

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

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

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

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

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

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

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

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

| Eligibility | Minimum Requirement | Proposed by Applicant |
|--------------------|----------------------------|------------------------------|
| Capital Investment | \$303,334 | \$640,000 |
| New Jobs | 8 | 31 |
| Retained Jobs | 19 | 34 |

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

| Base Grant | Requirement | Proposed by Applicant |
|--------------------------|-----------------------------------------------------------------------------------|---------------------------------------------|
| Garden State Growth Zone | Base award of \$5,000 per year for projects located in a Garden State Growth Zone | Paterson City is a Garden State Growth Zone |

| Increase(s) Criteria | | |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Deep Poverty Pocket or Choice Neighborhood | An increase of \$1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood | 57 Wood Avenue is located in a Deep Poverty Pocket. |
| Transit Oriented Development | An increase of \$2,000 per job for a project locating in a Transit Oriented Development | 57 Wood Avenue is located in a Transit Oriented Development by virtue of being within 1 mile (GSGZ project) of the midpoint of a New Jersey Transit Corporation rail station |
| Jobs with Salary in Excess of County/GSGZ Average | An increase of \$250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500 | The proposed median salary of \$40,000 exceeds the Garden State Growth Zone median salary by 45.0% resulting in an increase of \$250 per year. |
| Targeted Industry | An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business | The applicant is a Manufacturing business. |
| Mega/GSGZ Ind. Project w/ Cap. Inv. In Excess of Min | An increase of \$1,000 per job for a Mega Project or a project located in a Garden State Growth Zone for each additional amount of capital investment in an industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$5,000 | The proposed project is in a Garden State Growth Zone. The proposed capital investment of \$640,000 is 111% above the minimum capital investment resulting in an increase of \$5,000 per year. |

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

| PROJECT TYPE | GRANT CALCULATION |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Project located in a Garden State Growth Zone | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |

| Master Metal Polishing Corp | Grow New Jersey | Page 4 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. | |
| The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. | |
| All other projects | <p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - $\frac{1}{2}$ of the Grant Calculation for New Full-Time Jobs ($\frac{1}{2} * \\$14,250 = \\$7,125$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$640,000 / 10 / (31 + 34) = \\984) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p> | |

Grant Calculation**BASE GRANT PER EMPLOYEE:**

| | |
|--------------------------|----------|
| Garden State Growth Zone | \$ 5,000 |
|--------------------------|----------|

INCREASES PER EMPLOYEE:

| | |
|--------------------------------------------------|----------|
| Deep Poverty Pocket: | \$ 1,500 |
| Transit Oriented Development: | \$ 2,000 |
| Jobs with Salary in Excess of GSGZ Average: | \$ 250 |
| Targeted Industry (Manufacturing): | \$ 500 |
| GSGZ Ind. Project w/ Cap. Inv. In Excess of Min: | \$ 5,000 |

| | |
|-------------------------------|-----------------|
| INCREASE PER EMPLOYEE: | <u>\$ 9,250</u> |
|-------------------------------|-----------------|

PER EMPLOYEE LIMIT:

| | |
|--------------------------|----------|
| Garden State Growth Zone | \$15,000 |
|--------------------------|----------|

| | |
|----------------------------------------------------------|-----------|
| LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: | \$ 14,250 |
|----------------------------------------------------------|-----------|

AWARD:

| | | |
|----------------|-----------------------------|------------------|
| New Jobs: | 31 Jobs X \$14,250 X 100% = | \$441,750 |
| Retained Jobs: | 34 Jobs X \$14,250 X 100% = | <u>\$484,500</u> |

| | |
|---------------|------------------|
| Total: | \$926,250 |
|---------------|------------------|

ANNUAL LIMITS:

| | |
|--------------------------|--------------|
| Garden State Growth Zone | \$30,000,000 |
|--------------------------|--------------|

| | |
|---------------------------|-------------------------|
| TOTAL ANNUAL AWARD | <u>\$926,250</u> |
|---------------------------|-------------------------|

Master Metal Polishing Corp**Grow New Jersey****Page 6**

PROJECT IS: Expansion Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 640,000
EXPECTED PROJECT COMPLETION: July 31, 2017
SIZE OF PROJECT LOCATION: 22,750 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: Yes No

NEW FULL-TIME JOBS: 31
RETAINED FULL-TIME JOBS: 34
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016): 46
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 40,000

GROSS BENEFIT TO THE STATE (OVER 30 YEARS, PRIOR TO AWARD): \$ 25,303,884
TOTAL AMOUNT OF AWARD: \$ 9,262,500
NET BENEFIT TO THE STATE (OVER 30 YEARS, NET OF AWARD): \$ 16,041,384

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within 12 months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before April 1, 2017; 2) approve the proposed Grow New Jersey grant to encourage Master Metals Polishing Corp to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: Christina Fuentes**APPROVAL OFFICER:** Mark Chierici

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

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Spray-Tek, Inc. P44011

PROJECT LOCATION: 344 Cedar Avenue Middlesex Borough Middlesex County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Spray-Tek, Inc., formed in 1981, is a manufacturer of dry ingredients of flavors and fragrances, pharmaceuticals, and vitamins, food ingredients, cosmetics and soft chemicals. The company operates two cGMP facilities and uses custom spray drying techniques and machinery in its operations. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

The applicant is considering updating its manufacturing equipment and renovating its current NJ facility, or consolidating its NJ operations into its PA facility and updating a portion of the equipment at that site. Equipment to be updated at the NJ facility would include spray machines, spray machine wheels, relief doors, dust monitors, cooling fan dryers, air compressors and control equipment. In conjunction with the equipment updates, the applicant would perform renovations to accommodate the new machinery including dryer and mix room walls and floors. Alternatively, the applicant could relocate its manufacturing operations from the NJ facility to its PA facility to take advantage of lower overhead and operating costs. The applicant has requested an award under the Grow NJ program to provide an incentive to locate the project here.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Spray-Tek, Inc. has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by David Brand, the CEO and President of Spray-Tek, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$12.2 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 56 New Jersey jobs listed in the application are at risk of being located outside the State on or before October 1, 2017 as the applicant would commence the relocation of operations at that time. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

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

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

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

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

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

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

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

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

| Eligibility | Minimum Requirement | Proposed by Applicant |
|--------------------|----------------------------|------------------------------|
| Capital Investment | \$560,000 | \$1,142,250 |
| New Jobs | 10 | 0 |
| Retained Jobs | 25 | 56 |

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

| Base Grant | Requirement | Proposed by Applicant |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Priority Area | Base award of \$3,000 per year for projects located in a designated Priority Area | Middlesex Borough is a designated Priority Area. |
| Increase(s) Criteria | | |
| Capital Investment in Excess of Minimum (non-Mega) | An increase of \$1,000 per job for each additional amount of capital investment in an industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$3,000 | The proposed capital investment of \$1,142,250 is 103.9% above the minimum capital investment resulting in an increase of \$3,000 per year. |
| Targeted Industry | An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business | The applicant is a Manufacturing business. |

The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

| PROJECT TYPE | GRANT CALCULATION |
|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Project located in a Garden State Growth Zone | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| All other projects | The Retained Full-Time Jobs will receive the lesser of: - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * \$6,500 = \$3,250) or |

| | |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs $(\\$1,142,250 / 10 / (0 + 56) = \\$2,039)$</p> <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p> |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| <u>Grant Calculation</u> | | |
|----------------------------------------------------------|----------------------------|-------------------------|
| BASE GRANT PER EMPLOYEE: | | |
| Priority Area | | \$ 3,000 |
| INCREASES PER EMPLOYEE: | | |
| Capital Investment in Excess of Minimum (non-Mega): | \$ 3,000 | |
| Targeted Industry (Manufacturing): | \$ 500 | |
| INCREASE PER EMPLOYEE: | | <u>\$ 3,500</u> |
| PER EMPLOYEE LIMIT: | | |
| Priority Area | \$10,500 | |
| LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: | | \$ 6,500 |
| AWARD: | | |
| New Jobs: | 0 Jobs X \$6,500 X 100% = | \$ 0 |
| Retained Jobs: | 56 Jobs X \$2,039 X 100% = | <u>\$ 114,184</u> |
| | Total: | \$114,184 |
| ANNUAL LIMITS: | | |
| Priority Area (Est. 90% Withholding Limit) | \$ 4,000,000/(\$83,959) | |
| TOTAL ANNUAL AWARD | | <u>\$114,184</u> |

Spray-Tek, Inc.**Grow New Jersey****Page 5**

PROJECT IS: (X) Expansion () Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 1,142,250
EXPECTED PROJECT COMPLETION: October 1, 2017
SIZE OF PROJECT LOCATION: 28,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: (X) Yes () No

NEW FULL-TIME JOBS: 0
RETAINED FULL-TIME JOBS: 56
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016): 56
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 61,667

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 13,341,916
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS) \$ 1,141,840
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 12,200,076

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before October 1, 2017; 2) approve the proposed Grow New Jersey grant to encourage Spray-Tek, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: J. Kenyon**APPROVAL OFFICER:** D. Poane

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

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: WallachBeth Capital, LLC P44030

PROJECT LOCATION: 185 Hudson Street (Harborside 5) Jersey City Hudson County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

WallachBeth Capital, LLC, formed in 2008, is a registered broker dealer that provides trading strategies and execution services to institutional clients. Located in Manhattan, the company specializes in ETF, portfolio and equity derivatives trading, and provides related services such as research, strategy consulting and electronic trading solutions. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

The applicant is experiencing growth beyond its current space, and will be seeking to lease a larger facility following the expiration of its current lease term on January 31, 2018. While the applicant’s current space is similarly sized to the locations under consideration for its relocation, its layout is not well suited for the trading desks utilized by the company which results in a significant amount of unusable space. The applicant is considering relocating its operations to either Jersey City, or another office space in Manhattan, and it would relocate all 55 jobs from the NY office to the selected location. Should the applicant choose to locate in New Jersey, it would lease and renovate 11,631 SF of office space in Jersey City. Similarly, if the applicant selects the alternate location it would lease and renovate 11,082 SF of office space in Manhattan.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of WallachBeth Capital, LLC has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Michael Wallach, the CEO of WallachBeth Capital, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$17.1 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

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

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

| Minimum Capital Investment Requirements | (\$/Square Foot of Gross Leasable Area) |
|-----------------------------------------------------------------------------|-----------------------------------------|
| Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects | \$ 20 |
| Industrial/Warehouse/Logistics/R&D - New Construction Projects | \$ 60 |
| Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects | \$ 40 |
| Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects | \$120 |

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

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

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

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

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

| Eligibility | Minimum Requirement | Proposed by Applicant |
|--------------------|---------------------|-----------------------|
| Capital Investment | \$465,240 | \$959,240 |
| New Jobs | 25 | 55 |
| Retained Jobs | 35 | 0 |

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

| Base Grant | Requirement | Proposed by Applicant |
|--------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Urban Transit Hub Municipality | Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality | Jersey City is a designated Urban Transit Hub Municipality |
| Increase(s) Criteria | | |
| Transit Oriented Development | An increase of \$2,000 per job for a project locating in a Transit Oriented Development | 185 Hudson Street is located in a Transit Oriented Development by virtue of being within ½ mile of the |

| | | |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| | | midpoint of a Port Authority Trans-Hudson Corporation rail station. |
| Jobs with Salary in Excess of County/GSGZ Average | An increase of \$250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500 | The proposed median salary of \$134,500 exceeds the Hudson County median salary by 177% resulting in an increase of \$1,250 per year. |
| Targeted Industry | An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business | The applicant is a Finance business. |

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

| PROJECT TYPE | GRANT CALCULATION |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project located in a Garden State Growth Zone | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster | The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits. |
| All other projects | <p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * \$8,750 = \$4,375) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$959,240 / 10 / (55 + 0) = \$1,744) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p> |

Grant Calculation**BASE GRANT PER EMPLOYEE:**

| | |
|--------------------------------|----------|
| Urban Transit HUB Municipality | \$ 5,000 |
|--------------------------------|----------|

INCREASES PER EMPLOYEE:

| | |
|-----------------------------------------------|----------|
| Transit Oriented Development: | \$ 2,000 |
| Jobs with Salary in Excess of County Average: | \$ 1,250 |
| Targeted Industry (Finance): | \$ 500 |

INCREASE PER EMPLOYEE:

| |
|-----------------|
| <u>\$ 3,750</u> |
|-----------------|

PER EMPLOYEE LIMIT:

| | |
|--------------------------------|----------|
| Urban Transit HUB Municipality | \$12,000 |
|--------------------------------|----------|

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:

| |
|----------|
| \$ 8,750 |
|----------|

AWARD:

| | | |
|----------------|----------------------------|-------------|
| New Jobs: | 55 Jobs X \$8,750 X 100% = | \$481,250 |
| Retained Jobs: | 0 Jobs X \$1,744 X 100% = | <u>\$ 0</u> |

| | |
|---------------|------------------|
| Total: | \$481,250 |
|---------------|------------------|

ANNUAL LIMITS:

| | |
|--------------------------------|--------------|
| Urban Transit HUB Municipality | \$10,000,000 |
|--------------------------------|--------------|

TOTAL ANNUAL AWARD

| |
|-------------------------|
| <u>\$481,250</u> |
|-------------------------|

PROJECT IS: Expansion Relocation

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 959,240

EXPECTED PROJECT COMPLETION: December 13, 2017

SIZE OF PROJECT LOCATION: 11,631 sq. ft.

NEW BUILDING OR EXISTING LOCATION? Existing

INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial

CONSTRUCTION: Yes No

NEW FULL-TIME JOBS: 55

RETAINED FULL-TIME JOBS: 0

STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016): 0

CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A

MEDIAN WAGES: \$ 134,500

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 21,949,260

TOTAL AMOUNT OF AWARD: \$ 4,812,500

NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 17,136,760

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

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

DEVELOPMENT OFFICER: M. Peters

APPROVAL OFFICER: D. Poane

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



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: February 14, 2017

SUBJECT: Safilo USA, Inc. (“Safilo”) – Modification
Grow New Jersey Assistance Program (“Grow NJ”) – P42468

Request:

Consent to the applicant’s request to increase the size of its approved qualified business facility (“QBF”) at 300 Lighting Way, Secaucus by 12,301 (26.6%) sf from 46,200 sf to 58,501 sf.

The Members’ consent is required because the change in the QBF exceeds the 25% maximum change permissible under staff delegation. The change will not result in an increase in incented jobs or the amount of Grow NJ award approved by the Members.

Background:

Safilo designs, manufactures, and distributes prescription frames, sunglasses, and sports eyewear. On May 13, 2016, the Members approved a \$4,483,750, 10 year Grow NJ tax credit to incent the company to relocate their headquarters and retain 211 at-risk jobs at 300 Lighting Way, Secaucus.

After Board approval, the company executed a lease at the approved location including an additional 12,301 sf in space located on a different floor. The additional space will be used for a call center and meeting space. While the project at approval had contemplated such uses at the QBF, the result of lease negotiations allowed Safilo the opportunity to dedicate this separate space for these purposes. The additional space will be used as non-industrial premises for the same type of operation as originally approved.

On September 9, 2016, the Board adopted a policy whereby applicants, whether before or after project completion, could expand a QBF if the applicant elected to take more space to accommodate unanticipated organic business growth and jobs beyond the business activities incented under the original Grow NJ approval. This policy is not applicable to the request here as this is an adjustment to the QBF that resulted from the initial lease negotiations and will be used for the same business activities as approved originally. The applicant has indicated that the additional space is not due to organic business growth or additional jobs.

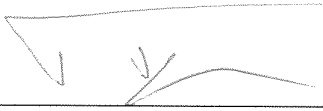
The requested change increases the project’s square footage by 12,301 sf from 46,200 sf to 58,501 sf. Based on the \$40 per sf capital investment requirement for the renovation of non-industrial premises, the minimum eligibility capital investment requirement also proportionately increases from \$1,848,000 to \$2,340,040. As Safilo has advised that it will make a \$6,775,000 capital investment to the project, the applicant exceeds the increased eligibility capital investment requirement.

