



MEMORANDUM

TO: Members of the Authority

FROM: Melissa Orsen
Chief Executive Officer

DATE: August 11, 2015

SUBJECT: Agenda for Board Meeting of the Authority August 11, 2015

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

Edison Innovation Fund

Office of Recovery

Board Memorandums

Real Estate

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

July 9, 2015

MINUTES OF THE MEETING

Members of the Authority present: Al Koepp, Chairman; Commissioner Kenneth Kobylowski of the Department of Banking and Insurance; Steve Petrecca representing State Treasurer Andrew Sidamon-Eristoff; Jeffrey Stoller representing the Commissioner of the Department of Labor; Public Members: Joseph McNamara, Vice Chairman; Charles Sarlo, Fred B. Dumont, Philip B. Alagia, Massiel Medina Ferrara, David R. Huber, Patrick Delle Cava, First Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Present via conference call: Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Public Member William J. Albanese, Sr., Second Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Absent: Public Members Larry Downes, and Harold Imperatore, Third Alternate Public Member.

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

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

Pursuant to the Internal Revenue Code of 1986, Ms. 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 June 9, 2015 regular and executive session meeting minutes. A motion was made to approve the minutes by Mr. McNamara, seconded by Mr. Stoller, and was approved by the 11 voting members present.

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

CHIEF EXECUTIVE OFFICER'S MONTHLY REPORT TO THE BOARD

INCENTIVE PROGRAMS

ITEM: Adoption of Rule Amendments – Economic Opportunity Act of 2014, Part 3

REQUEST: To approve the adoption of amendments to the rules implementing the Economic Redevelopment and Growth (ERG) Program, Grow New Jersey Assistance (Grow NJ) Program and Urban Transit Hub Tax Credit (UTHTC) Program, pursuant to statutory revisions enacted in the Economic Opportunity Act of 2014, Part 3, P.L. 2014, c. 63.

MOTION TO APPROVE: Commissioner Kobyłowski **SECOND:** Mr. McNamara **AYES:** 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Ms. Kokas, Mr. Albanese and Mr. Sadler joined the meeting via conference call at this time.

ITEM: Proposed Rule Amendments

Urban Transit Hub Tax Credit Program/ Grow NJ Program

REQUEST: To approve proposed rule amendments to clarify certain deadlines for application and reporting pursuant to statutory provisions under the Urban Transit Hub Tax Credit (UTHTC) Program; and to clarify the administration of certain statutory elements of the Grow New Jersey Assistance (Grow NJ) Program.

MOTION TO APPROVE: Commissioner Kobyłowski **SECOND:** Mr. McNamara **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

Economic Redevelopment and Growth Grant Program

ITEM: Economic Redevelopment Growth Grant (ERGG)

Urban Hub Tax Credit (HUB)

Policy Implementation

REQUEST: To approve 1) the establishment of new review guidelines and associated staff delegations in relation to the participation of non-profit entities in residential ERGG projects; 2) the application of a standard net present value review in the staffs' determination of whether HUB and ERGG tax credit buy-sell agreements meet the \$.75 sales standard as set forth in the law; and 3) authorize staff to designate newly created entities as Recipients of HB tax credits, where those entities were contemplated but not created or named at the time of approval and update Recipient designation to reflect immaterial changes to approved business structures in HUB and ERGG projects.

MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Mt. Laurel Development, LLC

APPL.#37441

REQUEST: To approve the extension from June 30, 2015 to December 31, 2015 for Mt. Laurel Development, LLC to submit the required documentation in order to execute the ERG agreement.

MOTION TO APPROVE: Commissioner Kobyłowski **SECOND:** Mr. McNamara **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Carrino Plaza Apartments, LLC

APPL.#39030

REQUEST: To approve the addition of The Greater Newark Housing Partnership Inc. as the co-applicant to Carrino Plaza Apartments, LLC.

MOTION TO APPROVE: Mr. McNamara **SECOND:** Commissioner Kobylovski **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

Mr. Alagia recused himself because he believes that Essex County may have invested CBDG funds into the property.

ITEM: KRE Hamilton Urban Renewal, LLC

APPL.#41104

REQUEST: To approve the application of KRE Hamilton Urban Renewal, LLC for a project located in Jersey City, Hudson County for the issuance of tax credits. The recommendation is to award 25.5% of actual eligible costs, not to exceed \$40,000,000, in tax credits based on the budget submitted.

MOTION TO APPROVE: Ms. Ferrara **SECOND:** Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

Grow New Jersey Assistance Program

ITEM: Grow New Jersey Assistance Program

REQUEST: To consent to a policy that allows previously approved applicants who are subject to the 90% income tax withholding limit on award amounts to select a methodology that will determine the amount and timing of fee payments to the Authority; and to delegate to staff the approval of applicant requests to select the methodology.

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Petrecca **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: Atlantic City Contact Center, LLC

APPL.#41071

REQUEST: To approve the application of Atlantic City Contact Center, LLC for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Atlantic City, NJ. Project location of Atlantic City in Atlantic County qualifies as a Garden State Growth Zone 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 Deep Poverty Pocket, Transit Oriented Development, Large Number of New Full-Time Jobs, and location in a municipality in Atlantic County with 2007 Revitalization Index greater than 465. The estimated annual award is \$3,274,080 for a 10-year term.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Alagia **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

ITEM: Jaguar Land Rover North America, LLC

APPL.#41059

REQUEST: To approve the finding of jobs at risk.

MOTION TO APPROVE: Mr. Delle Cava **SECOND:** Mr. Ferrara **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ITEM: Jaguar Land Rover North America, LLC

APPL.#41059

REQUEST: To approve the application of Jaguar Land Rover North America, LLC for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Mahwah Township, NJ. Project location of Mahwah Township, Bergen 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 Transit Oriented Development, Jobs with Salary in Excess of County Average, Large Number of New/Retained Full-Time Jobs, and Targeted Industry (Manufacturing). The estimated annual award is \$2,660,500 for a 10-year term.

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Alagia **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PROJECT: Jaguar Land Rover North America, LLC

APPL.#41509

LOCATION: Mahwah/Bergen County

BUSINESS: Design, Development, Manufacture, and Sale

ESTIMATED ELIGIBLE EXPENSES: \$21,000,000

ESTIMATED AWARD: \$1,420,020 Sales and Use Tax Exemption

MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Stoller **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

ITEM: JPMorgan Chase Bank, N.A.

REQUEST: Not to disqualify JPMorgan Chase Bank, N.A. after the review of legal matters.

MOTION TO APPROVE: Commissioner Kobylowski **SECOND:** Mr. McNamara **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

ITEM: JPMorgan Chase Bank, N.A.

APPL.#41066

REQUEST: To approve the application of JPMorgan Chase Bank, N.A. for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Jersey City, NJ. Project location of Jersey City, Hudson 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 Transit Oriented Development, Jobs with Salary in Excess of County Average, Large Number of New Full-Time Jobs, and Targeted Industry (Finance). The estimated annual award is \$18,778,100 for a 10-year term.

MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

ITEM: Kering Eyewear USA, Inc.

APPL.#41093

REQUEST: To approve the application of Kering Eyewear USA, Inc. for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Bridgewater Township, NJ. Project location of Bridgewater Township, Somerset County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The estimated annual award is \$150,000 for a 10-year term.

MOTION TO APPROVE: Commissioner Kobylowski **SECOND:** Mr. Dumont **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

ITEM: Nestle HealthCare Nutrition, Inc. and
Nestle Nutrition R&D Center Inc.

APPL.#41050

REQUEST: To approve the finding of jobs at risk.

MOTION TO APPROVE: Mr. Dumont

SECOND: Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

ITEM: Nestle HealthCare Nutrition, Inc. and
Nestle Nutrition R&D Center Inc.

APPL.#41050

REQUEST: To approve the application of Nestle HealthCare Nutrition, Inc. and Nestle Nutrition R&D Center Inc. for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Bridgewater Township, NJ. Project location of Bridgewater Township, Somerset County qualifies as a Priority Area 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), Jobs with Salary in Excess of County Average, and Targeted Industry (Manufacturing). The estimated annual award is \$1,445,500 for a 10-year term.

MOTION TO APPROVE: Mr. Delle Cava

SECOND: Mr. McNamara **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

ITEM: Peeq Imaging, LLC

APPL.#40947

REQUEST: To approve the application of Peeq Imaging, LLC for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Carlstadt, NJ. Project location of Carlstadt, Bergen County qualifies as a Priority Area 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 Targeted Industry (Manufacturing) and Capital Investment in Excess of Minimum (non-Mega). The estimated annual award is \$495,000 for a 10-year term.

MOTION TO APPROVE: Mr. Huber

SECOND: Mr. Stoller **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

Grow New Jersey Assistance Program - Modification

ITEM: Subaru of America, Inc.

REQUEST: To approve an extension of its deadline to complete its project and the issuance of the accompanying tax credits from December 9, 2017 to December 9, 2018.

MOTION TO APPROVE: Mr. Huber

SECOND: Mr. McNamara **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

Brownfield Redevelopment Initiative Program

ITEM: Application for Brownfield Reimbursement Agreement
Pennview Partners, LLC

REQUEST: To approve the application for a Brownfield Redevelopment Agreement for Pennview Partners, LLC, for reimbursement of clean-up costs for a Pennsauken, Camden County project. The total remediation expenses for the site are estimated to be \$1,281,008. The recommended reimbursement is 75% of the actual reimbursable remediation costs, not to exceed \$960,756.

MOTION TO APPROVE: Commissioner Kobylowski **SECOND:** Mr. Delle Cava **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

BOND PROJECTS

ITEM: NJEDA/School Facilities Construction Refunding Obligations; School Facilities Construction Bonds

REQUEST: To approve the issuance of one or more series of the 2015 School Facilities Construction Refunding Bonds, 2015 School Facilities Construction Refunding Notes, 2015 School Facilities Construction Bonds and various related actions.

MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Stoller **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

Amended Bond Resolutions

ITEM: The Peddie School

APPL.#41168

LOCATION: Hightstown Borough/Mercer

PROCEEDS FOR: Refinancing

FINANCING: \$11,475,000 Tax-exempt Bond

MOTION TO APPROVE: Commissioner Kobylowski **SECOND:** Mr. Huber **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

PUBLIC HEARING: Yes

PUBLIC COMMENT: None

Preliminary Resolutions

ITEM: Frederick Goldman, Inc., or entity to be formed

APPL.#41242

This matter was withheld from consideration.

Public Hearing Only

ITEM: NJEDA/Liberty State Park Refunding Bonds

APPL.#41239

LOCATION: Jersey City/Hudson

PROCEEDS FOR: Refinancing

FINANCING: \$86,000,000

Bond Resolutions with Authority Exposure

ITEM: East Park Street Hospitality Urban Renewal Inc.

APPL.#39805

LOCATION: Newark/Essex

PROCEEDS FOR: Acquisition/Renovation of existing building and Purchase of equipment & machinery

FINANCING: \$420,000 Taxable

MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Delle Cava **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

Mr. Alagia recused himself because Essex County and the developers have a relationship.

PROJECT: East Park Street Hospitality Urban Renewal Inc. APPL.#38705
LOCATION: Newark/Essex
PROCEEDS FOR: Acquisition/Renovation of existing building
FINANCING: \$1,250,000 Direct Loan Program
MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Petrecca **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

Mr. Alagia recused himself because Essex County and the developers have a relationship.

PROJECT: East Park Street Hospitality Urban Renewal Inc. APPL.#38704
LOCATION: Newark/Essex
PROCEEDS FOR: Acquisition/Renovation of existing building and Purchase of equipment & machinery
FINANCING: \$2,000,000 Local Development Financing Fund Program
MOTION TO APPROVE: Mr. Petrecca **SECOND:** Mr. Delle Cava **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 24

Mr. Alagia recused himself because Essex County and the developers have a relationship.

LOANS/GRANTS/GUARANTEES

Petroleum Underground Storage Tank Program

ITEM: Summary of Petroleum UST Remediation, Upgrade & Closure Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Petrecca **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 25

PROJECT: Bildee Corporation APPL.#40633
LOCATION: Middletown Township/Monmouth
PROCEEDS FOR: Remediation
FINANCING: \$97,308 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: Estate of Thomas McAllister APPL.#40117
LOCATION: Washington Township/Gloucester
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: \$232,516 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: Veronica R. Mastroiacovo APPL.#40051
LOCATION: East Hanover Township/Morris
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: \$105,196 Petroleum UST Remediation, Upgrade and Closure Fund Grant

Hazardous Discharge Site Remediation Fund Program

ITEM: Summary of NJDEP Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 26

PROJECT: Borough of High Bridge (Lake Solitude Dam)
LOCATION: High Bridge Borough/Hunterdon
PROCEEDS FOR: Remedial Action
FINANCING: \$440,188 (75% Matching Grant)

APPL.#39887

PROJECT: Edward R. Freed
LOCATION: Clifton City/Passaic
PROCEEDS FOR: Remedial Investigation
FINANCING: \$62,327

APPL.#39497

OFFICE OF RECOVERY

Energy Resilience Bank

ITEM: Energy Resilience Bank Program Documents
REQUEST: To approve changes to the Energy Resilience Bank (ERB) Financing Program Guide; the ERB Funding Round 1: Water and Wastewater Treatment Facilities Program Guide; and the Challenge/Appeals Process.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Ferrara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 27

Stronger New Jersey Business Loan Program - Appeals

ITEM: Stronger NJ Business Loan Program Appeal – Lincoln Harbor Yacht Club
REQUEST: To approve the Hearing Officer’s recommendation to uphold the declination of the Stronger NJ Business Loan for Lincoln Harbor Yacht Club.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 28

Stronger New Jersey Business Grant Program - Appeals

ITEM: Stronger NJ Business Grant Program Appeal – Emory Rehabilitation Service Inc. and Mijack Corporation
REQUEST: To approve the Hearing Officer’s recommendation to uphold the declination of the Stronger NJ Business Grant for Emory Rehabilitation Service Inc. and Mijack Corporation.
MOTION TO APPROVE: Mr. Delle Cava **SECOND:** Mr. Petrecca **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 29

BOARD MEMORANDUMS

ITEM: Danic Two, LLC APPL.#19949
Elizabeth, New Jersey
\$5,500,000 New Market Tax Credit (NMTC) Loan
Aggregate Exposure - \$8,584,983

REQUEST: Extend the maturing NMTC loan for 20 years with call options and rate resets at the end of each five year period.

MOTION TO APPROVE: Mr. Sarlo **SECOND:** Ms. Ferrara **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 30

FOR INFORMATION ONLY: Incentive Modifications

FOR INFORMATION ONLY: Projects approved under Delegated Authority for 2nd Quarter 2015

FOR INFORMATION ONLY: Projects approved under Delegated Authority

Premier Lender Program: Britton Realty of Lawrenceville, LLC (P40543)

Small Business Fund Program: West Ivy Englewood, LLC (P41125)

Stronger NJ Business Loan Program: Coast Whistle Stop, Inc. d/b/a Pier House Restaurant (P39328)

Camden ERB: Trinity Live Entertainment and Events, LLC (P40992)

Community Economic Development Program - Modification: Greater Wildwood Tourism Improvement and Development Authority (P39676)

Direct Loan Program – Modification: Cooperative Business Assistance Corporation (P40434)

New Jersey Business Growth Fund – Modification: Blue Rock Holdings LLC and Advanced Infrastructure Design, Inc. (P41241)

Statewide Loan Pool Program – Modification: Scott Real Estate LLC (P40538)

Stronger NJ Business Loan Program – Modification: Yank Marine Services, LLC (P39754)

FOR INFORMATION ONLY: Technology & Life Sciences – Delegated Authority Approvals for 1st Half 2015

FOR INFORMATION ONLY: Petroleum Underground Storage Tank Program (PUST) – Delegated Authority Second Quarter 2015 Approvals

FOR INFORMATION ONLY: Hazardous Discharge Site Remediation Fund – Delegated Authority Second Quarter 2015 Approvals

REAL ESTATE

ITEM: Camden Waterfront Development
Approval of the Second Amendment to the Development and Option Agreement (dated October 19, 2004 and amended November 18, 2013)

REQUEST: To approve the Second Amendment to the Development and Option Agreement between Camden Town Center, L.L.C and the Authority, dated October 19, 2004 and amended on November 18, 2013 which will provide an additional four months to fulfill the \$25 million minimum threshold expenditure currently due on July 31, 2015.

MOTION TO APPROVE: Mr. Delle Cava **SECOND:** Mr. Petrecca **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 31

ITEM: Lease between New Jersey Economic Development Authority and MacroCure, Inc. The Technology Centre of New Jersey

REQUEST: To approve (1) entering into a ten year, three month Lease Agreement between MacroCure, Inc. and the New Jersey Economic Development Authority for the Tech V building at the Technology Centre of New Jersey, (2) renovate the Tech V building at a cost of \$2 million, (3) increase the contract for pre-construction services with Torcon, the Tech Centre’s Construction Management firm of the record, by \$60,000, and for general construction management services based upon the previously established fee of 1.0% with an incentive clause, and (4) increase the contract with HDR, the Tech Centre’s Architectural and Engineering firm of record.

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Dumont **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 32

FOR INFORMATION ONLY: Real Estate Division Delegated Authority for Leases, CCIT Grants, and Right of Entry/ Licenses for Second Quarter 2015

FOR INFORMATION ONLY: Real Estate Division Delegated Authority for Approval of Projects under the Streetscape Revitalization Program

AUTHORITY MATTERS

ITEM: Independent Auditor Services – Audit Committee

REQUEST: To approve entering into a contract with Ernst & Young, LLP to provide Independent Auditor Services to the Authority’s Board and its Audit Committee.

MOTION TO APPROVE: Commissioner Kobylowski **SECOND:** Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 33

FOR INFORMATION ONLY: EDA Programs For Small Businesses

ITEM: Technical Assistance for Small Businesses
2015 RFQ/P - 069

REQUEST: To approve entering into a contract with Union County Economic Development Corporation (UCEDC) to provide technical assistance services to start-up and existing small businesses, minorities' and women's enterprises statewide (3 regions).

MOTION TO APPROVE: Mr. Delle Cava **SECOND:** Mr. Petrecca **AYES:** 13

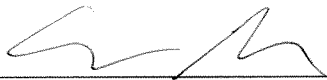
RESOLUTION ATTACHED AND MARKED EXHIBIT: 34

PUBLIC COMMENT

There was no public comment.

There being no further business, on a motion by Mr. Dumont, and seconded by Commissioner Kobylovski, the meeting was adjourned at 11:45 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, Governance & Communications
Assistant Secretary



MEMORANDUM

TO: Members of the Authority

FROM: Melissa J. Orsen
Chief Executive Officer

DATE: August 11, 2015

RE: Monthly Report to the Board

CCIT-BASED PROGRAM SEEKS SECOND ROUND OF EXECUTIVE MENTORS

Building on the momentum generated by the success of the inaugural group of life sciences executives mentoring and advising emerging technology companies, the EDA is currently accepting applications for its second round of Executives-in-Residence.

Developed in collaboration with BioNJ, the Executive-in-Residence program is a resource through which appointed biotechnology executives in transition provide mentoring and coaching to emerging life sciences entrepreneurs at CCIT. During weekly office hours, CCIT tenants can seek advice from executives on a range of topics, including business development, commercialization, partnering and licensing, and more.

While the benefits to CCIT tenants are obvious, participating executives enjoy perks such as access to an office suite at CCIT; the title of Executive-in-Residence; exposure on the EDA's website; and participation in multiple technology networks in the state, including BioNJ. The highly-competitive application process is rolling, with appointments of new executives made on a semi-annual basis.

One of our current Executives-in-Residence cited 350 "views" of his LinkedIn profile during his appointment as confirmation of the visibility the program provides for participating executives at a time when raising their profile in the life sciences community is most valuable.

NEW JERSEY ACKNOWLEDGED FOR BIOTECH LEADERSHIP

New Jersey's leadership in biotechnology was recently validated with a top national ranking in the Biotech Growth Potential category in Business Facilities Magazine's Annual Rankings Report.

New Jersey surged to the top of the annual biotech growth assessment as a result of its ability to attract new players and grant funding, leverage its world-class research hubs, and its ability to support startups and develop new industry clusters. With 14 of the world's largest biopharmaceutical companies and largest clinical research organizations calling the Garden State "home," New Jersey also ranked #2 in Biotech Strength (Drugs/Pharma) in the Annual Rankings.

The state's position as a hub of biotechnology and pharmaceutical business also was confirmed in a survey of BioSpace readers released last week. More than 63 percent of respondents believe New Jersey will continue to attract biotech and life science companies. Already this year, 16 of the 27 new products approved by the Food and Drug Administration were created by companies with a significant footprint in New Jersey. BioSpace is a leading online community for life sciences professionals.

The State's educated workforce, world-class universities and research facilities, and legacy of pharmaceutical and life sciences innovation have clearly earned the confidence of the biotechnology sector.

NEW RESTAURANT OPENS AT FORT MONMOUTH MARINA

A new restaurant, The Marina at Oceanport, opened at the Fort Monmouth marina late last month, just in time to take advantage of the final weeks of summer. The waterfront restaurant and bar, which occupies the renovated marina building formerly operated by Fort Monmouth, is operating under an agreement between the restaurant's owner and FMERA.

Indoor seating for approximately 60 patrons at tables and a bar inside the restaurant is currently available, as well as outdoor seating overlooking the water for another 50 patrons. An additional dining room, which will seat approximately 30 guests, will be constructed. For those looking to "dock and dine," the restaurant has boat slips available at its easternmost piers, closest to the public boat launch.

Another recent FMERA milestone is the extension of FMERA's contract with Fort Monmouth's master broker, Cushman & Wakefield (C&W), for one year. Since 2012, the commercial real estate services firm, which recently completed its initial three-year contract with FMERA, has been tasked with marketing, selling and leasing property on Fort Monmouth with the goal of stimulating investment and creating jobs.

C&W's extensive marketing efforts have led businesses of all sizes to consider opportunities at the Fort.

CLOSED PROJECTS

Through July 2015, EDA provided more than \$756 million in assistance to 170 projects this year, supporting more than 6,000 existing jobs, the creation of more than 4,100 new jobs, more than 2,100 construction jobs, and leveraging more than \$953 million in public/private assistance.

EVENTS

EDA representatives participated as speakers, attendees or exhibitors at 14 events in July. These included the Newark CRE Summit, the NJTC Annual Meeting in Monroe, and the AeroFarms groundbreaking in Newark.



Melvin J. Rose

INCENTIVE PROGRAMS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: August 11, 2015

RE: Proposed Rule Amendments
ERG Program – Mixed Use Parking Projects; and Grow NJ Incubator Program

Request:

The members are asked to approve attached proposed amendments to the rules implementing the Economic Redevelopment and Growth (ERG) Program based on statutory provisions pertaining to mixed use parking projects pursuant to P.L. 2015, c. 69; and, amendments to the rules implementing the Grow New Jersey Assistance (Grow NJ) Program to administer applications and awards for qualified incubator facilities in the Grow New Jersey Assistance Act.

Background:

Economic Redevelopment and Growth (ERG) Program

On July 13, 2015, legislation was enacted as P.L. 2015, c. 69 allowing municipal redevelopers to apply for tax credits under the ERG program for mixed use parking projects.

The proposed amendments, which implement the provisions of P.L. 2015, c. 69 in their entirety, provide for the administration of tax credits for mixed use parking projects similar to qualified residential projects, are summarized below:

- Define a “mixed use parking project” to mean a redevelopment project undertaken by a municipal redeveloper (i.e., a municipal government, municipal parking authority, redevelopment agency acting on behalf of a municipal government, or a developer of a parking structure in which the parking component is operated by a municipal parking authority), consisting of a building or structure, the parking component of which constitutes 51 percent of the entire project, based upon the total square footage, the estimated revenues, or the total construction cost;
- Provide that the amount of ERG tax credits available for mixed use parking projects are within the \$600 million cap currently applicable to ERG tax credits for qualified residential projects as follows:
 - Mixed use parking projects located in a Garden State Growth Zone (GSGZ) or urban

- transit hub located in the southern counties are within the \$250 million applicable to qualified residential projects in GSGZs in such counties (first category);
- Mixed use parking projects in urban transit hubs or GSGZs in northern counties are within the \$250 million applicable to qualified residential projects in urban transit hubs or GSGZs in northern counties, that are disaster recovery projects not in the first category, and certain SDA municipalities in Hudson County (second category). Of the amount applicable to this second category, \$25 million are reserved for mixed use parking projects in Garden State Growth Zones in northern counties which have a population in excess of 125,000;
 - Mixed use parking projects that do not qualify under the first or second categories above which include a vacant commercial building located wholly or partially within a distressed municipality, and which are used by an independent institution of higher education, a school of medicine, a nonprofit hospital system, or any combination thereof, are within the \$75 million currently applicable to qualified residential projects in distressed municipalities, deep poverty pockets, highlands development credit receiving areas or redevelopment areas otherwise not qualifying under the first or second categories; and
- Provide that, for mixed use parking projects, the maximum amount of reimbursement shall equal up to 100 percent of the total project costs allocable to the parking component of the project, and 40 percent of the total project cost allocable to the non-parking component of the project.

In addition, the proposed amendments establish fees for mixed use parking projects identical to existing fee amounts charged to qualified residential projects.

Grow New Jersey Assistance Program

The proposed amendments to the Grow NJ Program rules establish certain parameters for the administration of applications and awards for qualified incubator facilities pursuant to the Grow New Jersey Assistance Act, P.L. 2011, c. 149 (N.J.S.A. 34:1B-242 through 250), as amended by the Economic Opportunity Act of 2014, Part 3.

Specifically, the Act set forth the concept of incenting technology employment growth in New Jersey by creating an authorization for jobs located at qualified incubator facilities (“Incubators”). However, the provisions for Incubators are fairly brief and give only the outline of the program.

The Act allows an organization (“Operator”) operating an Incubator to apply on behalf of a business that meet the requirements for the tax credit, or a group of non-qualifying businesses or positions located at a qualified business facility that shall be considered a unified project for the purposes of the incentives (a business at the Incubator is referred to as a “Tenant”).

Under the Act, an Incubator means a commercial building that contains 50,000 or more square feet of office, laboratory or industrial space and is located near and presents opportunities for collaboration with a research institution, teaching hospital college or university and within which at least 50 percent of the gross leasable space is restricted for use by one or more technology startup company.

Technology startup company (“Tech Startup”) is defined as a for profit business that has been in operation for fewer than five years and is developing or possess a proprietary technology which the

business intends to move to commercialization.

Presently, through rules, the Board has determined that a position in an Incubator means a full time employee (i.e., a 35 hour a week employee) who spends at least 16 hours a week at the incubator. As the Act and current rules only provide this outline, staff is recommending additional parameters to both address many of the questions that have arisen from potential applicants as well as provide for transparency and practical oversight of compliance obligations. It is expected that applicants to the program will include Operators of Incubators similar to the EDA's technology space at the CCIT and Camden Waterfront Tech Center (with tenant-based rental income), as well as co-working spaces that utilize a seat based membership fee model that is similar to the assistance awarded by the EDA in 2014 through the Technology/Life Sciences co-working solicitation.

There are several premises that underpin the framework presented below. First, Incubators are expected to differ from conventional Grow NJ applicants, which are usually established companies deciding where to grow their businesses. An Incubator is basically a startup, and therefore the question of whether the project will occur is more a question of viability than of location. For this reason, staff is recommending that an Incubator be given the option to demonstrate that there is a gap in its financing to demonstrate the need for the incentive.

Second, the Act recognizes that for Incubators to exist and, thus, to provide space to Tech Startups, up to half of the space at the Incubator may be occupied by businesses that are not Tech Startups. However, the restriction of space for Tech Startups shows that the purpose of the Incubator program is to provide support for the creation of jobs by Tech Startups.

Third, because of the startup nature of Incubators, the Operator that will have the knowledge of whether the Incubator and implicitly the jobs created at the Incubator, will have been created due to the grant award. As a result, the "but for" test for new jobs will be met by the Operator, which will demonstrate that but for the grant it would not have located the Incubator in the state. Because Tech Startup Tenants will change often, it would be logistically impossible for the Authority to require each such Tenant to demonstrate that, but for the grant, the Tenant would not have retained jobs at the Incubator. Also, retained jobs have historically required more scrutiny to meet the "but for" test. Thus, only retained jobs employed by Tenants that are not Tech Startups will be allowed, and only if such Tenants submit their own "but for" certification regarding their own retained jobs.

Based on the above, staff is recommending the framework below (which is reflected in the proposed rule amendments) for accepting applications, performing staff review and analysis, calculating awards, and clarifying eligibility and compliance requirements.

APPLICANT: Under the Act, the Operator can apply on behalf of Tenants that meet the requirements for the tax credit, or a group of non-qualifying businesses or positions, located at the Facility. To demonstrate that it is applying "on behalf" of the Tenants, the proposed rules would require the Operator to provide its business model and explain in detail how the business model will ensure that the benefit from the Grow NJ tax credit award will flow to the Tenants, for example, in reduced lease or membership payments. The proposed rules further specify that, like any full-time employee under the Grow NJ program, a full-time employee qualifying as a position must spend at least 80 percent of his or her work time in New Jersey. Because the definition of position refers to a "full-time employee," such employee must meet all other program requirements of a "full-time employee."

INCUBATOR: Under the Act, the Incubator must meet all the following criteria to be a qualified incubator facility:

- The Incubator must be a commercial building located within a qualified incentive area.
- The Incubator must be comprised of (by lease or ownership) 50,000 or more square feet of office, laboratory, or industrial space. If the Incubator is obtained via lease, the term of the lease (including renewal options) must not be less than the length of the commitment period. The proposed rules provide that common areas that are shared by the entire building and not exclusive to the Incubator cannot be included.
- The Incubator must be located near a research institution, teaching hospital, college, or university (“Research Institute”).
- The Incubator must present opportunities to the Tenants to collaborate with the Research Institute. The regulations previously adopted by the Board require that such opportunities be evidenced by a written agreement with the Research Institute.
- At all times, at least 50 percent of the gross leasable area of the Incubator (“Restricted Area”) is restricted for use by one or more technology startup companies during the commitment period. The proposed rules make clear the statutory requirement that all businesses in the Restricted Area must continue to meet the definition of a Tech Startup for the entire time the company is located in the Restricted Area. Additionally, the proposed rules provide that the Restricted Area’s pro rata share of common areas within the Incubator can be counted and that the Restricted Area does not have to be a fixed location within the Incubator.

TECH STARTUP: Per the Act, a business must meet all the following criteria to be a Tech Startup:

- The business must be a for profit business.
- The business must have been in operation for fewer than five years. The proposed rules provide that a business will be deemed to have begun operation on the date that the business first hired at least one employee working full-time. Once that date has been set, the EDA will not re-set the date even if there are times when the business does not have any employee working full-time.
- The business is developing or possesses a proprietary technology or business method of a high-technology or life science-related product, process, or service.
- The business intends to move that technology or method to commercialization.