Summary of Project Changes

| | <u>Original Approval</u> | <u>Modification</u> |
|------------------------------------------------------------|--------------------------|---------------------|
| Size of Project Location: | 46,200 sf | 58,501 sf |
| Minimum Capital Investment Eligibility Requirement: | \$1,848,000 | \$2,340,040 |
| Estimated Eligible Capital Investment: | \$6,775,000 | \$6,775,000 |
| Jobs: | 211 Retained | 211 Retained |

Recommendation:

Consent to the applicant's request to increase the size of its approved QBF at 300 Lighting Way, Secaucus by 12,301 (26.6%) sf from 46,200 sf to 58,501 sf. As cited above, the approval of the expansion of the QBF will not increase the number of jobs or the \$4,483,750 Grow NJ award approved by the Members in May 2016.



Prepared by: John Shanley

**BUSINESS EMPLOYMENT INCENTIVE PROGRAM -
MODIFICATIONS**



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: February 14, 2017

SUBJECT: DB Services New Jersey, Inc. (**Modification**)
\$1,464,000 Business Employment Incentive Grant (“BEIP”) P13761

DB Services New Jersey, Inc. (**Modification**)
\$39,520,000 Business Employment Incentive Grant (“BEIP”) P17514

Project Location: Harborside Financial Center, 100 Plaza One, Jersey City

Modification Request:

Consent to a name change from DB Services New Jersey, Inc. (“DB Services”) to DB USA Core Corporation (“DB USA”) for both BEIP grants.

The members are asked to approve the changes because the grants exceed the \$10 million threshold for approval under staff delegation for these matters.

Background:

DB Services is a subsidiary of Deutsche Bank AG, which is the largest global financial services firm in Germany and one of the largest within Europe and worldwide. DB Services provides centralized support to Deutsche Bank operations throughout the US and the rest of the Americas.

In November, 2001, the members approved a 55% BEIP for 10 years for the relocation of 80 jobs from New York to Summit, New Jersey. In December, 2009, the members approved a location change to the Harborside Financial Center in Jersey City and adjusted the award percentage from 55% to 65%. Approximately \$3.6 million has been disbursed to date. The applicant reported 75 jobs for the 2015 reporting cycle.


In August, 2006, DB Services was approved for an 80% BEIP for 10 years to relocate from New York to Jersey City, New Jersey. \$15.8 million has been disbursed through 2010. The applicant reported 551 jobs for the 2015 reporting cycle.

Legal Reviews:

Legal disclosures provided by the applicant were reviewed by staff in consultation with the Attorney General's office in 2005, 2009, 2012 and December 2016, and were determined that they did not rise to level of debarment.

Recommendation:

Consent to name changes on both grants from DB Services to DB USA Core Corporation.



Prepared by: Colette Frazier-Litwinow

**NEW JERSEY ANGEL INVESTOR TAX CREDIT
PROGRAM APPEALS**



MEMORANDUM

TO: Melissa Orsen, Chief Executive Officer
Members of the Authority

FROM: Marcus Saldutti
Hearing Officer

DATE: February 14, 2017

SUBJECT: Angel Investor Tax Credit Program - Appeals

Request:

Consent of the members to the Hearing Officer's recommendation to uphold the declination of a portion of the Angel Investor Tax Credit applied for by ETS Investors, LLC.

Background:

Pursuant to the enabling legislation, the New Jersey Economic Development Authority ("Authority" or "EDA") administers the Angel Investor Tax Credit Program ("Program"), including the review of each application to ensure the applicants met the requirements of the Program. Staff recommendations are then presented to the Members for consideration. As requested by the CEO, I am fulfilling the role of Hearing Officer to independently review the appeal, and have completed that review with legal guidance from the Attorney General's Office.

On April 23, 2015 ETS Investors LLC (the "Applicant") applied to the Angel Tax Credit Program, requesting tax credits for an investment of \$1,428,729 into Energy Technology Savings, LLC – an energy technology and smart building services provider.

On December 28, 2015, the Technology & Life Sciences staff approved a reduced amount of tax credits based on finding that only \$1,056,729 was eligible for tax credits as a "qualified investment" under the Program. The applicant has appealed the decision that \$371,750 was not eligible qualified investment.

Chronology of Contributions:

On February 22, 2013, the applicant entered into a LLC Agreement ("Company Agreement") with Smart Grid Investors, LLC ("SGI") to govern the operations of Energy Technology Savings LLC (the "Company"). Under this Company Agreement, the Applicant received 70 Class A units in the Company for a contribution of \$1,000,000. SGI received 30 Class B units without making a contribution. This contribution fell outside the application window permitted under the Angel Tax Credit Program regulations.

On May 10, 2013, the Applicant and SGI entered into a 1st Amendment to the Company Agreement (“1st Amendment”). This amendment reflected an increase in the capital contributions made by the Applicant from \$1,000,000 to \$2,300,000, and also allowed for up to \$4,000,000 of capital contribution without diluting Class B membership. No additional units or ownership percentages were awarded for this investment to either party. The Applicant only included in its application \$371,750 of the contribution made pursuant to the above 1st Amendment as the balance of the contribution fell outside the one year application window. The qualifying status of this \$371,750 contribution is at issue in this appeal.

A 2nd Amendment to the Company Agreement was entered into by the Applicant and SGI. This amendment allowed for up to \$4,406,729 to be contributed by the Applicant, of which \$856,729 were contributed by Applicant in exchange for 24.13 Class A units in the Company.

On January 1, 2015, the Applicant and SGI entered into a 3rd Amendment to the Company Agreement reflecting an additional \$200,000 was contributed to the Company in exchange for 5.64 Class A units.

In sum, the contributions associated with the 2nd and 3rd Amendments, totaling \$1,056,729, were the only contributions falling within the applicable time frame and that were associated with a corresponding award of shares which renders them qualified investments.

Legal Citation:

N.J.A.C. 19:31-19.3(a) states that “[i]n order to be considered for tax credits under the Angel Investor Tax Credit Program, an investor shall make a qualified investment in a New Jersey emerging technology business.”

N.J.A.C. 19:31-19.3 (d) requires that “Any asset received and any agreement entered into by the investor in connection with the non-refundable transfer of cash that serves as a qualified investment must be an executed document in writing.”

Furthermore, § 19:31-19.4 (b)(1)(i) states, in pertinent part, as follows regarding application submission requirements:

(b) A completed application shall include, but not be limited to, the following:

1. Investor information, which shall include the following (in pertinent part):

i. At the time of the qualified investment:

....

(2) The total amount of the qualified investment and amount of requested tax credit;

(3) A description of the qualified investment;

(4) Evidence of qualified investment, including the executed document demonstrating that the qualified investment was made, as required

in N.J.A.C. 19:31-19.3(d);

N.J.A.C. 19:31-19.2 defines "qualified investment" as:

the non-refundable transfer of cash to a New Jersey emerging technology business by an investor that is not a related person of the New Jersey emerging technology business, at the time of the transfer of cash, the transfer of which is in exchange for:

1. Stock, interests in partnerships or joint ventures, licenses (exclusive or non-exclusive), right to use technology, marketing rights, warrants, options, or any assets similar to those included in this definition, including but not limited to, options or rights to acquire any of the assets; or
2. A purchase, production, or research agreement.

Appeal Discussion:

On January 19, 2016 the Applicant, represented by Windels Marx Lane & Mittendorf, LLP, submitted an appeal requesting a reconsideration of the non-qualifying investment. On March 18, 2016 the Applicant's counsel submitted supplemental information regarding the appeal arguing the Applicant received three items in exchange for the investments. Please see ETS appeal discussion attached hereto as "**Exhibit A**". On August 8, 2016, Kathleen W. Coviello, Director of Technology & Life Sciences, whose team reviewed the original application to the Program, submitted a memorandum with supplemental information regarding the Authority's decision declining a portion of the Applicant's application.

The parties' arguments are as follows and are addressed in turn:

1. Issuance of the Initial Class A Units to the Applicant was in exchange for investments made over time until the Dilution Threshold.

The Applicant's position: The Company Agreement required an initial \$1,000,000 investment made by the Applicant and also provided a procedure for additional calls for capital contributions by Class A members. The fact that it received the 70 Class A Units of ownership upfront, does not change the fact that later capital contributions up to an agreed upon Dilution Threshold would constitute the consideration paid in exchange for the 70 Class A Units.

EDA's position: Program rules require that at the time of transfer of cash, the transfer must be evidenced by a written document and be in exchange for a qualifying investment as defined above. The subsequent transfers of cash at issue beyond the initial outlay of \$1,000,000 for 70 Class A shares do not qualify for the Program as those 70 shares were awarded regardless of any future contribution.

The Hearing Officer agrees with the EDA's analysis. N.J.A.C. 19:31-19.2 requires that the non-refundable transfer of cash to an emerging technology business "at the time of the transfer of cash" be in exchange for an interest in the business or similar qualifying item listed in the

Program Rules. At the time the Applicant invested the additional contribution of \$371,750, the Applicant had already received the 70 Class A Units and received no additional ownership in return for this additional investment. Thusly, EDA staff's declination of the two subsequent transfers was appropriate as there was no corresponding qualifying investment as required under N.J.A.C. 19:31-19.3.

2. The Capital Account of the Applicant reflected the increased value exchanged for the two investments in question.

The Applicant's position: All of the Applicant's investments in the Company increased the Applicant's capital account and evidenced the increase in value Applicant received as a result of the additional investments.

EDA's position: A Capital Account is an accounting of each member's investment in the LLC. A member's increase into its Capital Account is not allowed under program rules, unless as part of a qualifying exchange. Capital account is simply a result of recording of a cash infusion into a LLC.

The Hearing Officer agrees with EDA's position. Staff is correct in their determination that Capital Account contribution, absent qualifying investment, is not an allowable exchange item as defined in the Program Rules. Quite simply, an accounting process recording members' continued contributions is not a "qualified investment" as defined by N.J.A.C. 19:31-19.2. Qualified Investments made at the time of the transfer of cash are the only allowed transactions.

3. The LLC Agreement established a Three-Tier Capital Structure which evidences the increased value to Class A Members in exchange of investments.

The Applicant's position: The Three-Tier Capital Structure sets forth an order or priority in the event of a distribution. The Structure is as follows:

(i) First: Class A Return on Investment: To Class A Units pro rata until each such holder has received an aggregate cumulative amount equal to 12% per annum compounded annually rate of return on such Members unreturned Capital Contributions.

(ii) Second: Class A Return of Capital: To Class A Units pro rata an amount equal to their respective unreturned Capital Contributions.

(iii) Third: Pro Rata to Class A and Class B: The balance to Members pro rata based on the percentage of ownership interest.

As a result of this three-tier structure, Class A members would receive a larger share of return than their stated ownership interest. The Applicant contends that its investment for additional capital contributions was made in exchange for the right to an increased return on investment as a Class A member.

EDA's position: This structure offers a preference right to Class A members to allow them to first receive their share of return on investment and share of unreturned contributed capital prior to

Class B members receiving a portion of the distribution. Actual ownership interests do not change. The only change is in the amount of funds received in the event of a distribution (e.g. sale or bankruptcy) by the Applicant. Additional investment serves only to increase the potential amount the investor would receive under the Structure.

It is the Hearing Officer's position that EDA staff is correct in determining that a hypothetical future event of cash flow distribution that preference rights are not an allowable exchange item listed in the "Qualified Investment" definition. The order of priority established in the LLC agreement is nothing more than a delineation of rights associated with a particular class of shares. Ownership interest is unaffected.

A review of the appeal and the available evidence demonstrates that, in light of the specific regulatory requirements, the Applicant did not make Qualified Investments respecting the \$371,750. This deficiency cannot be waived or ignored by the Authority.

Recommendation:

As a result of careful consideration of the above appeal in consultation with the Attorney General's Office, the Hearing Officer recommends the Board uphold the declination of a portion of the Angel Investor Tax Credit applied for by ETS Investors, LLC.

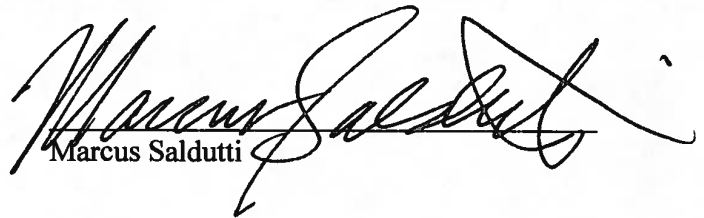

Marcus Saldutti

EXHIBIT A

**WINDELS
MARX** | Windels
Marx
Lane &
Mittendorf, LLP

windelsmarx.com

Julie R. Tattoni
732.448.2559
jtattoni@windelsmarx.com

120 Albany Street Plaza | New Brunswick, NJ 08901
T. 732.846.7600 | F. 732.846.8877

BY EMAIL

JANUARY 19, 2016

Kathleen W. Coviello, Director
Technology & Life Sciences
New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, NJ 08625-0990

Re: RECONSIDERATION OF EDA DETERMINATION REGARDING QUALIFIED INVESTMENTS IN
ENERGY SAVINGS TECHNOLOGY, I.L.C

Dear Director Coviello,

On behalf of Applicant ETS Investors, I.L.C, and pursuant to N.J.A.C. 19:31-19.7, we respectfully request reconsideration of the New Jersey Economic Development Authority's ("EDA's") determination that two of the investments made by ETS Investors, LLC were not "qualified" under the Angel Investor Tax Credit Program.

ETS Investors is pleased that EDA approved the balance of the investments made by ETS Investors from April 2014 through April 2015, for a total investment of \$1,056,729 and total approved tax credit amount of \$105,672. ETS Investors is prepared to submit the payment of the 5% fee as set forth on the Angel Tax Credit Program Invoice, and simultaneously seek appeal of the EDA's determination that two of the investments totaling \$372,000 were not qualified under the program. EDA's position that the two investments were not qualified is based upon its understanding that nothing of value was received in exchange for these investments. We respectfully disagree with this determination as set forth below.

N.J.A.C. 19:31-19.2 requires that in order for an investment to qualify as a "Qualified Investment", the transfer must be in exchange for any of the enumerated forms of consideration, including, but not limited to "interests in partnership or joint ventures". Notwithstanding the EDA's determination to the contrary, the two investments at issue were in fact for "interests" in Energy Technology Savings LLC.

{40616463:1}

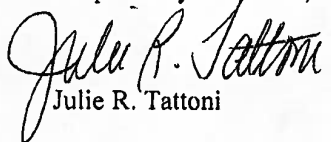
WINDELS
MARX | Windels
Marx
Lane &
Mittendorf, LLP

The two investments at issue, made on or about April 24, 2014 and July 28, 2014, were as a result of capital calls in which each member of ETS Investors, LLC invested in proportion to their respective existing ownership. Accordingly, following the investments at issue, the percentages interests remained the same. As a result thereof, it was not necessary for additional membership units to be granted. Because their percentage interest remained the same, the preexisting capital table would have already reflected the percentage of the company held. However, in accordance with N.J.A.C. 19:31-19.2, there was an additional "interest" in Energy Technology Saving LLC as a result of the investments; that is, the membership interest which they already held were more valuable, directly proportional to the invested amounts in dispute. Accordingly, the two investments were for "interests", specifically the increased value of the membership units already held.

We respectfully request an opportunity to present our position that the two investments made in Energy Technology Savings LLC, respectively on or about April 24 and July 28th, 2014, should be determined as "qualified investments" and an additional \$37,200 in Angel Investor Tax Credits should therefore be awarded to Applicant ETS Investors, LLC.

We thank you for your consideration of this important matter.

Respectfully submitted,


Julie R. Tattoni

cc: Ms. Madhavi Bhatia, Venture Analyst, Life & Technologies, NJEDA
Mr. David Ackerman, Venture Officer, Life & Technologies, NJEDA
Gregory Krauss, Esq., Windels Marx (via email)

{40616463:1}

**WINDELS
MARX**

Windels
Marx
Lane &
Mittendorf, LLP

windelsmarx.com

Julie R. Tattoni
732.448.2559
jtattoni@windelsmarx.com

120 Albany Street Plaza | New Brunswick, NJ 08901
T. 732.846.7600 | F. 732.846.8877

BY EMAIL

MARCH 18, 2016

Kathleen W. Coviello, Director
Technology & Life Sciences
New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, NJ 08625-0990

Re: SUPPLEMENTAL INFORMATION FOR REGARDING QUALIFIED INVESTMENTS IN ENERGY
SAVINGS TECHNOLOGY, LLC

Dear Director Coviello,

We submit this letter on behalf of our client, ETS Investors LLC ("ETS Investors"), in furtherance of ETS Investors' request for NJEDA's reconsideration of its determination that two of the investments for which tax credits were requested were not "qualified" under the Angel Investor Tax Credit Program.