“BUT FOR” TEST: To support EDA’s evaluation of the project’s net benefit to the State, the Act requires a certification from the applicant that any projected creation of new and retained full-time jobs at the facility would not occur but for the provision of Grow NJ tax credits. As explained above, because of the startup nature of Incubators, the proposed rules state that the “but for” test for new jobs will be met by the Operator, either by demonstrating that it would locate the Incubator at an out-of-State location or by showing a project finance gap in its business model as determined by

an analysis by EDA of the project's rate of return, similar to what is performed under the ERG Program. Again, because of the difficulty of corralling all the certifications and facts necessary to substantiate retained jobs employed by Tech Startup Tenants that will often, the proposed regulations would allow only retained jobs employed by Tenants that are not Tech Startups if such Tenants submit their own "but for" certification regarding their own retained jobs.

JOBS: The Act requires that all retained and new jobs at the Incubator, not just the jobs located at the Restricted Space, count toward the Grow NJ award. Additionally, under the proposed rules, a position will be considered a full-time job for purposes of the Grow NJ award. As explained above, the provisions regarding the "but for" test would allow all new jobs to be counted toward the grant but only retained jobs employed by non-Tech Startup businesses if they provide their own certification. Further, to incent the Operator to recruit Tech Startups to fill the Restricted Space, and in recognition of the purpose of the Incubator program, the proposed rules state that the maximum number of positions employed by businesses that are not Tech Startups is limited at twice the number of positions employed by Tech Startups. This ratio is similar to the ratio of the space required to be Restricted Space to the space that does not have to be so restricted while providing some flexibility to the Operator to manage the Incubator and the expected change in the business that qualify as Tech Startups.


AWARD: Each job will be credited with the base credit as specified in the Grow NJ statute. In the proposed rules, the bonus increases related to salaries or type of company will not be available because of the difficulty of administering these bonuses for a collection of business and position. The Operator will receive the Grow NJ tax credits directly; however, as, already mentioned, the benefits of the Grow NJ tax credits must flow to the benefit of the Tenants. The proposed rules will require that the Operator informs Tenants of the award of Grow NJ tax credits and how the benefits flow to the Tenants.

ADMINISTRATION: The proposed rules state that as part of the project completion certifications and in each annual report, the Operator must provide written evidence that it still meets the qualified incubator facility criteria and that the benefit from the Grow NJ tax credit award flows to the Tenants (e.g., that the actual lease and membership rates match the rates submitted in the application). Under the current rules, the incentive agreement will be with the operator and the annual report must be submitted by the operator, therefore the Operator will need to retain for the duration of the commitment period evidence supporting all assertions in the project completion certifications and each annual report, including, but not limited to, evidence demonstrating that each full-time employee filling a position has spent at least 16 hours per week at the Incubator and that a sufficient amount of the Incubator qualifies as a Restricted Area. To demonstrate the latter, the Operator will need to maintain evidence that all businesses located in the Restricted Area meet all four criteria of a Tech Startup. Staff will not accept as substitute evidence a certification as to the Operator's knowledge or reasonable assumptions. As with any other Grow NJ award, EDA or its auditor may review and audit the documents held by the Operator. Additionally, because some of the information originates from the Tenants, at EDA's discretion, EDA or its auditor may directly contact and audit the Tenants.

Recommendation:

The Members are asked to approve the proposed rule amendments and to authorize staff to submit the proposed amendments for promulgation in the September 21, 2015 edition of the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office

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



Timothy Lizura

Attachment

Prepared by: Maureen Hassett/Jacob Genovay

DRAFT

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Authority Assistance Programs

Economic Redevelopment and Growth Program; and Grow New Jersey Assistance Program

Proposed Amendments: N.J.A.C. 19:31-4.1, 4.2, 4.3, 4.5, 4.6, 4.7, 4.8, 4.9, 18.2, 18.4, 18.5, 18.7, 18.8, 18.11, 18.15 and 18.16

Authorized By: New Jersey Economic Development Authority, Melissa Orsen, Chief Executive Officer.

Authority: P.L. 2009, c. 90 and P.L. 2011, c. 149.

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

Proposal Number: PRN 2015- .

Submit written comments by November 20, 2015, to:

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

The agency proposal follows:

Summary

The New Jersey Economic Development Authority (“EDA” or “Authority”) is proposing amendments to the rules implementing the Economic Redevelopment and Growth (ERG) Program based on statutory provisions pertaining to mixed use parking projects pursuant to P.L. 2015, c. 69; and, amendments to the rules implementing the Grow New Jersey Assistance (Grow NJ) Program to administer applications and awards for qualified incubator facilities in the Grow New Jersey Assistance Act, P.L. 2011, c. 149 (N.J.S.A. 34:1B-242 through 250).

In addition, the proposed amendments revise the definition of “qualifying economic redevelopment and growth grant incentive area” for purposes of the ERG Program and “qualified incentive area” for purposes of the Grow NJ Program to include the “sports complex” under the jurisdiction of the New Jersey Sports and Exposition Authority pursuant to P.L. 2015, c. 72.

The following summarizes the contents of each section of the proposed amendments:

Subchapter 4. Economic Redevelopment and Growth Program

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

The proposed amendment at N.J.A.C. 19:31-4.1(a) includes mixed use parking projects in the existing provision pertaining to certain qualified residential projects, where the estimated amount of incremental revenues is inadequate to fully fund the amount of the State portion of the incentive grant, and tax credits equal to the full amount of the incentive grant may be awarded.

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

The proposed amendments redefine certain terms used in this subchapter, as follows: “eligibility period” is revised to specify that the period means 10 years for mixed use parking projects; “municipal redeveloper” is revised to delete the term “municipal government” and delete the reference to “an applicant for a redevelopment incentive grant agreement,” which is replaced with an “an applicant for a redevelopment incentive grant agreement: which is a municipal government, a municipal parking authority or a developer of a mixed use parking project, provided that the parking component of the mixed use parking project is operated and maintained by a municipal parking authority for the term of any financial assistance grant pursuant to P.L. 2015, c. 69;” and, “qualifying economic redevelopment and growth grant incentive area” or “incentive area” is revised to include, within any land owned by the New Jersey Sports and Exposition Authority, the sports complex, i.e., the 750 acre sports and exposition site located in the Borough of East Rutherford under the jurisdiction of the New Jersey Sports and Exposition Authority as of the effective date of P.L. 2015, c. 19 (N.J.S.A. 5:10A-1 et al.) and such additional property that is owned and controlled by the New Jersey Sports and Exposition Authority as may be designated by the Meadowlands Regional Commission, as established by P.L. 1971, c. 137 (N.J.S.A. 5:10-1 et seq.), P.L. 1968, c. 404 (N.J.S.A. 13:17-1 et seq.) and section 6 of P.L. 2015, c. 19 (N.J.S.A. 5:10A-6) from time to time as part of the sports complex.

In addition, the proposed amendments establish new definitions for “mixed use parking project,” “non-parking component,” and “parking component.”

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

The proposed amendment at N.J.A.C. 19:31-4.3(a)5 provides that a mixed use parking project is an exception to the criteria that a project will result in net benefits to the State.

N.J.A.C. 19:31-4.5 Fees

The proposed amendments establish fees for mixed use parking projects identical to existing fee amounts charged to qualified residential projects, as follows: N.J.A.C. 19:31-4.5(c) – a non-refundable fee of .5 percent of the approved incentive grant or tax credit, not to exceed

\$300,000; N.J.A.C. 19:31-4.5(d) – a non-refundable fee of .5 percent of the approved incentive grant or tax credit, not to exceed \$300,000; N.J.A.C. 19:31-4.5(e) – an annual review fee of \$2,500 per year; and N.J.A.C. 19:31-4.5(f). – a fee of \$2,500 for a tax credit transfer certificate pursuant to N.J.A.C. 19:31-4.10 or permission to pledge a tax credit transfer certificate purchase agreement as collateral.

N.J.A.C. 19:31-4.6 Financing Gap and Fiscal Impact Analysis

The proposed amendment at N.J.A.C. 19:31-4.6(b) includes a mixed use parking project in the existing exception for a qualified residential project from the fiscal impact analysis required to determine net positive economic benefits.

N.J.A.C. 19:31-4.7 Approval of Application for State Incentive Grant

The proposed amendment at N.J.A.C. 19:31-4.7(a) includes a mixed use parking project in the existing exception for a qualified residential project, from the requirement that State revenues to be realized from the redevelopment project will be in excess of the amount necessary to reimburse the developer for the portion of the project financing gap allocable to the State incentive grant. The proposed amendment at N.J.A.C. 19:31-4.7(d) provides that, for mixed use parking projects, the maximum amount of reimbursement shall equal up to 100 percent of the total project costs allocable to the parking component of the project, and 40 percent of the total project cost allocable to the non-parking component of the project.

N.J.A.C. 19:31-4.8 State Incentive Grant Agreement

The proposed amendment at N.J.A.C. 19:31-4.8(a) includes mixed use parking projects in the existing exception for qualified residential projects that receive tax credits from the requirement to execute a commitment letter prior to receiving the grant. The proposed amendment at N.J.A.C. 19:31-4.8(b) includes mixed use parking projects in the existing exception for qualified residential projects from the requirement to negotiate the terms and conditions of any State redevelopment incentive grant agreement.

N.J.A.C. 19:31-4.9 Tax Credits for Qualified Residential Projects

Under the proposed amendments, the title of the section is revised to include the term “mixed use parking projects.”

In addition, N.J.A.C. 19:31-4.9(a) adds a mixed use parking project in the existing requirement for a qualified residential project that if the Authority determines that the estimated amount of incremental revenues pledged towards the State portion of an incentive grant is inadequate to fully fund the amount of the State portion of the incentive grant, then in lieu of an incentive grant based on such incremental revenue, the developer or, as added in the proposed amendments, the “municipal redeveloper,” shall be awarded tax credits equal to the full amount of the incentive grant.

The proposed amendments at N.J.A.C. 19:31-4.9(a)1, which restricts \$250,000,000 of the total value of all tax credits to qualified residential projects in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem counties, of which \$175,000,000 shall be restricted to qualified residential projects, replaces “qualified residential” with “the following categories of.” Additionally, the proposed amendments: 1) clarify that the amount of credits restricted shall be for projects “located” in a Garden State Growth Zone in the aforementioned counties; and, 2) add mixed use parking projects located in a Garden State Growth Zone or urban transit hub located within the aforementioned counties.

The proposed amendments at N.J.A.C. 19:31-4.9(a)2, which pertains to \$250,000,000 restricted to qualified residential projects, delete “qualified residential projects located in” which is replaced with “the following categories.” In addition, the paragraph is amended as follows: N.J.A.C. 19:31-4.9(a)2i deletes the term “urban” which is replaced with “qualified residential project located in urban” transit hubs; N.J.A.C. 19:31-4.9(a)2ii deletes “a Garden State Growth Zone not located in a county mentioned in” which is replaced with “qualified residential projects located in Garden State Growth Zones that do not qualify under” N.J.A.C. 19:31-4.9(a)1; proposed new N.J.A.C. 19:31-4.9(a)2iii adds mixed use parking projects located in urban transit hubs or Garden State Growth Zones that do not qualify under N.J.A.C. 19:31-4.9(a)1, provided however, a urban transit hub shall be allocated no more than \$25,000,000 for mixed use parking projects and that \$25,000,000 of credits shall be restricted to mixed use parking projects in Garden State Growth Zones which have a population in excess of 125,000 and do not qualify under N.J.A.C. 19:31-4.9(a)1; recodified N.J.A.C. 19:31-4.9(a)2iv replaces the term “disaster” with “qualified residential projects which are disaster” pertaining to certain recovery projects for purposes of the restricted \$250,000,000 in N.J.A.C. 19:31-4.9(a)2; and recodified N.J.A.C. 19:31-4.9(a)2v adds “qualified residential projects in” pertaining to certain SDA municipalities located in Hudson County.

The proposed amendments at N.J.A.C. 19:31-4.9(a)3, which pertain to \$75,000,000 restricted to certain qualified residential projects, adds the “the following categories of projects,” the term “located” regarding the qualified residential projects, and mixed use parking projects that do not qualify under N.J.S.A. 19:31-4.9(a)1 and 2, which include a vacant commercial building located wholly or partially within a distressed municipality, and which are used by an independent institution of higher education, a school of medicine a nonprofit hospital system, or any combination thereof.

The proposed amendment at N.J.A.C. 19:31-4.9(b) adds the term “mixed use parking projects” to the subsection which lists factors the Chief Executive of the Authority shall take into account, together with the factors set forth in N.J.A.C. 19:31-4.7(b), in developing a recommendation for allocating tax credits.

The proposed amendments at N.J.A.C. 19:31-4.9(c) add the term “mixed use parking project” to the subsection which pertains to the approval of applications, the maximum amount of tax credits and the maximum percentage amount of allowed tax credits for capital investment in a qualified residential project or “mixed use parking project.”

The proposed amendments at N.J.A.C. 19:31-4.9(c)1 specify that the project that will be monitored by an administrative agent is a qualified residential project.

The proposed amendments at N.J.A.C. 19:31-4.9(d) adds the term “mixed use parking project” to the subsection which pertains to the required submittal of certain progress information for the qualified business facility, qualified residential project or “mixed use parking project.”

The proposed amendment at N.J.A.C. 19:31-4.9(f) adds the terms “municipal developer” for purposes of the certification of an independent certified public accountant upon completion of the capital investment and receipt of the occupancy permit or other event evidencing completion.

The proposed amendments at N.J.A.C. 19:31-4.9(f)1 add “or mixed use parking project” to “the qualified residential facility” and that the amount of the tax credits of a municipal developer of a mixed use parking project is also limited to the maximum percentage amount of allowed tax credits approved by the Board.

The proposed amendment at N.J.A.C. 19:31-4.9(h) adds the terms “the municipal redeveloper” for purposes of the existing requirement for the developer to furnish to the EDA an annual report.

The proposed amendment at new N.J.A.C. 19:31-4.9(h)4 adds “evidence that the parking component of the mixed use parking project are not being used as non-parking component” as information required by the Authority.

The proposed amendments at N.J.A.C. 19:31-4.9(i) and (j) add the terms “the municipal redeveloper” to the subsections which apply to forfeiture of credits for failing to submit a copy of the annual report and issuance of a letter of compliance respectively, which currently apply to the developer or tax credit holder.

Subchapter 18. Grow New Jersey Assistance Program

19:31-18.2 Definitions

The proposed amendments redefine certain terms used in this subchapter, as follows: “qualified incentive area” includes, within any land owned by the New Jersey Sports and Exposition Authority, the sports complex, i.e., the 750 acre sports and exposition site located in the Borough of East Rutherford under the jurisdiction of the New Jersey Sports and Exposition Authority as of the effective date of P.L. 2015, c. 19 (N.J.S.A. 5:10A-1 et al.) and such additional property that is owned and controlled by the New Jersey Sports and Exposition Authority as may be as may be designated by the Meadowlands Regional Commission, as established by P.L. 1971, c. 137 (N.J.S.A. 5:10-1 et seq.), P.L. 1968, c. 404 (N.J.S.A. 13:17-1 et seq.) and section 6 of P.L. 2015, c. 19 (N.J.S.A. 5:10A-6) from time to time as part of the sports complex; “qualified incubator facility” provides that restricted space may be comprised of non-contiguous areas, and its location within the qualified incubator facility may change from time to time; and,

“technology startup company” states that the business shall be deemed to have begun operation on the date that the business first hired at least one employee in a full-time position.

19:31-18.4 Restrictions

The proposed amendment at N.J.A.C. 19:31-18.4(d) provides that for a qualified incubator facility, the maximum number of positions employed by businesses that are not technology startup companies that are included in the calculation of the total tax credit amount shall not exceed twice the number of positions employed by technology startup companies.

19:31-18.5 Application Submission Requirements

The proposed amendment at N.J.A.C. 19:31-18.5(a)2iv deletes a provision which is set forth at proposed new N.J.A.C. 19:31-18.5(a)2iv(1) pertaining to the required certification by the business’s chief executive office, or equivalent officer for North American operations.

The proposed amendment at recodified N.J.A.C. 19:31-18.5(a)2iv(1)(C) deletes a provision pertaining to the demonstration of the material factor requirement for certain projects, which is replaced at proposed new N.J.A.C. 19:31-18.5(a)2iv(2), except for the requirement that the application may be required to submit any other information required by the Authority to conduct an analysis of the economic impact of the project, which is deleted and set forth at proposed new N.J.A.C. 19:31-18.5(a)2iv(4).

Proposed new N.J.A.C. 19:31-18.5(a)2iv(3) provides that: 1) the certifications in recodified (a)2iv(1)(A) and (B) regarding projected retention of full-time jobs at a qualified incubator facility shall be certified by the business employing the full-time jobs to be retained and shall not include full-time jobs employed by the operator or a technology startup company; and, 2) to demonstrate that such certifications and the certification in recodified (a)2iv(1)(B) regarding the creation of new full-time jobs employed by any business at the qualified incubator facility are satisfied, the operator shall demonstrate that it would locate the qualified incubator facility at an out-of-State location but for the tax credit award or that it has a project financing gap in its business model as determined by a fiscal analysis conducted by the Authority, taking into account the project’s internal rate of return on the operator’s contributed capital and net profit margin.

The proposed amendments at N.J.A.C. 19:31-18.5(a)2vi: 1) clarify that the determination of geographical location of a qualified business facility that extends over more than one geographical location, shall be determined from the geographical locations in which the qualified business is located; and, 2) for a qualified incubator facility, certain common areas that are shared by the entire building in which the qualified incubator facility is located shall not be counted as part of the qualified incubator facility, but the size of the space restricted for use by technology startup companies may include the pro-rata share of any common areas within the qualified business facility.

The proposed amendments at N.J.A.C. 19:31-18.5(c) conform the provisions of the subsection to EDA policy and statutory requirements to: 1) provide that the ability of a business

to assign their ability to apply for the tax credit to a non-profit organization is for a project located in a garden State Growth Zone; and, 2) that the non-profit organization may make an application on behalf of a business which meets the requirements for the tax credit, or a group of non-qualifying businesses or positions, located at a qualified business facility, that shall be considered a unified project for the purposes of the incentives provided under N.J.A.C. 19:31-18.5.

The proposed amendments at N.J.A.C. 19:31-18.5(d) delete the reference to the non-profit organization in N.J.A.C. 19:31-18.5(c), and delete the term “business” and inserts “incubator” pertaining to a qualified facility.

The proposed amendments at N.J.A.C. 19:31-18.5(d)1, which pertains to “positions” as being certain full-time employees, provides that: 1) in addition to existing requirements, the full-time employees must spend at least 80 percent, or any other period of time generally accepted by custom or practice as determined by the Authority, in New Jersey; and, 2) a position at a qualified incubator facility shall be considered a full-time job under the Grow NJ Program.

Proposed new N.J.A.C. 19:31-18.5(d)2 details the information that the organization operating a qualified incubator facility shall submit, specifically, the names, contact information, New Jersey employer identification, and Federal employer identification number of any party on whose behalf it is making the application to the extent know at the time of application; and the organization’s business model and a detailed explanation as to how the business model will ensure that the benefit from the award of tax credits will inure to the businesses and positions on whose behalf the application is made and how the businesses and full-time employees filling positions will be informed of the award and the benefits from the award.

Finally, N.J.A.C. 19:31-18.5(f) deletes a reference to N.J.A.C. 19:31-18.5(d) pertaining to subsections under which applicants so authorized, shall be required to submit information under N.J.A.C. 19:31-18.5(d)1 through 6.

19:31-18.7 Review of Application and Certification of Project Completion

The proposed amendment at N.J.A.C. 19:31-18.8(f)4 adds that an organization operating a qualified incubator facility shall provide written evidence that the qualified business facility continues to qualify as a qualified incubator facility and that the benefit from the award of tax credits will inure to the businesses and positions on whose behalf the application was made.

19:31-18.8 Determination of Grant Amount; Bonus Award

The proposed amendment at N.J.A.C. 19:31-18.8(c) excludes a qualified incubator facility from the bonus tax credit amounts provided in N.J.A.C. 19:31-18.8(c)5, 6, 8, and 10.

19:31-18.11 Reporting Requirements and Annual Reports

Proposed new N.J.A.C. 19:31-18.11(a)2 adds the requirement that for an organization operating a qualified incubator facility that applied on behalf of businesses or positions, it must also provide information on the number of full-time employees or positions in the space restricted for use by technology company startup companies and the number of full-time employees or positions outside of the space restricted for use by technology company startup companies. The annual report shall demonstrate that at least 50 percent of the qualified business incubator remains restricted for such use and that any company in the restricted space continues to qualify as a technology startup company.

19:31-18.15 Reductions and Forfeiture of Tax Credits

The proposed amendments at N.J.A.C. 19:31-18.5(b), which pertains to requirements under which a business shall forfeit credit amounts for certain reduction(s) of full-time employees at the qualified business facility, provide that for a qualified incubator facility, the requirement applies to the number of full-time employees and positions employed by the operator or the businesses on whose behalf the operator applied.

19:31-18.16 Effect of Sale or Lease of Qualified Facilities

The proposed amendment at N.J.A.C. 19:31-18.16(a), which pertains to the forfeiture of tax credits if the owner sells a qualified business facility to a new owner, provides that the resulting or transferee entity in a merger or consolidation of a business with another entity shall not be considered the new owner. Thus, in such instances, the forfeiture provision does not apply.

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

Social Impact

The proposed amendments, which extend eligibility to mixed use parking projects under the ERG Program and administer the incubator element under the Grow NJ Program, will have a positive social impact.

Economic Impact

Since the enactment of the New Jersey Economic Opportunity Act of 2013, the ERG Program, as the State's key developer incentive program, has provided assistance to 24 projects for a total of \$468 million, involving over \$2 billion of private investment and the expected creation of 5,090 new permanent jobs and 8,360 construction jobs. Under the Grow NJ program, during that time, 109 projects have been approved for over \$2 billion based on estimated private investment of \$1.6 billion resulting in the creation of 13,540 new permanent jobs, 14,470 jobs certified as at risk of leaving the state and 4,100 construction jobs. The proposed amendments will have a positive economic by furthering the effectiveness of the ERG and Grow NJ programs to stimulate new economic development and the job creation throughout New Jersey.

Federal Standards Statement

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

Jobs Impact

The Authority believes that the proposed amendments to the rules implementing the ERG and Grow NJ programs will result in retaining existing private sector jobs and stimulating the creation of new private sector jobs.

Agriculture Industry Impact

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

Regulatory Flexibility Statement

The ERG Program provides State incentive grants to developers of major development and redevelopment projects, which are invariably large- and medium-sized businesses; therefore, a regulatory flexibility analysis is not required. The Grow NJ Program provides tax credits to eligible businesses that create a minimum of 10 to 35 new, and 25 to 50 retained full-time jobs. The proposed amendments, as discussed in the Summary above, establish the process by which the operator of a qualified incubator facility is authorized to apply and report on behalf of the small businesses located at that qualified incubator facility while requiring that the benefit of the award inure to the small businesses. Therefore, the eligible small businesses will benefit from the Grow NJ Program without any additional compliance requirements as outlined in N.J.S.A. 52:14B-16 et seq. Specifically, the operator of a qualified incubator facility is authorized to apply on behalf of the small businesses located at that qualified incubator facility.

Housing Affordability Impact Analysis

The proposed amendments will not impact the amount or cost of housing units, including multi-family rental housing and for sale housing in the State. The proposed amendments to the rules implement statutory revisions to the ERG Program pertaining to mixed use parking projects and administer the incubator element of the Grow NJ Program.

Smart Growth Development Impact Analysis

The proposed amendments will not impact the number of housing units or result in any increase or decrease in the average cost of housing in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan. The proposed amendments to the rules implement statutory revisions to the ERG Program pertaining to mixed use parking projects and administer the incubator element of the Grow NJ Program.

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

SUBCHAPTER 4. ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM

19:31-4.1 Applicability and scope

(a) The EDA and the State Treasurer may enter into a redevelopment incentive grant agreement with a developer, or non-profit organization on behalf of a qualified developer, for any qualifying redevelopment project located in an economic redevelopment and growth grant incentive area, except an area that qualifies solely by virtue of being a transit village. Up to an average of 75 percent of the incremental increase in approved State revenues or 85 percent of the project annual incremental revenues in a Garden State Growth Zone that are directly realized from businesses operating on the redevelopment project premises may be paid to the developer in the form of a grant derived from the realized revenues. For certain qualified residential projects **or mixed use parking projects** where the estimated amount of incremental revenues is inadequate to fully fund the amount of the State portion of the incentive grant, tax credits equal to the full amount of the incentive grant may be awarded. The term of each approved State redevelopment incentive grant agreement may extend for up to 20 years; however, except for a redevelopment incentive grant agreement with a municipal redeveloper, the base amount of the combined reimbursements from State and local grants cannot exceed 20 percent of the eligible cost of the project, except in a Garden State Growth Zone, which cannot exceed 30 percent; and a developer seeking an incentive grant is required to make an equity participation for at least 20 percent of the project's eligible cost.

(b)-(d) (No change.)

19:31-4.2 Definitions

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

...

“Eligibility period” means 10 years for qualified residential projects **or mixed use parking projects** that receive tax credits or, for all other redevelopment projects, the period of time specified in a redevelopment incentive grant agreement for the payment of reimbursements to a developer, which period shall not exceed 20 years, with the term to be determined solely at the discretion of the applicant, at the time of approval.

...

“Mixed use parking project” means a redevelopment project undertaken by a municipal redeveloper, consisting of a building or structure, the parking component of which shall constitute 51 percent or more of any of the following: the total square footage

of the entire mixed use parking project; the estimated revenues of the entire mixed use parking project; or the total construction cost of the entire mixed use parking project.

...

“Municipal redeveloper” means [a municipal government] **an applicant for a redevelopment incentive grant agreement, which applicant is: a municipal government, a municipal parking authority,** or a redevelopment agency acting on behalf of a municipal government as defined in section 3 of P.L. 1992, c. 79 (N.J.S.A. 40A:12A-3) [that is an applicant for a redevelopment incentive grant agreement]; **or a developer of a mixed use parking project, provided that the parking component of the mixed use parking project is operated and maintained by a municipal parking authority for the term of any financial assistance grant pursuant to P.L. 2015, c. 69.**

...

“Non-parking component” means that portion of a mixed use parking project not used for parking, together with the portion of the costs of the mixed use parking project, including but not limited to the footings, foundations, site work, infrastructure, and soft costs that are allocable to the non-parking use.

“Parking component” means that portion of a mixed use parking project used for parking, together with the portion of the costs of the mixed use parking project, including but not limited to the footings, foundations, site work, infrastructure, and soft costs that are allocable to the parking use.

...

“Qualifying economic redevelopment and growth grant incentive area” or “incentive area” means an aviation district, a port district, a distressed municipality, or an area:

1. Designated as Planning Area 1 (Metropolitan), Planning Area 2 (Suburban), or Planning Area 3 (Fringe Planning Area), pursuant to the State Planning Act, P.L. 1985, c. 398 (N.J.S.A. 52:18A-196 et seq.); or

2. Located within:

i. A smart growth area and planning area designated in a master plan adopted by the New Jersey Meadowlands Commission pursuant to subsection (i) of section 6 of P.L. 1968, c. 404 (N.J.S.A. 13:17-6) or subject to a redevelopment plan adopted by the New Jersey Meadowlands Commission pursuant to section 20 of P.L. 1968, c. 404 (N.J.S.A. 13:17-21);

ii. Any land owned by the New Jersey Sports and Exposition Authority, established pursuant to P.L. 1971, c. 137 (N.J.S.A. 5:10-1 et seq.), within the boundaries of the Hackensack Meadowlands District as delineated in section 4 of P.L. 1968, c. 404 (N.J.S.A. 13:17-4), **including the sports complex, i.e., the 750 acre sports and exposition site located in the**

Borough of East Rutherford under the jurisdiction of the New Jersey Sports and Exposition Authority as of the effective date of P.L. 2015, c. 19 (N.J.S.A. 5:10A-1 et al.) and such additional property that is owned and controlled by the New Jersey Sports and Exposition Authority as may be as may be designated by the Meadowlands Regional Commission, as established by P.L. 1971, c. 137 (N.J.S.A. 5:10-1 et seq.), P.L. 1968, c. 404 (N.J.S.A. 13:17-1 et seq.) and section 6 of P.L. 2015, c. 19 (N.J.S.A. 5:10A-6) from time to time as part of the sports complex;

iii. A regional growth area, a town, a village, or a military and Federal installation area designated in the comprehensive management plan prepared and adopted by the Pinelands Commission pursuant to the Pinelands Protection Act, P.L. 1979, c. 111 (N.J.S.A. 13:18A-1 et seq.);

iv. The planning area of the Highlands Region as defined in section 3 of P.L. 2004, c. 120 (N.J.S.A. 13:20-3) or in a highlands development credit receiving area or redevelopment area;

v. A Garden State Growth Zone;

vi. Land approved for closure under any Federal Base Closure and Realignment Commission action; or

vii. Only the following portions of the areas designated pursuant to the State Planning Act, P.L. 1985, c. 398 (N.J.S.A. 52:18A-196 et seq.), as Planning Area 4A (Rural Planning Area), Planning Area 4B (Rural/Environmentally Sensitive), or Planning Area 5 (Environmentally Sensitive). This subparagraph shall only apply if Planning Area 4A (Rural Planning Area), Planning Area 4B (Rural/Environmentally Sensitive), or Planning Area 5 (Environmentally Sensitive) is located within:

(1) A designated center under the State Development and Redevelopment Plan;

(2) A designated growth center in an endorsed plan until the State Planning Commission revises and readopts New Jersey's State Strategic Plan and adopts rules to revise this definition as it pertains to Statewide planning areas;

(3) Any area determined to be in need of redevelopment pursuant to sections 5 and 6 of P.L. 1992, c. 79 (N.J.S.A. 40A:12A-5 and 40A:12A-6) or in need of rehabilitation pursuant to section 14 of P.L. 1992, c. 79 (N.J.S.A. 40A:12A-14);

(4) Any area on which a structure exists or previously existed, including any desired expansion of the footprint of the existing or previously existing structure, provided such expansion otherwise complies with all applicable Federal, State, county, and local permits and approvals;

(5) The planning area of the Highlands Region as defined in section 3 of P.L. 2004, c. 120 (N.J.S.A. 13:20-3) or a highlands development credit receiving area or redevelopment area; or

(6) Any area on which an existing tourism destination project is located.

“Qualifying economic redevelopment and growth grant incentive area” or “incentive area” shall not include any property located within the preservation area of the Highlands Region as defined in the Highlands Water Protection and Planning Act, P.L. 2004, c. 120 (N.J.S.A. 13:20-1 et seq.).

...