By way of summary, NJEDA approved issuance of Angel Investor tax credits to ETS Investors in the amount of \$105,672 based upon investments of \$1,056,729 in Energy Savings Technology LLC ("Energy Technology") made from April 2014 through April 2015. However, NJEDA concluded that two additional investments made during this time period in the amount of \$372,000 were not qualified under the program based on its position that nothing of value was received in exchange for these investments. N.J.A.C. 19:31-19.2 requires that in order for an investment to qualify as a "Qualified Investment", the transfer must be in exchange for any of the enumerated forms of consideration, including, "interests in partnerships" or other forms of value similar to those enumerated. Notwithstanding the EDA's determination to the contrary, as will be discussed in detail below, the two investments in Energy Technology were made for the following "interests": (1) as part of the pre-Dilution Threshold consideration for the 70 Class A Units, (2) increased Capital Account, and (3) the right of an increased share upon a distribution. We believe this satisfies the Angel Investor Tax Credit program requirements.

{40624036:2}



ETS Investors submits the following supplemental information evidencing the value that it received in exchange for the two investments which are the subject of the appeal:

- (1) **Issuance of the Initial Class A Units to ETS Investors was in exchange for investments made over time until the Dilution Threshold.** The Limited Liability Company Agreement (“LLC Agreement”) for Energy Savings Technology LLC (“Energy Technology”) required an initial \$1,000,000 investment (“Initial Investment”) made by ETS Investors, and provided a procedure for additional calls for capital contributions by Class A Members. In exchange for (i) receiving the Initial Investment and (ii) the authority to request additional capital contributions without diluting Class B Units (“Dilution Threshold”), Energy Technology issued 70 Class A Units of ownership to ETS Investors. The fact that ETS Investors received the 70 Class A Units upfront, does not change the fact that later capital contributions up to an agreed upon Dilution Threshold would constitute the consideration paid in exchange of the 70 Units.¹

The First Amendment to the LLC Agreement reiterates this commitment and documents ETS Investors agreement to raise the Dilution Threshold and increase the Initial Contribution for the 70 Class A Units.

The Second Amendment to the LLC Agreement acknowledged total Class A capital contributions of \$4,406,729. The Members also agreed to lower the Class B dilution threshold to \$3,550,000. Because the Dilution Threshold had been triggered, additional Class A Units were issued to ETS Investors for investments made over the \$3,550,000 threshold.

The Third Amendment to the LLC Agreement confirmed an additional investment of \$200,000 made by ETS Investors in exchange for increased Class A Units of ownership, since the Dilution Threshold had already been satisfied.

As a result, all investments made by ETS Investors prior to the Class B Dilution Threshold, were made in exchange for and as part of the consideration for the 70 Class A Units of ownership. As is discussed below, the Class A Members received other valuable consideration for investments made prior to the Dilution Threshold being satisfied.

- (2) **The Capital Account of ETS Investors reflected the increased value exchanged for the two investments in question.** The LLC Agreement

¹ The Dilution Threshold was originally set at \$3 million, and was raised to \$4 million by the First Amendment to the LLC Agreement, and thereafter lowered to \$3.55 million by the Second Amendment to the LLC Agreement.



required the establishment of a Capital Account for all investors. All investments made by ETS Investors, whether as part of the Initial Investment (including additional capital below the Dilution Threshold) or investments made after the Dilution Threshold had been reached, increased the Capital Account of ETS Investors and evidence the increase in value received as a result of said investments.

- (3) **The LLC Agreement established a Three-Tier Capital Structure which evidences the increased value to Class A Members in exchange of investments.** Recognizing that the Class A Members could contribute additional capital to Energy Technology without diluting the Class B Units (as discussed above in paragraph 1), the LLC Agreement provided a three-tier capital structure which conferred commensurate additional interest in Energy Technology to the Class A Members, which additional interest would be realized in the event that Energy Technology made distributions to its Members. Article 7 of the LLC Agreement, as amended by the Second Amendment thereto, set forth a three-tier structure for cash flow distribution to the Members at such times and in such amounts as Energy Technology determined in the following order of priority:
- (i) **First: Class A Return on Investment:** to Class A Units pro rata until each such holder has received an aggregate cumulative amount equal to 12% per annum compounded annually rate of return on such Members unreturned Capital Contributions.
 - (ii) **Second: Class A Return of Capital:** to Class A Units pro rata an amount equal to their respective unreturned Capital Contributions.
 - (iii) **Third: Pro Rata to Class A and Class B:** The balance to Members pro rata based on the percentage of ownership interest.

The attached Chart illustrates the distribution that would occur to the Members in the event of a hypothetical \$20 million distribution by Energy Technology. What is clear from the Chart is that the Class A Members would receive a larger share of return than their stated ownership interest due to the three-tier capital structure which was part of the value conferred upon ETS Investors in exchange for the investments made prior to the Dilution Threshold.

Based upon the above supplemental information, we respectfully submit that ETS Investors has established that the two investments in question were made in exchange for valuable interest in Energy Technology. In exchange for payment of additional capital contributions, ETS Investors received the right to an increased Class A Return on Investment and the right to receive a return of the additional capital contribution prior to any distribution to Class B Members. This is in addition to the right to a pro rata share of distributions based upon its percentage of ownership interest represented by the 70 Class A Units. Thus, regardless of the



fact that new Units were not issued in exchange for the two investments, ETS Investors received an increased interest in Energy Technology as a result of the investments.

Finally, we wish to confirm that NJEDA advised ETS Investors not to submit payment of the 5% tax credit approval fee while the appeal is pending. If NJEDA prefers that the fee is submitted at this time, ETS Investors stands ready and willing to make the payment.

We thank you for your consideration of this important matter.

Respectfully submitted,

A handwritten signature in cursive script that reads "Julie R. Tattoni".

Julie R. Tattoni

Attachment

cc: Ms. Madhavi Bhatia, Venture Analyst, Life & Technologies, NJEDA (via email)
Mr. David Ackerman, Venture Officer, Life & Technologies, NJEDA (via email)
Gregory Krauss, Esq., Windels Marx (via email)



MEMORANDUM

TO: Melissa Orsen, Chief Executive Officer
Members of the Authority

FROM: Marcus Saldutti
Hearing Officer

DATE: February 14, 2017

SUBJECT: Angel Investor Tax Credit Program - Appeals

Request:

Consent of the members to the Hearing Officer's recommendation to uphold the declination of the Angel Investor Tax Credit Program application of LP Investors, LLC.

Background:

Pursuant to the enabling legislation, the New Jersey Economic Development Authority ("Authority" or "EDA") administers the Angel Investor Tax Credit Program ("Program"), including the review of each application to insure the applicants met the requirements of the Program. Staff recommendations are then presented to the Members for consideration. As requested by the CEO, I am fulfilling the role of Hearing Officer to independently review the appeal, and have completed that review with legal guidance from the Attorney General's Office.

On December 30, 2015, LP Investors, LLC ("Applicant") applied to the Angel Tax Credit Program requesting tax credits for an investment of 10, 310,000 into Excellium Pharmaceutical.

Communication with the Applicant:

On March 16, 2016, the Technology & Life Sciences ("TLS") staff sent an email to Mr. Matt Barbieri and Mr. Ryan Sylva requesting additional information and missing required application documentation. Mr. Barbieri and Mr. Sylva are representatives of the applicant's accounting firm, Wiss & Company, Inc. ("Wiss")

On June 6, 2016, staff sent a second email to Mr. Barbieri, Mr. Sylva and Libby Pecheur, a Business Development staffer no longer with Wiss) again requesting information and missing required documentation.

On August 5, 2016, a final email was sent to Ryan Sylva and Matt Barbieri establishing a four week notice period to provide the requested lacking information and items or face application declination. Please see email correspondence attached hereto as **Exhibit "A"**.

On October 4, 2016, a declination letter was sent to Ryan Sylva, which specified the reasons for denying the application. Please see declination letter attached hereto as "**Exhibit B**".

TLS staff also informs that they reached out and conveyed to Wiss representatives via phone calls and in person the list of outstanding documentation on multiple occasions. Of particular note, in no instance from the initial outreach in March of 2016, through week 4 of the notice period on October 4, 2016, was any of the requested documentation supplied by the Applicant or Applicant's representatives.

Furthermore, it should be noted that even though the Applicant's deadline was the end of August, 2016, the declination letter did not go out until September 27, 2016 via USPS, which was subsequently returned by the Post Office due to an outdated address. Staff then sent the letter electronically to Mr. Sylva on October 4, 2016 after calling and speaking with Mr. Sylva on that same day.

The Applicant and its representative had effectively an additional month after the August deadline to produce documentation, yet still failed to comply.

Legal Citation:

In addition to the application information and documents required under § 19:31-19.4, et. seq. "Application submission requirements", § 19:31-19.4 (b)3 requires applicants to submit "Any other supplemental information required by the Authority to decide on the approval of the application or required by the Division of Taxation to administer the credit."

Appeal Discussion:

On October 10, 2016, EDA received an email from Ryan Sylva simply stating "This letter is to inform you that the declination of the above referenced application is being appealed. Please let us know the next step in the appeal process."

This appeal is inadequate as it fails to comply with the requirements of § 19:31-19.7 (d), which states "An applicant investor may appeal the Authority's action by submitting in writing to the Authority, within 20 days from the date of the Authority's action, an explanation as to how the investor or the New Jersey emerging technology business has met the program criteria."

The above October 10th email provides no explanation as to how the program criteria have been met.

In light of the Applicant's repeated failure to communicate with TLS staff, the Hearing Officer, pursuant to the discretion afforded under § 19:31-19.7 (d)1, chose to limit review to only the written record in this matter.

A review of the appeal weighted against the ample evidence provided by TLS staff demonstrates to the Hearing Officer at a minimum, that clearly and convincingly, the Applicant repeatedly failed to communicate the necessary information and documentation required by program rules to process an application and was properly declined by TLS staff.

Recommendation:

As a result of careful consideration of the above appeal in consultation with the Attorney General's Office, the application of LP Investors, LLC. is recommended for denial.

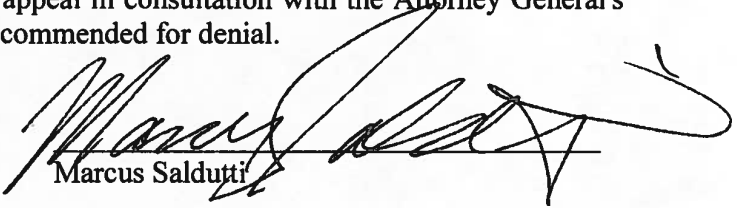

Marcus Saldutti

EXHIBIT A

Kamran Hashmi

From: Clark Smith
Sent: Wednesday, March 16, 2016 2:51 PM
To: Matt Barbieri; Ryan Silva
Cc: Edward Atiyeh
Subject: RE: Dumb question
Attachments: 208905_TB_Business Narrative.docx; Tax Clearance Instructions & Application.pdf; CEO Certification AngellInvestorTaxCredit.pdf

Short answer, no. Everything we do is public record and subject to OPRA. That said, the only time we put out Angel Tax Credit info is via our Board agenda in which the approval memo states the investor name, company invested in, and amount of investment. Additionally, the EDA and other groups can put this info in press releases.

Also, the outstanding Leading Pharma Angel Investor Tax Credit application. Application appears to be for an approximately \$6.6 million investment by Leading Pharma into Excellium pharmaceuticals. The credit for this transaction would be \$500,000 because of the program cap of \$5 million per investment.

If this is the case, the follow items will be needed:

- Purchase agreement between Leading Pharma and Excellium Pharmaceuticals, bill of sale was provided and references purchase agreement, can not use bill of sale, need purchase agreement.
- 2014 K1 for Leading Pharma LLC – tax credit will be divided among LLC members according to ownership percentage
- Complete tax clearance process for Leading Pharma LLC and any other pass through entity in chain of ownership (process and application attached)
- Signed & Dated CEO Certifications – One for Leading and One for Excellium
- Account statements showing transfer of cash from Leading to escrow acct and then escrow to Excellium
- Excellium employment forms –Q4 2014 Fed 941, Q4 2015 NJ WR30 or 927, Q2 2015 Fed 941, Q2 2015 NJ WR30 or 927 (ratio of NJ to US employees must be 75% or greater)
- CEO Signed & Dated Excellium Cap Table at 12/31/2014 (Leading Pharma can not own 80% or more of Excellium)
- Written description for Excellium Pharmaceutical describing business and how company meets program eligibility (sample from last Leading applications attached)

FYI, I've copied my colleague Ed Atiyeh to the email chain. Ed is now responsible for administration of the Angel Tax Credit program. His contact information is below. I am helping him complete this application. Going forward, Ed will process any application.

Please let me know if you want to hop on a call to discuss.

Best,
Clark

Clark Smith

Senior Venture Officer - Technology & Life Sciences
New Jersey Economic Development Authority
Office: 609-858-6862
Email: csmith@njeda.com
Website: www.njeda.com/TLS

From: Matt Barbieri [mailto:mbarbieri@wiss.com]
Sent: Friday, March 11, 2016 11:05 AM
To: Clark Smith
Subject: Dumb question

Mr Smith!!!!

I hope all is well with you! I am writing to ask you if there is any way to apply for the angel investor credit WITHOUT having your name disclosed on the website (published in any manner). I have a pharmaceutical development company who is private and is unwilling to share stockholder data as, according to them, it would allow for other competitors to know who was involved in their development and put them at a competitive disadvantage.

Not sure exactly how that works, but I know my other companies and individuals who have gone through this process are part of the published information.

Let me know what you think and THANKS!!

My best,
Matt

Matt Barbieri | Partner-in-Charge of Media, Technologies and Life Sciences

WISS
NJ | NY
212.594.8155



Kamran Hashmi

From: Clark Smith
Sent: Thursday, August 04, 2016 9:59 AM
To: Edward Atiyeh
Subject: FW: REMINDER: 2016 Technology Business Tax Certificate Transfer (NOL) Program
Attachments: TLS Product Sheet.pdf; RE: Dumb question

From: Clark Smith
Sent: Monday, June 06, 2016 3:58 PM
To: 'Matt Barbieri'; 'Ryan Silva'; 'Libby Pecheur'
Cc: Edward Atiyeh; Kamran Hashmi
Subject: FW: REMINDER: 2016 Technology Business Tax Certificate Transfer (NOL) Program

Hi Matt, Ryan, & Libby,

Hope everyone is well as we enter into the last month of Q2 here.

I wanted to circle back and reconnect on a few items.

First, the annual NOL Program is in full swing. Below is a follow up email with the basics on eligibility in case any clients are interested in investigating it. Deadline for applications is June 30th.

Additionally, for your reference, I included an attachment which highlights all my group's current offerings for early stage companies with a presence here in NJ.

Also attached is the email from LP Investors Angel Tax Credit application. The application has been in the system for almost 6 months now without any updates/progress. The application needs to start moving forward or we will have decline as is. Policy dictates that after six months we need to have applications through the process to either approval/declination. Please make sure to copy Ed and Kamran on any emails containing Angel Tax Credit items as the majority of the Program is now run on their side of the house.

Lastly, will you be at the morning meeting at your offices on the 16th? I would be interested in catching up in person.

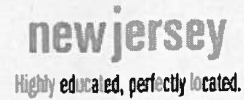
If you have any questions, please feel free to reach out so we can discuss.

Kind Regards,
Clark

Clark Smith

Senior Venture Officer - Technology & Life Sciences
New Jersey Economic Development Authority
Office: 609-858-6862
Email: csmith@njeda.com
Website: www.njeda.com/TLS

From: New Jersey Economic Development Authority (NJEDA) [<mailto:NJEDA@njeda.com>]
Sent: Thursday, June 02, 2016 11:49 AM
To: Clark Smith
Subject: REMINDER: 2016 Technology Business Tax Certificate Transfer (NOL) Program



NJEDA.COM

REMINDER: 2016 Technology Business Tax Certificate Transfer (NOL) Program

The June 30 application deadline for this year's [Technology Business Tax Certificate Transfer \(NOL\) Program](#) is rapidly approaching. If interested in participating, a company must submit an application to the EDA through our online application system and file their Corporate Business Tax Returns with NJ Division of Taxation by this date.

The NOL Program enables eligible technology and biotechnology companies to sell a percentage of their New Jersey net operating losses and/or research and development tax credits for cash.

If interested in this Program for your business or client, please review the information below to help determine program eligibility. Since 1999, more than 500 technology and biotechnology companies have been approved for benefit awards totaling more than \$860 million via the annual NOL Program.