“Redevelopment project” or “project” means a specific construction project or improvement, including lands, buildings, improvements, real and personal property or any interest therein, including lands under water, riparian rights, space rights, and air rights, acquired, owned, leased, developed, or redeveloped, constructed, reconstructed, rehabilitated, or improved, undertaken by a developer, owner, or tenant, or both within a project area and any ancillary infrastructure project including infrastructure improvements in the public right-of-way, as set forth in an application to be made to the Authority. The use of the term “redevelopment project” in sections 3 through 18 of P.L. 2009, c. 90 (N.J.S.A. 52:27D-489c et seq.) shall not be limited to only redevelopment projects located in areas determined to be in need of redevelopment pursuant to sections 5 and 6 of P.L. 1992, c. 79 (N.J.S.A. 40A:12A-5 and 6) but shall also include, **but not be limited to**, any work or undertaking in accordance with the Redevelopment Area Bond Financing Law, sections 1 through 10 of P.L. 2001, c. 310 (N.J.S.A. 40A:12A-64 et seq.) or other applicable law, pursuant to a redevelopment plan adopted by a State entity, or as described in the resolution adopted by a public entity created by State law with the power to adopt a redevelopment plan or otherwise determine the location, type, and character of a redevelopment project or part of a redevelopment project on land owned or controlled by it or within its jurisdiction, including, but not limited to, the New Jersey Meadowlands Commission established pursuant to P.L. 1968, c. 404 (N.J.S.A. 13:17-1 et seq.), the New Jersey Sports and Exposition Authority established pursuant to P.L. 1971, c. 137 (N.J.S.A. 5:10-1 et seq.), and the Fort Monmouth Economic Revitalization Authority created pursuant to P.L. 2010, c. 51 (N.J.S.A. 52:27I-18 et seq.).

...

19:31-4.3 Eligibility criteria

(a) In order to be eligible for a State or local incentive grant the following must apply:

1.-4. (No change.)

5. For a State incentive grant, except for a qualified residential project **or a mixed use parking project**, pursuant to a fiscal impact analysis, the overall public assistance provided to the project will result in net benefits to the State.

19:31-4.5 Fees

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

(c) For a qualified residential project **or mixed use parking project** that receives tax credits, a non-refundable fee of .5 percent of the approved incentive grant or tax credit, not to exceed \$300,000, shall be charged by the Authority prior to the approval of the tax credit. For all other incentive grants, a non-refundable fee of .5 percent of the approved incentive grant, not to exceed \$500,000, shall be charged by the Authority prior to the approval of the incentive grant. The fee shall be refunded if the Authority does not approve the incentive grant or tax credit.

(d) For a qualified residential project **or mixed use parking project** that receives tax credits, a non-refundable fee of .5 percent of the tax credit, not to exceed \$300,000, shall be charged upon the receipt of the tax credit certificate. For all other incentive grants, a non-refundable fee of .5 percent of the incentive grant, not to exceed \$500,000, shall be charged upon execution of the incentive grant agreement.

(e) For a qualified residential project **or mixed use parking project** that receives tax credits, a developer shall pay to the Authority an annual review fee, beginning the tax accounting or privilege period in which the Authority accepts the certification that the business has met the capital qualifications, and for the duration of the eligibility period. The annual review fee shall be paid to the Authority by the business at the time the business submits its annual report. The annual review fee shall be \$2,500 per year.

(f) For a qualified residential project **or mixed use parking project** that receives tax credits, upon application for a tax credit transfer certificate pursuant to N.J.A.C. 19:31-4.10 or permission to pledge a tax credit transfer certificate purchase agreement as collateral, a developer shall pay to the Authority a fee of \$2,500.

(g)-(j)

19:31-4.6 Financing gap and fiscal impact analysis

(a) (No change.)

(b) The Authority, in consultation with the State Treasurer, shall undertake the fiscal impact analysis by determining whether the overall public assistance provided to the proposed project, except with regard to a qualified residential project **or mixed use parking project**, will result in net positive economic benefits equaling no less than 110 percent of the amount of grant assistance, to the State for a period not to exceed 20 years.

(c)-(e)

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

(a) The Authority and the State Treasurer may, except in the case of a qualified residential project **or mixed use parking project**, approve an application only if they make a finding that the State revenues to be realized from the redevelopment project will be in excess of the amount necessary to reimburse the developer for the portion of the project financing gap allocable to the

State incentive grant. This finding may be made by an estimation based upon the professional judgment of the Chief Executive Officer of the Authority and the State Treasurer.

(b)-(c) (No change.)

(d) Except for a local redevelopment incentive grant agreement with a municipal redeveloper or with the developer of a redevelopment project solely with respect to the cost of infrastructure improvements in the public right-of-way, including any ancillary infrastructure project in the public right-of-way, in no event shall the base amount of the combined reimbursements under the redevelopment incentive grant agreements with the State and municipality exceed 20 percent of the total project cost, except in a Garden State Growth Zone, which shall not exceed 30 percent. The maximum amount of any redevelopment incentive grant, including any increase in the amount of reimbursement under (e) below, shall be equal to up to 30 percent of the total project cost, except for projects located in a Garden State Growth Zone, in which case the maximum amount of any redevelopment incentive grant, including any increase in the amount of reimbursement under (e) below, shall be equal to up to 40 percent of the total project cost **or mixed use parking projects, in which case the maximum amount of any redevelopment incentive with respect to a mixed use parking project shall be up to 100 percent of the total project costs allocable to the parking component of the project and shall be up to 40 percent, including any increase in the amount of reimbursement under (e) below, of the total project cost allocable to the non-parking component of the project.**

(e) (No change.)

19:31-4.8 State incentive grant agreement

(a) Except for qualified residential projects **or mixed use parking projects** that receive tax credits, upon approval of the application by the Authority and the State Treasurer, the Authority and the developer will execute a commitment letter providing information specific to the grant amount and containing conditions that must be met prior to receiving the grant. Within one year following the date of approval, the developer shall submit progress information indicating that the developer has financing, copies of all required State and Federal government approvals and all local planning and zoning board approvals, and site control of and site plan approval for the redevelopment project. Unless otherwise determined by the Authority in its sole discretion, the Authority's approval of the tax credits shall expire if the progress information is not received by the Authority within one year of the date of application approval. Upon a receipt of evidence from the developer that it has control of the redevelopment project site and offers of financing, which may be conditioned upon execution of the grant agreement, and that it has met any other conditions set forth in the commitment letter, the Authority and the State Treasurer may enter into a State redevelopment incentive grant agreement with a developer for the reimbursement of incremental State revenues directly realized from businesses operating on the redevelopment project premises.

(b) Except for qualified residential projects **or mixed use parking projects** that receive tax credits, the Chief Executive Officer of the Authority, in consultation with the State Treasurer, shall negotiate the terms and conditions of any State redevelopment incentive grant agreement.

The State redevelopment incentive grant agreement shall include, but not be limited to, the following terms and conditions as determined by the Authority:

1.-17. (No change.)

(c) (No change.)

19:31-4.9 Tax credits for qualified residential projects **or mixed use parking projects**

(a) In the case of a qualified residential project **or mixed use parking project**, if the Authority determines that the estimated amount of incremental revenues pledged towards the State portion of an incentive grant is inadequate to fully fund the amount of the State portion of the incentive grant, then in lieu of an incentive grant based on such incremental revenue, the developer **or municipal redeveloper** shall be awarded tax credits equal to the full amount of the incentive grant, which shall be taken over a 10-year period, at the rate of one-10th of the total amount for each tax accounting or privilege period of the developer. For (a)1 through 4 below, not more than \$40,000,000 of credits shall be awarded to any qualified residential project in a deep poverty pocket or distressed municipality and not more than \$20,000,000 of credits shall be awarded to any other qualified residential project. The value of all credits approved by the Authority pursuant to this subsection shall not exceed \$600,000,000, of which:

1. \$250,000,000 shall be restricted to [qualified residential] **the following categories of projects** within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem counties, of which, \$175,000,000 of credits shall be restricted to qualified residential projects **located** in a Garden State Growth Zone located within the aforementioned counties[.]; **mixed use parking projects located in a Garden State Growth Zone or urban transit hub located within the aforementioned counties**; and \$75,000,000 of credits shall be restricted to qualified residential projects in municipalities with a 2007 Municipal Revitalization Index of 400 or higher as of the date of enactment of the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161;

2. \$250,000,000 shall be restricted to [qualified residential projects located in] **the following categories of projects**:

i. [Urban] **Qualified residential projects located in urban** transit hubs that are commuter rail in nature that otherwise do not qualify under (a)1 above;

ii. [A] **Qualified residential projects located in** [Garden State Growth Zone not located in a county mentioned in] **Garden State Growth Zones that do not qualify under** (a)1 above;

iii. **mixed use parking projects located in urban transit hubs or Garden State Growth Zones that do not qualify under (a)1 above, provided however, an urban transit hub shall be allocated no more than \$25,000,000 for mixed use parking projects and \$25,000,000 of credits shall be restricted to mixed use parking projects in Garden State Growth Zones which have a population in excess of 125,000 and do not qualify under (a)1 above;**

[iii.] **iv. [Disaster] Qualified residential projects which are disaster** recovery projects that otherwise do not qualify under (a)1 above; or

[iv.] **v. Qualified residential projects in** SDA municipalities located in Hudson County that were awarded State Aid in State Fiscal Year 2013 through the Transitional Aid to Localities program and otherwise do not qualify under (a)1 above;

3. \$75,000,000 shall be restricted to **the following categories of projects:** qualified residential projects **located** in distressed municipalities, deep poverty pockets, highlands development credit receiving areas or redevelopment areas, otherwise not qualifying pursuant to (a)1 or 2 above; **and mixed use parking projects that do not qualify under (a)1 and 2 above, which include a vacant commercial building located wholly or partially within a distressed municipality, and which are used by an independent institution of higher education, a school of medicine, a nonprofit hospital system, or any combination thereof;** and

4. (No change.)

(b) In developing a recommendation for allocating tax credits to qualified residential projects **or mixed use parking projects**, the Chief Executive Officer of the Authority shall take into account, together with the factors set forth at N.J.A.C. 19:31-4.7(b):

1.-5. (No change.)

(c) Upon receipt of a recommendation from the Authority staff on the qualified residential facility **or mixed use parking project** application, the Board shall determine whether or not to approve the application, the maximum amount of tax credits and the maximum percentage amount of allowed tax credits for its capital investment in a qualified residential project **or mixed use parking project**, and promptly notify the applicant and the Director of the Division of Taxation of the determination. The Board's award of the credits will be subject to conditions subsequent that must be met in order to retain the credits, including the same financial and related analysis, the same term of the grant, and same mechanism for administering the credits as if such credits had been awarded to the developer pursuant to section 35 of P.L. 2009, c. 90 (N.J.S.A. 34:1B-209.3). An approval letter setting forth the conditions subsequent will be sent to the applicant. Such conditions shall include, but not be limited to, the requirement that the project complies with the Authority's prevailing wage requirements, P.L. 2007, c. 245 (N.J.S.A. 34:1B-5.1) and affirmative action requirements, P.L. 1979, c. 303 (N.J.S.A. 34:1B-5.4), that the project does not violate any environmental law requirements, and the requirement that the minimum environmental and sustainability standards, are incorporated into the proposed project including the use of renewable energy, energy-efficient technology, and non-renewable resources in order to reduce environmental degradation and encourage long-term cost reduction.

1. If the application is approved, the project approval is subject to the terms and conditions of the approval letter, and any benefits under the program are subject to the completion of the project and satisfaction of the capital investment required for the tax credits. The approval letter will require that the **qualified residential** project will be monitored for purposes of N.J.A.C.

19:31-4.3 in order to maintain the affordable units for the term of the grant by an administrative agent as defined in N.J.A.C. 5:80-26.2.

2. (No change.)

(d) Within one year following the date of Board approval by the Authority, each approved developer of a qualified residential facility **or mixed use parking project** that has been approved for tax credits shall submit progress information indicating that the developer has site plan approval, financing for, and site control of the qualified business facility, [or] qualified residential project **or mixed use parking project**. Unless otherwise determined by the Authority in its sole discretion, the Authority's approval of the tax credits shall expire if the progress information is not received by the Authority within one year of the date of application approval.

(e) (No change.)

(f) Upon completion of the capital investment and receipt of the occupancy permit or other event evidencing project completion indicated in the approval letter, the developer **or municipal developer** shall submit a certification of an independent certified public accountant, which may be made pursuant to an "agreed upon procedures" letter acceptable to the Authority evidencing that the developer has satisfied the conditions relating to the capital investment requirements.

1. Once accepted by the Authority, the certification with respect to the capital investment shall define the amount of the tax credits and shall not be increased regardless of additional capital investment in the qualified residential facility **or mixed use parking project**, and in no event will the amount of tax credits exceed the maximum percentage amount of allowed tax credits approved by the Board for the developer's capital investment in a qualified residential project **or the municipal developer's capital investment in a mixed use parking project**.

2. (No change.)

(g) (No change.)

(h) After notification, either the developer, **the municipal redeveloper**, the owner of the project, or a tax credit transferee shall furnish to the Authority an annual report in a format as may be determined by the Authority, which shall contain the following information:

1.-2. (No change.)

3. Evidence that the residential units of the qualified residential project are not being used for non-residential purposes. Such evidence may include, but is not restricted to, rental receipts, municipal records, and/or a certification by an MAI appraiser or governmental official; [and]

4. Evidence that the parking component of the mixed use parking project are not being used as non-parking component; and

Recodify existing 4 as 5 (No change in text.)

(i) Failure to submit a copy of the annual report, or submission of the annual report without the information required in (g) above, will result in forfeiture of any annual tax credits to be received by the developer, **municipal redeveloper** or tax credit holder unless the Authority determines that there are extenuating circumstances excusing the developer or tax credit transferee from the timely filing required. The Authority reserves the right to audit any of the representations made and documents submitted in the annual report.

(j) Annually, upon satisfactory review of all information submitted, the Authority will issue a letter of compliance. No tax credit certificate will be valid without the letter of compliance issued for the relevant tax privilege period. The letter of compliance will indicate whether the developer, **municipal redeveloper** or the tax credit holder may take all or a portion of the credits allocable to the tax privilege period.

(k) (No change.)

SUBCHAPTER 18. GROW NEW JERSEY ASSISTANCE PROGRAM

19:31-18.2 Definitions

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

...

“Qualified incentive area” means an aviation district, a port district, a distressed municipality, urban transit hub municipality, or an area:

1. Designated as Planning Area 1 (Metropolitan), Planning Area 2 (Suburban), or Planning Area 3 (Fringe Planning Area), pursuant to the State Planning Act, P.L. 1985, c. 398 (N.J.S.A. 52:18A-196 et seq.); or

2. Located within:

i. A smart growth area and planning area designated in a master plan adopted by the New Jersey Meadowlands Commission pursuant to subsection (i) of section 6 of P.L. 1968, c. 404 (N.J.S.A. 13:17-6) or subject to a redevelopment plan adopted by the New Jersey Meadowlands Commission pursuant to section 20 of P.L. 1968, c. 404 (N.J.S.A. 13:17-21);

ii. Any land owned by the New Jersey Sports and Exposition Authority, established pursuant to P.L. 1971, c. 137 (N.J.S.A. 5:10-1 et seq.), within the boundaries of the Hackensack Meadowlands District as delineated in section 4 of P.L. 1968, c. 404 (N.J.S.A. 13:17-4), **including the sports complex, i.e., the 750 acre sports and exposition site located in the Borough of East Rutherford under the jurisdiction of the New Jersey Sports and Exposition Authority as of the effective date of P.L. 2015, c. 19 (N.J.S.A. 5:10A-1 et al.) and such additional property that is owned and controlled by the New Jersey Sports and**

Exposition Authority as may be as may be designated by the Meadowlands Regional Commission, as established by P.L. 1971, c. 137 (N.J.S.A. 5:10-1 et seq.), P.L. 1968, c. 404 (N.J.S.A. 13:17-1 et seq.) and section 6 of P.L. 2015, c. 19 (N.J.S.A. 5:10A-6) from time to time as part of the sports complex;

iii. A regional growth area, a town, a village, or a military and Federal installation area designated in the comprehensive management plan prepared and adopted by the Pinelands Commission pursuant to the Pinelands Protection Act, P.L. 1979, c. 111 (N.J.S.A. 13:18A-1 et seq.);

iv. The planning area of the Highlands Region as defined in section 3 of P.L. 2004, c. 120 (N.J.S.A. 13:20-3) or in a highlands development credit receiving area or redevelopment area;

v. A Garden State Growth Zone;

vi. Land approved for closure under any Federal Commission on Base Realignment and Closure action; or

vii. Areas designated pursuant to the State Planning Act, P.L. 1985, c. 398 (N.J.S.A. 52:18A-196 et seq.), as Planning Area 4A (Rural Planning Area), Planning Area 4B (Rural/Environmentally Sensitive), or Planning Area 5 (Environmentally Sensitive) only if such areas are located within:

(1) A designated center under the State Development and Redevelopment Plan;

(2) A designated growth center in an endorsed plan until the State Planning Commission revises and readopts New Jersey's State Strategic Plan and adopts rules to revise this definition as it pertains to Statewide planning areas;

(3) Any area determined to be in need of redevelopment pursuant to sections 5 and 6 of P.L. 1992, c. 79 (N.J.S.A. 40A:12A-5 and 40A:12A-6) or in need of rehabilitation pursuant to section 14 of P.L. 1992, c. 79 (N.J.S.A. 40A:12A-14);

(4) Any area on which a structure exists or previously existed, including any desired expansion of the footprint of the existing or previously existing structure, provided such expansion otherwise complies with all applicable Federal, State, county, and local permits and approvals;

(5) The planning area of the Highlands Region as defined in section 3 of P.L. 2004, c. 120 (N.J.S.A. 13:20-3) or a highlands development credit receiving area or redevelopment area; or

(6) Any area on which an existing tourism destination project is located.

“Qualified incentive area” shall not include any property located within the preservation area of the Highlands Region as defined in section 3 of P.L. 2004, c. 120 (N.J.S.A. 13:20-3).

“Qualified incubator facility” means a commercial building located within a qualified incentive area: that contains 50,000 or more square feet of office, laboratory, or industrial space; that is located near, and presents opportunities for collaboration with a research institution, teaching hospital, college, or university, which is evidenced by a written agreement that demonstrates this collaboration; and within which, at least 50 percent of the gross leasable area is restricted for use by one or more technology startup companies during the commitment period. **The restricted space may be comprised of non-contiguous areas, and its location within the qualified incubator facility may change from time to time.**

...

“Technology startup company” means a for-profit business that has been in operation fewer than five years and is developing or possesses a proprietary technology or business method of a high technology or life science-related product, process, or service, which the business intends to move to commercialization. **The business shall be deemed to have begun operation on the date that the business first hired at least one employee in a full-time position.**

...

19:31-18.4 Restrictions

(a)-(c) (No change.)

(d) For a qualified incubator facility, the maximum number of positions employed by businesses that are not technology startup companies that are included in the calculation of the total tax credit amount shall not exceed twice the number of positions employed by technology startup companies.

19:31-18.5 Application submission requirements

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

1. (No change.)

2. Project information shall include the following:

i.-iii. (No change.)

iv. Supporting evidence that the State's financial support of the proposed capital investment in a qualified business facility will yield a net positive economic benefit pursuant to N.J.A.C. 19:31-18.3(a)3ii, taking into account the criteria listed at N.J.A.C. 19:31-18.7(c). [In determining whether a proposed capital investment will yield a net positive benefit, the business's chief executive officer, or equivalent officer for North American operations, shall submit a certification indicating that:]

(1) In determining whether a proposed capital investment will yield a net positive benefit, the business's chief executive officer, or equivalent officer for North American operations, shall submit a certification indicating that:

Recodify existing (1) and (2) as (A) and (B) (No change in text.)

[(3)] (C) The business's chief executive officer, or equivalent officer for North American operations, has reviewed the information submitted to the Authority and that the representations contained therein are accurate [provided however, that in satisfaction of (a)2iv(1) and (2) above, the certification with respect to a project in a Garden State Growth Zone that qualifies under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.) or a project located in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority, shall indicate that the provision of tax credits under the program is a material factor in the business decision to make a capital investment and locate in a Garden State Growth Zone that qualifies under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.) or in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority. If the site was acquired within 24 months prior to project application, the business shall provide additional extrinsic evidence to demonstrate that the award of tax credits is a material factor in the business's decision to create or retain the minimum number of full-time jobs for eligibility under the program, including, but not limited to, viable alternatives to the site and the business's ability to dispose of or carry the costs of the site, if the business moves to the alternate site. The applicant may be required to submit any other information required by the Authority to conduct an analysis of the economic impact of the project];

(2) In satisfaction of (a)2iv1(A) and (B) above, the certification with respect to a project in a Garden State Growth Zone that qualifies under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.) or a project located in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority, shall indicate that the provision of tax credits under the program is a material factor in the business decision to make a capital investment and locate in a Garden State Growth Zone that qualifies under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.) or in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L. 2011, c. 18 (N.J.S.A. 5:12-219) and regulated by the Casino Reinvestment Development Authority. If the site was acquired within 24 months prior to project application, the business shall provide additional extrinsic evidence to demonstrate that the award of tax credits is a material factor in the business's decision to create or retain the minimum number of full-time jobs for eligibility under the program, including, but not limited to, viable alternatives to the site and the business's ability to dispose of or carry the costs of the site, if the business moves to the alternate site;

(3) For a qualified incubator facility, the certifications in (a)2iv(1)(A) and (B) above regarding projected retention of full-time jobs shall be certified by the business employing the full-time jobs to be retained and shall not include full-time jobs employed by the operator or a technology startup company. To demonstrate that such certifications and the certification in (a)2iv(1)(B) above regarding the creation of new full-time jobs employed by any business at the qualified incubator facility are satisfied, the operator shall demonstrate that it would locate the qualified incubator facility at an out-of-State location but for the tax credit award or that it has a project financing gap in its business model as determined by a fiscal analysis conducted by the Authority, taking into account the project's internal rate of return on the operator's contributed capital and net profit margin.

(4) The applicant may be required to submit any other information required by the Authority to conduct an analysis of the economic impact of the project.

v. (No change.)

vi. Identification of the site of the proposed qualified business facility, including the block and lot of the site as indicated upon the local tax map. For purposes of determining geographical location of a qualified business facility that extends over more than one geographical location, the qualified business facility shall be considered in the geographical location **in which the qualified business facility is located** with the most beneficial total tax credit amount. **For a qualified incubator facility, common areas that are shared by the entire building in which the qualified incubator facility is located and not exclusive to the qualified incubator facility shall not be counted as part of the qualified incubator facility, but the size of the space restricted for use by technology startup companies may include the pro-rata share of any common areas within the qualified business facility;**

vii.-xi. (No change.)

3. (No change.)

(b) (No change.)

(c) A business shall be allowed to assign their ability to apply for the tax credit **for a project located in a Garden State Growth Zone** under this subchapter to a non-profit organization with a mission dedicated to attracting investment and completing development and redevelopment projects in a Garden State Growth Zone, as determined by the Authority. **The non-profit organization may make an application on behalf of a business which meets the requirements for the tax credit, or a group of non-qualifying businesses or positions, located at a qualified business facility, that shall be considered a unified project for the purposes of the incentives provided under this section.**

(d) [The non-profit organization in (c) above or an] **An** organization operating a qualified incubator facility may make an application on behalf of a business which meets the requirements for the tax credit, or a group of non-qualifying businesses or positions, located at a qualified

[business] **incubator** facility, that shall be considered a unified project for the purposes of the incentives provided under this section.

1. For purposes of this subsection, “positions” mean full-time employees who are employed by a business at a qualified incubator facility and who spend at least 16 hours a week at the qualified incubator facility **and must spend at least 80 percent of his or her time, or any other period of time generally accepted by custom or practice as determined by the Authority, in this State. A position at a qualified incubator facility shall be considered a full-time job under this program.**

2. In addition to the information required pursuant to (a) above, the organization operating a qualified incubator facility shall be required to submit:

i. The names, contact information, New Jersey employer identification, and Federal employer identification number of any party on whose behalf it is making the application to the extent know at the time of application; and

ii. The organization’s business model and a detailed explanation as to how the business model will ensure that the benefit from the award of tax credits will inure to the businesses and positions on whose behalf the application is made and how the businesses and full-time employees filling positions will be informed of the award and the benefits from the award.

(e) (No change.)

(f) In addition to the information required pursuant to (a) above, any applicant authorized pursuant to (c) [, (d)] and (e) above shall be required to submit:

1.-6. (No change.)

(g) (No change.)

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

(a)-(e) (No change.)

(f) Upon completion of the capital investment and employment requirements of the program, the business shall submit certifications evidencing that the business has satisfied the conditions relating to capital investment and any employment requirements with supporting evidence satisfactory to the Authority.

1.-3. (No change.)

4. An organization operating a qualified incubator facility shall provide written evidence that the qualified business facility continues to qualify as a qualified incubator facility and that the benefit from the award of tax credits will inure to the businesses and positions on whose behalf the application was made.

Recodify existing 4. as 5. (No change in text.)

(g) (No change.)

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

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

(c) In addition to the base amount of the tax credit, the amount of the tax credit to be awarded for each new or retained full-time job shall be increased if the qualified business facility meets any of the following priority criteria or other additional or replacement criteria determined by the Authority from time to time in response to evolving economic or market conditions, **provided that (c)5, 6, 8, and 10 below shall not apply to a qualified incubator facility:**

1.-17. (No change.)

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

19:31-18.11 Reporting requirements and annual reports

(a) After notification pursuant to N.J.A.C. 19:31-18.7(g), the business shall furnish to the Authority an annual re-port certified by the Chief Financial Officer of the business in a format as may be determined by the Authority, which shall contain the following information:

1. (No change.)

2. For an organization operating a qualified incubator facility that applied on behalf of businesses or positions, the number of full-time employees or positions in the space restricted for use by technology company startup companies and the number of full-time employees or positions outside of the space restricted for use by technology company startup companies. The annual report shall demonstrate that at least 50 percent of the qualified business incubator remains restricted for such use and that any company in the restricted space continues to qualify as a technology startup company.

Recodify existing 2. as 3. (No change in text.)

(b)-(f) (No change.)

19:31-18.15 Reduction and forfeiture of tax credits

(a) (No change.)

(b) If, in any tax period during the eligibility period, the number of full-time employees employed by the business at the qualified business facility, **or, for a qualified incubator facility, the number of full-time employees and positions employed by the operator or the**

businesses on whose behalf the operator applied, located within a qualified incentive area drops below 80 percent of the number of new and retained full-time jobs specified in the certification approved by the Authority pursuant to N.J.A.C. 19:31-18.7(g), then the business shall forfeit its credit amount for that tax period and each subsequent tax period, until the first tax period for which documentation demonstrating the restoration of the number of full-time employees employed by the business at the qualified business facility to 80 percent of the number of jobs specified in the certification approved by the Authority pursuant to N.J.A.C. 19:31-18.7(g).

(c)-(d) (No change.)

19:31-18.16 Effect of sale or lease of qualified facilities

(a) If the qualified business facility is sold by the owner in whole or in part during the eligibility period, the new owner shall not acquire the capital investment of the seller and the seller shall forfeit all credits for the tax period in which the sale occurs and all subsequent tax periods, provided, however, that any credits of the business shall remain unaffected. **If the business merges with or consolidates with another entity, the resulting or transferee entity shall not be considered the new owner.**

(b) (No change.)



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: August 11, 2015

RE: Grow New Jersey Program
Revision to Methodology for Due Diligence on Incubator Projects in Excess of \$4,000,000/year

Request:

The Members are requested to approve a revision to existing policy to determine the amount necessary to complete a qualified incubator facility that applies for tax credits in excess of \$4,000,000/year.

Background:

On April 8, 2014, the Board approved a methodology to implement a provision of the Grow New Jersey Assistance Act, N.J.S.A. 34:1B-242 et seq., which requires the EDA to perform additional due diligence on any project applying for tax credits in excess of \$4,000,000/year.

The additional due diligence requires a full-economic analysis of all locations under consideration. Upon completion of the full-economic analysis, pursuant to the Act, the EDA shall award the lesser of the amount of tax credits as calculated via the statutory formula and the amount determined by the Authority "as necessary to complete the project." The methodology approved by the Board uses several factors as part of the calculation, including the project's net benefit to the State, the statutory calculation, and the gap in costs between locations, and the type of project based on location.

As part of a separate request to the Board, staff is proposing rule amendments that establish certain parameters for the administration of applications and awards for qualified incubator facilities pursuant to the Grow New Jersey Assistance Act, P.L. 2011, c. 149 (N.J.S.A. 34:1B-242 through 250), as amended by the Economic Opportunity Act (EOA) of 2014, Part 3.

Qualified incubators facilities are expected to differ from conventional Grow NJ applicants, that are usually established companies deciding where to grow their businesses. A qualified incubator facility is basically a startup, and therefore the question of whether the project will occur is more a question of viability than of location. For this reason, the proposed rules would provide the operator of a qualified incubator facility the option of demonstrating the need for the Grow NJ award either

by showing that it would locate the incubator at an out-of-State location or by showing a project finance gap in its business model as determined by an analysis by EDA of the project's rate of return, similar to what is performed under the Economic Redevelopment and Growth program.

Therefore, staff proposes that if the applicant does not use an alternative location cost benefit analysis to substantiate the need for the award (the "but for" test), the total amount "necessary to complete the project" will be the lesser of the total calculated award or the project finance gap determined by EDA, not to exceed the amount of capital investment. Staff recommends capping the award to the capital investment because of the uniqueness of these incubator projects, so that any analysis of the amount necessary to generate sufficient returns cannot be based on a robust sampling of similar projects of comparables. Thus, limiting the award to the eligible capital investment, which is the actual verifiable amount that the business has at risk in the project, ensures that the award does not exceed the actual amount "necessary to complete the project." If the total award is set by the project finance gap, as with all Grow NJ awards over \$4M/year, the per job award amount will be the total award divided by the Grow NJ eligible jobs, which may be lowered at time of project certification.

Recommendation:

The Members are asked to approve the proposed policy revision as part of the due diligence required for qualified incubator facility projects that apply for a tax credit award in excess of \$4,000,000/year.


Timothy Lizura

Prepared by: Maureen Hassett/Jacob Genovay

UEZ Energy Sales Tax Exemption



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: August 11, 2015

SUBJECT: DPT Lakewood, LLC (“DPT”)
\$123,000 UEZ Energy Sales Tax Exemption (“U-STX”)

Approval Request:

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

Background

DPT, established in 2009 is a Contract Development and Manufacturing Organization (“CDMO”), providing assistance to the pharmaceutical industry from drug development to manufacturing. The company operates out of four facilities in Lakewood, Ocean County. DPT is currently an Urban Enterprise Zone (“UEZ”) participant and was most recently recertified in July, 2015.

To qualify for a U-STX, a company must be a UEZ-certified manufacturer with at least 250 full-time employees, at least 50% of whom are involved in the manufacturing process. DPT has 403 full-time employees in four UEZ certified facilities in Lakewood, of which 64% are involved in the manufacturing process.

The Department of Labor and Workforce Development has confirmed that the company is in good standing. DPT has also received a valid Tax Clearance Certificate from the Division of Taxation.

The estimated annualized U-STX benefit to DPT is \$123,000 which is based on the prior twelve months electric and gas usage multiplied by 7% sales tax.

Recommendation

Consent to the approval of DPT’s application to participate in the U-STX program. The approval would be valid through August 11, 2016.

Prepared by: John Shanley

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

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

ECONOMIC REDEVELOPMENT AND GROWTH (ERG) PROGRAM

Created by law in 2012, and substantially revised through P.L. 2013, c. 161, the intent of this program is to provide State incentive grants to a developer, or non-profit organization on behalf of a qualified developer, to capture new State incremental taxes derived from a project's development to address a financing gap, with \$600 million authorized for qualified residential projects.