Program Eligibility Basics

| MUST HAVES | WHAT IS IT |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Protected & Proprietary Intellectual Property (PPIP) | Pending or Issued Patents, Copyrights, or Licenses These must be the primary business and exclusive to your company. |
| W2 Full Time Employees | A maximum that live and work in the US = 224 employees A minimum that live and work in NJ = 1, if company formed for less than 3 years 5, if company formed for more than 3 but less than 5 years 10, if company formed 5 or more years These employees must be offered healthcare coverage. |
| Financial Losses | Net operating loss carryover and/or Research & Development tax credits for NJ No positive net operating income For the last two years |
| Financial Statements | Financial Statements with all schedules and footnotes prepared according to US GAAP, by an independent CPA (compilation, review or audit are all acceptable.) |

Corporate Taxes

Your company must file Corporate Business Tax returns in the State of NJ

Deadline

To participate in the 2016 NOL Program, a company must have submitted an application to the NJEDA and filed their Corporate Business Tax Returns with NJ Division of Taxation by June 30, 2016.

For More Information

While this email provides basic information for the NOL Program, additional requirements apply. Please see the NOL Program's website at www.njeda.com/nol for additional requirements and how to apply for the program.

The New Jersey Economic Development Authority (NJEDA) is an independent State agency that finances small and mid-sized businesses, administers tax incentives to retain and grow jobs, revitalizes communities through redevelopment initiatives, and supports entrepreneurial development by providing access to training and mentoring programs. For more information on NJEDA's products and services, please visit www.njeda.com.

[New Jersey Economic Development Authority](#)

[NJEDA.COM](http://www.njeda.com)

[CONTACT US](#)

[PRIVACY NOTICE](#)

[LEGAL STATEMENT](#)

New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, NJ 08625-0990

[Opt Out](#)

Kamran Hashmi

From: Ryan Silva <rsilva@wiss.com>
Sent: Monday, October 03, 2016 4:11 PM
To: Edward Atiyeh
Subject: RE: LP Investors, LLC Angel Tax Credit Application #208905

Follow Up Flag: Follow up
Flag Status: Completed

Hi Edward,

Can the application be submitted again?

Ryan S. Silva, CPA, CFE, CVA | Partner
WISS & Company, LLP
p: 973-994-9400
email: rsilva@wiss.com website: www.wiss.com



From: Edward Atiyeh [mailto:eatyeh@njeda.com]
Sent: Friday, August 05, 2016 10:31 AM
To: Matt Barbieri <mbarbieri@wiss.com>; Ryan Silva <rsilva@wiss.com>
Cc: Clark Smith <csmith@njeda.com>; Kamran Hashmi <KHashmi@njeda.com>
Subject: FW: LP Investors, LLC Angel Tax Credit Application #208905

Matt and Ryan,

Please beware that we have not received any updated information regarding the Angel Tax Credit Application for LP Investors, LLC Number 208905 since the last request made on June 6th. The application was submitted in 2015 and must be either approved or declined by August 31st, 2016. The additional information/documentation required to review this application is listed in the attached email from March 16th. IF you have any questions, please do not hesitate to contact us.

Kind Regards,

Edward Atiyeh
Venture Analyst | Technology & Life Sciences
NJ Economic Development Authority
675 US Highway One | North Brunswick, NJ 08902
P: 609.858.6911 | eatyeh@njeda.com

EXHIBIT B



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Sept 27, 2016

LP Investors LLC
Ryan Silva
354 Eisenhower Parkway
Livingston, NJ

RE: Application Number 208905

Dear Mr. Silva,

Thank you for submitting an application for the New Jersey Angel Investor Tax Credit program. The New Jersey Economic Development Authority declined your application based on failure to provide required documentation by the requested deadline of 08/31/16.

Angel Tax Application Number 208905 was received on 12/30/2015 and staff followed up on multiple occasions requesting supporting documentation. On 8/5/2016 LP Investors was sent a final notice to provide this outstanding documentation. This notice expired on 8/31/2016 without any response.

Below is a list of the outstanding items:

- Purchase agreement between Leading Pharma and Excellium Pharmaceuticals
- 2014 K1 for Leading Pharma LLC
- Tax clearance for Leading Pharma LLC and any other pass through entity in the chain of ownership
- Signed & Dated CEO Certifications for Leading Pharma and Excellium
- Signed and Dated Investor Certifications for Leading Pharma and Excellium
- Proof of Cash Transfer
- Excellium employment forms – Q4 2014 Fed 941, Q2 2015 Fed 941 and NJ WR-30, Q4 2015 NJ WR-30
- CEO Signed & Dated Excellium Cap Table at 12/31/2014 (Leading Pharma cannot own 80% or more of Excellium)
- Company description for Excellium Pharmaceutical describing business and how company meets program eligibility

If you believe that the above is not accurate, you may appeal the decision. Your appeal must be in writing and received within 20 calendar days of the date of this letter. If you should choose to appeal, Marcus Saldutti, Sr. Legislative Officer has been appointed as the Hearing Officer. Please submit the written appeal via mail or email to Mr. Saldutti at New Jersey Economic Development Authority, 24 Commerce Street, Suite 301, Newark, NJ 07102 or msaldutti@njeda.com.



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

We very much value your investment and the work of Leading Pharma, LLC notwithstanding the finding that the application was missing critical supporting documentation, and apologize for the unfortunate outcome.

Sincerely,

A handwritten signature in black ink that reads 'Kathleen W. Coviello'. The signature is fluid and cursive, with the first name being the most prominent.

Kathleen W. Coviello
Director, Technology & Life Sciences
c. Marcus Saldutti, NJEDA

ADOPTED
FEB 14, 2017

Attachment

Resolution of the New Jersey Economic
Development Authority Regarding Approval
of Angel Investor Tax Credit Program Appeal
- LP Investors, LLC.

WHEREAS, the Members of the New Jersey Economic Development Authority have been presented with and considered a Memorandum in the form attached hereto; and

WHEREAS, the Memorandum requested the Members to adopt a resolution authorizing certain actions by the New Jersey Economic Development Authority, as outlined and explained in said Memorandum.

NOW, THEREFORE, BE IT RESOLVED by the Members of the New Jersey Economic Development Authority as follows:

1. The actions set forth in the Memorandum, attached hereto, are hereby approved, subject to any conditions set forth as such in said Memorandum.
2. The findings set forth in the Memorandum are hereby adopted.
3. The Memorandum, attached hereto, is hereby incorporated and made a part of this resolution as though set forth at length herein.
4. This resolution shall take effect immediately, but no action authorized herein shall have 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 for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

DATED: February 14, 2017

EXHIBIT

DRAFT

BOND PROJECTS

BOND RESOLUTIONS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

SUBJECT: Edison Lithograph & Printing Corp.
Application P43088

DATE: February 14, 2017

REQUEST:

Authorize allocation of \$2,363,959.35 from 2017 Volume Cap to the Edison Lithograph & Printing Corp. manufacturing project.

BACKGROUND

Edison Lithograph & Printing Corp. (“Edison”) located in North Bergen, NJ is a printer in the cosmetic, clothing, liquor and retail store business. Edison Lithograph & Printing Corp. was granted Authority approval in October 2016, for the issuance and delivery of two series of Bonds aggregating to \$5,600,000 which included the \$2,900,000 Economic Development Bond (Edison Lithograph & Printing Corp. - 2016 Project) (the “Series A Bond”) and the \$2,700,000 Economic Development Bond (Edison Lithograph & Printing Corp. - 2016 Project) (the “Series B Bond”) for the benefit of GO Realty LLC and Edison Solutions LLC. The proceeds from the Series A bonds are being used to acquire and renovate a 115,000-square foot manufacturing facility and pay costs of issuance. The proceeds from the Series B bonds are being used to acquire manufacturing equipment and pay costs of issuance. The bonds were directly purchased by TD Bank, N.A. on December 20, 2016. The proceeds from the Series A Bond were fully disbursed in 2016. The Series B Bond was issued as a draw down bond to be disbursed in part in 2016 and the balance in the future. Edison Lithograph & Printing Corp. drew down \$336,040.65 on the Series B Bond against the 2016 Volume Cap allocation, in December 2016. In accordance with the IRS requirements, a draw down bond must receive an allocation of the State volume cap for tax-exempt private activity bonds in each calendar year in which proceeds of the Bonds are drawn.

RECOMMENDATION

Based upon the above description, the Members are requested to authorize a \$2,363,959.35 allocation to Edison Lithograph & Printing Corp. from the Authority’s 2017 volume cap for the remainder of the proceeds of the 2016 Series B Bond.



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

APPLICANT: ACRY, LLC

P43675

PROJECT USER(S): Trans-Packers Services Corp. *

* - indicates relation to applicant

PROJECT LOCATION: 4100 New Brunswick Ave Piscataway (T)

Middlesex

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

ACRY, LLC is wholly owned by Lester Weiss, and will acquire and lease space to its related operating company, Trans-Packers Services Corp. Founded in 1969 by Daniel Weiss, now also owned and operated by Lester, Monica, and Selma Weiss, Trans-Packers Services Corp. is a privately held contract packaging company located in Brooklyn, NY. The applicant is primarily engaged in the business of blending, packaging, pouching, bottling and canning dry food and non-food products, powders, particulates and liquids for retail, institutional, industrial and military customers.

Trans-Packers Services Corp. will relocate its entire existing operation from its current location in Brooklyn to Piscataway, NJ. The project will include the purchase of a building, equipment and renovations. The applicant intends to also apply for a direct loan from the EDA in the amount of \$2,000,000.

APPROVAL REQUEST:

Authority assistance will enable the applicant to acquire and renovate a 95,483 sq. ft. building on 11.72 acres of land as well as pay costs of issuance. The difference between the project costs and the bond amount is anticipated to be funded through a direct loan from the EDA, and the applicant's equity.

FINANCING SUMMARY:**BOND PURCHASER:** Fulton Bank of New Jersey (Direct Purchase)**AMOUNT OF BOND:** \$5,300,000 Tax-Exempt Bond

TERMS OF BOND: 25 years; Floating rate at the tax-exempt equivalent of 30 day LIBOR plus 225 basis points. The applicant may enter into a swap to a fixed rate for 10 years. The indicative rate as of November 3, 2016 is 2.91%.

ENHANCEMENT: N/A**PROJECT COSTS:**

| | |
|----------------------------------|---------------------|
| Acquisition of existing building | \$7,850,000 |
| Working capital | \$1,300,000 |
| Equipment Lease | \$1,000,000 |
| Renovation of existing building | \$950,000 |
| Cost of Issuance | \$58,200 |
| Legal fees | \$30,000 |
| Finance fees | \$30,000 |
| Accounting fees | \$10,000 |
| TOTAL COSTS | \$11,228,200 |

JOBS: At Application 0 Within 2 years 140 Maintained 0 Construction 7

PUBLIC HEARING: 01/10/17 (Published 12/27/16) **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,
DEVELOPMENT OFFICER: M. Athwal **APPROVAL OFFICER:** D. Poane

AMENDED BOND RESOLUTIONS

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

APPLICANT: Services for Children with Hidden Intelligence, Inc.

P43552

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 345 Oak St.

Lakewood Township

Ocean County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Services for Children with Hidden Intelligence, Inc. ("SCHI") is a therapeutic and educational center meeting the unique needs of over 300 severely-disabled, medically fragile, and socially-emotionally challenged & underprivileged children & young adults ranging in age from birth to over 21 years of age. The Executive Director of SCHI is Mark A. Seigel.

The prior bond, a \$13,290,000 variable rate private placement closed in 2008, P20075, had a term of 25 years, and an initial interest rate of 3.20%. The proceeds were used to refinance existing conventional debt and related costs plus costs of issuance.

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 Series 2008 EDA bonds, finance the termination amount of an interest rate swap related to the EDA bonds, pay costs of issuance and allow the organization to continue with its mission of assisting severely disabled and underprivileged children and young adults.

This project is being presented in conjunction with P43551, to payoff an existing conventional mortgage and related costs of issuance.

FINANCING SUMMARY:

BOND PURCHASER: Citizens Bank, National Association or its affiliate Citizens Funding Corp. (Direct Purchase)

| | | |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| AMOUNT OF BOND: | Series A \$11,562,000 Tax-Exempt Bond | Series B \$1,988,000 Taxable Bond (New Money) |
| TERMS OF BOND: | Series A 30 years; Variable interest rate equal to the tax-exempt equivalent of 1 month LIBOR plus 260 basis points. The applicant may enter into a swap to a fixed rate for 7 years. The indicative swap rate as of 1/18/2017 is 3.24%. | Series B 30 years; Variable interest rate equal to 1 month LIBOR plus 260 basis points. The indicative rate as of 1/18/2017 is 2.38%. |

ENHANCEMENT: N/A

PROJECT COSTS:

| | |
|------------------------------------------|--------------|
| Principal amount of bond(s) to be refund | \$10,485,000 |
| Swap Termination | \$1,988,000 |
| Closing Fees | \$512,000 |
| Legal fees | \$225,000 |
| Finance fees | \$225,000 |

Other

\$115,000

TOTAL COSTS

\$13,550,000

PUBLIC HEARING: 11/17/16 (Published 11/03/16) **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,
DEVELOPMENT OFFICER: K. Durand **APPROVAL OFFICER:** M. Chierici

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

APPLICANT: Services for Children with Hidden Intelligence, Inc.

P43551

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 345 Oak Street

Lakewood Township (T/UA) Ocean

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

APPLICANT BACKGROUND:

Services for Children with Hidden Intelligence, Inc. ("SCH") is a therapeutic and educational center meeting the unique needs of over 300 severely-disabled, medically fragile, and socially-emotionally challenged & underprivileged children & young adults ranging in age from birth to over 21 years of age. The Executive Director of SCHI is Mark A. Seigel.

The prior bond, a \$13,290,000 variable rate private placement closed in 2008, P20075, had a term of 25 years, and an initial interest rate of 3.20%. The proceeds were used to refinance existing conventional debt and related costs plus costs of issuance.

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 payoff its existing conventional mortgage, pay costs of issuance, and allow the organization to continue with its mission of assisting severely disabled and underprivileged children and young adults.

This project is being presented in conjunction with P43552 to refund the Series 2008 EDA tax-exempt bond.

FINANCING SUMMARY:

BOND PURCHASER: Citizens Bank, National Association or its affiliate Citizens Funding Corp.
(Direct Purchase)

AMOUNT OF BOND: Series A
\$10,450,000 Tax-Exempt Bond

TERMS OF BOND: Series A
30 years; Variable interest rate equal to the tax-exempt equivalent of 1 month LIBOR plus 260 basis points. The applicant may enter into a swap to a fixed rate for 7 years. The indicative swap rate as of 1/18/2017 is 3.24%.

ENHANCEMENT: N/A

PROJECT COSTS:

| | |
|--------------------------|---------------------|
| Payoff Existing Mortgage | \$10,000,000 |
| Legal fees | \$225,000 |
| Finance fees | \$225,000 |
| TOTAL COSTS | \$10,450,000 |

JOBS: At Application 405 Within 2 years 35 Maintained 0 Construction 0

PUBLIC HEARING: 11/17/16 (Published 11/03/16) **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,
DEVELOPMENT OFFICER: K. Durand **APPROVAL OFFICER:** M. Chierici

PRELIMINARY BOND RESOLUTIONS

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

APPLICANT: United Parcel Service, Inc.

P44026

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 159 Brewster Road

Newark City (T/UA)

Essex

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

APPLICANT BACKGROUND:

United Parcel Service, Inc. ("UPS"), established in 1934, is a global package delivery company and provider of global supply chain management solutions. The company delivers packages each business day for 1.6 million shipping customers to 8.4 million receivers in over 220 countries and territories. In 2015, the company delivered an average of 18.3 million pieces per day, or a total of 4.7 billion packages.

The project qualifies for Authority assistance as it is an Exempt Public Facility (Airport) under Section 142 (a)(1) of the Internal Revenue Code of 1986 as amended and therefore the \$20,000,000 capital expenditure limitation under Section 144 of the Code is not applicable. The project is also exempt from the volume cap limitations under Section 146(g) of the Code.