Per N.J.S.A. 34:1B-207 et seq. / N.J.A.C. 19:31-4 and the program's rules, the applicant must:

- Have a redevelopment project that is located in a qualifying area and not have begun any construction at the project site prior to submitting an application, except: if the EDA determines the project would not be completed otherwise; or if the project is undertaken in phases, a developer may apply for phases which construction has not yet commenced.
- Demonstrate to the EDA that 1) the project shall be constructed in accordance with certain minimum environmental standards; 2) except with regards to a qualified residential project, the project will yield a net positive benefit equaling at least 110% of the grant assistance to the State of 75% of the useful life of the project, not to exceed 20 years; and 3) that a financing gap exists.
- Meet a 20% equity requirement.

Staff Review:

- A comprehensive net benefit analysis is conducted to ensure the project has a positive net benefit to the State of at least 110%. The economic impact model used by the EDA includes multipliers from the RIMS II data base, published by the US Department of Commerce, along with internal econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation.

Amount of award based upon:

- Up to 75% of annual incremental State tax revenues or 85% in a Garden State Growth Zone (GSGZ) generated by the project over a term of up to 20 years, provided the combined amount of reimbursements do exceed 20% of total project cost, or 30% in a GSGZ.
- The maximum amount of any grant, including any increase in the amount of reimbursement, shall be up to 30% of total project cost, except for projects in a GSGZ, which may be up to 40%.
- Bonus amounts of up to 10% of total project cost are available if the project is: In distressed municipality which lacks adequate access to nutritious food and will include a supermarket, grocery store or prepared food establishment; In distressed municipality which lacks adequate access to health care/services and will include a health care and services center; Transit project; Qualified residential project with at least 10% of residential units reserved for moderate income housing; In highlands development credit receiving area or redevelopment area; Disaster recovery project; Aviation project; Tourism destination project; or Substantial rehabilitation or renovation of an existing structure(s).

Qualified Residential Projects:

The law authorizes \$600 million in incentives for qualified residential projects that the EDA administers as tax credits pursuant to P.L. 2013, c. 161, as follows: 1) \$250 million for projects within 8 southernmost counties, of which: \$175 million for projects in Camden; \$75 million for projects in municipalities with a 2007 MRI Index of 400 or higher; and \$250 million for projects in: Urban Transit Hubs that are commuter rail in nature, GSGZ, Disaster recovery projects, and SDA municipalities located in Hudson County that were awarded State Aid in FY 2013 through the Transitional Aid to Localities Program; 2) \$75 million for projects in distressed municipalities, deep poverty pockets, highlands development credit receiving areas or redevelopment areas; and 3) \$25 million for projects located within a qualifying ERG incentive area



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: August 11, 2015

RE: **Ameream LLC, Meadow Amusement LLC and Affiliates**
Economic Redevelopment and Growth Grant Program
P 37976

Request

The Members are asked to approve a modification to the previously approved (2013) application of Ameream LLC, Meadow Amusement, LLC and Affiliates (the "Applicant") for reimbursement of certain taxes for an East Rutherford Borough, Bergen County project under a "state incentive grant" administered by the EDA pursuant to the Economic Redevelopment and Growth Grant ("ERG") program set forth in N.J.S.A. 52:27D-489c ("Act"). The request to modify the previous approval is based on a project redesign that results in an increase in gross leasable area, additional project costs and commensurate eligible projects costs on which the ERG grant amount is calculated. Updated project information from the developer also reflects a revised financial structure, further described herein. As such, staff has reviewed and underwritten the modified project to recommend approval of the modifications in conformity with the requirements of the Act. Pursuant to the revised structure, the Members are also asked to approve the attached, in substantially final form, State Economic Redevelopment and Growth Grant Agreement between the Authority, the State Treasurer and the Applicant.

The updated total project costs are estimated to be \$3,182,246,000. The total qualified costs under the ERG Act are **\$3,117,245,647**. The recommended approval reflects reimbursement at 13.59% of the actual eligible costs, not to exceed **\$390,000,000**. While the recommended percentage has decreased to 13.59% from 17.55%, staff has determined that the revised application demonstrates the need for an award of \$390 million and the developer will need to invest a minimum of \$2.87 billion in order to achieve the full \$390 million award.

Background

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, yield a net positive benefit to the state. Grants are made annually based on the incremental eligible taxes actually generated as a result of the project.

The Project, which was originally 3.3 million square feet of gross building area, was originally approved by the Members of the Authority on November 1, 2013 for an ERG representing 17.55% of eligible project costs of \$2.223 billion in an amount not to exceed \$390 million. The Applicant executed the Authority’s commitment letter dated March 6, 2014 and after several extensions was further approved by the Members on May 29, 2015 for an extension until September 15, 2015 to obtain a revised board approval of the Project and revised ERG agreement.

Project Description

The Applicant is undertaking the redevelopment of the proposed site into approximately 2.89 million square feet of leasable area, mixed use development (the “Project”), which the Applicant has represented is anticipated to include the following components:

- Retail/Restaurant/Entertainment (“ERC” or “ERC Component”) – The Project is anticipated to include approximately 2.3 million square feet of leasable retail/restaurant space accounting for about three quarters of the Project’s gross leasable area. Plans call for six anchor tenants (50,000 square feet and over) plus twelve majors (20,000 to 49,999 square feet), 339 small shops (up to 19,999 square feet), 21 restaurants, 45 specialty food tenants, 20 food court tenants and 5 kiosks. The retail component will also include an additional 250,000 square feet of leasable space for self-operated entertainment anchors including a movie theater, a performing arts center, a snow dome, an observation wheel, miniature golf and an ice rink.
- Amusement (“AP/WP/Core/Connector”) – The Project is anticipated to include approximately 346,100 square feet of amusement space adjacent to the retail component, which will include an indoor amusement park and water park. The applicant signed an agreement to enter into a 7 year, with a 5 year extension, licensing agreement with DreamWorks Animation L.L.C. with respect to the amusement park and the water park.

Based upon design reconfigurations, updated tenant roster and other factors since the November 2013 original approval of this project, there is a net increase of 330,615 square feet in gross leasable space. Total project and eligible project costs have also risen by \$820 million and \$601 million, respectively from the originally approved budgeted amounts. Refer to exhibit 1 for further details.

The Project’s scope of work includes land and leasehold acquisition, site improvements, new

construction, rehabilitation of existing construction and tenant improvements. In total, the entire Project site is approximately 91 acres, with 69 acres of existing facilities and property and 22 undeveloped acres on the site of the amusement park and the water park and includes surface parking spaces. The New Jersey Sports and Exposition Authority ("NJSEA") owns the Project site and administers the Master Plan for the property and has entered into a lease with the Applicant.

The existing facility on the Project site is an unfinished five-story retail and entertainment complex within the Meadowlands Sports Complex in East Rutherford, New Jersey ("Existing Retail Components" or "ERC"). Construction of the ERC began in 2006 but met with construction delays and financial difficulties. The ERC was taken back by the prior lending consortium and construction activity has restarted in 2015. The project was originally developed by the Mills Corporation in partnership with Mack-Cali Realty Corporation and Kan Am ("Original Developer"). Subsequently the Original Developer, facing funding constraints, sold their stake in the ERC to a private investment firm, Colony Capital ("Colony"). Colony also suffered from delays and in 2009 a subsidiary of the bankrupt Lehman Brothers cut off the promised financing and construction came to a halt. Ownership was surrendered by Colony to the Meadowlands N I, LLC; NRFC Meadowlands Sr., LLC; Newcastle Investment Corp.; Capmark Structured Real Estate Taxable REIT Inc.; Capmark Bank; and Xanadu Mezz Holdings, LLC ("Lenders") in August 2010.

In 2011, Triple Five Worldwide ("Developer") which essentially owns the Applicant as well as the Mall of America and West Edmonton Mall, pursuant to an RFP promulgated by the NJSEA, was brought in to complete the ERC. In April 2011, the Lenders entered into an agreement with the Meadow ERC Developer, LLC ("MERC") to assume ownership of the ERC. In July 2013, MERC completed the acquisition of the ERC from the Lenders and MERC and the Lenders entered an operating agreement and were granted preferred interests in Meadowlands Joint Venture, LLC ("Meadowlands JV" or "MJV") in exchange for their respective contributions of capital and property to the Project. The Applicant, Ameream, is 100% owned by Ameream Mezz, LLC, which is 100% owned by Ameream Mezz I, LLC, which is 100% owned by MJV. NJSEA is the owner of the real property on which the ERC is located. Pursuant to a 75-year Ground Lease established in 2005 ("ERC Lease"), Ameream was assigned the rights under the lease in July 2013. The NJSEA and Ameream are currently amending the ERC Lease, which was most recently amended in February, 2015 to better reflect the current transaction, including lease payments to the NJSEA.

In April 2011, an affiliate of the Developer (Metro Central LLC) purchased the adjacent 22 acre parcel ("Amusement Parcel") owned by New York AM Radio LLC and Ten Fifty Partnership for \$2.67 million plus \$1.83 million for the cost of relocation. The NJSEA completed a friendly condemnation of this parcel due to environmental interests on the property. The Amusement Parcel was added to the ERC Lease pursuant to the February 2015 amendment to the ERC Lease and leased to Ameream.

The Project will have approximately 7,850 parking spaces consisting of four parking structures and grade level parking under the facility. The Project Operating Plan, originally executed in 2005 and later modified, governs shared parking agreements for the NJSEA property including the Project as well as the IZOD Center, MetLife Stadium, Meadowlands Race Track, offices and planned future development. Under the Project Operating Plan, the Applicant will manage and operate the parking facilities. The Project will also share with stadium events, an additional 2,900 spaces in temporary

lots and 21,475 parking spaces surrounding the MetLife Stadium in the remainder of the Meadowlands Sports Complex.

Construction is ongoing (see exhibit 2 attached for details) and is expected to continue, with completion of the ERC expected in summer of 2017 and the amusement/waterpark shortly thereafter before the end of 2017.

The Applicant has engaged Greener by Design LLC, a New Brunswick, NJ based firm that focuses on energy investment and environmental asset management, to assist in compliance with green building requirements. The Applicant proposes to satisfy the green building requirements through LEED Silver and/or the BPU's Pay-for-Performance program.

Project Ownership (see exhibit 3 for organization chart)

Ameream LLC ("Ameream") and Meadow Amusements LLC ("Meadow") are single purpose entities that will own the Project ("Owner Entities"). Metro Central LLC ("Metro") previously owned the Amusement Parcel, which was taken by eminent domain by NJSEA and leased to Ameream. Metro and Meadow are 100% by Metro Mezz, LLC which is 100% owned by Metro Mezz 1, LLC which is 100% owned by Meadowlands Joint Venture LLC ("MJV"). Ameream is 100% owned by Ameream Mezz, LLC, which is 100% owned by Ameream Mezz I, LLC, which is 100% owned by MJV. MJV was formed in May of 2013 by Meadow ERC Developer LLC and Meadowlands Two LLC to acquire, hold, maintain, operate and manage the development of real property in East Rutherford, NJ. Meadowlands JV intends to operate through its wholly owned subsidiaries, including Ameream Mezz I, LLC and Ameream Mezz LLC. Meadow ERC Developer LLC ("Developer Entity"), which is wholly owned by the Ghermezian family and their related family trusts through a series of affiliated special purpose entities ("Affiliated Entities"), owns 100% of the Series A Preferred Interests and 100% of the Common Interests of the Meadowlands JV. Each of the four Ghermezian brothers, Eskander, Raphael, Nader and Bahman, and their families invest directly and through four family trusts in affiliated entities in the Ghermezian Organization. Meadowlands Two LLC, which is owned by the Lenders, owns 100% of the Series B and C Preferred Interests of the Meadowlands JV. Ameream Management LLC and Meadow Amusement Management LLC ("Manager Entities") are 100% owned by Meadow Holdings, LLC will manage the development and operations of the Project. Ameream has represented that Meadow, Metro Mezz 1, LLC and Metro Mezz LLC are expected to be dissolved. The Manager Entities are also wholly owned by the Ghermezian family and their related family trusts through several of the Affiliated Entities.

Triple Five Worldwide was formed in the 1970's by the Ghermezian family, which has several generations of real estate development experience. This group of companies represents a major diversified, international conglomerate that invests, develops, manages and operates large scale ventures not only in mixed retail and entertainment complexes, but also in other diverse areas including banking, economic redevelopment and revitalization, job creation, urban renewal, establishment of suburban communities, civic projects, full range residential, commercial and industrial developments, major tourism facilities, technology, mining and natural resources, hospitality and hotel operations. Three of their major holdings include the federally chartered People's Trust company (Canada's second largest non-public banking institution), West Edmonton

Mall in Canada and the Mall of America in the United States. Their holdings have more than 2,000 employees, mainly in the USA and Canada.

Project Uses

<i>Uses (in Thousands US \$)</i>	<i>Total Project Costs</i>	<i>ERG Eligible Project Costs</i>
Acquisition & Land (a)	\$ 498,627	\$ 498,627
Acquisition & Land (b)	4,500	4,500
Improvements	1,967,129	1,967,129
Professional Services	220,265	220,265
Grand Opening and Marketing	15,000	0
Financing and Other Costs	303,619	303,619
Contingency	133,106	133,106
Development Fee	50,000	0
TOTAL USES	\$ 3,182,246	\$ 3,117,246

The total costs listed above exclude reserves and interest costs that occur post completion of construction but are added to the amounts to arrive at bond issuance par amounts.

The ERG eligible project costs exclude \$15 million in grand opening and marketing expenses and the \$50 million developer fee.

(a) The eligible costs include \$498,627,097 in acquisition costs from the Lenders related to the ERC. As part of this transaction, the Applicant and the Lenders created a joint venture, Meadowlands Joint Venture LLC, in which the Lenders contributed interests in the Ground Lease, existing buildings and other improvements, certain rights of the seller, personal property, leases, contracts, permits, etc. In exchange, the Lenders received a Preferred Interest in the Project in the amount of \$498,627,097. The Lenders' Preferred Interests accrue interest at a nominal interest rate and are fully subordinate to all other lenders as well as the Applicant's equity contribution plus preferred return of 20%.

(b) This represents the costs associated with a second parcel of land which was acquired post the Lenders costs related to the ERC.

Additionally excluded from the costs above are an estimated \$396,455 million in third party costs incurred by tenants, \$21 million in capitalized interest costs that are projected to be spent after the construction period, \$141 million in imputed value of the land (NPV of the ground lease at 8%) and \$551 million in building value above the Lenders Preferred Interests. Based on an appraisal conducted by Cushman & Wakefield in October 2012, the as-is value of the ERC is \$1.05 billion which is more than twice the value of the Lenders' Preferred Interests included in eligible costs.

Project Sources

The Applicant has represented that it anticipates utilizing the following sources of funds to complete the project:

<i>Sources (In US \$ Thousands)</i>	<i>Amount</i>
Senior Debt (Deutsche Bank)	1,250,000
Mezzanine Debt (Macquarie)	300,000
Redevelopment Area Bonds (Goldman Sachs)	628,717
ERG Bonds (Goldman Sachs)	304,902
Equity:	
Lenders Preferred Interests	498,627
Developer Contribution	200,000
TOTAL SOURCES	\$ 3,182,246

Applicant equity is \$698,627,097. This amount includes \$200 million in cash (which has already been contributed as further noted in the confidential memorandum which follows this document) and \$498,627,097 in Lender Preferred Interests, which is the amount of the initial loans by the Lenders resulting in their acquisition of the ERC. These components of equity satisfy the Applicant's 20% equity participation as required by NJSA 19:31-4.1(a). As of May 30, 2015, MJV had invested \$318 million in the project (excludes the \$498.6 million previously noted spent by the Preferred Lenders to acquire the ERC for land acquisition and pre-development expenses) consisting of \$268 million in costs paid to date, \$20 million in Triple Five employee costs and \$32 million in expenses (namely fees and reserves relating to the bridge loan closing in February of 2015). \$50 million of the capital of MJV was contributed by the Preferred Lenders.

The Developer has a commitment dated June 3, 2015 from Deutsche Bank to syndicate a \$1.25 billion senior debt facility and Deutsche Bank has committed to provide \$250 million of this facility. The term is up to four years interest only at Libor + 4.5% with a conversion feature to an amortizing loan over 30 years at 6.5%. The Developer has a commitment dated June 1, 2015 from Macquarie Capital to syndicate a mezzanine facility of up to \$350 million (two tranches) in conjunction with Canadian Pension Plan Investment Board. The term is four years with interest to be capitalized at rates of 8% and 12%, respectively per tranche. The Project is currently being funded by the developer equity plus a \$150 million bridge loan from Macquarie Capital and Canadian Pension Plan Investment Board (which had two closings of \$75 million each, one on February 4, 2015 and the second on April 10, 2015).

The NJSEA and the Borough of East Rutherford are party to a Settlement Agreement dated January 1, 1990 as most recently amended in October of 2013, which allows for a Payment in Lieu of Taxes ("PILOT") on the Project site. The Borough of East Rutherford is expected to issue bonds (at an anticipated maximum interest rate of 7%) to monetize a portion of future PILOT payments payable by the Developer to East Rutherford ("RAB Bonds"). These bonds are anticipated to be taxable and sold directly to Goldman Sachs or an affiliate thereof and were authorized for issuance by the Borough at a meeting held on July 21, 2015. Alternatively, if the taxable market deteriorates, then a

tax-exempt issue will be evaluated and Goldman is expected to be the marketing agent for those bonds and Bergen County Improvement Authority (“BCIA”) would be a possible issuer of the RAB. In addition, a public issuer is expected to issue bonds (“ERG Bonds”) in support of this Project. The ERG and RAB will be marketed by Goldman Sachs and both will be monetized with proceeds expected to be available by September 30, 2015. The proceeds of the ERG and RAB will be used by the Applicant for the Project. Net proceeds available from the issuance of the RAB Bonds is projected to be up to \$538 million, with remaining funds to be utilized for an anticipated reserve fund, capitalized interest and costs of issuance of the RAB Bonds. Similarly, net proceeds available from the issuance of the ERG Bonds is projected to be up to \$262 million, with remaining funds to be utilized for an anticipated reserve fund, capitalized interest and costs of issuance of the ERG Bonds. Expectations are that the par amount of the RAB Bonds is \$652 million and the ERG Bonds are \$331 million. The Applicant proposes to sell to the public issuer the rights to receive the annual amounts payable under the ERG award to secure the ERG Bonds.

Gap Analysis

NJSA 19:31-4.5 requires that the Authority validate the project financing gap estimated by the Applicant to determine eligibility for the ERG award. EDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the Applicant and their ability to attract the required investment for this project. Staff analyzed the pro forma and projections of the project and compared the returns with and without the ERG over 11 years. For purposes of this analysis, based on representations by the Applicant, it was assumed that the Applicant would receive proceeds from an Agreement to Reimburse for Remediation Costs with Meadowlands Mills/Mack-Cali Limited Partnership dated June 30, 2005 to reimburse 75% of approximately \$36,714,411 in remediation costs related to the construction of the ERC. Equity assumed in the gap analysis is \$698,627,097.

Without ERG	With ERG	With ERG at Cap (1)
Equity IRR 12.38%	Equity IRR 17.03%	Equity IRR 18%

With the benefit of the ERG, the Equity IRR is 17.03%. Because this Project is deemed to be a large complex destination type project, the Hurdle Rate Model utilized by the Authority to determine the appropriate hurdle rate for the ERG Program does not accommodate this type of Project. As such, the Hurdle Rate Model is not being utilized for this Project and JLL was contracted at the time of the initial approval to determine an appropriate project specific rate of return. JLL has determined that the appropriate hurdle rate for this Project is 16% to 18%. As indicated in the chart above, the Project’s economics suggest that the ERG benefit based on a hurdle rate range of 16% to 18% percent will have a material effect on the applicant’s decision and ability to achieve market rate returns to advance the project.

- (1) The Authority estimates that if the Applicant expends a minimum of \$2.87 billion in total eligible project costs, the project will remain eligible for the full amount of the \$390 million grant award.

Net Positive Benefit Analysis

NJSA 19:31-4.5 requires that in order to determine eligibility for the ERG award, the Authority undertake a fiscal impact analysis by determining whether public assistance provided to the

proposed development will result in net positive economic benefits to the State for a period equal to 75% of the useful life of the Project not to exceed 20 years. The Authority has conducted the required Net Benefit Analysis and has found that the present value of the Net Positive Benefits (including one time benefits related to construction) to the State at a 6% discount rate over a 20 year period is \$730 million. Net of the Project's ERG, the present value of the Net Positive Benefits to the State is \$340 million. The following taxes were included in the Net Positive Benefit calculation:

- 1] 66% of the incremental annual corporate business tax;
- 2] 66% of the incremental gross income tax;
- 3] 100% of the incremental one-time tax generated from the Project's construction;
- 4] 100% of the incremental indirect tax revenues from spending and earnings;

Sales taxes may be included in the calculation, as the Project is deemed to be a destination facility, however, this analysis assumes that there are no incremental sales taxes generated for purposes of determining the net benefits. The Applicant provided market assessments prepared by third-party consultants, which demonstrated that the Project will generate substantial increased incremental tax revenue from other tax jurisdictions. The net positive benefit analysis includes 10,880 new direct full and part time equivalent retail, amusement and administrative jobs projected by the Applicant and 5,810 construction jobs as estimated through the Authority's net benefit analysis model. The third party consultant estimated 12,540 full time and 1,190 part time construction jobs as well as 5,560 full time and 10,640 part time jobs at the Project.

Other Statutory Criteria

In order to be eligible for the program, under NJSA 19:31-4.6(b), the Authority is required to consider the following items:

The economic feasibility and the need of the redevelopment incentive grant agreement to the viability of the redevelopment project. The likelihood that the project shall, upon completion, be capable of generating new tax revenue in an amount in excess of the amount necessary to reimburse the developer for project costs incurred as provided in the redevelopment incentive grant agreement.

Ogilvy RED conducted a comprehensive market study on the planned retail and restaurant components of the Project and prepared a report dated May 15, 2015 entitled "Sales Analysis American Dream East Rutherford, NJ" (the "Retail Analysis"). Ogilvy RED is part of Ogilvy & Mather one of the largest marketing communications companies in the world (which in turn is part of WPP, a world leader in marketing communications which is a NYSE listed firm with 179,000 employees and revenues of \$11 billion). The Retail Analysis identified the Project's primary and secondary trade areas, analyzed the competition within the trade area, sized potential demand within the trade area and outside of the trade area, estimated potential sales and sales taxes for the Project, estimated the amount of supportable retail and restaurant space and determined potential to attract tenants to the Project. The Retail Analysis concluded that the proposed Project is supportable and feasible, with the potential to generate \$1.5 billion in annual sales for the base case and \$2.1 billion for the aggressive case for year one. Average retail sales per square foot are \$835 for the base case and \$1,183 for the aggressive case. This puts Ameream in the upper tier among local shopping malls in terms of sales per square foot. Additionally, the Retail Analysis forecasted \$56 million in

annual sales taxes (based on 55% taxable revenues) in the first year of operation (\$79 million per the aggressive case) growing to \$128 million by year thirty (\$181 million for the aggressive case for year thirty). In addition, the Retail Analysis estimates that approximately 55% of the visitors will come from NY metro residents (42% in the aggressive case) with the remainder from domestic (36%) and international (9%) tourists. Lastly the report utilizes the assumption that Ameream's non-ordinary destination features will be able to attract 31% (73% in the aggressive case) more visitors than would be expected given the retail gross leasable space and visitor traffic at nearby shopping malls with similar leasable space.

The Innovation Group conducted a comprehensive market assessment for each of the proposed entertainment components of the Project including the amusement park, water park, ski park, observation wheel, performing arts center, cinema, miniature golf and indoor skating rink and prepared a report dated May of 2015 of their findings entitled "American Dream Project Attractions Market Assessment" (the "Entertainment Analysis"). The Innovation Group provides consulting services for the gaming, entertainment and hospitality industries with a worldwide customer base. They identified demand for these components as the local market (within 60 minutes of Project), tourist capture (existing tourists, including NYC tourists), induced tourism (new tourists) and retail intercept. The Entertainment Analysis estimates that 49% of the attendees will be local residents and 51% are tourists. Revenue projections derived in the Entertainment Analysis support the proforma provided by the Developer.

In October of 2012 Cushman & Wakefield conducted an appraisal of the Project site. Cushman & Wakefield is a worldwide real estate firm. The appraisal report concluded that the market value as-is of \$1.05 billion for the project property (Lot 1.01, Block 107.02). The appraisal further supports the market assessment as well as assumptions utilized in the proforma provided by the Applicant.

Walker Parking Consultants conducted a financial analysis of the Project's parking facilities per a report dated June 3, 2015. This provided an estimate of parking demand as well as the financial viability of the parking facilities, given other available parking available in the Meadowlands Complex. Walker Parking Consultants is a worldwide parking consulting and design firm founded in 1965.

The Project appears to be economically feasible based on the financial strength and prior experience and track record of the Developer and the proposed tenants. The market's response to the Developer's preliminary leasing activity has been strong as of May 2015, the Developer has indicated that 52 leases are executed, 49 leases are under negotiation and out for signature with an additional 208 letters of interest under negotiation. This activity represents 64% of the gross leasable area. Including the five self-operated areas (namely the amusement and water park, the snow park, the performing arts center, the observation wheel and the miniature golf) accounting for 610,170 square feet of gross leasable space results in approximately 85% of the space being under lease, LOI or active negotiation with interested tenants.

The Project has an anticipated IRR of 12.38% without the ERG and 17.03% with the ERG. As further explained previously, the applicant represents that the ERG incentive grant is needed for the viability of the Project. Based on the expected generation of more than \$88 million of initial year incremental direct annual average gross income, sales and other eligible taxes, there appears to be

adequate funds to support the reimbursement of taxes paid to the Project as outlined in the analysis.

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

The Project is consistent with the Smart Growth goal of creating a mixed use land development. The State Development and Redevelopment Plan goals addressed are: promoting beneficial economic growth, protecting the environment through prevention and cleanup and ensuring sound and integrated planning and implementation, and increasing energy efficiency and reducing greenhouse gas emissions. On a regional level, the Project will convert underutilized parking spaces into a revenue generating use, create an entertainment and retail destination in a highly accessible location, increase demand for public transportation along the Meadowlands spur and create a destination that will attract tourism dollars to New Jersey.

The Project is projected to create approximately 10,580 new, direct full-time and part-time, permanent jobs, providing more than \$212 million each year in employee wage compensation. Immediate job creation is also an important benefit of this project. During the construction phase, the redevelopment of this site will create 5,810 temporary construction jobs as estimated by the Authority. The significant job creation associated with this Project will provide important employment opportunities for the State of New Jersey, and the Project will generate considerable net tax revenue on an annual basis.

State Oversight of Project

The revenue stream derived from the State Economic Redevelopment and Growth Incentive Grant Agreement (“ERG Agreement”) will be sold to the ERG bond issuer in order to support the payment of tax-exempt bonds. In order to facilitate the transaction, in the ERG Agreement, the Authority has agreed that under certain circumstances its receipt of payments from the Developer will conform to the restrictions of the tax code relating to tax-exempt bonds. Because of the magnitude and unique nature of the Project, the ERG Agreement includes reporting and enforcement mechanisms, including termination in the event the ERC is not completed in six years or the Project is not finished completely within eight years. This will assist the Authority in monitoring the progress of the Project in the construction phases. To facilitate the bond transaction, however, the Authority has agreed to limit its remedies to specific performance once the project is operational. The NJSEA, as lessor of the ERC and AP/WP, will take the lead in overseeing the Project as a whole, including reviewing the construction schedule in detail and ensuring the experience of the key personnel in charge of the construction and operations of the Project. The ERG Agreement consents to the Purchase and Sale of the Transferred Rights, as that term is defined in the ERG Agreement, to support the bonds. It also agrees that the bonds may be closed in escrow, provided that the escrow is broken only upon certain conditions being met.

Assignment of Agreement to Reimburse for Remediation Costs

Meadowlands Developer Limited Partnership and the NJSEA entered into an Agreement to Reimburse for Remediation Costs with the New Jersey Commerce and Economic Growth Commission (“Commission”) on June 30, 2005 to implement a NJDEP approved remedial action

work plan on the Project site and surrounding parcels (“Original Reimbursement Agreement”). On August 27, 2007, NJDEP approved additional parties to the Original Reimbursement Agreement. Subsequent to the Original Reimbursement Agreement, the Authority assumed the role of the Commission in administering the Original Reimbursement Agreement. On August 1, 2013, through an Assignment and Assumption Agreement of Agreement to Reimburse for Remediation Costs (“Assignment Agreement”) the following assignments of rights and obligations were executed from the parties to the Original Reimbursement Agreement to Affiliates of the Applicant: A-B Office Meadowlands Mack-Cali Limited Partnership to Meadow A-B Office LLC, Baseball Meadowlands Limited Partnership to Meadow Baseball LLC, C-D Office Meadowlands Mack-Cali Limited Partnership to Meadow C-D Office LLC, ERC 16W Limited Partnership to Ameream LLC, Hotel Meadowlands Mack-Cali Limited Partnership to Meadow Hotel LLC and Meadowlands Developer Limited Partnership to Meadow ERC Developer LLC. The Applicant has requested approval from the Authority to assign the rights and obligations under the Original Reimbursement Agreement to the Applicant and its affiliates as agreed in the Assignment Agreement.

Recommendation

Authority staff has reviewed the Applicant’s application and finds that it is consistent with eligibility requirements of the Act. The Treasury has reviewed the application and has notified the Authority of the adequacy of the project’s estimated tax revenues and specified the percentage reimbursement of total project costs. Therefore, it is recommended that the Members approve the application and authorize the CEO of the Authority to execute the ERG Agreement with the Applicant and the State Treasurer, subject to final review and approval of the Office of the Attorney General. The Authority is to receive any and all documentation relating to the ERG bond issuance and deem this documentation satisfactory prior to the execution of the ERG agreement and closing of the ERG bond transaction. All disbursements under the ERG program are subject to annual appropriation by the New Jersey State Legislature.

Delivery of a commitment letter from the Authority to the Applicant for the ERG award shall be subject to the receipt of tax clearance certificates for the Applicant from the NJ Division of Taxation. Execution of the ERG Agreement will occur at bond closing. Release of bond proceeds from escrow is contingent upon Applicant meeting the following conditions regarding the Project within twelve months of bond closing:

1. Financing commitments and closing on all funding sources for the Project consistent with the information provided by the Applicant in its application to the Authority for the ERG; and
2. Evidence of site control and site plan approval for all properties within the Project, with an executed amended ERC/ AP/WP Lease with the NJSEA; and
3. Copies of all required State and federal government permits for the redevelopment Project and copies of all local planning and zoning board approvals that are required for the redevelopment Project.

ERG Reimbursement shall commence upon:

1. Satisfaction of the brownfields Original Reimbursement Agreement and acknowledgment that the grant will be disbursed on a one-time event based on eligible construction costs, and

- final close out of the agreement.
2. Reimbursement of sales taxes paid on the construction materials for the ERC will be reimbursed upon completion of construction of the ERC and issuance of a permanent or temporary certificate of occupancy for the ERC and Authority approval of a Project Cost Statement. Tenant improvement costs accompanied by CPA certification, and signed leases with contracted allowances, shall be deemed incurred and included in eligible certified costs. All other reimbursements will be made after the completion of the Project and issuance of a permanent or temporary certificate of occupancy therefore and Authority approval of a Project Cost Statement therefore; and
 3. Submission of a detailed list of eligible project costs, which costs shall be satisfactory to the NJEDA; and
 4. New tax revenues have been paid to the NJ Treasury and appropriated.

Applicant shall submit remaining costs of the Project upon issuance of a permanent or temporary certificate of occupancy of the Amusement Parcel and Authority approval of a Project Cost Statement.

Other conditions of the ERG Agreement include the following:

1. A construction status report shall be provided 60 days after the end of each fiscal quarter.
2. Agreement may terminate if ERC is not completed within six years of execution of the ERG Agreement or if the Amusement Parcel is not completed within eight years of execution of the ERG Agreement.
3. Developer equity, RAB Bond proceeds and a portion of the private financing equivalent to the net proceeds of the ERG Bonds (or a significant level of private financing in lieu of RAB Bond proceeds) shall be utilized before the proceeds of the ERG Bonds are utilized for the Project. Applicant is permitted to close the ERG Bonds into escrow prior to the closing of other funding sources which will enable those sources to close for a period not to exceed twelve months.
4. The Applicant shall submit to the Authority for approval any changes to the Project that changes the Project square footage or reduces the capital investment in the Project by more than 25%.
5. Grant reimbursements shall be subject to a not to exceed 10% holdback by the Treasurer.
6. Payment of the ERG shall cease after there are no longer ERG Bonds outstanding, if this occurs before the expiration of the 20 year payment term.
7. NJSA 19:31-4.7(b)1 requires that for a project receiving an incentive grant in excess of \$50 million, the applicant will negotiate a repayment to the State. Upon completion of construction of the Project and continuing until the last day of the first full calendar year following the year in which the ERG Bonds are no longer outstanding under the Trust Indenture, the Developer shall pay to the Authority annually on August 15th of each year, an amount equal to the 3% of the Net Revenues of the Project from the prior calendar year (the "State Distribution Proceeds"). Prior to receiving each payment of State Distribution Proceeds, the Authority shall or shall request the Public Bond Issuer to, receive an opinion of nationally recognized bond counsel to the effect that such State Distribution Proceeds payments will not adversely affect the tax-exempt status of the ERG Bonds for federal income tax purposes. The Public Bond Issuer or the Authority may, at any time, obtain a private letter ruling or other directive from the United States Internal Revenue Service, to

the effect that the payments of State Distribution Proceeds do not cause the interest on the ERG Bonds to be included in gross income for federal income tax purposes or do not adversely affect the tax exempt status of the ERG Bonds for federal income tax purposes. If a private letter ruling or other directive is obtained, State Distribution Proceeds shall be paid from time to time in accordance with the provisions of such ruling or directive and there shall be no requirement for further opinions of nationally recognized bond counsel. The selection of nationally recognized bond counsel shall be made solely by the Authority or the Public Bond Issuer and shall not be subject to challenge by any party, including but not limited to the Developer, its assignees or transferees.

The NJ Treasury annually tracks taxes received from job sites and remits reimbursement equal to a percentage of funds collected during the year.

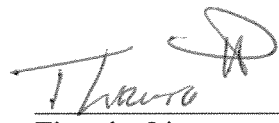
It is recommended that the members authorize the CEO of the EDA to execute the attached State Economic Redevelopment and Growth Incentive Grant Agreement in substantially final form and any assignment agreements necessary to effectuate this transaction, including approval of the Applicant's sale of its rights to receive annual amounts payable under the ERG award to the issuer of the ERG Bonds and any consent to issuer's further assignment or sale to the trustee for the benefit of the bondholders.

It is also recommended that the Members approve the assignment of an Agreement to Reimburse for Remediation Costs in the amount of 75% of approximately \$36,714,411 in remediation costs from the previous developer to the Applicant.

Total Eligible Project Costs: \$3,117,245,647

Eligible Taxes for Reimbursement: Sales and other eligible taxes not to exceed \$390 million over 20 years.

Recommended Grant: 13.59% of actual eligible costs, not to exceed **\$390 million to be paid over a maximum period of 20 years.**



Timothy Lizura

Prepared by: Michael A. Conte



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: August 11, 2015

RE: **Riverside Arms Urban Renewal, LLP and Building Believers Trust Corporation**
Residential Economic Redevelopment and Growth Grant Program (“RES ERG”)
P #39074

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, yield a net positive benefit to the state. With the exception of residential ERG 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 Riverside Arms Urban Renewal, LLP and Building Believers Trust Corporation “BBTC” (the “Applicant and “co-Applicant””) for a Project located in Newark, Essex 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 \$31,385,590 and of this amount \$28,680,563 are eligible costs under the RES ERG program. The recommendation is to give up to 30% of actual eligible costs, not to exceed \$8,604,169. A residential project is eligible to receive a RES ERG tax credit of up to 20% of the total eligible project costs. Riverside Arms Urban Renewal, LLP is also

eligible for a bonus of an additional 10% (for a total of 30%) because the Applicant has demonstrated they will reserve all of the units for moderate income housing.

Riverside Arms Urban Renewal, LLP, is the applicant for the project and BBTC will be the co-applicant. A&A Construction will act as the developer for the Project's financing. A&A Construction has formed a Limited Liability Partnership known as Riverside Arms Urban Renewal LLP.

A & A Construction was established in 2006 and has extensive experience in the re-zoning of many blighted areas in the city of Newark. A&A has also worked closely with the City of Newark's Redevelopment Department to plan out communities within the South Ward, Central Ward and North Ward of the City. They are currently working with HMFA on an affordable housing project known as Jeliff Estates.

Project Description

The project will be located at 63-95 Herbert Place, and will include the new construction of nine, three story buildings containing 128 garden style apartments of family housing. The unit mix will consist of ten one-bedroom units, seventy-four two-bedroom units and forty-four three-bedroom units. The proposed net rents will be \$1,029 for one-bedroom units, \$1,236 for two-bedroom units and \$1,428 for three-bedroom units.

A 3,700 square foot community building will be built for the tenants use throughout the day. The location will also serve as an area for special events.

Unit amenities will include granite counter tops, dishwashers, and blinds, ceiling fans, garbage disposal and walk-in closets. Additional amenities for the building include community laundry facilities, on-site manager and security patrol service. One hundred twenty-eight parking spaces will be provided.

The Project will be managed by Winn Management. Winn Management is ranked the sixth largest management company in the Nation and has extensive experience in managing multifamily projects. Their portfolio consists of affordable, senior, mixed-income, market rate housing along with condominiums and homes for America's military families. Winn Management has 13 regional offices throughout the United States. They have been in business since 1971 and maintain a portfolio of over 95,000 units managed across 23 states.

The applicant has agreed to comply with the Energy Star Homes Program as per NJHMFA's Green Standard Requirements.

Dominion Due Diligence Group completed the Phase I Environmental report and as per Citi, the report is acceptable as the site is sound, with no negative findings.

Construction is expected to begin September 25, 2015 with an anticipated completion date of September 30, 2016.

Although applicants for the RES ERG program are not required to maintain certain employment levels, it is estimated that this Project, per the Applicant, will create approximately 100 temporary

construction jobs during rehabilitation and 4 full time positions created at the project site as a result of the ERG subsidy.

Project Ownership

The Applicant is a single purpose entity that will be 99.99% owned by an Investor Member LLC to be created through RBC Capital Markets, LLC. Riverside Arms LLC, A New Jersey Limited Liability Company will act as the General Partner with a .009% interest and an affiliate of RBC Capital Markets, LLC will hold .001% interest. Antonio Perez will be the managing member of the General Partner holding a 90.01% interest and BBTC will also hold a 9.99% interest of the General Partner. NJEDA received a certification from the highest ranking officer of the General Partner, Riverside Arms, LLC as to the accuracy of the information submitted for the project.

The site was purchased on November 14, 2003 from an unrelated Party in the amount of \$1.5 million. The applicant provided a copy of the deed to verify site control.

An independent appraisal was prepared for Citi on July 10, 2015; the as is value of the land was determined to be \$3.2 million. The “as complete value” is estimated to be \$16.4 million.

For underwriting purposes, EDA will recognize the lower of the sales price or appraised value.

Non-Profit

BBTC was established in 2007, and will act as the non-profit for the project’s financing. BBTC will be the recipient of the ERG credits; they have confirmed that they will loan the funds back to the project for the term of the ERG incentive.

They were created to lead the planning effort by facilitating communication and coordination in the planning and design of neighborhood projects on behalf of the Newark Housing Authority. BBTC’s focus is based on strengthening community stakeholder’s relationships, identifying and filling gaps in services and galvanizing and leveraging human and financial resources to ultimately enhance the quality of life in the community. The first project in which they provided their services was Baxter Terrace, a 13-acre public housing development in Newark.

BBTC has successfully demonstrated to the EDA as per the July 9, 2015 board memo, that they have met all requirements to act as the non-profit by demonstrating the following:

- BBTC has provided organizing documents as well as a narrative regarding the activities of the non-profit generally and in the State to better understand the purposes, mission and how the non-profit is necessary and related to the project.
- A long-term material participation agreement will be provided at closing illustrating how the non-profit is taking an active role in the partnership.
- The applicant has demonstrated that the non-profit will contribute capital, real property or valuable and related services to the project and/or the anticipated resident population.

BBTC endeavors to ensure broad-based, inclusive partnerships, secure a commitment to collaboration and establish an effect governance structure and guidelines for partner relationships. They seek to promote a vibrant and sustainable community in the following ways:

- Create an image and identity that speaks to the neighborhoods safety and vibrancy;
- Facilitate the development of quality mixed uses;
- Provide support to enhance community living and employability programs;
- Increase awareness of existing health and wellness programs;
- Advocate for infrastructure improvement programs;
- Facilitate the development of economic opportunities for low and moderate income persons

As it relates to Riverside Arms specifically, BBTC will offer various workshops in an effort to strengthen the community by delivering understandable financial concepts that will serve to empower the residents of this community resulting in their ability to make informed choices and decisions regarding the following:

- Money Management
- Credit and Debt Counseling
- Income and Education Courses
- Planning, Saving and Investing
- Entrepreneurship opportunities

Based on the above information, the underwriter believes, BBTC will play a significant role to the Project in addition to being a valuable resource to the tenants of this prospective community.

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	\$ 1,500,000	\$ 1,500,000
Construction & Site Improvements	22,578,618	22,578,618
Professional Services	665,000	665,000
Financing & Other Costs	3,622,275	2,814,445
Contingency	1,122,500	1,122,500
Development Fee	1,897,197	0
TOTAL USES	\$ 31,385,590	\$ 28,680,563

ERG eligible project costs exclude ineligible costs aggregating \$2,705,027, which include the developer fee of \$1,897,197 and RBC’s operating reserve of \$807,830.

<i>Sources of Financing</i>	<i>Amount</i>
Permanent Mortgage Loan CITI	\$ 11,545,000
Seller’s Note	1,500,000
ERG Tax Credit Equity	6,453,127
Equity:	
Deferred Developer Fee	778,493
LIHTC	11,071,605
Applicant Equity	37,365
Total	\$ 31,385,590

The Applicant provided a fully executed commitment letter dated July 17, 2015 from Citi for the construction and permanent loan financing. The amount of the permanent loan is estimated to be \$11.5 million for a term of 35 years with a fixed rate that will be committed at the time of closing of the construction phase financing. As part of its permanent financing structure the Applicant has received a commitment letter dated July 15, 2015 from the tax credit syndicator, RBC Capital Markets, who will be providing both the Low Income Housing Tax Credit equity and RES ERG Tax Credit equity for a total of \$11.1 million. The RES ERG tax credits will be priced at \$0.75 for each dollar of State Tax Credits allocated to the investment of the project. The applicant will also inject approximately \$37,365 in equity towards the financing of this project.

Development Fee

The amount of developer fee allowed for eligible rehabilitation or new construction costs will be limited to 15% of total development costs excluding land, pre-operational expenses, and escrows and reserves pertaining to permanent takeout financing. Total development fee includes all hard and soft costs, in addition to applicable financing fees. Developer fee at project construction completion or stabilization shall not exceed 8% (out of the 15% total) with the balance being deferred and taken through projected cash flow. This is consistent with NJHMFA’s approach.

The Applicant has demonstrated to both NJHMFA and EDA that the project will not generate sufficient cash flow to return the entire developer fee within five years of project stabilization. The maximum developer fee of 15% for this project will not be achieved until year 13.

RES ERG projects are required to have a minimum of 20% equity in its capital structure based on the total projects costs. The equity sources of capital in Riverside Arms Urban Renewal, LLP and Building Believers Trust Corporation are deferred developer fee of \$778,493, LIHTC equity syndicated by RBC in the amount of \$11.1 million, and equity from the applicant in the amount of \$37,365 which collectively is 36% of total project costs.

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 poses a funding gap and the development of this multifamily community is likely not to happen without the EDA's assistance. The applicant was able to demonstrate a shortfall in the financing structure without being awarded the RES Erg credits. The land is currently vacant and as a result of this project, Newark will continue to focus on spurring the development within the city.

The Project appears to be economically feasible based on the track record of the Applicant and their development team as well as the numerous funding sources and subsidies that have been made available to this project.

The Authority is in receipt of a Market Feasibility Analyses dated January 8, 2015 prepared by Real Property Research Group, a third party consultant who issued their determination of current and future market conditions. The study demonstrates the continued market demand for the project and supports the financial assumptions included in the project pro-forma. As per the market study, the subject is located in an established urban area with vacancy rates as low as 1.6%. The study mentions that the project will lease units at an average of 12 units per month and should reach full occupancy within less than a year of construction completion.

The applicant did receive a resolution from Essex County demonstrating a need for affordable housing in addition to the mayor providing a letter of support for the development of this project. The project also received a payment in lieu of taxes "PILOT" for a term of 30 years at a rate of 6.28% from the City of Newark in an effort to receive a reduction in the annual property taxes.

The Project appears to be economically feasible based on the track record of the applicant and their development team as well as the committed funding sources for the entire cost budget which is available to this project.

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 Newark, an urban aid municipality. Newark is ranked number 554 out of 566 municipalities per the ranking of distress in New Jersey. For many decades, Newark has combated a negative perception stemming from crime and safety statistics, which has caused a "cycle of disinvestment." Newark has a handful of prominent corporations that have built their headquarters in the area and have reinvested into the city. The construction of housing on the vacant land will improve the social distress by building upon the city's broader redevelopment goals and social objectives. Riverside Arms will be located on direct access routes for public transit and will be accessible to an economically disadvantaged workforce.

The subject property is located in the southeastern portion of Essex County. The City of Newark has experienced some hurdles in the past, however, efforts have been put forth through redevelopment and as a result, the city has already seen progress for housing values within the area. The strengths of this community include location, churches, public transportation, and local stores. Many retail stores are within walking distance of the site and additional retail and comparison shopping venues are within convenient driving distance. Residents of the community can commute to major employment nodes via train and or bus. The site is in an established area

with access to a variety of service amenities and employment nodes. The site location is comparable to those of several existing affordable communities in the area.

The construction characteristics of the proposed housing should mix well with the other projects and will be superior or comparable to most of the existing housing in the neighborhood. The units will be competitive in size with the existing stock; but they will be far superior in amenities and features as compared to the older existing housing stock that will aide in revitalizing the City. This development will help provide a significant economic investment in Essex County. The project fills the need for affordable senior housing within the city of Newark.

Recommendation

Authority staff has reviewed the application for Riverside Arms Urban Renewal LLP and BBTC and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue a commitment letter to the Applicant.

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

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant to the Authority for the RES ERG; and
2. Evidence of site control and site plan approval for the Project; and
3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project.
4. Evidence that the Project complies with N.J.A.C. 19:31-4.3(a) (3).

Tax Credits shall be issued upon:


1. Completion of construction and issuance of a Certificate of Occupancy (no later than July 28, 2018); and
2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and satisfactory to the NJEDA; and

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

The New Jersey Economic Opportunity Act of 2013 provides a total of \$600 million in tax credits to be utilized towards eligible residential based projects. This allocation is further separated into five additional allocations to assist projects meeting certain geographic and/or economic criteria. This project being located in Newark, Essex County qualifies to be funded under the allocation for projects located in a distressed municipality. The initial total of this allocation was \$75 million. After today's approvals, \$34 million remains in the allocation and \$269.7 million of tax credits remain in the total residential program.

Total Eligible Project Costs: \$28,680,563

Eligible Tax Credits and Recommended Award: The recommendation is to award up to 30% of actual eligible costs, not to exceed \$8,604,169 to be paid over 10 years.



Timothy Lizura

Prepared by: Jenell Johnson



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: August 11, 2015

RE: Roseville Avenue Redevelopment Urban Renewal LLC &
Greater Bergen Community Action Agency "GBCAA"
Residential Economic Redevelopment and Growth Grant Program ("RES ERG")
P #41116

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, yield a net positive benefit to the state. With the exception of residential ERG 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, Roseville Avenue Redevelopment Urban Renewal LLC LLP and Greater Bergen Community Action Agency "GBCAA" (the "Applicant and "co-Applicant"") for a Project located in Jersey City, Hudson 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 \$37,969,631 and of this amount \$33,550,613 are eligible costs under the RES ERG program. The recommendation is to give up to 30% of actual eligible costs, not to exceed \$10,065,184. A residential project is eligible to receive a RES ERG tax credit of up to 20% of the total eligible project costs. Roseville Avenue Redevelopment Urban

Renewal LLC is also eligible for a bonus of an additional 10% (for a total of 30%) because the Applicant has demonstrated they will reserve all of the units for moderate income housing.

The applicant for the project has formed a Limited Liability Company known as Roseville Avenue Redevelopment Urban Renewal LLC; BCAA will act as the co-applicant. Winn Development Company LP (“Winn”) is based out of Boston Massachusetts and will act as the Developer and management company for the project’s financing.

Established in 1971, Winn has acquired and developed real estate holdings in excess of \$2.5 billion. Their vast portfolio of projects includes affordable housing, market-rate housing, urban and suburban apartment communities, office buildings, retail, medical campuses and parking facilities. To date, Winn operates approximately 97,000 homes in over 500 communities across 23 states. Winn’s management company is ranked the sixth largest company in the Nation and has extensive experience in managing multifamily projects. Winn is currently acting as the management company for Riverside Arms located in Newark, another affordable project being financed by New Jersey Housing Mortgage Finance Agency (“NJHMFA”).

Di Marco Constructors LLC will serve as the General Contractor. Established in the early 1900s as a general contractor, DiMarco Constructors is a full-service general contractor and construction management company based out of Rochester, NY. DiMarco Constructors offers both local and national clients services in pre-construction, project management and design/build. They have completed commercial, residential, industrial, retail, office and specialty projects that span New York State and across the entire country.

Project Description

The project is 100% occupied and is currently known as Brunswick Estates. The subject properties are located at 391-413/479-489 Montgomery Street, Jersey City NJ. Brunswick Estates is a one, two, and three-story walk-up, garden-style, family apartment complex encompassing two separate parcels, 2 blocks apart from one another. The total size of the redevelopment area is 6.3 acres comprised of 18 residential buildings with a total of 131 units. The project hasn’t received any improvements since 1984, and as a result, there is a significant amount of wear and tear to the building in addition to the project being impacted by Super Storm Sandy, which to date has been partially repaired by the current owner.

Once rehabilitated, the unit mix of the property will stand at 40 two-bedroom units, of which 7 will be handicap-accessible, measuring 801 square feet each; 58 three-bedroom units, measuring 973 square feet; 23 four-bedroom units, measuring 1,312 square feet; and 10 five-bedroom units measuring 1,424 square feet. This unit mix ensures that 5% of the total units at Brunswick Estates are ADA-accessible and 2% are accessible to persons with Audio-Visual disabilities. The gross rents will range from \$1,309-\$2,114.

The Applicant has agreed to comply with the Energy Star Homes Program as per NJHMFA’s Green Standard Requirements. The underwriter was provided with a fully executed pre-construction authorization letter dated July 23, 2015 from NJHMFA.

The scope of work for the green component will include:

- All apartments will receive new programmable thermostats
- All windows will be replaced with energy efficient windows with a low-e coating
- All appliances will be energy star rated
- All light fixtures, interior and exterior will be replaced with LED light fixtures

The Applicant expects rehabilitation to begin in November of this year with an anticipated completion date of February 2017.

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 40 temporary construction jobs during rehabilitation as a result of the ERG subsidy.

Scope of work

During the construction period for this rehabilitation, no residents will be permanently displaced and temporary relocations during construction will be limited, mitigating the disturbance to tenants. The majority of unit renovations will be done trade by trade, building by building. This allows for unit renovations to occur during the day, thereby requiring residents only to vacate their units during weekday, daytime hours. These residents will be accommodated in a hospitality unit on-site, minimizing the disturbance to their everyday lives. Eight units will be impacted by a more substantial renovation in order to convert them to modern ADA-compliant units. These residents will be temporarily relocated off site, within the neighborhood for approximately two weeks.

The interior scope of work includes new Energy Star appliances, the overhauling of heating systems with energy saving furnaces, sustainable fixtures, replacement of all fire protection devices, high efficiency washers and dryers, and 7 fully Accessible/ADA-compliant units

The exterior rehabilitation work will include the renovation of building façades, the installation of new playground equipment, the addition of green and landscaped spaces, installation of bike racks, the replacement of inefficient windows, repaving/restriping of all on-site vehicle parking spaces, and the installation of modern, sustainable A/C sleeves.

Winn's plan also includes a comprehensive overhaul of the site to include conversion of the existing maintenance and small medical building into a management office and community space for the residents, additional green spaces, a playground, a community garden, a covered bike rack, landscaping, and improved security

Project Ownership

The Applicant for the Project's financing has formed a limited liability corporation known as Roseville Avenue Redevelopment Urban Renewal LLC. Roseville Avenue MM LLC will be the managing member of Roseville Avenue Redevelopment Urban Renewal LLC, holding 0.01% ownership interest. A wholly owned affiliate Single Purpose Entity of GBCA (to-be-formed) will hold 5% ownership interest in the Managing Member. The Richman Group will be the investor member, assuming 99.99% ownership interest. NJEDA received a certification from Roseville

Avenue Redevelopment Urban Renewal LLC the highest ranking officer of the General Partner, as to the accuracy of the information submitted for the project.

Brunswick Estates Associates currently owns the Project. On January 30, 2015, the fourth amendment to a Purchase and Sale Agreement was executed between the current owner and Roseville Avenue Redevelopment LLC, the purchaser, in the amount of \$16,000,000. The closing date is anticipated to be September 29, 2015.

An independent appraisal was prepared for Citibank on March 20, 2015; the as is market value of the subject property was determined to be \$17.1 million. The “as complete value” is estimated to be \$25 million.

For underwriting purposes, EDA will recognize the lower of the sales price or appraised value.

Non-Profit

The Co applicant is Greater Bergen Community Action Agency, 501 (c)(3) which will act as the (non profit) for the project’s financing. They were established in 1967 and their mission is to reduce poverty in communities served by GBCA addressing the cause and conditions of persistent economic insecurity. GBCA maintains a portfolio of over 30,000 clients to whom in which they provide various social services. They are the largest head start provider in NJ with a total enrollment of 1,814 helping working families with subsidized child care, and just one of the 5 programs chosen nation- wide to assist in children up to 5 years old. They will also assist the tenants by providing adult education programs that are fully approved and licensed by the State Department of Labor and Workforce. They will also assist in providing vocational training in addition to identifying job placement initiatives. All documents are in place to confirm that GBCA has the required capacity to act as the non-profit for this project.

GBCA has successfully demonstrated to the EDA as per the July 9, 2015 board memo, that they have met all requirements to act as the non-profit by demonstrating the following:

- GBCA has provided organizing documents as well as a narrative regarding the activities of the non-profit generally and in the State to better understand the purposes, mission and how the non-profit is necessary and related to the project.
- A long-term material participation agreement will be provided at closing illustrating how the non-profit is taking an active role in the partnership.
- The applicant has demonstrated that the non-profit will contribute capital, real property or valuable and related services to the project and/or the anticipated resident population.

GBCA will have a core ongoing role at Brunswick Estates providing enriching services targeted at improving the lives of the property’s residents. GBCA will provide services at the on-site community room, available to Brunswick Estate’s 131 families, with a term of engagement not less than 10 years. The MOU being finalized between RARUR LLC and GBCA will establish resident services at Brunswick Estate’s that are most appropriate to the resident demographics and preferential to residents, maximizing the benefit to tenants. The core focus will be Financial Literacy Programming for tenants which follow the Money WISE curriculum. The program includes general intake group sessions to be followed by one on one credit and bank counseling,

including credit checks, to help residents improve their personal finances. GBCA will be compensated for these services with an annual contribution approximating \$15,000, incorporated in the project's core operating budget. Further information on this program is attached. Additional services that are being explored with GBCA include adult education services, English Language training, job development/placement, and budget counseling (additional information on these and other GBCA programs is included below). The final service mix and compensation level will be detailed in the executed MOU between RARUR LLC and GBCA. A detailed list of some of the following programs will be provided to the tenants at the subject property:

- **English Language Skills**
Project CREST combines basic skills education, marketable career training and job placement. English readiness is also integrated in this 10-week long course. English as a Second Language classes are available for immigrant and limited English-speaking adults, including senior citizens. GBCA successfully serves more than 300 individuals each year in beginner, intermediate and advanced levels of ESL.
- **High School Education Out-of-School Youth Program**
The new HSE Out-of-School Youth Program is available for out-of-school youth ages 16 to 21 through a collaboration of organizations led by GBCA. In addition to preparation for the NJ High School Equivalency Exam, each student builds an individualized career track consisting of classroom training and work with skilled instructors, mentors, and counselors.
- **Case managers/job developers work with each student to guide successful career development, job placement and retention.**
- **Asset Development Programs**
GBCA'S asset development programs are designed to help individuals gain the financial literacy skills that will lead them to higher levels of economic success and more active participation in their communities.

GBCA serves families and individuals through a variety of programs and partnerships within Bergen County, just to name of few:

- Shepherd House-Transitional housing for adults progressing to an independent living environment
- Independence Hall-Safe, secure, permanent housing for disabled, chronically homeless men and women
- PHASES- Program for homeless adolescents seeking an environment of stability
- LIHEAP- Low Income Home Energy Assistance Program that helps families manage energy costs

Based on the above information, the underwriter believes, GBCA will play a significant role to the Project in addition to being a valuable resource to the tenants of this prospective community.

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	\$ 16,311,194	\$ 16,149,500
Construction & Site Improvements	12,265,360	12,265,360
Professional Services	1,200,114	1,200,114
Financing & Other Costs	3,603,340	2,516,103
Contingency	1,419,536	1,419,536
Development Fee	3,170,087	0
TOTAL USES	\$ 37,969,631	\$ 33,550,613

ERG eligible project costs exclude ineligible costs aggregating \$4,419,018, which includes the developer fee of \$3,170,087, operating reserve of \$807,830 and relocation expenses of \$161,694.

<i>Sources of Financing</i>	<i>Amount</i>
Permanent Mortgage Loan	\$ 11,041,382
Citi Subordinate Loan	2,620,000
City HOME funds	1,989,320
ERG Tax Credit Equity	7,548,888
Equity:	
Deferred Developer Fee	1,559,651
LIHTC	13,210,390
Total	\$ 37,969,631

The Applicant provided a fully executed commitment letter dated July 17, 2015 from Citi for the construction and permanent loan financing. The amount of the permanent loan is estimated to be \$11,041,382 for a term of 35 years with a fixed rate that will be committed at the time of closing of the construction phase financing. As part of its permanent financing structure the Applicant has received a commitment letter dated July 15, 2015 from the tax credit syndicator, The Richmond Group, who will be providing both the Low Income Housing Tax Credit equity and RES ERG Tax Credit equity for a total of \$13,210,390. The RES ERG tax credits will be priced at \$0.75 for each dollar of State Tax Credits allocated to the investment of the project.

Development Fee

The amount of developer fee allowed for eligible rehabilitation or new construction costs will be limited to 15% of total development costs excluding land, pre-operational expenses, and escrows and reserves pertaining to permanent takeout financing. Total development fee includes all hard and soft costs, in addition to applicable financing fees. Developer fee at project construction completion or stabilization shall not exceed 8% (out of the 15% total) with the balance being deferred and taken through projected cash flow. This is consistent with NJHMFA's approach.

The Applicant has demonstrated to both NJHMFA and EDA that the project will not generate sufficient cash flow to return the entire developer fee within five years of project stabilization. The maximum developer fee of 15% for this project will not be achieved until year 11.

RES ERG projects are required to have a minimum of 20% equity in its capital structure based on the total projects costs. The equity sources of capital in Roseville Avenue Redevelopment Urban Renewal and GBCAA are deferred developer fee of \$1.5 million, LIHTC equity syndicated by Richmond Group in the amount of \$13.2 million, which collectively is 37% of total project costs.

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

As per the Appraisal/Market Feasibility Analyses dated March, 20 2015 prepared by Metropolitan Valuation Services, Inc, the aging building stock in Jersey City indicates that there is a need to continue building and rehabilitating multifamily residential housing. While there has been a substantial amount of new construction in Jersey City since 2000, the proportion of housing stock that was built prior to 1940, still remains higher than that of new construction. More than half of the existing stock in Jersey City was built before 1939 or after 2000. The rehabilitation of Brunswick Estates will improve the social distress by building upon the city's broader redevelopment goals and social objectives. The applicant was able to demonstrate a need for RES ERG credit and represented that without the support of this incentive, it is very likely that the project will remain unimproved. The study mentioned that the project is 100% occupied and is encumbered by a section 8 Housing Assistance Payment (HAP) contract with the U.S. Department of Housing and Urban Development (HUD). Roseville will be located on direct access routes for public transit and will be accessible to an economically disadvantaged workforce.

The project did receive a resolution from Essex County for the purpose of demonstrating a need for affordable housing in addition to the mayor providing a letter of support for the development of this project. The project also received a payment in lieu of taxes "PILOT" that has been in existence since December of 1982, with a 50 year term, at a rate of 6.28% of annual gross revenue.

The Project appears to be economically feasible based on the track record of the applicant and their development team as well as the committed funding sources for the entire cost budget which is available to this project. The project was built in 1984 and maintains an average occupancy of no less than 95%. The project fills the need for Affordable housing and will spur economic development as a result of the services that will be provided to the tenants at the project.

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.

Jersey City is the largest municipality in Hudson County with a population of 262,146 (2014 U.S. Census Bureau Population Estimate). This represents a 17% growth over the 2010 US Census Bureau data making the municipality the fastest growing in New Jersey and a symbol of the state's reinvigorated urban core. Jersey City is located on the South Eastern section of Hudson County; the city's proximity and convenient access to and from Manhattan (NY) continues to

make Jersey City an attractive location for corporations relocating business operations in the greater metropolitan area. Jersey City can be characterized as a well-developed, urban community with mixed type uses.