APPROVAL REQUEST:

Authority assistance will enable the applicant to develop approximately 18 acres of vacant land by constructing a 38,930 square foot sorting facility, construct a container transfer caster deck and ramp space to support 6 jet aircraft and 30 trailers, lease and renovate two bays of an adjacent building and acquire and install new equipment and machinery. Proceeds of the bond will also pay the cost of issuance.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

| | |
|------------------------------------------|----------------------------|
| Construction of new building or addition | \$54,040,000 |
| Purchase of equipment & machinery | \$4,800,000 |
| Soft Costs | \$4,800,000 |
| Renovation of existing building | \$1,700,000 |
| Construction of roads, utilities, etc. | \$700,000 |
| Engineering & architectural fees | \$515,000 |
| Technology & Networking | \$150,000 |
| Land lease acquisition fee | \$95,000 |
| TOTAL COSTS | <u><u>\$66,800,000</u></u> |

JOBS: At Application 450 Within 2 years 24 Maintained 0 Construction 428

PUBLIC HEARING:

BOND COUNSEL: McCarter & English, LLP

DEVELOPMENT OFFICER: M. Athwal

APPROVAL OFFICER: S. Novak

LOANS/GRANTS/GUARANTEES

PETROLEUM UNDERGROUND STORAGE TANK (PUST)



MEMORANDUM

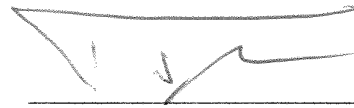
TO: Members of the Authority
FROM: Timothy J. Lizura, President/Chief Operating Officer
DATE: February 14, 2017
SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

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

UST Commercial Grants:

| | |
|----------------------------------|-----------|
| P42592 Dagastines Transfer, Inc. | \$ 29,416 |
|----------------------------------|-----------|

| | |
|------------------------------------------|------------------|
| Total UST Funding – February 2017 | \$ 29,416 |
|------------------------------------------|------------------|



Timothy Lizura

Prepared by: Reneé M. Krug

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

APPLICANT: Dagastines Transfer, Inc.

P42592

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 1937 Strawberry Ave. Commercial Township (T) Cumberland

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

APPLICANT BACKGROUND:

Between April 2000 and April 2001, Dagastines Transfer, Inc. received an initial grant in the amount of \$12,820 under P12159 and a supplemental grant funding in the amount of \$237,180 under P13175 to perform groundwater remediation for the closure of the former underground storage tanks (USTs) at the project site. The tanks were decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

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 aggregate supplemental grant funding in the amount of \$29,416 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is \$266,596, it exceeds the maximum staff delegation approval of \$100,000 and therefore requires EDA's board approval. Total grant funding including this approval is \$279,416.

The NJDEP oversight fee of \$2,942 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: \$29,416

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

PROJECT COSTS:

| | |
|-------------------------|-----------------|
| Remediation | \$29,416 |
| NJDEP oversight cost | \$2,942 |
| EDA administrative cost | \$500 |
| TOTAL COSTS | \$32,858 |

APPROVAL OFFICER: K. Junghans

HAZARDOUS DISCHARGE SITE REMEDIATION FUND

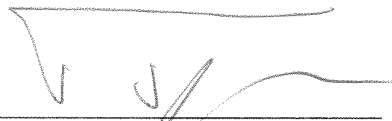


MEMORANDUM

TO: Members of the Authority
FROM: Timothy Lizura
President/Chief Operating Officer
DATE: February 14, 2017
SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

The following grant project has been approved by the Department of Environmental Protection to perform Remedial Action and Remedial Investigation activities. The scope of work is described on the attached project summaries:

| | |
|----------------------------------------------|-------------------|
| <u>HDSRF Municipal Grants:</u> | |
| P42678 City of Plainfield (Redemption Power) | \$ 101,516 |
| | |
| Total HDSRF Funding – February 2017 | \$ 101,516 |



Timothy Lizura

Prepared by: Reneé M. Krug

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

APPLICANT: City of Plainfield (Redemption Power) (Redemption Power) P42678
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 208-222 Lee Place Plainfield City (T/UA) Union
GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

In August 2002, City of Plainfield received a grant in the amount of \$120,935 under P13567. The project site, identified as Block 120, Lots 3 & 3.01 is a vacant grass covered field which has potential environmental areas of concern (AOCs). The City of Plainfield owns the project site and has satisfied proof of site control. It is the City's intent, upon completion of the environmental investigation activities, to redevelop the project site for residential use.

NJDEP has approved this supplemental request for 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 City of Plainfield is requesting additional grant funding to perform RI in the amount of \$101,516 at the Redemption Power project site. Total grant funding including this approval is \$222,451.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: \$101,516
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

| | |
|-------------------------|------------------|
| Remedial investigation | \$101,516 |
| EDA administrative cost | \$500 |
| TOTAL COSTS | \$102,016 |

APPROVAL OFFICER: K. Junghans

OFFICE OF RECOVERY

ENERGY RESILIENCE BANK (ERB)



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: February 14, 2017

RE: Energy Resilience Bank – RWJ Barnabas - Livingston CHP Project Funding Recommendation

Request:

The Members are requested to: (1) deem the RWJBarnabas - Livingston CHP Project preliminarily eligible for Energy Resilience Bank (ERB) funding; (2) approve moving the project forward to the next phase of the ERB program review and approval process; (3) reserve \$12,858,502 of ERB funds for the project; and, (4) authorize the execution of ERB program funding documents with RWJBarnabas Health consistent with the terms set forth herein, with the understanding that any material changes to project scope or budget will be brought back to the board for reconsideration.

ERB Program:

In July, 2014, the Members approved the creation of the Energy Resilience Bank, initially capitalized with \$200 million of Community Development Block Grant Disaster Recovery (“CDBGDR”) funds, to address statewide energy resilience needs. In October 2014, the Members approved the ERB Financing Program Guide and launched ERB’s Funding Round 1 for Water and Wastewater Treatment Facilities and in October 2015, the Members approved ERB’s Funding Round for Hospitals and Related Healthcare Facilities.

The intent of the ERB is to finance the installation or upgrading of commercially available and cost effective resilient energy technologies at critical facilities. ERB is focused on effective distributed energy resource (DER) technologies, including combined heat and power and fuel cells, which are designed to start up and function in “island” mode, disconnected and isolated from the grid during a power outage or other event.

Applicants must be eligible entities and must demonstrate that the critical facility was either directly or indirectly impacted by Superstorm Sandy or directly impacted by another qualifying disaster. Priority, as established through the ERB scoring system, is placed on projects which serve

low and moderate income communities. ERB projects must be permanently installed at a critical facility, must be constructed or elevated above FEMA's best available data for base flood elevations, and be operational within two years of the ERB closing.

In conformance with HUD's CDBG-DR funded infrastructure program requirements, all projects undergo a comprehensive risk analysis which incorporates a detailed technical feasibility, criticality and resiliency, and cost benefit/project economics review to determine program and funding eligibility. Each project is assessed on the technical specifications of the project including the technology used, size and scale, criticality, resiliency, environment review, applicant credit, cost and revenue estimates, and overall feasibility. Scoring criteria reflect the comprehensive risk analysis framework as shown in the attached Scoring Chart. Projects are scored on a 100 point system and must meet a minimum eligibility threshold score of 50 points to be considered eligible for ERB project financing.

ERB funding is determined and provided on a per project basis as a combination of grant/forgivable loan and amortizing loan based on the project's unmet need and ownership structure. For public and not-for-profit applicants, ERB will provide 100% of the project's unmet need as:

- 1) a grant/forgivable loan (not to exceed \$25 million) for all eligible resilient costs, as described in the Program Guide;
- 2) a grant/forgivable loan equal to 40% of the remaining eligible project costs; and,
- 3) an amortizing, 2% interest rate loan with a term up to 20 years, for the balance of ERB project funding.

RWJ Barnabas Health Livingston Hospital CHP Project

Applicant: RWJBarnabas Health is a not-for-profit organization located in West Orange, NJ. It was formed in November 2015 upon the merging of Barnabas Health, Inc. and Robert Wood Johnson University Hospital. RWJBarnabas Health is the most comprehensive health care delivery system in New Jersey, treating over 3 million patients a year. The system includes eleven acute care hospitals, three acute care children's hospitals and a pediatric rehabilitation hospital, a freestanding 100-bed behavioral health center, ambulatory care centers, geriatric centers, the state's largest behavioral health network, comprehensive home care and hospice programs, fitness and wellness centers, retail pharmacy services, a medical group, multi-site imaging centers and four accountable care organizations. RWJBarnabas Health has more than 32,000 employees, 9,000 physicians, and 1,000 residents and interns. The health systems contributed a combined total of over \$550 million in community benefit services annually.

RWJBarnabas Health owns Saint Barnabas Medical Center (SBMC) in Livingston, NJ (Essex County) where the proposed cogeneration project is to be located. The original Hospital of Saint Barnabas was founded in Newark, NJ in 1865, becoming the first incorporated hospital in New Jersey in 1867. Note that the hospital is nonsectarian and has no religious affiliation. The hospital has been at its current location in Livingston, NJ since 1964 and continues to expand its medical campus. Saint Barnabas Medical Center primarily serves western Essex County, northern Union County, and eastern Morris County, along with parts of Hudson, Passaic and Somerset Counties. Barry H. Ostrowsky serves as the President and Chief Executive Officer of RWJBarnabas Health.

Project Location: Saint Barnabas Medical Center, 94 Old Short Hills Road, Livingston, NJ

Project Summary: Consistent with ERB and HUD CDBG-DR program requirements, RWJBarnabas Health will develop a new combined heat and power system on their St. Barnabas Regional Medical Center campus in Livingston. The project will be constructed above minimum base flood elevations and will include a 2.5 MW natural gas reciprocating engine-based CHP system that will be interconnected within the facility with the necessary blackstart and islanding system controls to be able to operate independently from the grid in case of a power outage or other emergency.

National Objective: – Urgent Need – Tie to the Storm - Located in Livingston in Essex County – one of the 9 most impacted counties. Super Storm Sandy's high winds and rain brought down tree limbs and power lines throughout SBMC. Power was out for 6 days and roads were blocked with woody debris and downed power lines. SBMC sustained damage to the emergency room roof ductwork insulation and one roof top condensing unit was blown over. The storm caused significant vegetative uprooting which blocked ambulance entrances and posed a threat to the public. Saint Barnabas Medical Center used contract services to clear an estimated 540 cubic yards of the resulting debris from the grounds. SBMC also purchased emergency supplies and fuel; lost medication due to power failures; and purchased and operated three generators to power areas not on fixed generator power.

Project Review: RWJBarnabas - Livingston CHP Project is an eligible project at a critical facility which is to be developed within a two-year period by an eligible non-profit applicant, and which meets all ERB program eligibility requirements. EDA reviewed documentation from the applicant to determine there would be no Duplication of Benefits. The New Jersey Board of Public Utilities (BPU) has evaluated the project to determine it meets technical and feasibility requirements as defined in the MOU between the EDA and BPU. Per the Rutgers CEEEP comprehensive cost benefit analysis, the project and reliability benefits yield a result of 1.5, when taking into account the full project costs, which factored in the economic and emission costs of the project. When complete, the project will allow the hospital to start-up and isolate from the electrical grid and continue operating and providing needed community services and benefits in the event of future storms, disasters, or emergency situations.

Project Scoring: The project received a project score of 70 as outlined below and exceeds the minimum score of 50 required for program eligibility.

Project Funding and ERB Funds: The estimated Total Project Cost is \$ 13,358,502. It is estimated that \$ 5,342,439 are resilient related costs per ERB program guidelines. All preliminary costs and technologies have been reviewed by BPU identifying them as cost reasonable and necessary. There is expected \$ 500,000 of funding from PSEG's Hospital Efficiency Program, a program authorized by BPU, which will be provided as a loan (0%, 10-year term). Consistent with the ERB's Financing and Program Guide, the Livingston CHP project will be provided with the following, subject to cost reasonableness analysis and review of final project costs:

| | |
|-------------------|-------------------------------------------------------|
| ERB Grant: | \$ 8,548,864 |
| ERB Loan Funding: | \$ 4,309,638 (2% interest rate, maximum 20-year term) |

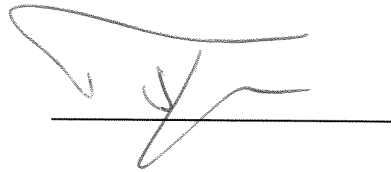
Loan Repayment: The financing will be a general obligation to the hospital with the projected annual cost of \$ 261,621. Through the established feasibility and technical review, the annual net energy cost savings combined with estimated annual operating and maintenance costs/savings

projected from development of the CHP project is approximately \$ 753,379, which is sufficient to repay the project loan within the loan terms. RWJBarnabas Health, through its recent mergers and positive operations, has steadily improved its operating and financial profiles resulting in upgraded bond ratings in October 2016. RWJBarnabas issued new debt and consolidated other bonds through the New Jersey Health Care Facilities Financing Authority. S&P raised their long-term rating to A+/Stable (from A-) and assigned a AA+/A-1 rating to two new bond issuances. Moody's assigned an A1 rating to the October 2016 bond issuance.

ERB Program Fund Balance: After program administrative costs, the Energy Resilience Bank has a \$170 million CDBG-DR allocation from HUD to reserve for ERB projects. After today's Board action on the RWJBarnabas Livingston project, there will be \$92,002,440 remaining to reserve for additional projects.

Recommendation:

The Members are requested to: (1) deem the RWJBarnabas - Livingston CHP Project preliminarily eligible for Energy Resilience Bank (ERB) funding; (2) approve moving the project forward to the next phase of the ERB program review and approval process; (3) reserve \$12,858,502 of ERB funds for the project; and, (4) authorize the execution of ERB program funding documents with RWJBarnabas - Livingston CHP Project consistent with the terms set forth herein, with the understanding that any material changes to project scope or budget will be brought back to the board for reconsideration.

A handwritten signature in black ink, consisting of a large, stylized initial 'R' followed by a surname, written over a horizontal line.

Attached:

- Project Funding and ERB Financing and Scoring Sheet

Prepared by: Russel Like

RWJBarnabas - Livingston CHP Project**February 2017**

| Project Funding and ERB Financing <i>(Public Applicant)</i> | |
|--------------------------------------------------------------------------|----------------------|
| Total Project Costs: | \$ 13,358,502 |
| Project Funding Sources: \$ 13,358,502 | |
| Resilient Costs | \$ 5,342,439 |
| 40% Grant on Remaining Costs | \$ 3,206,425 |
| Total ERB Grant Funding: | \$ 8,548,864 |
| ERB Loan Funding: <i>(2%, 20-year term)</i> | \$ 4,309,638 |
| Other Project Funding: <i>PSEG Hospital Efficiency Program</i> | \$ 500,000 |

| RWJ Barnabas Livingston CHP PROJECT | | February 2017 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------|
| ERB Scoring Criteria | Weight in Points | PROJECT SCORE |
| 1. Technology Efficiency/Economic Cost Effectiveness a. 20 points for a cost-benefit ratio greater than 1.25 b. 10 points for a cost-benefit ratio between 1.0 and 1.25 (including 1.25) Cost-Benefit Ratio less than 1.0 - INELIGIBLE | 20 | 20 |
| 2. LMI Area Benefit a. 25 points if HUD LMI Area Benefit is greater than 51% b. 20 points if HUD LMI Area Benefit is between 35% - 50.99% c. 15 points if HUD LMI Area Benefit is between 20% - 34.99% | 25 | 15 |
| 3. Most Impacted Communities a. 15 points if facility serves 3 or more municipalities listed b. 10 points if facility serves 1 or 2 municipalities listed c. 0 points if facility serves no municipalities listed | 15 | 0 |
| 4. Readiness To Proceed a. 10 points if project completion reasonably expected within 15 months b. 5 points if project completion reasonably expected 15 - 20 months c. 0 points if project completion reasonably expected in 20 - 24 months | 10 | 10 |
| 5. Criticality <i>(using Office of Homeland Security & Preparedness State Asset database)</i> a. 20 points if facility type is listed b. 0 points if facility type is NOT listed | 20 | 20 |
| 6. Microgrid a. 5 points if more than one free-standing facility interconnection b. 0 points if only a single free-standing facility interconnection | 5 | 0 |
| 7. Facility Energy Efficiency a. 5 points if project meets or exceeds the general state program performance requirements of reducing energy consumption or increasing efficiency by 15% | 5 | 5 |
| <i>Minimum Score of 50 Needed</i> | TOTAL PROJECT SCORE: | 70 |

REAL ESTATE



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: February 14, 2017

RE: Trenton State Office Buildings Project
Health/Agriculture Building
Architectural/Engineering & Construction Management Services

Summary

I am requesting the Members approval of the selection of HDR Architects & Engineers, P.C., as Architectural/Engineering (A/E) firm of record and Turner Construction Company, as the Construction Manager (CM) of record for the Health/Agriculture Project in Trenton.