Jersey City is an established residential community with its own central business district. Additionally, given its proximity to Manhattan, residents of Jersey City have access to Manhattan's midtown and downtown employment centers. The area benefits from its waterfront location along with ample residential services including malls and parklands in addition to an extensive mass transportation system. As it relates to the housing supply, as of 2010, Jersey City contained 108,720 housing units, of which 96,859 were occupied on a full time basis. Based on the information provided by the Department of Community Affairs, there are 11,435 affordable housing units throughout the City of Jersey City. The housing supply grows in a variety of ways from new construction, substantial rehabilitation of deteriorated buildings and conversions from non-residential buildings into residential use.

Jersey City contains approximately 19.2 square miles and is surrounded by Hoboken, Union City and North Bergen to the north, Secaucus and Newark Bay to the west, Bayonne to the south and the Hudson River and New York City to the east. Currently, Jersey City is the second largest city in the state. In recent years, the city has steadily narrowed the gap in population between itself and Newark, giving rise to the likelihood that Jersey City will soon become the largest city in New Jersey. Historically, Jersey City has been a major industrial center. Manufacturers include pharmaceuticals, electrical equipment, iron products, chemicals and processed food. In recent years industrial development has waned and a transition to office and residential uses has occurred, particularly in the Waterfront District. Residential development has been the primary form of new construction in the past 10 years. Jersey City has multiple neighborhoods, each with a different aesthetic and architectural style. Downtown Jersey City includes both the Waterfront District and the Historic Downtown District.

Recommendation

Authority staff has reviewed the application for Roseville Avenue Redevelopment Urban Renewal LLC and GBCAA and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue a commitment letter to the Applicant.

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

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant to the Authority for the RES ERG; and
2. Evidence of site control and site plan approval for the Project; and
3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project.
4. Evidence that the Project complies with N.J.A.C. 19:31-4.3(a) (3).

Tax Credits shall be issued upon:

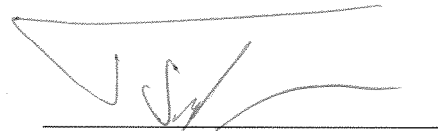
1. Completion of construction and issuance of a Certificate of Occupancy (no later than July 28, 2018); and
2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and satisfactory to the NJEDA; and

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

The New Jersey Economic Opportunity Act of 2013 provides a total of \$600 million in tax credits to be utilized towards eligible residential based projects. This allocation is further separated into five additional allocations to assist projects meeting certain geographic and/or economic criteria. This project being located in Jersey City, Hudson County qualifies to be funded under the allocation for projects located in a distressed municipality. The initial total of this allocation was \$75 million. After today's approvals, \$34 million remains in the allocation and \$269.7 million of tax credits remain in the total residential program.

Total Eligible Project Costs: \$33,550,613

Eligible Tax Credits and Recommended Award: The recommendation is to award up to 30% of actual eligible costs, not to exceed \$10,065,184



Timothy Lizura

Prepared by: Jenell Johnson

GROW NEW JERSEY ASSISTANCE PROGRAM

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

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

Created by law in 2012, and revised through P.L. 2013, c. 161 and the "Economic Opportunity Act of 2014, Part 3," the intent of this program is to provide tax credits to eligible businesses which make, acquire or lease a capital investment equal to or greater than certain minimum capital investment amounts at a qualified business facility at which it will employ certain numbers of employees in retained and/or new full-time jobs.

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

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, i.e.: Industrial, Warehousing, Logistics and R&D/Rehabilitation Projects -\$20 sq. ft.; Industrial, Warehousing, Logistics and R&D/New Construction Projects-\$60 sq. ft.; Other/Rehabilitation Projects-\$40 sq. ft.; and Other/New Construction-\$120 sq. ft.
Minimum capital investment amounts lowered to 2/3 in GSGZs and in eight southernmost counties
- Retain full-time jobs and/or create new full-time jobs in an amount equal to or greater than, the applicable minimum requirements, as follows: Tech start ups and manufacturing businesses - 10 new/25 retained FT jobs; Other targeted industries - 25 new/35 retained FT jobs; All other businesses/industries - 35 new/50 retained FT jobs.
Minimum employment numbers lowered to 3/4 in GSGZs and in eight southernmost counties
- Demonstrate that: 1) the qualified business facility is constructed to certain minimum environmental / sustainability standards; 2) the proposed capital investment and resultant retention and creation of eligible positions will yield a net positive benefit equaling at least 110% of requested tax credit allocation amount prior to taking into account the value of requested tax credit, and shall be based on benefits generated during the initial years following project completion (Mega Project or GSGZ – up to 30 years; GSGZ-Camden up to 35 years and equal to 100% of requested allocation; all other projects up to 20 years); and, the award of tax credits will be a material factor in the business's decision to create or retain the minimum number of full-time jobs with evidence relating to viable alternatives to the site and ability to dispose of or carry the costs of the site, if the business moves to the alternate site.

Staff Review:

- A comprehensive net benefit analysis is conducted to ensure the project has a positive net benefit to the State of at least 110%. The economic impact model used by the EDA includes multipliers from the RIMS II data base, published by the US Department of Commerce, along with internal econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation.
- For material factor, staff reviews cost benefit analyses provided by the company regarding other out-of-state sites under consideration and cost of rent, property taxes, and utility costs; and, also investigates any existing labor contracts or real estate ownership that would render a re-location out of New Jersey impractical or cost prohibitive.
- For intra-State job transfers, EDA Board shall make a separate determination to verify and confirm that the jobs are at risk of leaving the state, the date(s) at which the EDA expects that those jobs would actually leave, or with respect to projects in a GSGZ-Camden/Atlantic City, that the provision of tax credits under the program is a material factor in the businesses decision to make a capital investment and locate there, as attested to in a CEO certification.
- If the business reduces the total number of its full-time employees in the State by more than 20% from the tax period prior to approval, then the business shall forfeit its credit for that tax period and going forward until such time as its full-time employment in the State has increased to the 80% level.

**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: Capintec, Inc. P41249

PROJECT LOCATION: 121 Corporate Boulevard South Plainfield Borough Middlesex County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Capintec, Inc. (“Capintec”) is a manufacturer of energy measurement products and devices, including CRC dose calibrators, CAPTUS thyroid uptake systems and CAPRAC wipe test counters. Capintec also has a full line of lead lined cabinets and PET shielding products including hot cells, mini cells, shielded hoods, dose drawing stations and personnel protective shielding. For over 40 years, Capintec has been a leader in the development, manufacture and marketing of state-of-the-art radiation measuring and monitoring instrumentation. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

Capintec is currently manufacturing in Pittsburgh, PA and has 16 people located in Ramsey, NJ in its Corporate and Administrative area. Capintec wants to consolidate its manufacturing and corporate facilities into one location, which is the subject of this project. The location is 121 Corporate Blvd., South Plainfield, NJ, a 35,882 square foot industrial facility to be purchased and renovated to the company’s specifications. The building is currently vacant and the majority of it would be used by Capintec for manufacturing, warehousing, distribution and administrative purposes, including but not limited to: research and development efforts related to new and current medical products. The remainder of the building would be used for office space. The proposed renovations would include a new roof, HVAC replacement, painting, new carpeting, minor carpentry, and new ceiling tiles and lights, and green building design features. The equipment likely to be acquired includes CNC lathe machines, drill presses, punch press, stainless bending stations, paint room and dry oven, rotary welders and sanders, electronic circuit board testers, forklifts, and other miscellaneous manufacturing equipment along with new office furniture and equipment. The alternate location is a 34,894 square foot facility in Pittsburgh, PA, where Capintec’s manufacturing occurs currently.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Capintec 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 John Viscovic,

the CEO of Capintec, 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 \$13.8 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 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	\$717,640	\$898,000
New Jobs	10	54
Retained Jobs	25	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
Priority Area	Base award of \$3,000 per year for projects located in a designated Priority Area	South Plainfield 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	The proposed capital investment of \$898,000 is 25.1% above the minimum

	industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$3,000	capital investment resulting in an increase of \$1,000 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	<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 * \\$4,500 = \\$2,250$ or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$898,000 / 10 / (54 + 0) = \\$1,662$) <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:**

Priority Area	\$3,000
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INCREASES PER EMPLOYEE

Capital Investment in Excess of Minimum (non-Mega):	\$1,000
Targeted Industry (Manufacturing):	\$ 500

INCREASE PER EMPLOYEE:	<u>\$1,500</u>
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PER EMPLOYEE LIMIT:

Priority Area	\$10,500
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$4,500
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AWARD:

New Jobs:	54 Jobs X \$4,500 X 100% =	\$243,000
Retained Jobs:	0 Jobs X \$1,662 X 100% =	<u>\$0,000</u>

Total:	\$243,000
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ANNUAL LIMITS:

Priority Area (Est. 90% Withholding Limit)	\$ 4,000,000/(\$86,467)
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TOTAL ANNUAL AWARD	<u>\$243,000</u>
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ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 898,000
NEW FULL-TIME JOBS:	54
RETAINED FULL-TIME JOBS:	0

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 16,200,945
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 13,770,945
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	\$ 2,430,000

ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 43,000
SIZE OF PROJECT LOCATION:	35,882 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
STATEWIDE BASE EMPLOYMENT:	16
PROJECT IS: (X) Expansion () Relocation	
CONSTRUCTION: (X) Yes () No	

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six 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.
6. The applicant will maintain the 16 existing positions for the duration of the Grow NJ award. The number of new positions that are part of this Grow NJ award will only be counted above and beyond the first 16 positions at the proposed project site.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Capintec, 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: Diane Ubinger**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: Chef’d LLC P41126

PROJECT LOCATION: 1501 Admiral Wilson Boulevard Camden City Camden

GOVERNOR’S INITIATIVES:

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

APPLICANT BACKGROUND:

Chef’d LLC is a startup e-commerce company, formed in 2014, that delivers pre-portioned ingredients and recipe cards to cook a meal at home. Two years ago, co-founders Kyle Ransford and Jesse Langley identified an opportunity in fulfilling all the ingredients needed to make recipes found in magazines, as the service was not offered nationally (only regionally). As a result of these findings, Chef’d began positioning to become the first national fresh-food fulfiller of meal kits. The applicant’s current business model includes its current west coast location in El Segundo, California, and an east coast facility to be operated in either Philadelphia, Pennsylvania or Camden City, New Jersey. The locations of the two facilities would allow for coverage of the continental United States within the constraint of shipping times necessary to minimize spoilage. The applicant plans to have the east coast facility operational by the end of 2015. The applicant has demonstrated the financial ability to undertake the project through the support of its owners.

MATERIAL FACTOR/NET BENEFIT:

The applicant has submitted an economic analysis detailing the cost differential between locating this project in Camden City, NJ or Philadelphia, PA. Locating in New Jersey, the applicant would incur up-front purchase and renovation costs of \$11.3 million. The applicant purchased the 104,123 SF PA location in March of 2015 for \$3.475 million, and would renovate the space at a cost of \$8.1 million. The applicant would create 200 full-time positions at the selected location.

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

The location analysis submitted to the Authority shows New Jersey to be the less expensive option. However, the applicant has applied for both Philadelphia and Pennsylvania Job Creation Tax Credit programs, the award

of which would reduce the cost of the Philadelphia location to be less expensive than the New Jersey option. As a result, the management of Chef'd LLC has indicated that the grant of tax credits is a material factor in the company's decision whether or not to locate the project in Camden. The Authority is in receipt of an executed CEO certification by Kyle Ransford, the CEO of Chef'd LLC, which states that the Grow New Jersey award is a material factor in the company's decision to make the capital investment and locate the project in Camden. The CEO certification also states that the application has been reviewed and the information submitted and representations contained therein are accurate.

Staff reviewed the project and finds support for management's assertion that the award of tax credits is a material factor in the company's decision to locate in Camden. If Chef'd LLC chooses the Camden option, the company would establish its East Coast warehouse and distribution operations in Camden. The alternative is to locate the same operations in a similar facility in Philadelphia, PA.

This project represents a significant positive step forward for Camden's redevelopment efforts, bringing Chef'd LLC to the city. It is estimated that the project would have a net benefit to the State of \$7,166,748 over the 35 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 Warehouse - Rehabilitation Project for an other business in Camden County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$1,333,334	\$11,378,789
New Jobs	27	200
Retained Jobs	38	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
Garden State Growth Zone	Base award of \$5,000 per year for projects located in a Garden State Growth Zone	Camden 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	1501 Admiral Wilson Boulevard 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	1501 Admiral Wilson Boulevard 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.
2007 Revit. Index > 465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem	An increase of \$1,000 per job for locating in a municipality with a 2007 Revitalization Index greater than 465	Camden City has a 2007 Revitalization Index of 566

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 * \\$9,500 = \\$4,750$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$11,538,789 / 10 / (200 + 0) = \\$5,769$) <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
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INCREASES:

Deep Poverty Pocket:	\$1,500
Transit Oriented Development:	\$2,000
2007 Revit. Index > 465 in Camden:	\$1,000

INCREASE PER EMPLOYEE: \$ 4,500

PER EMPLOYEE LIMIT:

Garden State Growth Zone	\$15,000
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: **\$ 9,500**

AWARD:

New Jobs:	200 Jobs X \$9,500 X 100% =	\$ 1,900,000
Retained Jobs:	0 Jobs X \$9,500 X 100% =	<u>\$ 0,000</u>
	Total:	\$1,900,000

ANNUAL LIMITS:

Garden State Growth Zone and MRERA	\$35,000,000
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TOTAL ANNUAL AWARD **\$1,900,000**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 11,378,789
NEW FULL-TIME JOBS:	200
RETAINED FULL-TIME JOBS:	0
GROSS BENEFIT TO THE STATE (OVER 35 YEARS, PRIOR TO AWARD):	\$ 26,166,748
NET BENEFIT TO THE STATE (OVER 35 YEARS, NET OF AWARD):	\$ 7,166,748
TOTAL AMOUNT OF AWARD:	\$ 19,000,000
TERM:	10 years
MEDIAN WAGES:	\$ 24,960
SIZE OF PROJECT LOCATION:	100,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
STATEWIDE BASE EMPLOYMENT:	0
PROJECT IS: (X) Expansion	() Relocation
CONSTRUCTION: (X) Yes	() No

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six 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 award of the Grow New Jersey tax credits is a material factor in the applicant’s decision to make a capital investment and locate in Camden; 2) approve the proposed Grow New Jersey grant to encourage Chef’d LLC to locate in Camden. 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: Great Socks, LLC P41133

PROJECT LOCATION: 1601 - 1607 Thorne Street Camden City Camden

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Great Socks, LLC is a limited liability company recently formed by LongWater Opportunities, LLC, a private equity firm based in Dallas, TX that invests in family owned manufacturing businesses. Great Socks is negotiating an asset purchase agreement with Standard Merchandising Co., a family owned, textile manufacturing business operating since 1922, currently in two plants, Camden and Reading, PA. The company experienced large growth in the 1970’s and the 1980’s, manufacturing knit headbands and wristbands for the tennis market. Currently, the company manufactures socks, which have overtaken tennis accessories as its largest line of business. Standard Merchandising has 67 employees in Camden, NJ and 25 employees in Reading, PA. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

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

The management of Great Socks, LLC has indicated that the grant of tax credits is a material factor in the company's decision whether or not to locate the project in Camden. The Authority is in receipt of an executed CEO certification by Jordan Bastable, the CEO of Great Socks, LLC, which states that the Grow New Jersey award is a material factor in the company's decision to make the capital investment and locate the project in Camden. The CEO certification also states that the application has been reviewed and the information submitted and representations contained therein are accurate.

Staff reviewed the project and finds support for management’s assertion that the award of tax credits is a material factor in the company’s decision to locate in Camden. If Great Socks, LLC chooses the Camden option, the company would retain a manufacturing facility in Camden. The alternative is to relocate to Reading, PA.

This project represents a significant positive step forward for Camden's redevelopment efforts, retaining a manufacturing facility in the city. It is estimated that the project would have a net benefit to the State of \$835,833 over the 35 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 67 New Jersey jobs listed in the application are at risk of being located outside the State. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the award of the Grow New Jersey tax credits is a material factor in the applicant's decision to make a capital investment and locate in Camden.

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 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	\$720,000	\$1,604,047
New Jobs	8	33
Retained Jobs	19	67

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	Camden 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	1601 and 1607 Thorne 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	1601 and 1607 Thorne 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.
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 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 \$1,604,047 is 122% above the minimum capital investment resulting in an increase of \$5,000 per year.
2007 Revit. Index > 465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem	An increase of \$1,000 per job for locating in a municipality with a 2007 Revitalization Index greater than 465	Camden City has a 2007 Revitalization Index of 566.

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 * \\$15,000 = \\$7,500$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$1,604,047 / 10 / (33 + 67) = \\$1,604$) <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
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INCREASES:

Deep Poverty Pocket:	\$1,500
Transit Oriented Development:	\$2,000
Targeted Industry (Manufacturing):	\$ 500
Mega/GSGZ Ind. Project w/ Cap. Inv. In Excess of Min:	\$5,000
2007 Revit. Index > 465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem:	\$1,000

INCREASE PER EMPLOYEE:\$10,000**PER EMPLOYEE LIMIT:**

Garden State Growth Zone	\$15,000
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:

\$15,000

AWARD:

New Jobs:	33 Jobs X \$15,000 X 100% =	\$ 495,000
Retained Jobs:	67 Jobs X \$15,000 X 100% =	<u>\$1,005,000</u>
	Total:	\$1,500,000

ANNUAL LIMITS:

Garden State Growth Zone and MRERA	\$35,000,000
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TOTAL ANNUAL AWARD**\$1,500,000**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 1,604,047
NEW FULL-TIME JOBS:	33
RETAINED FULL-TIME JOBS:	67

GROSS BENEFIT TO THE STATE (OVER 35 YEARS, PRIOR TO AWARD)	\$ 15,835,833
NET BENEFIT TO THE STATE (OVER 35 YEARS, NET OF AWARD):	\$ 835,833
TOTAL AMOUNT OF AWARD:	\$ 15,000,000
TERM:	10 years
MEDIAN WAGES:	\$ 28,000
SIZE OF PROJECT LOCATION:	54,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial

CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:

Camden

STATEWIDE BASE EMPLOYMENT:

67

PROJECT IS: (X) Expansion () Relocation

CONSTRUCTION: (X) Yes () No

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six 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.
6. Due to the Net Benefit to the State exceeding the minimum Net Benefit required for a Grow NJ award by 10% or less, the Net Benefit to the State will be recalculated if the CPA certification shows a 10% or more reduction of the number of eligible jobs, capital investment, or payroll from the amounts approved by the Board. If the Net Benefit analysis does not support awarding a tax credit for the entire amount of the capital investment, then the amount of the award will be reduced accordingly.

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the award of the Grow New Jersey tax credits is a material factor in the applicant’s decision to make a capital investment and locate in Camden; 2) approve the proposed Grow New Jersey grant to encourage Great Socks, LLC to locate in Camden. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: J. Kenyon

APPROVAL OFFICER: T. Wells

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

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: Macrocure, Inc. P41283

PROJECT LOCATION: 691 Route 1 South North Brunswick Township Middlesex County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Macrocare, Inc. was recently formed to be the North American subsidiary for its parent Macrocare Ltd. Macrocare Ltd., formed in 2008 in Israel, is a clinical-stage biotechnology company focused on developing a novel therapeutic platform to address chronic and hard-to-heal wounds, such as diabetic foot ulcers and venous leg ulcers. The company's primary product candidate, CureXcell is an advanced wound care product that is used to treat and close chronic and other hard-to-heal wounds by injecting the human body's own wound healing and regenerative components directly into the wound itself. CureXcell is currently in two pivotal, Phase III, double blind clinical trials at clinical sites in the U.S., Canada and Israel for the treatment of diabetic foot ulcers and venous leg ulcers. CureXcell has been approved as a medical device in Israel for treatment of chronic wounds. Macrocare, Inc. has 12 existing employees throughout the U.S., including 2 employees in NJ. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:

Macrocare, Inc. is evaluating locations for its North American headquarters and the commercial manufacturing site for the company’s lead drug product, CureXcell. The company is considering leasing approx. 19,000 sq. ft. at the Technology Centre of New Jersey in North Brunswick or at the Navy Yard, in Philadelphia, PA. The company expects to relocate the 2 employees currently in NJ to the new facility and create an additional 48 new jobs.

The location analysis submitted to the Authority shows New Jersey to be the less expensive option. However, the Navy Yard Keystone Opportunity Improvement Zone reduces or eliminates the city and state tax burdens for qualifying companies and as a result, the management of Macrocare, 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 Nissim Mashaich, the CEO of Macrocare, 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 \$5.9 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
<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 - Rehabilitation Project for an other targeted industry 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	\$397,200	\$6,036,785
New Jobs	25	48
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
Priority Area	Base award of \$3,000 per year for projects located in a designated Priority Area	North Brunswick Township 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 \$6,036,785 is 1,419% above the minimum capital investment resulting in an increase of \$3,000 per year.
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 \$79,000 exceeds the Middlesex County median salary by 39% 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 Life Sciences 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 * \$6,750 = \$3,375) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$6,036,785 / 10 / (48 + 0) = \\$12,576$) <p>In the event that upon completion a project has a lower actual Grant</p>

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:	
Priority Area	\$3,000
INCREASES PER EMPLOYEE:	
Capital Investment in Excess of Minimum (non-Mega):	\$3,000
Jobs with Salary in Excess of County Average:	\$ 250
Targeted Industry (Life Sciences):	\$ 500
INCREASE PER EMPLOYEE:	<u>\$3,750</u>
PER EMPLOYEE LIMIT:	
Priority Area	\$10,500
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$6,750
AWARD:	
New Jobs:	48 Jobs X \$6,750 X 100% = \$324,000
Retained Jobs:	0 Jobs X \$6,750 X 50% = <u>\$0,000</u>
Total:	\$324,000
ANNUAL LIMITS:	
Priority Area (Est. 90% Withholding Limit)	\$ 4,000,000/(\$173,739)
TOTAL ANNUAL AWARD	<u>\$324,000</u>

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 6,036,785
NEW FULL-TIME JOBS:	48
RETAINED FULL-TIME JOBS:	0
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 9,113,130
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 5,873,130
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	\$ 3,240,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 79,000
SIZE OF PROJECT LOCATION:	19,860 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A

STATEWIDE BASE EMPLOYMENT:

2

PROJECT IS: (X) Expansion () Relocation

CONSTRUCTION: (X) Yes () No

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six 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.
6. The applicant will maintain the 2 existing positions it has within the State for the duration of the Grow NJ award. The number of new positions that are part of this Grow NJ award will only be counted above and beyond the first 2 positions at the proposed project site.

APPROVAL REQUEST:

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

DEVELOPMENT OFFICER: D. Ackerman

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: Natoli Management, LLC d/b/a/ Solid State Incorporated P41229

PROJECT LOCATION: 46 Farrand Street Bloomfield Township Essex County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Natoli Management, LLC is an entity formed for the purpose of acquiring the assets, and continuing the operations of Solid State Incorporated (SSI), which is structured as a sole proprietorship, and owned by Andrew Licari, the current CEO. Natoli Management, LLC is owned and operated by Vincent Natoli, the current President of SSI. SSI, formed in 1969, is an electronics wholesaler, distributor and broker. Most products are sold under the brand SSI, as well as NTE Electronics and Chips Technology Company, both of which are subsidiaries of SSI. The applicant, and its subsidiaries, operates out of the NJ project location, maintaining a high fill-rate of stocked items. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

The applicant has submitted an economic analysis detailing the cost differential between locating this project in Bloomfield, NJ or Philadelphia, PA. If the applicant were to select the NJ location, it would purchase the 73,000 SF building for \$5,000,000. Locating in New Jersey, the applicant would incur upfront purchase and higher renovation costs. If the applicant were to select the PA location, the 115,000 SF site would be leased from an unrelated entity, and require less upfront renovation.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Natoli Management, 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 Vincent Natoli, the Owner of Natoli Management, LLC, and President of Solid State Incorporated, 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 \$11.2 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 107 New Jersey jobs listed in the application are at risk of being located outside the State on or before November 1, 2015, following the completion of the asset acquisition in October. 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 a Warehouse – Rehabilitation Project for an other business in Essex County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$1,460,000	\$2,360,000
New Jobs	35	40
Retained Jobs	50	107

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	Bloomfield Township is a designated Distressed Municipality
Increase(s) Criteria		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	46 Farrand Street is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station.

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 * \$6,000 = \$3,000) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$2,360,000 / 10 / (40 + 107) = \$1,605) <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:

Distressed Municipality	\$4,000
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INCREASES PER EMPLOYEE:

Transit Oriented Development:	\$2,000
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INCREASE PER EMPLOYEE: \$2,000

PER EMPLOYEE LIMIT:

Distressed Municipality	\$11,000
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: **\$6,000**

AWARD:

New Jobs:	40 Jobs X \$6,000 X 100% =	\$240,000
Retained Jobs:	107 Jobs X \$1,605 X 100% =	<u>\$171,735</u>
	Total:	\$411,735

ANNUAL LIMITS:

Distressed Municipality	\$ 8,000,000
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TOTAL ANNUAL AWARD **\$411,735**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 2,360,000
NEW FULL-TIME JOBS: 40
RETAINED FULL-TIME JOBS: 107

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 15,352,284
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 11,234,934
TOTAL AMOUNT OF AWARD: \$ 4,117,350
ELIGIBILITY PERIOD: 10 years
MEDIAN WAGES: \$ 45,000
SIZE OF PROJECT LOCATION: 73,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
STATEWIDE BASE EMPLOYMENT: 0
PROJECT IS: (X) Expansion () Relocation
CONSTRUCTION: (X) Yes () No

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six 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 November 1, 2015; 2) approve the proposed Grow New Jersey grant to encourage Natoli Management, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: 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: Polaris Solutions, LLC P41247

PROJECT LOCATION: 317 George Street New Brunswick City Middlesex County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Polaris Solutions, LLC is a software technology and consulting company, specializing in compliance solutions for global pharmaceutical, medical device and life sciences companies. Polaris’ software services include third party due diligence portal which allows organizations to manage relationships with third party intermediaries, and health care providers and other third party intermediaries assessing and acting upon risks associated with government sanctions, improper payments and data privacy. Another example is the healthcare provider interaction portal which provides functionality to manage health care providers’ contracts and payments in a single, web-based platform. This portal maintains all customer information and history, automates business planning, compliance and legal review processes for all health care provider payments and contracts. Polaris Solutions is an affiliate of Polaris Management Partners, LLC headquartered in NY with offices in Amsterdam, Boston, New York, Paris and San Francisco, and has over 150 employees worldwide providing consulting, strategic business process optimization and innovative technology solutions to life science companies. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:

Polaris Solutions, LLC is evaluating locations to house a new group dedicated to making improvements to its current product and developing new products to meet the demands of the market. The company expects to create 35 new jobs and lease approximately 4,706 sq. ft. in New Brunswick for 5 years with an option to renew for another 5 years. The alternate location is New York City at an existing location, which has available space to accommodate the additional employees.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Polaris Solutions, 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 Andy Bender, the CEO of Polaris Solutions, 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 \$6 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 a Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other targeted industry 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	\$188,240	\$327,000
New Jobs	25	35
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	New Brunswick City is a designated Urban Transit Hub Municipality

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	317 George 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	317 George Street is located in a Transit Oriented Development by virtue of being within ½ 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 \$80,000 exceeds the Middlesex County median salary by 41% 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 Technology 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 * \$9,250 = \$4,625) or - The estimated eligible Capital Investment divided by 10

	<p>divided by the total New and Retained Full-Time Jobs (\$327,000 / 10 / (35 + 0) = \$934)</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>
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<u>Grant Calculation</u>		
BASE GRANT PER EMPLOYEE:		
Urban Transit HUB Municipality		\$5,000
INCREASES PER EMPLOYEE:		
Deep Poverty Pocket:	\$1,500	
Transit Oriented Development:	\$2,000	
Jobs with Salary in Excess of County Average:	\$ 250	
Targeted Industry (Technology):	\$ 500	
INCREASE PER EMPLOYEE:		<u>\$4,250</u>
PER EMPLOYEE LIMIT:		
Urban Transit HUB Municipality	\$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		\$9,250
AWARD:		
New Jobs:	35 Jobs X \$9,250 X 100% =	\$323,750
Retained Jobs:	0 Jobs X \$ 934 X 100% =	<u>\$0,000</u>
	Total:	\$323,750
ANNUAL LIMITS:		
Urban Transit HUB Municipality		\$10,000,000
TOTAL ANNUAL AWARD		<u>\$323,750</u>

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 327,000
NEW FULL-TIME JOBS:	35
RETAINED FULL-TIME JOBS:	0
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 7,918,264
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 5,975,764
TOTAL AMOUNT OF AWARD:	\$ 1,942,500
ELIGIBILITY PERIOD:	6 years
MEDIAN WAGES:	\$ 80,000
SIZE OF PROJECT LOCATION:	4,706 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
STATEWIDE BASE EMPLOYMENT:	0
PROJECT IS: (X) Expansion () Relocation	
CONSTRUCTION: () Yes () No	

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six 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 Polaris Solutions, 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: C. Smith

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: Ready Pac Foods, Inc. P41045

PROJECT LOCATION: 700 Railroad Ave. Florence Twp. Burlington County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Ready Pac Foods, Inc. (“Ready Pac” or the “Company”) is one of the largest producers of prepared lettuce and other produce in the nation. The Company has been in business for 45 years, with innovations in the production and packaging of high quality salad blends, snacks, single-serve salads and fresh-cut fruit and vegetables on a nationwide basis. Headquartered in Irwindale, CA, Ready Pac also maintains operations in Jackson, GA, as well as in two facilities in southern NJ, located in Florence and Swedesboro. The Company currently employs over 2,800 employees nationwide with 480 full-time direct workers in Florence and 333 in Swedesboro, for a total New Jersey-based headcount of 813. The operations currently located in Florence (approximately 152,000 sf) consist primarily of processing (washing, cutting, mixing and bagging) of lettuce and other greens for distribution to supermarkets and restaurant chains. In Swedesboro, the Company currently occupies 154,000 sf, where it performs a more advanced level of food processing activities, including pre-plating of salads (“Bistro Bowls”), together with mixing and preparation of condiments and dressings and other accompaniments. The applicant has demonstrated the financial ability to undertake the project.

Ready Pac Foods, Inc. is the recipient of a BEIP grant (via its parent company Foxdale Properties) which closed in 2001 for the operations located at the Florence Twp. location and the creation of 291 jobs. The company has reached an agreement with the Authority to end the existing BEIP grant in order to pursue this Grow Award.

MATERIAL FACTOR/NET BENEFIT:

The Florence facility is currently under lease until April 2017, and the Company has a renewal option which is being extended to allow adequate time to address the location decision which is the nature of this project. The Company plans to expand at the Florence facility or alternatively, move the expansion operation to Syracuse, NY, at a site which is currently operated by an affiliated company. The lease on the Swedesboro facility expires in September 2016, but the applicant has informed us that in either scenario, the Swedesboro facility will remain as a stand-alone operation.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Ready Pac Foods, Inc. has indicated that the grant of tax credits is a material factor in

the company’s location decision. The Authority is in receipt of an executed CEO certification by Tony Sarasam, the CEO of Ready Pac Foods, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$15.0 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 471 New Jersey jobs listed in the application are at risk of being located outside the State on or before April 1, 2017, as that is the date on which the existing lease expires. 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>	(\$/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:

<u>Minimum Full-Time Employment Requirements</u>	(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 Industrial - Rehabilitation Project for an other business in Burlington County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$2,693,333	\$22,005,889
New Jobs	27	80
Retained Jobs	38	471

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
Mega Project	Base award of \$5,000 per year for projects designated as a Mega Project	A Qualified Business Facility located in an Priority Area that qualifies as a Mega Project by virtue of being in a Area in Need of Redevelopment prior to October 24, 2014 within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem counties having a Capital Investment in excess of \$20,000,000 and having more than 150 employees created or retained.
Increase(s) Criteria		
Large Number of New/Retained Full-Time Jobs	An increase of \$500 per job for 251-400 new or retained jobs, \$750 per job for 401-600 new or retained jobs, \$1,000 for 601-800 new or retained jobs, \$1,250 for 801-1,000 new or retained jobs and \$1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 551 Full-Time Jobs at the project location resulting in an increase of \$750.
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 a Mega Project. The proposed capital investment of \$22,005,889 is 717% 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.	The Retained Full-Time Jobs will receive the same Grant

headquarters of an automobile manufacturer located in a priority area	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 * \$10,750 = \$5,375) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$22,005,889 / 10 / (80 + 471) = \$3,993) <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:

Mega Project \$5,000

INCREASES PER EMPLOYEE:

Large Number of New/Retained F/T Jobs: \$ 750
 Mega Ind. Project w/ Cap. Inv. In Excess of Min: \$5,000

INCREASE PER EMPLOYEE: \$5,750

PER EMPLOYEE LIMIT:

Mega Project \$15,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: \$ 10,750

AWARD:

New Jobs: 80 Jobs X \$10,750 X 100% = \$ 860,000
 Retained Jobs: 471 Jobs X \$ 3,993 X 100% = \$1,880,703

Total: **\$2,740,703**

ANNUAL LIMITS:

Mega Project \$30,000,000

TOTAL ANNUAL AWARD **\$2,740,703**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 22,005,889
NEW FULL-TIME JOBS:	80
RETAINED FULL-TIME JOBS:	471

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 42,383,495
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 14,976,465
TOTAL AMOUNT OF AWARD:	\$ 27,407,030
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 29,716
SIZE OF PROJECT LOCATION:	202,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
STATEWIDE BASE EMPLOYMENT:	813
PROJECT IS: (X) Expansion	() Relocation
CONSTRUCTION: (X) Yes	() No

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

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

DEVELOPMENT OFFICER: Justin Kenyon

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: South Jersey Gas Company P41033

PROJECT LOCATION: 3700 Atlantic Avenue Atlantic City Atlantic County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

South Jersey Gas Company (or “SJG”) is a regulated natural gas public utility company engaged in the purchase, transmission and sale of natural gas for residential, commercial and industrial use. SJG also sells natural gas and pipeline transportation capacity (off-system sales) on a wholesale basis to various customers on the interstate pipeline system and transports natural gas purchased directly from producers and suppliers to its customers. As of December 31, 2014, SJG served 366,854 residential, commercial and industrial customers in southern New Jersey. The applicant has demonstrated the financial ability to undertake the project.

The Authority closed on a \$25,000,000 tax-exempt bond for the benefit of South Jersey Gas Company in 2006, the proceeds of which were used to finance a portion of the costs of the design, purchase and construction of natural gas pipelines and auxiliary and related facilities servicing the customers of the company in the Counties of Cape May and Atlantic.

The Authority has issued bonds for the benefit of related entities to SJG: (i) Marina Energy, LLC received Authority assistance in 2001 for \$45,000,000 of taxable and tax-exempt bonds (P13011), used to construct the thermal production facility for the Renaissance Point area of Atlantic City and in 2006 for \$16,400,000 in tax-exempt bonds (P16508), used to expand the original production facility in Atlantic City; and (ii) ACR Energy Partners LLC (which is equally owned by Marina Energy LLC and DCO Energy) in 2011 for \$118,600,000 of taxable and tax-exempt bonds (Appl. P24485) to construct, own, operate and maintain a central production facility and distribution system of thermal energy to the inlet area of Atlantic City. In addition, ACR Energy Partners LLC was approved on December 14, 2010 for a Clean Energy Solutions ARRA Combined Heat and Power grant of \$3,201,943 for the Inlet District Energy Project.

MATERIAL FACTOR/NET BENEFIT:

The proposed project is located in Atlantic City, NJ, a city that ranked 559 out of 566 municipalities in the 2007 New Jersey Municipal Revitalization Index. In recognition of Atlantic City's inability to attract investment, in the New Jersey Economic Opportunity Act, the Legislature declared that Atlantic City and the other Garden

State Growth Zones presented significant challenges to development and created incentives unique to Atlantic City and other similarly situated Garden State Growth Zones to overcome these barriers.

The management of South Jersey Gas Company has indicated that the grant of tax credits is a material factor in the company's decision whether or not to locate the project in Atlantic City. The Authority is in receipt of an executed CEO certification by Jeffrey DuBois, the CEO of South Jersey Gas Company, which states that the Grow New Jersey award is a material factor in the company's decision to make the capital investment and locate the project in Atlantic City. The CEO certification also states that the application has been reviewed and the information submitted and representations contained therein are accurate.

Staff reviewed the project and finds support for management’s assertion that the award of tax credits is a material factor in the company’s decision to locate in Atlantic City. If South Jersey Gas Company chooses to expand into Atlantic City, the company would establish a new headquarters with the construction of a 72,000 sq. ft. facility that will accommodate administrative, customer service, accounting engineering and other related functions and the capacity for future growth in Atlantic City. The alternative is to remain in Folsom/Hammonton.

This project represents a significant positive step forward for Atlantic City’s redevelopment efforts, bringing new construction of a 72,000 sq. ft. facility to the city. It is estimated that the project would have a net benefit to the State of \$6 million over the 30 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 167 New Jersey jobs listed in the application are at risk of not being located in Atlantic City as the applicant would not be in a position to undertake the project given the costs associated with relocating to a new headquarters facility in Atlantic City and would otherwise remain at its current locations and the new construction would not occur. This certification has allowed staff to make a finding that the award of the Grow New Jersey tax credits is a material factor in the applicant’s decision to make a capital investment and locate in Atlantic City.

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

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

As a Non-Industrial/Warehouse/Logistics/R&D – New Construction Project for an other targeted industry business in Atlantic 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	\$5,760,000	\$49,320,082
New Jobs	19	0
Retained Jobs	27	167

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	Atlantic 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	3700 Atlantic Avenue is located in a Deep Poverty Pocket.
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 \$70,166 exceeds the Garden State Growth Zone median salary by 122% resulting in an increase of \$750 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 an Energy business.
2007 Revit. Index >465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem	An increase of \$1,000 per job for locating in a municipality with a 2007 Revitalization Index greater than 465	Atlantic City has a 2007 Revitalization Index of 559.

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$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$49,320,082 / 10 / (0 + 167) = \\$29,532$) <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:

Deep Poverty Pocket: \$1,500
 Jobs with Salary in Excess of County/GSGZ Average: \$ 750
 Targeted Industry (Energy): \$ 500
 2007 Revit. Index>465 in Atlantic, Burlington, Camden
 Cape May, Cumberland, Gloucester, Ocean, Salem: \$1,000

INCREASE PER EMPLOYEE: \$ 3,750

PER EMPLOYEE LIMIT:

Garden State Growth Zone \$15,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: \$ 8,750

AWARD:

New Jobs: 0 Jobs X \$8,750 X 100% = \$ 0,000
 Retained Jobs: 167 Jobs X \$8,750 X 100% = \$ 1,461,250
Total: \$ 1,461,250

ANNUAL LIMITS:

Garden State Growth Zone and MRERA \$35,000,000

TOTAL ANNUAL AWARD (CALCULATED): \$ 1,461,250

TOTAL ANNUAL AWARD REQUESTED BY THE APPLICANT AS A MATERIAL FACTOR TO LOCATE IN ATLANTIC CITY:

New Jobs: 0 Jobs X \$7,578 X 100% = \$ 0,000
 Retained Jobs: 167 Jobs X \$7,578 X 100% = \$ 1,265,526
Total: \$ 1,265,526

TOTAL ANNUAL AWARD (APPROVED): \$ 1,265,526

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 49,320,082
NEW FULL-TIME JOBS: 0
RETAINED FULL-TIME JOBS: 167

GROSS BENEFIT TO THE STATE (OVER 30 YEARS, PRIOR TO AWARD) \$ 18,549,483
NET BENEFIT TO THE STATE (OVER 30 YEARS, NET OF AWARD): \$ 5,893,483
TOTAL AMOUNT OF AWARD: \$ 12,655,260
TERM: 10 years
MEDIAN WAGES: \$ 70,166
SIZE OF PROJECT LOCATION: 72,000 sq. ft.

NEW BUILDING OR EXISTING LOCATION? New
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CITY FROM WHICH JOBS WILL BE RETAINED IN NEW JERSEY: Folsom/Hammonton
STATEWIDE BASE EMPLOYMENT: 480
PROJECT IS: () Expansion (X) Relocation
CONSTRUCTION: (X) Yes () No

CONDITIONS OF APPROVAL:

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

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the award of the Grow New Jersey tax credits is a material factor in the applicant’s decision to make a capital investment and locate in Atlantic City; 2) approve the proposed Grow New Jersey grant to encourage South Jersey Gas Company to locate in Atlantic city. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: J. Kenyon

APPROVAL OFFICER: T. Wells

PRELIMINARY RESOLUTIONS

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

APPLICANT: Uncommon Properties, LLC

P40716

PROJECT USER(S): Camden Prep, Inc. *

* - indicates relation to applicant

PROJECT LOCATION: Various

Camden City (T/UA)

Camden

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

APPLICANT BACKGROUND:

Uncommon Properties, LLC, a wholly owned subsidiary of Uncommon Schools, Inc. ("USI"), provides real estate services and holds title to real estate projects for the benefit of the schools within the USI network. USI is a 501(c)(3) not-for-profit entity that starts and manages public charter schools, and through its subsidiaries, owns real estate that is leased to the school for use as public school facilities. USI currently manages 42 public charter schools across NJ, NY and MA. Brett Peiser is the Chief Executive Officer and Norman Atkins is the Board Chair of USI.

In the Fall of 2014, Uncommon Schools launched its first charter school in Camden, Camden Prep, Inc. Located at 1500 S. 8th Street, the school currently serves approximately 70 students in kindergarten, with plans to expand to 300 students in K-4 in the 2016 school year. Camden Prep is a renaissance school project, approved and defined under the educational initiatives of the NJ Urban Hope Act. Bob Howitt is the President of Camden Prep. USI and Camden Prep are in good standing with the NJ Dept. of Education.

Uncommon Properties and its affiliates have closed on several bond financings with the Authority for the benefit of North Star Academy Charter School of Newark, Inc., currently a network of ten public charter schools ("NSA Charter Schools"). In 2009, the Authority issued \$16.48 million of Qualified School Construction Bonds ("QSCBs") to build a new high school at 13-25 Central Ave., Newark (Appl. P29061). Proceeds of \$35,700,000 in QSCBs (Appl. P38413 & P38415) which closed in 2013, are being used to acquire NSA Valisburg Elementary & Middle School located on Hazelwood Ave. and for renovations at NSA Downtown Middle School and High School, located at 2 Washington Place, all in Newark.

In addition, Qualified Zone Academy Bonds were issued in the principal amounts of \$7,806,000 in 2012 (Appl. P37823), \$7,132,000 in 2013 (Appl. P38814) and \$7,145,000 in 2014 (Appl. P40207), proceeds of which will be utilized for various renovation projects at several NSA Charter Schools in Newark.

The project will be occupied by Camden Prep, Inc., a 501(c)(3) not-for-profit entity. The Bonds are expected to be issued as Qualified School Construction Bonds pursuant to Section 54F of the Internal Revenue Code of 1986.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to acquire approx. 4 acres and several existing buildings located at 1675-1677 Haddon Avenue, 1683 Haddon Avenue, 1687-1689 Haddon Avenue and 370 W. Haddon Avenue - SL Copewood, demolish the buildings and construct a new 80,000 sq. ft. school, for up to 800 students in grades K-8.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	\$24,900,000
Original Issue Discount	\$18,000,000
Engineering & architectural fees	\$3,836,000
Land	\$2,375,000
Purchase of equipment & machinery	\$600,000
Legal fees	\$500,000
Interest during construction	\$415,000
Finance fees	\$150,000
TOTAL COSTS	<u><u>\$50,776,000</u></u>

JOBS: At Application 12 Within 2 years 46 Maintained 0 Construction 230

PUBLIC HEARING: N/A

BOND COUNSEL: Chiesa, Shahinian & Giantomasi

DEVELOPMENT OFFICER: M. Piliere

APPROVAL OFFICER: T. Wells

LOANS/GRANTS/GUARANTEES

**PETROLEUM UNDERGROUND STORAGE
TANK PROGRAM**



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President/Chief Operating Officer
DATE: August 11, 2015
SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

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

UST Residential Grants:

Jessica Diaz	\$ 24,000
Karen Schraeger	\$ 250,680
Grant Telleri	\$ 257,891

Total UST Funding – August 2015 **\$ 532,571**

Prepared by: Kathy Junghans

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

APPLICANT: Jessica Diaz

P41086

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 39 Hamilton Avenue

Hasbrouck Heights Borough Bergen

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

APPLICANT BACKGROUND:

Between March 2011 and May 2015, Jessica Diaz received an initial grant in the amount of \$14,581 under P33202 and aggregate supplemental grants totaling \$170,858 under P37563, P38943 and P40378 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional soil and groundwater remediation.

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

APPROVAL REQUEST:

The applicant is requesting an additional supplemental grant in the amount of \$24,000 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is \$194,858, it exceeds the maximum aggregate staff delegation approval of \$100,000 and therefore requires EDA board approval. Total grant funding including this approval is \$209,439.

The NJDEP oversight fee of \$2,400 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: \$24,000

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remediation	\$24,000
NJDEP oversight cost	\$2,400
EDA administrative cost	\$250
TOTAL COSTS	<hr/> \$26,650 <hr/>

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Karen Schraeger

P40557

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 2003 Marconi Rd.

Wall Township (N)

Monmouth

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

APPLICANT BACKGROUND:

Between April 2014 and October 2014, Karen Schraeger received an initial grant in the amount of \$22,911 under P38831 and a supplemental grant in the amount of \$1,350 under P39486 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional soil and groundwater remedial activities and long term well monitoring.

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 an aggregate supplemental grant in the amount of \$250,680 to perform the approved scope of work at the project site. Because the supplemental funding request exceeds the maximum aggregate staff delegation approval of \$100,000, it requires EDA's board approval. Total grant funding to date for this project is \$274,941.

The NJDEP oversight fee of \$25,068 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: \$250,680

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remediation	\$250,680
NJDEP oversight cost	\$25,068
EDA administrative cost	\$250
TOTAL COSTS	<hr/> \$275,998 <hr/>

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Grant Telleri

P39809

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 49 Old Hwy 28

Readington Township (N) Hunterdon

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

APPLICANT BACKGROUND:

Grant Telleri is a homeowner seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has declared an Immediate Environmental Concern (IEC) condition for this project site and determined that the project costs are technically eligible to perform extensive soil and groundwater remediation at the project site and the neighboring property.

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

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of \$257,891 to perform the approved scope of work at the project site. Because the funding request exceeds the maximum aggregate staff delegation approval of \$100,000, it requires EDA's board approval.

The NJDEP oversight fee of \$25,789 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: \$257,891

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation	\$257,891
NJDEP oversight cost	\$25,789
EDA administrative cost	\$250
TOTAL COSTS	\$283,930

APPROVAL OFFICER: K. Junghans

**HAZARDOUS DISCHARGE SITE REMEDIATION
FUND PROGRAM**

BOARD MEMORANDUMS



MEMORANDUM

TO: Members of the Authority

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

DATE: August 11, 2015

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 second quarter ending June 30, 2015:

PUST:

As of June 30th, remaining cash and unfunded appropriations net of commitments was \$7.9 million available to support an estimated \$42.9 million pipeline of projects, of which approximately \$4.2 million are under review at EDA.

HDSRF:

As of June 30th, remaining cash and unfunded appropriations net of commitments was \$27.4 million available to support an estimated \$47.3 million pipeline of projects, of which approximately \$6.8 million are under review at EDA.

Prepared by: Kathy Junghans

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: August 11, 2015


SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

The following municipal grant projects have 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.

HDSRF Municipal Grants:

City of Atlantic City (James L. Usrey Center)	\$ 118,290
Borough of Somerville (BDA Somerville Landfill)	\$ 2,793,984

Total HDSRF Funding – August 2015 **\$ 2,912,274**



Prepared by: Kathy Junghans

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

APPLICANT: City of Atlantic City (James L Usrey Center)

P40803

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 1010 Drexel Avenue

Atlantic City (T)

Atlantic

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

APPLICANT BACKGROUND:

The project site, identified as Block 441, Lot 7 is a former Boys and Girls Club which has potential environmental areas of concern (AOCs). The City of Atlantic City currently 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 a park and playground.

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

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of RA for projects involving the redevelopment of contaminated property for recreation and conservation purposes, provided that the use of the property for recreation and conservation purposes is included in the redevelopment plan and is conveyed by a development easement, deed restriction for development or conservation easement for recreation and conservation purposes. The grant is awarded based on a calculation equal to 75% of the RA costs (\$118,290). The remaining 25% (\$39,430) has been funded with a capital bond from the City.

APPROVAL REQUEST:

The City of Atlantic City is requesting grant funding to perform RA in the amount of \$118,290 at the James L Usrey Center project site.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$118,290 (75% Matching Grant)

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Action	\$157,720
EDA administrative cost	\$500
TOTAL COSTS	<hr/> \$158,220 <hr/>

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Borough of Somerville (BDA Somerville Landfill) P40958
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: Route 206 Somerville Borough (T) Somerset
GOVERNOR'S INITIATIVES: () Urban () Edison (X) Core () Clean Energy

APPLICANT BACKGROUND:

The Borough of Somerville currently owns the project site which is located in a Brownfield Development Area (BDA) and has satisfied proof of site control. It is the Borough's intent, upon completion of the environmental investigation activities to redevelop the project site for recreation and open space. Between November 2006 and December 2014, the Borough of Somerville was approved for an aggregate amount of \$13,403,712 of which \$3,902,827 has been disbursed to date for remedial activities for environmental areas of concern (AOCs). The applicant intends to close on the two grants approved in 2013 and 2014 (\$4,614,000 and \$4,877,906, respectively) and anticipates drawing down those funds by December 2015 for ongoing remedial activities.

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of Remedial Action (RA) for projects within a BDA. The grant is awarded based on a calculation equal to 75% of the RA costs (\$2,793,984). The remaining 25% (\$931,328) will be funded by a loan from the Environmental Infrastructure Trust Fund.

NJDEP has approved this request for RA 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 Borough of Somerville is requesting grant funding to perform RA in the amount of \$2,793,984 at the Somerville Landfill project site. Total grant funding including this approval is \$16,197,696.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$2,793,984 (75% Matching Grant)

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Action	\$3,725,312
EDA administrative cost	\$500
TOTAL COSTS	\$3,725,812

APPROVAL OFFICER: K. Junghans

EDISON INNOVATION FUND



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: August 11, 2015

SUBJECT: Technology Business Tax Certificate Transfer Program:
2015 Program Approvals & Disapprovals

BACKGROUND

The 1998 Technology Business Tax Certificate Transfer Program allows technology and biotechnology companies with fewer than 225 employees in the U.S. to sell their net operating losses and/or research and development tax credits to profitable corporate entities. Proceeds from those sales are required to be re-invested in the seller's business.

The "New Jersey Economic Stimulus Act of 2009", P.L. 2009, c. 90, enacted into law on July 27, 2009, included amendments to the statute establishing the Technology Business Tax Certificate Transfer Program. The amendments were intended to streamline current eligibility and allocation requirements to enable more companies to participate in the Program.

2015 PROGRAM CYCLE

Since the Program's inception, 506 companies have been awarded a total benefit amount of more than \$823 million. Last year, the sixteenth year of the Program, approximately \$54.1 million was provided to 48 technology and biotechnology companies in need of capital and liquidity. As in previous Program years, a pool of \$60 million is available to be distributed in State Fiscal Year 2015-2016. Of this \$60 million, \$10 million is reserved for the surrender of transferable tax benefits exclusively by eligible companies operating within the boundaries of the State's three (3) Innovation Zones (technology clusters fostering business-university collaboration).

In the 2015 Program cycle, the Technology Business Tax Certificate Transfer Program continues to benefit from the improved efficiencies recognized by the shift from a paper-based to a web-based application. Staff also implemented a revised evaluation procedure to streamline the analysis of applications and reduce processing times.

The Authority received applications from 44 companies requesting a total benefit amount of \$62,166,583 for the 2015 Program. Of the 44 applications received, 7 are new applicants and 37 are returning applicants to the NOL Program. Additionally, 26 applicants were biotechnology companies while 18 were technology companies. Moreover, 5 applicants were located in Innovation Zones. Also, there are 21 applicants that leveraged additional EDA benefits outside of the 2015 program.* For the 2015 Program, 1 application failed to meet one or more of the eligibility criteria, and 2 companies withdrew their application from the Program. The 41 applicants recommended for approval are estimated to receive, on average, approximately \$1,463,415 this year.

Based on evaluations by Authority staff, the attached list identifies the applicants recommended for approval as well as the applicant being recommended for disapproval. Disapproval is due to the applicant not meeting one or more eligibility requirements of the Program. A brief description of the reason the eligibility requirement(s) was not met is included with the disapproval recommendation.

RECOMMENDATION:

Approval is recommended for the listed applicants which have been evaluated according to the criteria established by the Members of the Board and met the criteria for approval. Disapproval is recommended for the listed applicant that failed to meet all of the eligibility criteria for approval.

A handwritten signature in black ink, consisting of a large, stylized 'V' shape followed by a cursive signature, positioned above a horizontal line.

Prepared by: Clark Smith

Attachment A:
Recommended Approvals

1	Advaxis, Inc.	
2	Agile Therapeutics, Inc.	
3	Akers Biosciences, Inc.	
4	Alphion Corporation	* Edison Innovation Fund (loan paid in full, warrant position)
5	Angel Medical Systems, Inc.	
6	BioAegis Therapeutics Incorporated	* Current CCIT Tenant
7	Cancer Genetics, Inc.	
8	Catheter Robotics Inc.	* Venture Fund Investment
9	Celator Pharmaceuticals, Inc.	* Venture Fund Investment, BEIP
10	Celldex Therapeutics, Inc.	* BEIP
11	Connotate, Inc.	* BEIP
12	Cornerstone Pharmaceuticals, Inc.	* BEIP
13	CytoSorbents Medical, Inc.	* Venture Fund Investment
14	DataMotion, Inc.	
15	Dataram Corporation	
16	DvTel, Inc.	
17	Edge Therapeutics, Inc.	* Angel Investor Tax Credit, Edison Innovation Fund (loan converted to equity, warrant position)
18	Electromagnetic Technologies Industries, Inc.	
19	Elite Laboratories, Inc.	
20	Emisphere Technologies, Inc.	* BEIP
21	Eos Energy Storage	* Angel Investor Tax Credit
22	Flowonix Medical Incorporated	* Venture Fund Investment
23	Glowpoint, Inc	
24	Gold Group Enterprises, Inc.	* NJ Founders & Funders participant
25	Hemispherx Biopharma, Inc.	
26	Immunomedics, Inc.	
27	Insmmed Incorporated	
28	Ivy Sports Medicine, LLC	* Edison Innovation Fund (current loan), Angel Investor Tax Credit, NJ Founders & Funders participant
29	LiquidLight, Inc.	
30	Matinas BioPharma Inc.	
31	Ocean Power Technologies, Inc.	* Springboard Fund (loan), BPU Grant
32	Orthobond Corporation	* Former CCIT Tenant
33	Rive Technology, Inc.	
34	Roka Bioscience, Inc.	* BEIP
35	Sight Logix, Inc.	* Springboard Fund (loan), Edison Innovation Fund (loan closed, warrant position)
36	Soligenix, Inc.	
37	Svelte Medical Systems, Inc.	* Angel Investor Tax Credit
38	Symbolic IO Corporation	
39	VaxInnate Corporation	* BEIP
40	Voxware, Inc.	* BEIP
41	Watchful Software Inc.	

* Applicants that leveraged additional EDA benefits

Recommended Declination

1	Millennium Biotechnologies, Inc.	Program requires an Applicant employ a minimum number of full time employees in New Jersey. Further, the Program defines a "full time employee". The required employee amount for the Applicant is 10 full time NJ employees. Applicant documentation verifies 9 full time NJ employees as of the Program Application deadline of June 30th, 2015. The 10th NJ employee does not receive wages subject to withholding or receive a distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes as required by "full time employee" definition. Applicant does not meet the minimum NJ employee requirement as they do not have 10 employees in NJ meeting the "full time employee" definition.
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OFFICE OF RECOVERY

STRONGER NJ BUSINESS LOAN PROGRAM

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STRONGER NJ BUSINESS LOAN PROGRAM PROGRAM**

APPLICANT: Key Harbor Marina LLC, et al

P39636

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 2 Point Rd

Ocean Township (N)

Ocean

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

APPLICANT BACKGROUND:

Key Harbor Marina LLC is a full service marina located in Waretown, Ocean Township NJ along the west shore of Barnegat Bay. The Marina was established in 2004. The Marina operates boat slip rentals via 9 docks accommodating watercraft ranging from small jet skis to boats as large as 55 feet. The rentals are seasonal and dry docking is offered for the off-season. The Marina also offers fuel and electrical services.

APPROVAL REQUEST:

A \$1,018,514 working capital loan is requested under the Stronger NJ Business Loan Program.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$1,018,514

TERMS OF LOAN: Working Capital Loan: 30 year term. 24 months of 0% interest followed by 336 months of interest payments based on the 5 year US Treasury rate. Rate reset at each 10 year anniversary. During the first 24 months of the loan no principal payments are due followed by 336 months of principal payments in an amount adequate to fully amortize the loan.

PROJECT COSTS:

Working capital	\$1,068,514
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TOTAL COSTS	\$1,068,514
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JOBS: At Application 10 Within 2 years 3 Maintained 13 Construction 0

DEVELOPMENT OFFICER: T. Trifeletti

APPROVAL OFFICER: S. Novak

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STRONGER NJ BUSINESS LOAN PROGRAM PROGRAM**

APPLICANT: Key Harbor Marina LLC, et al

P41246

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 2 Point Rd

Ocean Township (N)

Ocean

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

APPLICANT BACKGROUND:

Key Harbor Marina LLC is a full service marina located in Waretown, Ocean Township NJ along the west shore of Barnegat Bay. The Marina was established in 2004. The Marina operates boat slip rentals via 9 docks accommodating watercraft ranging from small jet skis to boats as large as 55 feet. The rentals are seasonal and dry docking is offered for the off-season. The Marina also offers fuel and electrical services.

APPROVAL REQUEST:

A \$50,000 forgivable working capital loan is requested under the Stronger NJ Business Loan Program.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$50,000

TERMS OF LOAN: From closing to 12 months thereafter, 0% interest and no principal payments, then the loan will be forgiven provided certain conditions under the loan program are met. If these conditions are not met, then the loan will be subject to the same repayment terms of related loan # P39636

PROJECT COSTS:

TOTAL COSTS

_____ \$0 *
=====

* - Indicates that there are project costs reported on a related application.

JOBS: At Application	Within 2 years	Maintained	Construction	
Jobs on Related P039636	<u>10</u>	<u>3</u>	<u>13</u>	<u>0</u>

DEVELOPMENT OFFICER: T. Trifeletti

APPROVAL OFFICER: S. Novak

STRONGER NJ LOAN PROGRAM (APPEALS)



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Melissa Orsen
Chief Executive Officer

DATE: August 11, 2015

SUBJECT: Stronger NJ Business Loan Program Appeal – Barnacle Bill’s.

Pursuant to the appeal process approved by the Board at the June 10, 2014 Board meeting, applicants to the Stronger NJ Business Loan program may challenge the EDA’s decisions by submitting in writing to the EDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned to each project to provide an independent review of the appeal.

The Hearing Officer’s review includes reviewing the appeal letter, the application and file, as well as speaking directly with the applicant and relevant Office of Recovery staff. The applicant has been sent the Hearing Officer’s report in advance of the Board Meeting. They have been given an opportunity to reach out directly to the Hearing Officer to discuss the decision, and have been notified of the date and time of the Board Meeting.

At this meeting, the Board is being asked to consider one appeal: Barnacle Bill’s. Attached to this memo you will find the Hearing Officer’s recommendation, the Hearing Officer’s letter to the applicant, the declination letter and the applicant’s appeal. I have reviewed the attached and I concur with the recommendation that the declinations under the Stronger NJ Business Loan Program for Barnacle Bill’s be upheld.



Melissa Orsen

attachments



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

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

FROM: Dina Khmelnsky
Hearing Officer

DATE: August 11, 2015

SUBJECT: Stronger NJ Business Loan Program Appeals
Barnacle Bill's – 66188

Request:

The Members are asked to approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Loan application for Barnacle Bill's. Pursuant to the appeal process approved by the Board at the April 30, 2013 Special Board meeting, and revised at the June 10, 2014 Board Meeting, applicants to the Stronger NJ Business Loan program may challenge the EDA's decisions by submitting in writing to the EDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned by the CEO to each project to provide an independent review of the appeal. Dina Khmelnsky has fulfilled the role of Hearing Officer to review the following appeal and has completed the review with legal guidance from the Attorney General's Office.

The appeal has been reviewed and a letter has been sent to the applicant with the Hearing Officer's recommendation. The applicant was notified in the letter that they have the opportunity to provide comments or exceptions directly to the Hearing Officer. The letter is attached to this memo.

Based on the review of the appeal submitted by the applicant and the analysis prepared by the initial review team from the EDA, the Hearing Officer recommends the following:

Business Name	Reason for Decline	Discussion
Barnacle Bill's	Business has not demonstrated an unmet need based on revenue and expenses and/or duplicative benefits already received; and Ineligible use of CDBG-DR funds.	Applicant was able to obtain financing using personal funds, bank financing, FEMA assistance and an SBA loan. Additionally, construction proceeded without the HUD required environmental review.

Recommendation:

As a result of careful consideration of the above appeal in consultation with the Attorney General's Office, the recommendation of the Hearing Officers is to uphold the declination of the Stronger NJ Loan application for Barnacle Bill's.