Background

On October 7, 2016, the Department of Treasury, Division of Property Management and Construction (DPMC) and the Authority executed Memoranda of Understanding (MOUs), which were agreed and consented to by the Treasurer, authorizing the Authority to fund and provide pre-development services to complete the Design Development phase for the Taxation and Health/Agriculture Building Projects (the Project), which will include: A/E Design Development drawings and specifications, a construction cost estimate, a project schedule, a comprehensive development budget, site due diligence tasks, along with pre-construction services to be provided by the CM. The MOUs authorize the Authority to spend up to \$3,602,940 of Authority unrestricted funds to provide the pre-development services for both Projects (\$1,993,448 for the Taxation Building and \$1,609,492 for the Health/Agriculture Building).

In order to advance the development of these projects, the Real Estate Division issued two separate publicly advertised Request for Qualifications (RFQs) for A/E and CM services, respectively. In response to the RFQs, the Authority received Qualification Statements from seventeen (17) A/E firms and seven (7) CM firms. These firms were ranked by the Authority's Selection Committee utilizing the criteria set out in the RFQs, in accordance with the Authority's Board approved policies and procedures. Based on this ranking, the Authority's Selection Committee, comprised of Real Estate staff, along with DPMC staff, approved a short list of the five (5) highest ranked A/E and CM firms. The Real Estate Division subsequently issued two separate Request for Proposals (RFPs) to the short-listed A/E and CM firms, respectively.

-2-

As the Project consists of the design and construction of two separate, large-scale buildings, the A/E and CM RFPs stated that no firm would be awarded more than one of the Health/Agriculture and Taxation buildings projects. The RFPs provided that the Authority would select the top two qualified A/E and CM firms and that the highest ranked qualified A/E and CM firm would be awarded the larger, Taxation Project and the second highest ranked A/E and CM firm would be awarded the Health/Agriculture Project.

For the A/E firm RFP, proposals from the shortlist of qualified firms were received with separate sealed bids in accordance with the Real Estate Division's policies and procedures for procurement subject to S-2194. The technical proposals were independently evaluated and ranked by the Selection Committee based upon a comparative ranking, with an emphasis on relevant experience, based on evaluation criteria set forth in the RFP. One (1) of the proposals, from Gensler, was deemed non-compliant, and therefore was not included in the evaluation and ranking. The A/E ranking is attached as Exhibit A. The highest two ranked A/E firms were Ballinger, with a rating of 20.3, followed closely by HDR with a rating of 18.2. As such, HDR was selected as the A/E firm for the Health/Agriculture Project.

In accordance with S-2194, the fee proposal was negotiated with HDR. The recommended A/E selection of HDR is based upon the design fee of 8.699% (\$1,041,686. for Phase I), an environmental consulting fee of \$19,250, applicable alternates, and a contingency as per the approved pre-development budget. These fees and rates are more fully detailed on the attached fee proposal (Exhibit C). HDR's fee proposal, as negotiated in accordance with the Authority's Board approved procurement procedures, was found to be fair and reasonable in comparison to the average competitive fee proposals received. Final approval of HDR will be subject to receipt and approval of their compliance documentation.

The Authority uses the Construction Manager at Risk ("CMAR") project delivery method, the Board approved method, which entails a commitment by the CM to deliver the project within budget and on schedule, based on the contract documents including the construction documents and specifications. The CMAR contract has been reviewed and approved by the Attorney General's Office, and the Authority's use of the CMAR project delivery method has been approved by GAU and OSC.

For the CM firm RFP, the Authority received proposals from the shortlist of qualified firms in accordance with the Real Estate Division's policies and procedures for procurement. The proposals were independently evaluated and ranked by the Selection Committee based upon a comparative ranking, based on evaluation criteria set forth in the RFP and as stated in the CM ranking attached as Exhibit B. One (1) of the proposals, from Gilbane, was deemed non-compliant as it was submitted late, and therefore was not included in the evaluation and ranking. The highest two ranked CM firms were Torcon, with a rating of 30.33, followed by Turner with a rating of 23.67. As such, Turner was selected as the CM firm for the Health/Agriculture Project.

-3-

The recommended CM selection of Turner is based upon the total pre-construction fee of \$120,000, (\$75,000 for Phase I), and construction fee of 2.25% with a GMP, or a construction fee of 2.15% without a GMP, applicable alternates as noted on the attached fee proposal (Exhibit D), an incentive clause and contingency. Final approval of Turner will be subject to receipt and approval of their compliance documentation.

The Authority will issue a limited Notice to Proceed for Phase One Predevelopment Services for the A/E and CM as indicated in the MOUs and in the pre-development budget. The Phase II work (completion of design and construction) will commence upon approval by the State Treasurer to proceed with Phase Two Services as outlined in the MOUs.

Recommendation

In summary, I am requesting the Members' approval:

(i) of the selection of HDR, as Architectural/Engineering (A/E) firm of record and Turner as the Construction Manager (CM) of record for the Health/Agriculture Project in Trenton; and

(ii) to enter into the Authority's standard form of A/E contract that has been approved by the Attorney General's Office with HDR for design services and the Authority's standard form of CMAR contract that has been approved by the Attorney General's Office and the Office of the State Comptroller, with Turner.



Timothy J. Lizura
President and Chief Operating Officer

Attachments: Exhibits A-D
Prepared by: Stephen Martorana

EXHIBIT A

Trenton State Offices - Taxation & Health/Agriculture

Architectural/Engineering Services RFP Evaluation

12/9/2016

| No | Name of Firm(s) | Office Location of Firm | A Architectural key staff member experience | B Engineering key staff member experience | C Firm's relevant experience (per RFQ) | D Understanding of the project Requirements and Scope | E Staff LEED Experience | F BIM Experience | TOTAL |
|----|-----------------|-------------------------|------------------------------------------------|----------------------------------------------|-------------------------------------------|----------------------------------------------------------|----------------------------|---------------------|-------|
| 1 | Ballinger | Phila, PA | 3.8 | 2.7 | 3.0 | 3.2 | 3.7 | 4.0 | 20.3 |
| 2 | HDR | Lawrenceville, NJ | 2.7 | 3.3 | 4.0 | 3.2 | 3.2 | 1.8 | 18.2 |
| 3 | PS&S | Warren, NJ | 2.2 | 2.7 | 2.2 | 1.5 | 2.2 | 1.8 | 12.5 |
| 4 | USA | Somerville, NJ | 1.3 | 1.3 | 1.0 | 2.2 | 1.0 | 2.3 | 9.2 |
| | Gensler | Washington, DC | Non Compliant | | | | | | |
| | | | 10 | 10 | 10 | 10 | 10 | 10 | |

The evaluation spreadsheet is based on a comparative ranking with each firm receiving a score between 1 and 4 points with 4 being the highest score for each evaluation criteria

EXHIBIT B

Trenton State Offices - Taxation & Health/Agriculture

Construction Management RFP Evaluation

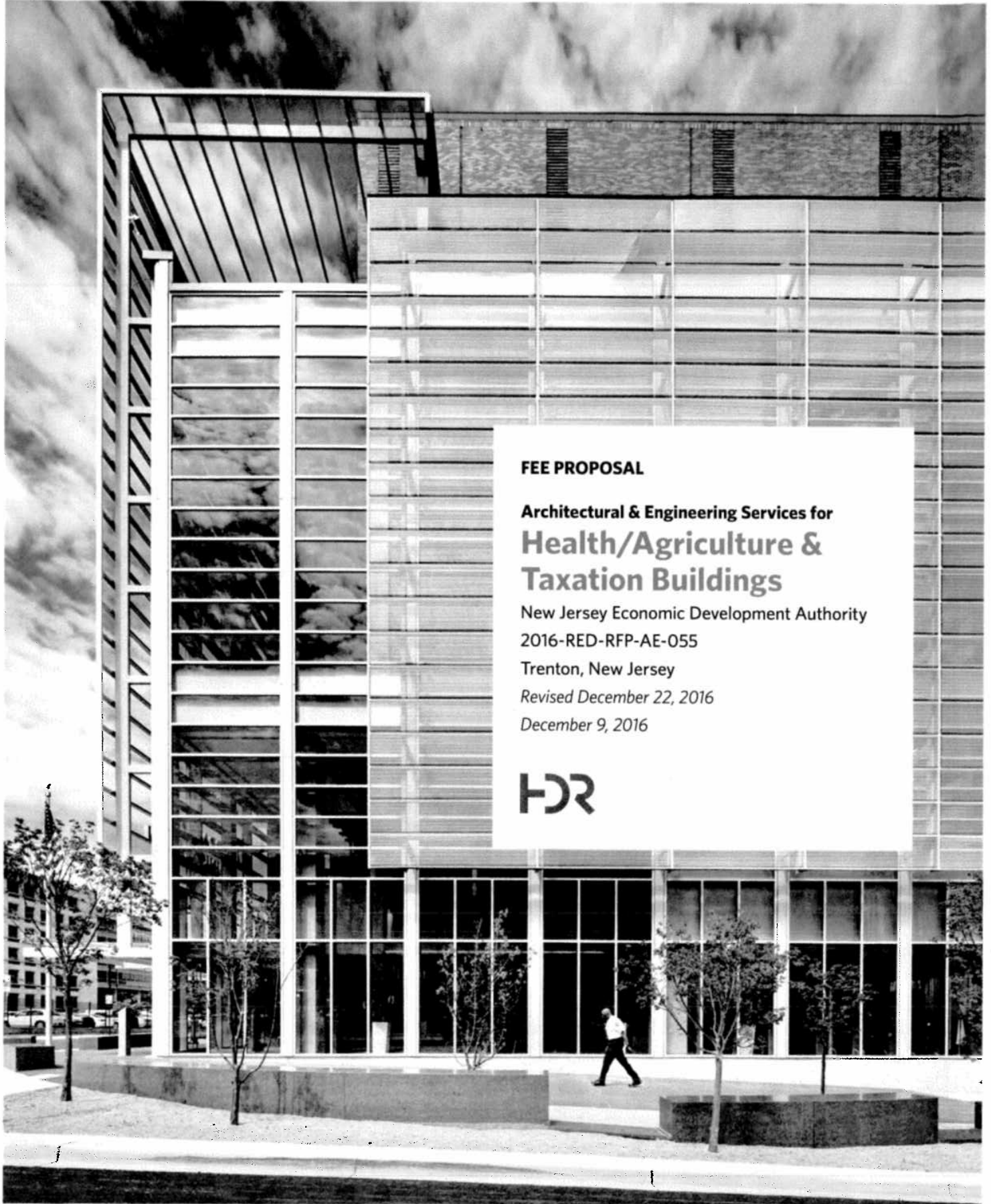
1/4/2017

| No | Name of Firm(s) | Office Location Firm | 1 Key staff Experience | 2 Similar firm experience (from RFQ) | 3 Understanding of Project Scope | 4 BIM Experience/Qualifications | 5 LEED Experience of Team Members | Qualification Subtotal | 6 Fee Pre-construction \$ | 7 Fee Construction % | 8 Insurance Costs per\$1000 | 9 Staff Multiplier | Fee Subtotal | OVERALL TOTAL |
|----|-----------------|----------------------|------------------------|--------------------------------------|----------------------------------|---------------------------------|-----------------------------------|------------------------|---------------------------|----------------------|-----------------------------|--------------------|--------------|---------------|
| 1 | Torcon | Red Bank, NJ | 3.50 | 4.00 | 3.67 | 4.00 | 3.67 | 18.83 | 3 | 4 | 2.5 | 2 | 11.5 | 30.33 |
| 2 | Turner | Somerset, NJ | 3.50 | 2.00 | 3.17 | 2.67 | 2.83 | 14.17 | 2 | 1 | 2.5 | 4 | 9.5 | 23.67 |
| 3 | Skanska | Blue Bell, PA | 1.00 | 1.00 | 1.33 | 2.17 | 1.17 | 6.67 | 4 | 2 | 4 | 3 | 13 | 19.67 |
| 4 | Structuretone | Woodbridge, NJ | 2.00 | 3.00 | 1.83 | 1.17 | 2.33 | 10.33 | 1 | 3 | 1 | 1 | 6 | 16.33 |
| 5 | Gilbane | Non-Compliant (Late) | | | | | | | | | | | | |

The evaluation spreadsheet is based on a comparative ranking with each firm receiving a score between 1 and 4 points with 4 being the highest score for each evaluation criteria.

Underwriting reviewed the financial information submitted with the proposals and have determined that the CM firms are responsible bidders who have the financial capacity to perform the work under the contract according to its specified requirements and that the firms have sufficient cash liquidity to provide the services contemplated.

EXHIBIT C



FEE PROPOSAL

**Architectural & Engineering Services for
Health/Agriculture &
Taxation Buildings**

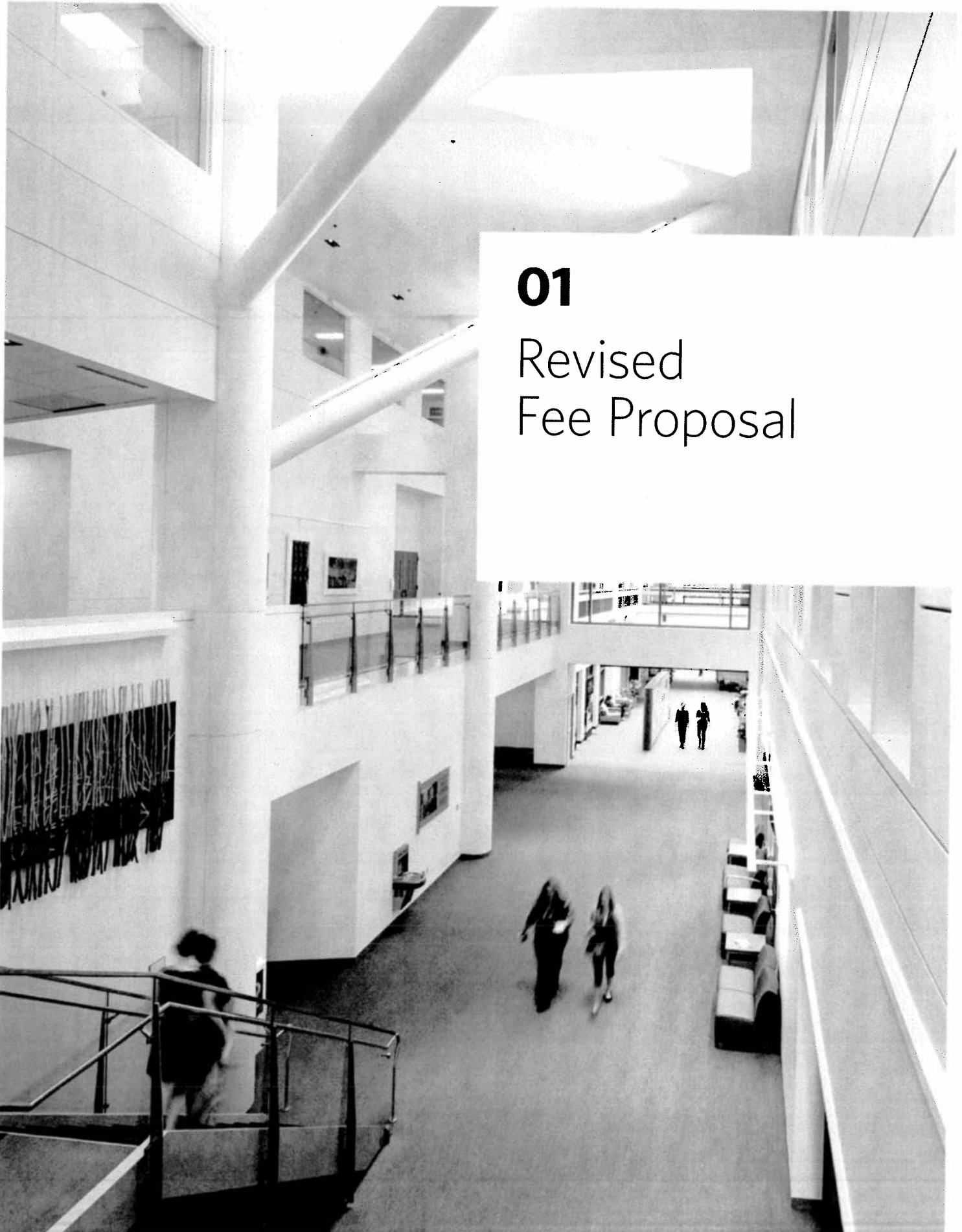
New Jersey Economic Development Authority
2016-RED-RFP-AE-055

Trenton, New Jersey

Revised December 22, 2016

December 9, 2016





01
Revised
Fee Proposal

EXHIBIT A-1

**FEE PROPOSAL FORM HEALTH /
AGRICULTURE BUILDING**

**THIS FEE PROPOSAL FORM MUST BE SUBMITTED
IN A SEPARATE, SEALED ENVELOPE.**

1.0 GENERAL

- 1.1 Refer to Developer/Architect Agreement Article 10, "Payments to Architect", Article 11, "Basis of Compensation", and Article 3, "Additional Services" for definitions, clarifications and additional information.

2.0 BASIC COMPENSATION

2.1 Design Fees – Building, Surface Parking and Site Improvements

Maximum Fee for Phase I and Phase II, including all reimbursables (See Article 11), plus an allowance (see below) based on 8.699% of the Developer's Estimated Construction Budget (D.E.C.B.).

(See HDR "Fee Breakdown Supplement" included herein as attachment to Exhibit A-1. Above percentage does not include \$50,000 NJEDA Allowance)

- 2.2 The D.E.C.B. has been included in Exhibit C, "Preliminary Concept Document". This amount will be fixed by NJEDA at the end of the Design Development Phase for purposes of the A/E's fee. After that point, all other provisions of Article 11 of the Developer/Architect Agreement will remain in effect.

- 2.3 Environmental consulting fee Preliminary Site Assessment and Report
\$ 19,250.00

3.0 COMPENSATION FOR ADDITIONAL SERVICES

- .1 Direct Personnel Expense multiplier (D.P.E.) 1.35 (Max. 1.35)
.2 Office Multiplier 2.25 (Max. 2.25)
.3 Reimbursables will be billed at direct cost with no multipliers, for Architect



and all consultants.

- .4 Principals hourly rate \$200.00 (Max. \$200.00)
- .5 Listing of Principals:

4.0 SERVICES OF SPECIFIC INDIVIDUALS (Reference Article 3 of the Developer/Architect Agreement)

- .1 Direct Personnel Expense multiplier (D.P.E.) 1.35 (Max. 1.35)
- .2 Multiplier 1.25 (Max. 1.25)
- .3 Reimbursables will be billed at direct cost with no multipliers.

5.0 SERVICES OF ADDITIONAL CONSULTANTS (Reference Article 11.3 of the Developer/Architect Agreement)

- .1 The amount billed to the A/E excluding reimbursables times 1.05 (1.05 Max.)
- .2 All reimbursables, whether A/E or consultants will be billed at direct cost with no additional mark-up.
- .3 Consultant's compensation is based upon the same multipliers as Paragraph 3.0 of this Exhibit.

6.0 RETAINAGE

- .1 There is a 10% retainage on all design services. Refer to Developer/Architect Agreement for additional information.

7.0 INSURANCE REQUIREMENTS

- .1 Refer to Article 12, Paragraph 12.3, Developer/Architect Agreement
- .2 Refer to Paragraph VI, Deliverables, Item No. 3 (Cert. of Insurance) this RFP.

8.0 ALLOWANCE

- .1 An allowance of Fifty Thousand Dollars (\$50,000.00) for the sole use by NJEDA will be included in addition to the A/E's basic compensation. This

amount can only be billed against with the expressed, written permission of NJEDA, and any unbilled portion at the close out of the Project, shall return to NJEDA (cannot be billed against). Refer to Article 11, Subparagraph 11.1.2, Developer/Architect Agreement for additional information.

Respectfully submitted,

HDR Architects and Engineers, P.C.

Name of Firm

By:



Signature & Date

Revised December 22, 2016

December 9, 2016

Michael J. Konsko, East Region Director of Operations

Printed Name and Title

**THIS FEE PROPOSAL FORM MUST BE SUBMITTED
IN A SEPARATE, SEALED ENVELOPE.**

**(No exceptions/exclusions/clarifications are acceptable
to the Fee Proposal Form)**



NJEDA EXHIBIT A-1 FEE PROPOSAL FORM - HEALTH / AGRICULTURE BUILDING
FEE BREAKDOWN SUPPLEMENT

Revised December 22, 2016



| BASIC SERVICES PROVIDED: | | H&A Bldg. | % Const. |
|-------------------------------------------|-------------------------------------|---------------|----------|
| Developer's Estimated Construction Budget | | \$ 30,000,000 | |
| <u>Subconsultant</u> | <u>Services Provided</u> | | |
| KSS | Office Interiors | \$ 255,350 | 0.85% |
| Van Note Harvey | Site / Civil Engineering | \$ 183,350 | 0.61% |
| BD Engineering | Fire Alarm | \$ 46,000 | 0.15% |
| Subconsultant Subtotal | | \$ 484,700 | 1.62% |
| HDR A/E Basic Services & Expenses | | \$ 1,150,000 | 3.83% |
| Total Fee for Basic Services | | \$ 1,634,700 | 5.45% |
| ADDITIONAL SERVICES PROVIDED: | | | |
| <u>Subconsultant</u> | <u>Services Provided</u> | | |
| Van Deusen | Elevator | \$ 15,000 | 0.05% |
| Metropolitan Technologies | Tel/Data/Security | \$ 87,695 | 0.29% |
| Van Note Harvey | Additional Site / Civil Engineering | \$ 57,000 | 0.19% |
| Van Note Harvey | Environmental Engineering | \$ 19,250 | 0.06% |
| Sadat Assoc. | Geotechnical Engineering | \$ 100,840 | 0.34% |
| Toscano Clements Taylor | Cost Estimating | \$ 118,000 | 0.39% |
| Michael Maris Assoc. | Traffic Engineering | \$ 98,000 | 0.33% |
| Michael Maris Assoc. | Air Quality Survey for Traffic | \$ 32,000 | 0.11% |
| Metropolitan Technologies | Audiovisual | \$ 72,200 | 0.24% |
| Hunter Research | Historic Resource | \$ 80,138 | 0.27% |
| SMW | Acoustics | \$ 35,000 | 0.12% |
| TBD | Renderings | \$ 10,000 | 0.03% |
| M&E Engineers | Energy Model / Cx | \$ 161,950 | 0.54% |
| Subconsultant Subtotal | | \$ 887,073 | 2.96% |
| HDR Coordination / Management | | \$ 88,032 | 0.29% |
| Total Fee for Additional Services | | \$ 975,105 | 3.25% |
| Total Fee | | \$ 2,609,805 | 8.699% |



1000 Lenox Drive
Lawrenceville, NJ 08648-2312
609.844.1212

hdrinc.com

We practice increased use of sustainable
materials and reduction of material use.

© 2016 HDR, all rights reserved.

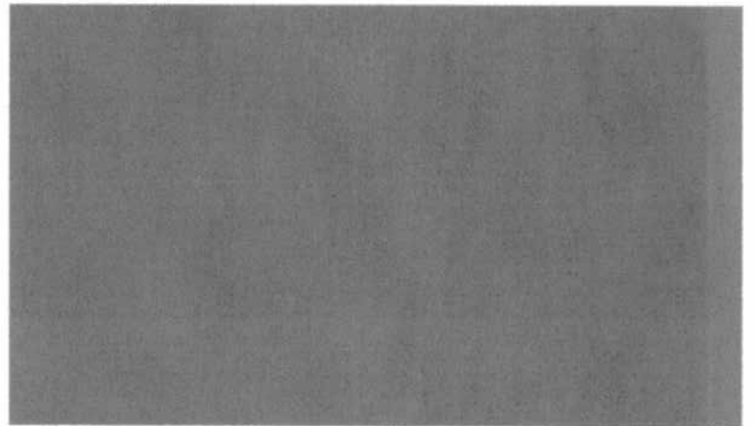


EXHIBIT D

Building the Future



Turner Construction Company
**NJEDA Health & Agriculture
and Taxation Buildings**

REQUEST FOR PROPOSAL
REF #2016-RED-RFP-CM-054
DECEMBER 23, 2016

Turner

EXHIBIT A-1
FEE PROPOSAL FORM
HEALTH / AGRICULTURE BUILDING

A. Lump Sum - Pre-Construction

1.a Phase I Pre-Construction (lump sum) \$ 65,000.00

2.a Phase II Pre-Construction (lump sum) \$ 45,000.00

*A \$10,000 Pre-Construction allowance will be added to the CM's fee, refer to Allowance - Section H below.

NOTE: All reimbursable costs are included within the above Lump Sums.

B. Staff Multiplier 1.44 (max 1.7)

State what multiplier would be applied to direct staff salaries as listed in the Construction General Conditions.

NOTE: If a percentage is applied to all labor within the General Conditions to cover fringe benefits and all insurance, explain and indicate amount.

C. Insurance Costs (Max \$10/\$1,000 of revenue)

\$10.00 / \$1,000

State what multiplier is applied during construction to total construction costs to determine project insurance.

NOTE: If insurance costs are determined in some other manner, please indicate percentages, etc.

D. Construction Fee

2.25 % with GMP

2.15 % without GMP

Indicate fee which you would charge during Construction based on the Cost of Work Plus a Fee With or Without a GMP. This fee will remain the same for future tenant fit-out, renovations or construction associated with the project.

E. Bonding

1. State what multiplier is applied during construction to total construction costs to determine a 100% performance and payment bond if required to be supplied by the CM firm. \$7.32 / \$1,000

2. Indicate total bonding capacity of the CM firm and amount not currently committed.

\$1B single,

\$7.3B aggregate (Total)

\$1.6B available (Not Committed)

3. Please note if your firm requires subcontractor bonding (i.e.: Subguard) and note your insurance rate for this.

1.15 % for Subguard

Notes:

Incentive Clause

NJEDA may include an incentive clause which rewards the CM for meeting the budget and schedule requirements. The mechanism varies depending on a cost plus or GMP contract as referenced in Exhibit G of the RFP.

Sales Tax Exemption

No sales tax shall be charged due to the tax-exempt status of NJEDA.

Allowance

An allowance of Ten Thousand Dollars (\$10,000) for sole use by NJEDA will be added to the CM's Pre-Construction lump sum fee. This amount will only be billed against with the expressed, written permission of NJEDA, and any unbilled portion at the closeout of the project, shall return to NJEDA (cannot be billed against).

Respectfully submitted,

Name of Firm Turner Construction Company

By:


Signature & Date

December 23, 2016

Printed Name and Title Mark Romanski, Vice President and General Manager

IMPORTANT NOTICE to PROPOSERS: Proposers are cautioned NOT to indicate additional fees / charges other than those stated herein. FEE PROPOSALS MUST BE SIGNED IN INK



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: February 14, 2017

RE: Trenton State Office Buildings Project
Taxation Building
Architectural/Engineering & Construction Management Services

Summary

I am requesting the Members approval of the selection of The Ballinger Company, as Architectural/Engineering (A/E) firm of record and Torcon, Inc. as the Construction Manager (CM) of record for the Taxation Project in Trenton.

Background

On October 7, 2016, the Department of Treasury, Division of Property Management and Construction (DPMC) and the Authority executed Memoranda of Understanding (MOUs), which were agreed and consented to by the Treasurer, authorizing the Authority to fund and provide pre-development services to complete the Design Development phase for the Taxation and Health/Agriculture Building Projects (the Project), which will include: A/E Design Development drawings and specifications, a construction cost estimate, a project schedule, a comprehensive development budget, site due diligence tasks, along with pre-construction services to be provided by the CM. The MOUs authorize the Authority to spend up to \$3,602,940 of Authority unrestricted funds to provide the pre-development services for both Projects (\$1,993,448 for the Taxation Building and \$1,609,492 for the Health/Agriculture Building).

In order to advance the development of these projects, the Real Estate Division issued two separate publicly advertised Request for Qualifications (RFQs) for A/E and CM services, respectively. In response to the RFQs, the Authority received Qualification Statements from seventeen (17) A/E firms and seven (7) CM firms. These firms were ranked by the Authority's Selection Committee utilizing the criteria set out in the RFQs, in accordance with the Authority's Board approved policies and procedures. Based on this ranking, the Authority's Selection Committee, comprised of Real Estate staff, along with DPMC staff, approved a short list of the five (5) highest ranked A/E and CM firms. The Real Estate Division subsequently issued two separate Request for Proposals (RFPs) to the short-listed A/E and CM firms, respectively.

-2-

As the Project consists of the design and construction of two separate, large-scale buildings, the A/E and CM RFPs stated that no firm would be awarded more than one of the Health/Agriculture and Taxation buildings projects. The RFPs provided that the Authority would select the top two qualified A/E and CM firms and that the highest ranked qualified A/E and CM firm would be awarded the larger, Taxation Project and the second highest ranked A/E and CM firm would be awarded the Health and Agriculture Project.

For the A/E firm RFP, proposals from the shortlist of qualified firms were received with separate sealed bids in accordance with the Real Estate Division's policies and procedures for procurement subject to S-2194. The technical proposals were independently evaluated and ranked by the Selection Committee based upon a comparative ranking, with an emphasis on relevant experience, based on evaluation criteria set forth in the RFP. One (1) of the proposals, from Gensler, was deemed non-compliant, and therefore was not included in the evaluation and ranking. The A/E ranking is attached as Exhibit A. The highest two ranked A/E firms were Ballinger, with a rating of 20.3, followed closely by HDR with a rating of 18.2. As such, Ballinger was selected as the A/E firm for the Taxation project.

In accordance with S-2194, the fee proposal was negotiated with Ballinger. The recommended A/E selection of Ballinger is based upon the design fee of 7.7% (\$1,542,260 for Phase I), an environmental consulting fee of \$10,000, applicable alternates, and a contingency as per the approved pre-development budget. These fees and rates are more fully detailed on the attached fee proposal (Exhibit C). Ballinger's fee proposal, as negotiated in accordance with the Authority's Board approved procurement procedures, was found to be fair and reasonable in comparison to the average competitive fee proposals received. Final approval of Ballinger will be subject to receipt and approval of their compliance documentation.

The Authority uses the Construction Manager at Risk ("CMAR") project delivery method, the Board approved method, which entails a commitment by the CM to deliver the project within budget and on schedule, based on the contract documents including the construction documents and specifications. The CMAR contract has been reviewed and approved by the Attorney General's Office, and the Authority's use of the CMAR project delivery method has been approved by GAU and OSC.

For the CM firm RFP, the Authority received proposals from the shortlist of qualified firms in accordance with the Real Estate Division's policies and procedures for procurement. The proposals were independently evaluated and ranked by the Selection Committee based upon a comparative ranking, based on evaluation criteria set forth in the RFP and as stated in the CM ranking attached as Exhibit B. One (1) of the proposals, from Gilbane, was deemed non-compliant as it was submitted late, and therefore was not included in the evaluation and ranking. The highest two ranked CM firms were Torcon, with a rating of 30.33, followed by Turner with a rating of 23.67. As such, Torcon was selected as the CM firm for the Taxation project.

-3-


The recommended CM selection of Torcon is based upon the total pre-construction fee of \$95,000 (\$65,000 for Phase I), and construction fee of 1.75% with a GMP, or a construction fee of 1.25% without a GMP, applicable alternates as noted on the attached fee proposal (Exhibit D), an incentive clause and contingency. Final approval of Torcon will be subject to receipt and approval of their compliance documentation.

The Authority will issue a limited Notice to Proceed for Phase One Predevelopment Services for the A/E and CM as indicated in the MOUs and in the pre-development budget. The Phase II work (completion of design and construction) will commence upon approval by the State Treasurer to proceed with Phase Two Services as outlined in the MOUs.

Recommendation

In summary, I am requesting the Members' approval:

- (i) of the selection of Ballinger, as Architectural/Engineering (A/E) firm of record and Torcon as the Construction Manager (CM) of record for the Taxation Project in Trenton; and
- (ii) to enter into the Authority's standard form of A/E contract that has been approved by the Attorney General's Office with Ballinger for design services and the Authority's standard form of CMAR contract that has been approved by the Attorney General's Office and the Office of the State Comptroller, with Torcon.



Timothy J. Lizura
President and Chief Operating Officer

Attachments: Exhibits A-D
Prepared by: Stephen Martorana

EXHIBIT A

Trenton State Offices - Taxation & Health/Agriculture

Architectural/Engineering Services RFP Evaluation

12/9/2016

| No | Name of Firm(s) | Office Location of Firm | A Architectural key staff member experience | B Engineering key staff member experience | C Firm's relevant experience (per RFQ) | D Understanding of the project Requirements and Scope | E Staff LEED Experience | F BIM Experience | TOTAL |
|----|-----------------|-------------------------|------------------------------------------------|----------------------------------------------|-------------------------------------------|----------------------------------------------------------|----------------------------|---------------------|-------|
| 1 | Ballinger | Phila, PA | 3.8 | 2.7 | 3.0 | 3.2 | 3.7 | 4.0 | 20.3 |
| 2 | HDR | Lawrenceville, NJ | 2.7 | 3.3 | 4.0 | 3.2 | 3.2 | 1.8 | 18.2 |
| 3 | PS&S | Warren, NJ | 2.2 | 2.7 | 2.2 | 1.5 | 2.2 | 1.8 | 12.5 |
| 4 | USA | Somerville, NJ | 1.3 | 1.3 | 1.0 | 2.2 | 1.0 | 2.3 | 9.2 |
| | Gensler | Washington, DC | Non Compliant | | | | | | |

The evaluation spreadsheet is based on a comparative ranking with each firm receiving a score between 1 and 4 points with 4 being the highest score for each evaluation criteria

EXHIBIT B

Trenton State Offices - Taxation & Health/Agriculture

Construction Management RFP Evaluation

1/4/2017

| No | Name of Firm(s) | Office Location Firm | 1 Key staff Experience | 2 Similar firm experience (from RFQ) | 3 Understanding of Project Scope | 4 BIM Experience/Qualifications | 5 LEED Experience of Team Members | Qualification Subtotal | 6 Fee Pre-construction \$ | 7 Fee Construction % | 8 Insurance Costs per\$1000 | 9 Staff Multiplier | Fee Subtotal | OVERALL TOTAL |
|----|-----------------|----------------------|------------------------|--------------------------------------|----------------------------------|---------------------------------|-----------------------------------|------------------------|---------------------------|----------------------|-----------------------------|--------------------|--------------|---------------|
| 1 | Torcon | Red Bank, NJ | 3.50 | 4.00 | 3.67 | 4.00 | 3.67 | 18.83 | 3 | 4 | 2.5 | 2 | 11.5 | 30.33 |
| 2 | Turner | Somerset, NJ | 3.50 | 2.00 | 3.17 | 2.67 | 2.83 | 14.17 | 2 | 1 | 2.5 | 4 | 9.5 | 23.67 |
| 3 | Skanska | Blue Bell, PA | 1.00 | 1.00 | 1.33 | 2.17 | 1.17 | 6.67 | 4 | 2 | 4 | 3 | 13 | 19.67 |
| 4 | Structurestone | Woodbridge, NJ | 2.00 | 3.00 | 1.83 | 1.17 | 2.33 | 10.33 | 1 | 3 | 1 | 1 | 6 | 16.33 |
| 5 | Gilbane | Non-Compliant (Late) | | | | | | | | | | | | |
| | | | 10 | 10 | 10 | 10 | 10 | | 10 | 10 | 10 | 10 | | |

The evaluation spreadsheet is based on a comparative ranking with each firm receiving a score between 1 and 4 points with 4 being the highest score for each evaluation criteria.

Underwriting reviewed the financial information submitted with the proposals and have determined that the CM firms are responsible bidders who have the financial capacity to perform the work under the contract according to its specified requirements and that the firms have sufficient cash liquidity to provide the services contemplated.

EXHIBIT C

| FEE PROPOSAL

TAXATION BUILDING

NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY

12.20.16

B A L L I N G E R

AMENDED
EXHIBIT A-2
FEE PROPOSAL FORM
TAXATION BUILDING

THIS FEE PROPOSAL FORM MUST BE SUBMITTED
IN A SEPARATE, SEALED ENVELOPE.

1.0 GENERAL

- 1.1 Refer to Developer/Architect Agreement Article 10, "Payments to Architect", Article 11, "Basis of Compensation", and Article 3, "Additional Services" for definitions, clarifications and additional information.

2.0 BASIC COMPENSATION

2.1.A Design Fees – Building, Surface Parking and Site Improvements

Maximum Fee for Phase I and Phase II, including all reimbursables (See Article 11), plus an allowance (see below) based on 7.7 % of the Developer's Estimated Construction Budget (D.E.C.B.).

2.1.B Design Fees – Alternate Parking Garage

Maximum Fee for Phase I and Phase II, including all reimbursables (See Article 11), based on 8 % of the Developer's Estimated Construction Budget (D.E.C.B.) specific to just the Parking Garage if applicable.

- 2.2 The D.E.C.B. has been included in Exhibit C, "Preliminary Concept Document". This amount will be fixed by NJEDA at the end of the Design Development Phase for purposes of the A/E's fee. After that point, all other provisions of Article 11 of the Developer/Architect Agreement will remain in effect.

- 2.3 Environmental consulting fee Preliminary Site Assessment and Report
\$ 10,000

3.0 COMPENSATION FOR ADDITIONAL SERVICES

- .1 Direct Personnel Expense multiplier (D.P.E.) 1.35 (Max. 1.35)
- .2 Office Multiplier 2.25 (Max. 2.25)
- .3 Reimbursables will be billed at direct cost with no multipliers, for Architect and all consultants.
- .4 Principals hourly rate 200.00 (Max. \$200.00)
- .5 Listing of Principals: Keith Mock Todd Drake Bill Gustafson
Terry Steelman Jeff French Lou Meilink
Barry Finkelstein Jonathan Friedan Craig Spangler
Eric Swanson

4.0 SERVICES OF SPECIFIC INDIVIDUALS (Reference Article 3 of the Developer/Architect Agreement)

- .1 Direct Personnel Expense multiplier (D.P.E.) 1.35 (Max. 1.35)
- .2 Multiplier 1.25 (Max. 1.25)
- .3 Reimbursables will be billed at direct cost with no multipliers.

5.0 SERVICES OF ADDITIONAL CONSULTANTS (Reference Article 11.3 of the Developer/Architect Agreement)

- .1 The amount billed to the A/E excluding reimbursables times 1.05 (1.05 Max.)
- .2 All reimbursables, whether A/E or consultants will be billed at direct cost with no additional mark-up.
- .3 Consultant's compensation is based upon the same multipliers as Paragraph 3.0 of this Exhibit.

6.0 RETAINAGE

- .1 There is a 10% retainage on all design services. Refer to Developer/Architect Agreement for additional information.

7.0 INSURANCE REQUIREMENTS

- .1 Refer to Article 12, Paragraph 12.3, Developer/Architect Agreement
- .2 Refer to Paragraph VI, Deliverables, Item No. 3 (Cert. of Insurance) this RFP.

8.0 ALLOWANCE

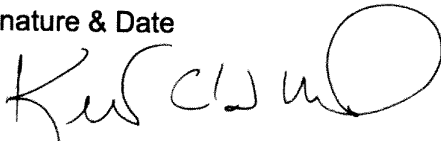
- .1 An allowance of Fifty Thousand Dollars (\$50,000.00) for the sole use by NJEDA will be included in addition to the A/E's basic compensation. This amount can only be billed against with the expressed, written permission of NJEDA, and any unbilled portion at the close out of the Project, shall return to NJEDA (cannot be billed against). Refer to Article 11, Subparagraph 11.1.2, Developer/Architect Agreement for additional information.

Respectfully submitted,

Name of Firm
Ballinger

By:

Signature & Date



Printed Name and Title
Keith C.H. Mock, AIA
Principal

**THIS FEE PROPOSAL FORM MUST BE SUBMITTED
IN A SEPARATE, SEALED ENVELOPE.**

**(No exceptions/exclusions/clarifications are acceptable
to the Fee Proposal Form)**

B A L L I N G E R

| 833 CHESTNUT ST
SUITE 1400
PHILADELPHIA, PA 19107

| T 215 446 0900
F 215 446 0901
BALLINGER.COM

EXHIBIT D



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

**HEALTH/AGRICULTURE &
TAXATION BUILDINGS**

December 23, 2016

REF #2016-RED-RFP-CM-054

proposal for
**CONSTRUCTION
MANAGEMENT**
services



EXHIBIT A-2

FEE PROPOSAL FORM

TAXATION BUILDING

A. LUMP SUM — PRECONSTRUCTION

| | | |
|-----|---------------------------------------------------------|-----------|
| 1a | Phase I Pre-Construction (lump sum) | \$ 55,000 |
| 1.b | Additional fee for alternate for parking structure | \$ 10,000 |
| 1.c | Additional fee for alternate for existing building demo | \$ 2,500 |
| 2a | Phase II Pre-Construction (lump sum) | \$ 30,000 |
| 2.b | Additional fee for alternate for parking structure | \$ 5,000 |
| 2.c | Additional fee for alternate for existing building demo | \$ 2,500 |

*A \$10,000 Pre-Construction allowance will be added to the CM's fee, refer to Allowance - Section H below.

NOTE: All reimbursable costs are included within the above Lump Sums.

B. STAFF MULTIPLIER 1.65

State what multiplier would be applied to direct staff salaries as listed in the Construction General Conditions.

NOTE: If a percentage is applied to all labor within the General Conditions to cover fringe benefits and all insurance, explain and indicate amount.

C. INSURANCE COSTS (Maximum \$10/\$1,000 of revenue) 1.00%

State what multiplier is applied during construction to total construction costs to determine project insurance.

NOTE: If insurance costs are determined in some other manner, please indicate percentages, etc.

EXHIBIT A-2 | FEE PROPOSAL FORM
TAXATION BUILDING

D. CONSTRUCTION FEE

BUILDING WITHOUT ALTERNATES

| | |
|------|---------------|
| 1.75 | % WITH GMP |
| 1.25 | % WITHOUT GMP |

BUILDING WITH PARKING ALTERNATE BUT NOT DEMOLITION ALTERNATE

| | |
|------|---------------|
| 1.75 | % WITH GMP |
| 1.25 | % WITHOUT GMP |

BUILDING WITH DEMOLITION ALTERNATE BUT NOT PARKING ALTERNATE

| | |
|------|---------------|
| 1.75 | % WITH GMP |
| 1.25 | % WITHOUT GMP |

BUILDING WITH PARKING ALTERNATE AND DEMOLITION ALTERNATE

| | |
|------|---------------|
| 1.75 | % WITH GMP |
| 1.25 | % WITHOUT GMP |

Indicate fee which you would charge during Construction based on the Cost of Work Plus a Fee With or Without a GMP. This fee will remain the same for future tenant fit-out, renovations or construction associated with the project.

E BONDING

1. State what multiplier is applied during construction to total construction costs to determine a 100% performance and payment bond if required to be supplied by the CM firm. 0.65

2. Indicate total bonding capacity of the CM firm and amount not currently committed.

| | |
|---------------|-----------------|
| \$650,000,000 | (Total) |
| \$450,000,000 | (Not Committed) |

3. Please note if your firm requires subcontractor bonding (i.e.: Subguard) and note your insurance rate for this.

| | |
|--------|----------------|
| 1.40 * | % for Subguard |
|--------|----------------|

(*Subguard is available, but not required)

EXHIBIT A-2 | FEE PROPOSAL FORM
TAXATION BUILDING

INCENTIVE CLAUSE

NJEDA may include an incentive clause which rewards the CM for meeting the budget and schedule requirements. The mechanism varies depending on a cost plus or GMP contract as referenced in Exhibit G of the RFP.

SALES TAX EXEMPTION

No sales tax shall be charged due to the tax-exempt status of NJEDA.

ALLOWANCE

An allowance of Ten Thousand Dollars (\$10,000) for sole use by NJEDA will be added to the CM's Pre-Construction lump sum fee. This amount will only be billed against with the expressed, written permission of NJEDA, and any unbilled portion at the closeout of the project, shall return to NJEDA (cannot be billed against).

Respectfully Submitted,

Torcon, Inc

December 23, 2016

Name of Firm

Date

Joseph A. Torcivia
Signature

Joseph A. Torcivia

Co-President

Name

Title

BOARD MEMORANDUM



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President and Chief Operating Officer
DATE: February 14, 2017
SUBJECT: PUST and HDSRF Program Funding Status
(For Informational Purposes Only)

In December, 2012, the members approved a change in the administration of the subject programs as a result of new Treasury guidance for fund transfers. Staff has reported to the board quarterly on the status of the funds.

Below is the funding availability as of the fourth quarter ending on December 31, 2016:

PUST:

As of December 31st, remaining cash and unfunded appropriations net of commitments was \$13.5 million available to support an estimated \$23.8 million pipeline of projects, of which approximately \$14.3 million are under review at EDA.

HDSRF:

As of December 31st, remaining cash and unfunded appropriations net of commitments was \$16.5 million available to support an estimated \$25.9 million pipeline of projects, of which approximately \$1.9 million are under review at EDA.



Prepared by: Wendy Wisniewski



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President and COO
DATE: February 14, 2017
SUBJECT: Projects Approved Under Delegated Authority –
For Informational Purposes Only

The following project was approved under Delegated Authority in January 2017:

Premier Lender Program:

- 1) MCM Acquisitions, LLC and Swedesboro Animal Hospital, LLC (co-borrowers) (P43880) are located in Woolwich Township, Gloucester County. MCM Acquisitions, LLC is a real estate holding company formed to purchase the project property. The operating company, Swedesboro Animal Hospital, LLC, is a veterinary hospital formed in 1986 to provide medical and surgical needs of house pets and exotic animals as well as spa and training services. The hospital also provides dog daycare and boarding services. BB&T approved a \$2,440,000 bank loan with a 20.4% (\$500,000) Authority participation. Proceeds will be used to refinance a commercial mortgage and additional debt. Currently, the Company has 49 employees and plans to create 12 new positions within the next two years. SSBCI funds will be utilized for this project.



Prepared by: G. Robins
/gvr



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura, President and Chief Operating Officer

DATE: February 14, 2017

SUBJECT: Technology & Life Sciences - Delegated Authority Approvals for Q4 2016
For Informational Purposes, Only

Angel Investor Tax Credit Program – 2016 Review

On January 31, 2013, the New Jersey Angel Investor Tax Credit Act was signed into law with Regulations approved by the Members of the Board in June 2013. The New Jersey Angel Investor Tax Credit Program (ATC) establishes credits against corporate business tax or New Jersey gross income tax in the amount of 10% of a qualified investment made into New Jersey emerging technology businesses.

In 2016 the EDA approved two hundred and fifty-one applications; an increase from the 213 applications approved in the prior year. In 2016 these approvals represented the investment of more than \$96 million of private capital, for a total tax credit amount of \$9,014,426 under the \$25 million program allocation. The investment amount into New Jersey businesses also rose by 92% year over year, with investments increasing from over \$50 million to over \$96 million. Investments were made into 32 New Jersey emerging technology and life sciences companies vs. 28 in the prior year, and can be seen in more detail below. Included in the 2016 program statistics were applications for investment in 15 companies which were new to the program. The average investment amount was approximately \$383,000 and the average tax credit amount was approximately \$36,000.

| Sector | Investment amount | Applications | % of total investments | % of total applications |
|------------------|--------------------------|---------------------|-------------------------------|--------------------------------|
| Technology | \$ 14,623,562 | 98 | 15% | 39% |
| Clean Technology | \$ 7,911,447 | 18 | 8% | 7% |
| Life Sciences | \$ 73,727,469 | 135 | 77% | 54% |

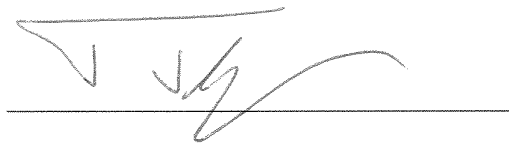
Since program inception in 2013, the Authority has approved 673 applications for investments totaling more than \$220 million invested in 51 New Jersey-based high tech businesses.

In addition to angel investors approved under the ATC program, applicants included venture capital funds, angel funds, partnerships, trusts, corporations and investment LLC's. In 2016, approximately 39% of ATC applicants were from New Jersey, while the remainder come from throughout the United States and abroad. These foreign investors came from multiple European countries including Belgium, Sweden and The Netherlands.

Q4 2016

Attached please find a list of all ATC applications that were approved under delegated authority during the fourth quarter of 2016 along with a list of 2016 annual declinations.

In the 4th quarter of 2016, 198 applications totaling \$6,110,909 in tax credits were approved. These approvals represent \$62,225,073 in private investments in 26 unique technology and life science companies.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Prepared by:
Kathleen Coviello
Alec Tripodi