Prepared by: Dina Khmelnsky

BOARD MEMORANDUM



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: August 11, 2015

RE: Extension of Memorandum of Understanding
Capital City Redevelopment Corporation

Request:

The Members are asked to approve the extension of a Memorandum of Understanding (“MOU”) between the New Jersey Economic Development Authority (“Authority” or “EDA”) and Capital City Redevelopment Corporation (“CCRC”) as an inter-department governmental agreement confirming the mutual understanding and intention between the agencies with respect to the provision of the Authority’s support services to CCRC. The original MOU was approved at the July 9, 2014 EDA board meeting.

Background:

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

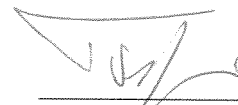
CCRC has and will continue an existing Memorandum of Understanding with the State Department of the Treasury under which Treasury provides accounting and financial reporting support to CCRC, primarily related to the Capital City Redevelopment Loan and Grant Fund that has a minimal balance.

Per the MOU, the CCRC has requested that the Authority provide key support services. In

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

Recommendation:

The Board Members are asked to approve the extension of the current Memorandum of Understanding between the Authority and CCRC, for a one year term.



Timothy Lizura

Prepared by: Patience Purdy



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: August 11, 2015

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

The following projects were approved under Delegated Authority in July 2015:

Premier Lender Program:

- 1) ALTYLA, LLC (P41089), located in Monroe Township, Middlesex County, is a newly established real estate holding company formed to hold title to the subject property being purchased. Hop-To-It, LLC, owned and operated by the current owners since 2007, operates as an existing day care center that serves as an academic advancement program for ages two and up. The facility currently has 50 full and part time students between the ages of two and five and currently operates from a leased facility in Englishtown, NJ. Ocean First Bank approved a \$415,000 bank loan contingent upon a 36.14%, (\$150,000) Authority participation. Proceeds will be used to purchase an existing commercial building and the day care center business, Big Apple Child Care Center of Monroe Township, Inc. that operates out of the location. Both entities, Hop-To-It and Big Apple will be consolidated into the Monroe location. The Company currently has nine employees and plans to create six new jobs over the next two years.
- 2) Wiseway, LLC (P41102), located in Teaneck Township, Bergen County, was formed in the past year as a holding company for the project's new location in Teaneck to store non-perishable inventory off premises. The operating company, G&G Foods and Dairy, Inc. was formed in 1984 to provide kosher foods and dairy to the local community in Brooklyn, NY. Two River Community Bank approved a \$1,102,500 bank loan contingent upon a 40%, (\$441,000) Authority participation. Proceeds will be used to purchase existing real estate. Currently, the Company has 43 employees and plans to create eight new positions within the next two years.

Stronger NJ Business Loan Program:

- 1) Jamie Lee Hentschel DBA Nova Boutique (P40961), located in Sea Bright, Monmouth County, was founded in 2008 as a women's clothing boutique that offers fashionable clothing ranging from "timeless" to "contemporary" in style. Originally at inception, the Company operated as an antiques shop before Superstorm Sandy hit and destroyed all the merchandise. Due to the uniqueness of the inventory procurement for antiques, the owner could not replace the inventory and changed the business model to its current status, a clothing boutique. The Company was approved for a \$50,000 working capital loan to reimburse new inventory to be purchased and working capital expenses incurred as a result of the damage sustained during Superstorm Sandy.

A handwritten signature in black ink, appearing to be "DL/gvr", is written above a horizontal line.

Prepared by: D. Lawyer
DL/gvr

REAL ESTATE

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: August 11, 2015

RE: Parking Management Agreement between New Jersey Aquarium, LLC and
NJEDA
Camden Waterfront Project

Summary

I am asking the Members approval to execute a new Parking Management Agreement between the New Jersey Aquarium, LLC (NJA) and NJEDA with regard to the Camden Waterfront Project for a one year term. Approval is also requested to delegate to the President/COO authority to enter into similar Parking Management Agreements for 2016, 2017 and 2018, at the Authority's discretion.

Background

In June 2013, the Members granted approval of execution of a Parking Management Agreement between, New Jersey Aquarium, LLC (NJA) and NJEDA with regard to the Camden Waterfront Project for a term of one year with a one year renewal option. The renewal term will be expiring in September 2015.

In 2003, the Treasurer's Office requested that NJEDA administer the real estate development component of a complex series of transactions to modernize and expand the New Jersey State Aquarium and spur development of 30 acres of land adjacent to the Aquarium along the Camden Waterfront. This endeavor resulted in NJEDA's acquisition and sale of properties, the design and construction of two parking lots, and its administration of several legal agreements.

The Adventure Aquarium is currently operated by NJA, the managing member of Camden Aquarium, LLC, which leases the Adventure Aquarium from the State of New Jersey. As outlined in their Operating Agreement dated October 29, 2003, the members of Camden Aquarium L.L.C. are NJA and the New Jersey Sports and Exposition Authority (NJSEA). Pursuant to the Operating Agreement, NJA has the right to operate the parking lots surrounding the Aquarium and is entitled to a reasonable management fee to be negotiated between NJSEA or its designee and NJA. Since the conclusion of the Completion Loan period, August 2012, NJEDA has been entitled to receive net parking revenues after costs of operating the parking lots are paid and subject to the reasonable management fee to NJA.

The Parties have determined that each has a joint and mutual interest in continuing the public/private venture that has led to the overall success of Adventure Aquarium and to continue to promote visitorship to the Camden Waterfront, which will also have the effect of increasing parking revenues. This growth, along with the additional promotions, events and marketing of the Camden Waterfront destinations, is expected to materially increase parking revenues. In addition to the mainstay activities at the Camden Waterfront, recent successful events during the term of the prior agreement included the week long, Freedom Festival, the Tall Ships Challenge and Workout on the Waterfront.

In furtherance of the Parties' objective to ensure the overall success of the Camden Waterfront, NJA has (i) expanded and enhanced security, clean-up, and programming for special events on the Camden Waterfront including the annual New Year's and July 4th celebrations, as well as other seasonal festivities and events; and (ii) undertaken a targeted marketing program to promote visitorship to the Camden Waterfront. In addition to their 10% management fee, as consideration for NJA providing these promotional activities, for the 2015-2016 season, NJEDA will allow NJA to receive 20% of the parking revenue to pay a portion of the costs for these activities.

NJA also agrees to seek contributions from other parties to provide additional funding for Camden Waterfront promotional activities. NJA will be submitting the proposed budget for 2016 which is to be paid from the parking revenue.

NJA will be required to prepare and NJEDA will have the right to approve, an annual budget for the promotional activities, an annual marketing plan and budget, and an annual promotional events plan. Each quarter, NJA will be required to submit an operating statement showing expenses incurred and paid by NJA, a report of promotional events that occurred, a report of marketing efforts accomplished and an accounting of total parking revenues and aggregate revenues. Additionally, NJEDA has agreed to contribute \$125,000.00 for equipment upgrades to the equipment on the lots owned by NJEDA and used by NJA. The equipment upgrades would be similar to those used in other Waterfront parking lots. The new system would provide for automated collection of money on the parking lots. With this automation, patrons will have the option to pay at an automated kiosk in the lobby of the aquarium or in the exit lane at an auto cashier. The existing entry/exit locations will be utilized so that no additional concrete islands will be required. NJA will oversee these upgrades which are being implemented by NJA's parking operator.

Execution and delivery of the Parking Management Agreement by NJEDA will be contingent upon NJSEA or its designee approving the amount of the parking lot management fee to be paid to NJA pursuant to the existing Aquarium project documents.

A substantially final form of the Parking Management Agreement is attached. The final form of the Agreement will be subject to the approval of the Chief Executive Officer, the President/Chief Operating Officer and the Attorney General's Office.

Approval is also requested to delegate to the President/COO authority to enter into similar Parking Management Agreements for 2016, 2017 and 2018, at the Authority's discretion.

Recommendation

In summary, I request that the Members' consent to the execution of a Parking Management Agreement between the New Jersey Aquarium, LLC and NJEDA on terms generally consistent with the attached Agreement, subject to the approval of the Chief Executive Officer, the President/Chief Operating Officer and the Attorney General's Office and a delegation of authority to the President/COO to enter into similar Agreements in 2016, 2017 and 2018 on the conditions stated above.



Timothy J. Lizura
President/Chief Operating Officer

Prepared by: Cathleen Schweppenheiser



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: August 11, 2015

RE: FMERA Purchase and Sale & Redevelopment Agreement with RPM Development, LLC for the Officer Housing Parcel

Summary

The Members are asked to consent to the Fort Monmouth Economic Revitalization Authority (“FMERA”) entering into the redevelopment agreement that is contained within FMERA’s Purchase and Sale & Redevelopment Agreement (“PSARA”) with RPM Development, LLC (“RPM”) for the Officer Housing Parcel (the “Project”) in the Oceanport section of the former Fort Monmouth.

Background

FMERA was created by P.L. 2010, c. 51 (“the Act”) to carry out the coordinated and comprehensive redevelopment and revitalization of Fort Monmouth. The Act designates the Authority as a designated redeveloper for any property acquired by or conveyed to FMERA and authorizes FMERA to enter into redeveloper agreements with the New Jersey Economic Development Authority (“Authority”) for the redevelopment of the Fort, while also allowing FMERA to enter into redevelopment agreements directly with private developers.

In June 2014 FMERA and the Army executed a letter of intent covering the Fort’s Phase 2 properties. The parties are currently preparing for FMERA’s purchase of the Phase 2 properties, including the Officer Housing Parcel, later this year.

FMERA issued a Request for Offers to Purchase (“RFOTP”) in connection with the planned redevelopment of the Officer Housing Parcel on January 16, 2013. The Officer Housing includes 117 historic residential units in single, duplex and four-plex configurations, surrounding and adjacent to the Parade Ground. Specifically, it consists of Gosselin Avenue non-commissioned officer residences and officer family housing units on Russel, Carty and Allen Avenues; the latter range in size from 3,700 to over 6,000 sf. The historic residential units are located on two parcels of 27.5 acres and 9 acres. The Fort Monmouth Reuse and Redevelopment Plan (“Reuse Plan”) calls for the housing to be reused as residential units. Also, the property is located within

the Fort Monmouth National Register Historic District and redevelopment is restricted accordingly.

On March 1, 2013 FMERA received two proposals for the Officer Housing, however one proposal was deemed non-compliant because it did not include the required 20% set-aside for affordable housing. An evaluation team comprised of three members of the Fort Monmouth Office staff scored the remaining proposal independently, according to criteria and weightings contained in the RFOTP and FMERA's Rules for the Sale of Real and Personal Property (N.J.A.C. 19:31C-2 et seq.)(the "Sales Rules"). As part of their analysis, the evaluators reviewed the RPM proposal for compliance with the Reuse Plan in all aspects. The evaluators agreed that the RPM proposal was compliant with the Reuse Plan, and recommended that FMERA proceed to exclusive negotiations.

RPM is a New Jersey-based real estate development organization with over two decades of experience. They have nearly 120 employees in three offices throughout New Jersey. The company has completed 12 historic preservation projects and has expertise in all aspects of real estate including development, construction, residential and commercial leasing, and property management.

RPM's proposal calls for 68 market-rate, for-sale units north of the Parade Ground (the "North Post") and 48 rental units south of the Parade Ground (the "South Post"). The South Post units are proposed to be a mix of market-rate rentals and affordable rentals, with the affordable rentals meeting the project's required 20% affordable housing set aside. One of the single family homes on the South Post is proposed to be renovated and used as a community room for tenants. RPM plans to restore the exteriors and renovate the interiors of the North Post and South Post homes, as well as providing landscaping. A recreational area is proposed for the North Post along Parker's Creek.

After holding meetings with RPM representatives, staff recommended that FMERA enter into exclusive negotiations with RPM. As provided in the Sales Rules, staff determined during the evaluation process that there was a high likelihood that negotiating with RPM would lead to an acceptable sales contract between the parties. Accordingly, at its meeting of April 23, 2014, the FMERA Board authorized staff to enter into exclusive negotiations with RPM for a PSARA pursuant to the RFOTP for the Officer Housing Parcel.

In accordance with the Sales Rules, the exclusive negotiating period commenced on October 7, 2014 and was extended by FMERA's Executive Director for an additional thirty days, as permitted by N.J.A.C. 19:31C-2.16(b), through December 20, 2014.

Additionally, at its May 21, 2014 meeting, the FMERA Board authorized staff to: (i) execute a Lease in Furtherance of Conveyance with the Army for the Officer Housing Parcel; and (ii) enter into a sublease with RPM for the Officer Housing Parcel, all upon final terms acceptable to FMERA's Executive Director and the Attorney General's Office. The sublease was intended to enable RPM to apply for site plan and other approvals from the Borough of Oceanport, and to obtain financing in advance of closing. FMERA entered into a lease with the Army for the

Officer Housing Parcel and executed the sublease with RPM on September 5, 2014. The FMERA Board subsequently extended RPM's exclusive negotiations period through April 2015.

Purchase and Sale & Redevelopment Agreement

Negotiations with RPM resulted in terms that staff presented to the FMERA Board at its June 2015 meeting. RPM will pay \$8,262,817 for the property, reflecting the amount of its revised proposal, and contribute an amount up to \$1,000,000 toward on- and off-site infrastructure obligations. Closing will occur within 30 days of satisfaction of the conditions precedent to closing, which include: execution of a Phase 2 Economic Development Conveyance Agreement between FMERA and the Army; FMERA's acquisition of title from the Army; RPM completing due diligence and obtaining all approvals necessary to develop the project; receipt of a final remediation document from either the New Jersey Department of Environmental Protection or purchaser's Licensed Site Remediation Professional; and the consent of the NJEDA Board. The parties will endeavor to satisfy these contingencies within six months of execution of the PSARA. RPM will have the option of extending the time period for obtaining project approvals for an additional six months if it has not obtained them within the initial six month timeframe. FMERA will convey the property to RPM in as-is condition, but with clear title and subject to the Army's on-going obligations under CERCLA to address any pre-existing contamination that may exist on the property.

The purchaser will renovate the existing buildings in two phases: the North Post phase and the South Post phase. RPM will commence renovation of the North Post units using conventional financing no later than 90 days after closing, and complete construction within 68 months. The South Post project financing is anticipated to include Low-Income Housing Tax Credits ("LIHTCs") and historic tax credits. In the event that RPM does not commence construction of the South Post within 18 months after closing, 20% of the North Post units will be developed as affordable housing and FMERA may exercise a right to repurchase the South Post from RPM. FMERA also has a right to repurchase the North Post if North Post construction is not timely commenced or completed. The purchaser will also be obligated to create one full-time, on-site superintendent job to serve the South Post rental community upon completion of the South Post units.

The parties have agreed to fast-track development of the project in anticipation of the Army conveying title to FMERA this year. In the event that FMERA cannot transfer title to RPM by November 30, 2015, the purchase price will be reduced by \$50,000 as of December 1, 2015, and will be further reduced by \$1,000 per day until FMERA satisfies its remaining conditions precedent to closing (i.e. acquires title from the Army). Additionally, while not a condition of closing, RPM will have the right to extend the closing date from 30 to 90 days after satisfaction of all conditions precedent if closing cannot occur by November 30, 2015 and RPM loses its South Post financing commitment as a result. If FMERA has not acquired title from the Army by June 30, 2016, RPM will have the option of terminating the agreement, and receiving: (i) a refund of its deposit; (ii) reimbursement of its infrastructure construction costs; and (iii) 75% of its soft costs. FMERA will pay RPM (ii) and (iii) from proceeds of the sale of the property to a subsequent redeveloper.


RPM's South Post development has received a preliminary commitment of LIHTCs and HUD Community Development Block Grant funds for Superstorm Sandy relief from the New Jersey Housing & Mortgage Finance Agency. RPM has also obtained preliminary and final major site plan and subdivision approval from the Oceanport Planning Board for both the North and South Posts. In addition, FMERA's Historic and Housing Staff Advisory Committees have endorsed the project.

Based on the redevelopment provisions of the PSARA between FMERA and RPM, staff concludes that the essential elements of a redevelopment agreement between FMERA and RPM are sufficiently addressed and that it is not necessary for FMERA to enter into a separate redevelopment agreement with RPM for its development of the Officer Housing Parcel. In order to accommodate RPM's financing and redevelopment schedule, the FMERA Board authorized the execution of the PSARA with RPM, on final terms subject to the approval of FMERA's Executive Director and the Attorney General's Office.

I am asking the Members to consent to the attached PSARA between FMERA and RPM for development of the Officer Housing Parcel.

Recommendation

In summary, I am requesting that the Members consent to FMERA entering into the redevelopment agreement contained within the Purchase and Sale & Redevelopment Agreement with RPM Development, LLC for redevelopment of the Officer Housing Parcel in the Oceanport section of the former Fort Monmouth.



Timothy J. Lizura
President/Chief Operating Officer

Attachment: Purchase & Sale and Redevelopment Agreement
Prepared by: Donna T. Sullivan & David E. Nuse



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: August 11, 2015

RE: FMERA Purchase and Sale & Redevelopment Agreement with FM Partners, LLC for the Fitness Center Parcel

Summary

The Members are asked to consent to the Fort Monmouth Economic Revitalization Authority (“FMERA”) entering into the redevelopment agreement that is contained within FMERA’s Purchase and Sale & Redevelopment Agreement (“PSARA”) with FM Partners, LLC (“FM Partners”) for the Fitness Center Parcel (the “Project”) in the Oceanport section of the former Fort Monmouth.

Background

FMERA was created by P.L. 2010, c. 51 (“the Act”) to carry out the coordinated and comprehensive redevelopment and revitalization of Fort Monmouth. The Act designates the Authority as a designated redeveloper for any property acquired by or conveyed to FMERA and authorizes FMERA to enter into redeveloper agreements with the New Jersey Economic Development Authority (“Authority”) for the redevelopment of the Fort, while also allowing FMERA to enter into redevelopment agreements directly with private developers.

In June 2014 FMERA and the Army executed a letter of intent covering the Fort’s Phase 2 properties. The parties are currently preparing for FMERA’s purchase of the Phase 2 properties, including the Officer Housing Parcel, later this year.

FMERA issued a Request for Offers to Purchase (“RFOTP”) in connection with the planned redevelopment of the Fitness Center parcel on March 14, 2014. The Fitness Center parcel consists of 7.75 acres of land and Building 114, the 32,250 sf Fitness Center, constructed in 1952; Building 562, a New Jersey Natural Gas Company facility; and Building 752, a sewage lift station. The property also includes a water tower that is no longer in use or needed for redevelopment. The RFOTP called for the successful bidder to take down the water tower no later than five years following closing. The parcel is divided into two sub-parcels by a strip of land owned by Jersey Central Power & Light Company, which runs through the property just

south of Building 114. Title to the property is subject to: (i) a yet to be created easement for future use of the existing sewage lift station; and, (ii) an easement for New Jersey Natural Gas Company's continued use of the existing natural gas facility. The Fort Monmouth Reuse and Redevelopment Plan ("Reuse Plan") calls for the reuse of the Fitness Center as a health club.

FMERA received one proposal for the Fitness Center parcel, from FM Partners, on May 28, 2014. An evaluation team comprised of Fort Monmouth Office staff members scored the proposal independently, according to criteria and weightings contained in the RFOTP and FMERA's Rules for the Sale of Real and Personal Property (N.J.A.C. 19:31C-2 et seq.) (the "Sale Rules"). The evaluators recommended that FMERA proceed to negotiations with FM Partners.

FM Partners is a New Jersey-based limited liability company; its members are James S. Wassel (managing partner), Christopher Champeau and David Callahan. FM Partners' managing member has over 30 years experience in developing and operating multi-use commercial properties. The group has secured commitments for \$5.5 million in equity to be used toward the acquisition and renovation of the facility. Their proposal calls for the renovation and expansion of Building 114 for medically based fitness programming, aquatic programming, and individualized and group training and classes, along with related and ancillary uses including a pro shop, a health café and off-street parking. FM Partners plans to place its sign on the water tower for up to five years, at which time FM Partners will dismantle and remove the water tower.

At its May 21, 2015 meeting, the FMERA Board authorized staff to: (i) execute a Lease in Furtherance of Conveyance with the Army for the Fitness Center parcel; and (ii) enter into a sublease with FM Partners for the Fitness Center parcel, all upon final terms acceptable to its Executive Director and the Attorney General's Office. The sublease is intended to enable FM Partners to apply for approvals, obtain financing, and renovate and occupy the property in advance of closing. The lease from the Army to the Authority will run for a term of thirty (30) years, ending on May 11, 2045, or until the Army conveys the property. Consistent with the lease from the Army, FMERA will sublease the Property to FM Partners until May 11, 2045. The sublease will terminate automatically and simultaneously upon FMERA conveying ownership of the property to FM Partners or if FMERA and FM Partners do not enter into a mutually acceptable PSARA within one year. FM Partners will obtain a temporary certificate of occupancy during the sub-lease term. The Army issued a Final Finding of Suitability to Lease for the property in April 2015, indicating that it meets federal and state environmental standards for the intended use.

Purchase and Sale & Redevelopment Agreement

Negotiations with FM Partners resulted in terms that staff presented to the FMERA Board at its June 2015 meeting. FM Partners will pay \$3,450,000 for the property, reflecting the amount of its proposal. Closing will occur within 30 days of satisfaction of the conditions precedent to closing, which include: execution of a Phase 2 Economic Development Conveyance Agreement between FMERA and the Army; FMERA's acquisition of title from the Army; FM Partners completing due diligence and obtaining all approvals necessary to develop the project; receipt of

a final remediation document from either the New Jersey Department of Environmental Protection or purchaser's Licensed Site Remediation Professional; and the consent of NJEDA's Board. The parties will endeavor to satisfy these contingencies within six months of execution of the PSARA. FM Partners will have the option of extending the time period for obtaining project approvals for an additional six months if it has not obtained them within the initial six month timeframe. FMERA will convey the property to FM Partners in as-is condition, but with clear title and subject to the Army's on-going obligations under CERCLA to address any pre-existing contamination that may exist on the property.

The purchaser will commence renovation of the Fitness Center within three months of closing and complete the renovations within twelve months of obtaining a temporary certificate of occupancy, incurring a minimum investment of \$750,000. In the event that FM Partners completes the initial renovations and receives a certificate of occupancy within twelve months without expending the entire \$750,000, it shall have an additional twelve months to expend the balance on additional improvements to the property. FM Partners may pursue the development of a new field house on the balance of the 7.75 acre property at a future date. In the event that FM Partners does not commence or complete renovations as specified above, FMERA may exercise a right to repurchase the project from FM Partners. The purchaser will also be obligated to create and/or relocate a minimum of 50 new full-time equivalent jobs at the property within three years of obtaining a certificate of occupancy.

Redevelopment of the Fitness Center parcel will require an amendment to the Reuse Plan, because the property boundaries differ from those depicted in the Reuse Plan and to allow FM Partners' sign on the water tower. The 7.75 acre parcel offered through the RFOTP conforms to the existing street configuration, not the proposed street locations shown in the Reuse Plan. Additionally, the 7.75 acre parcel straddles three districts in the Land Use Rules, the Green Tech Campus, the Horseneck Center and the Education/Mixed-Use Neighborhood. A Reuse Plan amendment will be required to address these deviations and reconcile the Reuse Plan and Land Use Rules.

Based on the redevelopment provisions of the PSARA between FMERA and FM Partners, FMERA staff concludes that the essential elements of a redevelopment agreement between FMERA and FM Partners are sufficiently addressed and that it is not necessary for FMERA to enter into a separate redevelopment agreement with FM Partners for its development of the Fitness Center Parcel. In order to accommodate FM Partners' financing and redevelopment schedule, the FMERA Board authorized the execution of the PSARA with FM Partners, on final terms subject to the approval of FMERA's Executive Director and the Attorney General's Office.

I am asking the Members to consent to the attached PSARA between FMERA and FM Partners for development of the Fitness Center Parcel.

Recommendation

In summary, I am requesting that the Members consent to FMERA entering into the redevelopment agreement contained within the Purchase and Sale & Redevelopment Agreement

with FM Partners, LLC for redevelopment of the Fitness Center Parcel in the Oceanport section of the former Fort Monmouth.



Timothy J. Lizura
President/Chief Operating Officer

Attachment: Purchase & Sale and Redevelopment Agreement
Prepared by: Donna T. Sullivan & David E. Nuse



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: August 11, 2015

RE: FMERA Purchase and Sale & Redevelopment Agreement with Pinebrook Commerce Center, LLC for the Pinebrook Road Commerce Center (former Fabrication Shops)

Summary

The Members are asked to consent to the Fort Monmouth Economic Revitalization Authority (“FMERA”) entering into the redevelopment agreement that is contained within FMERA’s Purchase and Sale & Redevelopment Agreement (“PSARA”) with Pinebrook Commerce Center, LLC (“PCC”) for the Pinebrook Road Commerce Center (former Fabrication Shops) (the “Project”) in the Tinton Falls section of the former Fort Monmouth.

Background

FMERA was created by P.L. 2010, c. 51 (“the Act”) to carry out the coordinated and comprehensive redevelopment and revitalization of Fort Monmouth. The Act designates the Authority as a designated redeveloper for any property acquired by or conveyed to FMERA and authorizes FMERA to enter into redeveloper agreements with the New Jersey Economic Development Authority (“Authority”) for the redevelopment of the Fort, while also allowing FMERA to enter into redevelopment agreements directly with private developers.

FMERA executed a Memorandum of Agreement (“MOA”) with the Army as of June 25, 2012 that enabled the Army to formally accept FMERA’s Economic Development Conveyance (“EDC”) application and begin the process of conveying Phase One properties to FMERA for redevelopment. The Project is located within the Fort’s Phase One area. FMERA received title to all of the remaining Phase One properties from the Army by deed dated May 29, 2014.

FMERA issued a Request for Offers to Purchase (“RFOTP”) in connection with the planned redevelopment of the Project on September 20, 2013. The property comprising the Project consists of 5 acres of land and eight (8) buildings: Buildings 2501, 2502, 2503, 2504, 2506, 2507, 2508 and 2625. The purchaser also had the option of acquiring an adjoining 1.5 acre parcel for use as truck/trailer parking/storage, making the total potential parcel size 6.5 acres. The Fort

Monmouth Reuse and Redevelopment Plan (the "Reuse Plan") envisions that four of the buildings be retained for use as light industrial/fabrication/assembly facilities and the balance be demolished.

One of the goals of the FMERA small business initiative is to attract a local developer/investor to purchase the former Fabrication Shops and create a multi-tenanted business park. FMERA's small business initiative is focused on attracting and enlisting small businesses to support its mission. This will help small businesses create jobs needed for the successful redevelopment of the Fort. Through the RFOTP, FMERA sought a purchaser who would market the Pinebrook Road Commerce Center to small businesses for at least six months after closing to achieve FMERA's small business attraction goal of establishing a multi-tenanted business park.

Proposals were due on November 20, 2013, with FMERA receiving proposals from three bidders. Three members of the FMERA staff, along with one representative from the Army, independently evaluated and scored the proposals. The evaluation team met on January 30, 2014 and unanimously agreed that the proposal submitted by PCC scored the highest of the three proposals received, while also offering the highest price proposal for the property. PCC proposed to also purchase the additional 1.5 acres, as did the other two proposers.

PCC's proposal achieves FMERA's small business goal of making the Pinebrook Road Commerce Center into a multi-tenanted business park. PCC also has a track record of success owning and operating similar properties in Long Branch and Port Monmouth, New Jersey. In addition, PCC expects to invest up to \$2.25 million into the property.

The EDC Agreement calls for the Army to receive 63% of the net proceeds from the sale of the Fabrication Shops, with FMERA receiving the remainder. All three proposers offered a price less than the Floor Price established by the Army and FMERA appraisals. In accordance with the Phase 2 Deal Points Letter, the EDC Agreement terms are being modified so that Army receives all of the proceeds in order to accommodate this transaction.

At its May 21, 2014 meeting, the FMERA Board authorized staff to enter into exclusive negotiations with PCC. Pursuant to FMERA's Rules for the Sale of Real and Personal Property (the "Sale Rules"), PCC made an additional deposit of 10% of the proposed purchase price to be credited to PCC at closing and executed a letter agreement confirming that the forty-five day exclusive negotiations period commenced on August 18, 2014. By letter dated October 1, 2014, FMERA's Executive Director extended the exclusive negotiating period for an additional thirty days, as permitted by the Sale Rules, and the FMERA Board subsequently extended the exclusive negotiating period to December 29, 2014, and then through April 2015. Staff requested the extensions primarily to resolve issues relating to vehicular access and traffic circulation in the vicinity of the Property. Upon resolution of those issues, staff presented the attached PSARA to the FMERA Board, which approved the agreement at its April 2015 meeting.

Purchase and Sale & Redevelopment Agreement

Pursuant to the terms of the PSARA, PCC will pay \$658,182.40 for the property, reflecting the

amount of its proposal adjusted for actual building size. Closing will occur within 30 days of satisfaction of the conditions precedent to closing, which include: PCC completing due diligence and obtaining all approvals necessary to develop the project; receipt of a final remediation document from either the New Jersey Department of Environmental Protection or purchaser's Licensed Site Remediation Professional; and consent from the NJEDA Board of PCC as redeveloper. The parties will endeavor to satisfy these contingencies within six months of execution of the PSARA. PCC will have the option of extending this time period for up to two additional six month periods if it has not obtained approvals within the initial six month timeframe. FMERA will convey the property to PCC in as-is condition, but with clear title and subject to the Army's on-going obligations under CERCLA to address any pre-existing contamination that may exist on the property.

PCC will install site improvements, make required exterior and interior base building improvements to all eight buildings, and bring two of the buildings, Building 2501 and 2504, to tenantable condition at an estimated cost of \$2,250,000. PCC's performance will be secured by a completion bond in that amount. Purchaser's site improvements will include the extension of a water main to serve the Fabrication Shops and the adjacent Pistol Range, and installation of road improvements to connect Satellite Drive to a new loop road that will provide egress to Pearl Harbor Avenue. PCC will commence the site improvement and renovation work within nine months of closing and complete construction no later than 36 months of closing. The purchaser covenants to create a minimum of 96 new or relocated jobs at the property within four years of closing, or pay a penalty of up to \$144,000. This obligation will be secured by a promissory note granted by the principals of PCC. In the event that PCC does not commence or complete construction within the timeframes specified above, then FMERA may exercise a right to repurchase the Project from PCC.

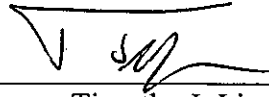
The Fabrication Shops, as well as the adjacent Pistol Range and Satellite Road parcels, do not front on a public road. In order to provide all three parcels adequate and safe vehicular access, FMERA will need to relocate and improve their shared driveway off of Pinebrook Road, and convey several uneconomic land remnants to PCC and Pistol Range purchaser. FMERA has budgeted \$250,000 in its 2015 budget to fund these improvements and up to \$25,000 of the water main cost. A Reuse Plan amendment will be needed to reconfigure Satellite Drive and to confirm continued use of the four buildings that will not be demolished.

Based on the redevelopment provisions of the PSARA between FMERA and PCC, staff concludes that the essential elements of a redevelopment agreement between FMERA and PCC are sufficiently addressed and that it is not necessary for FMERA to enter into a separate redevelopment agreement with PCC for its development of the Fabrication Shops.

The attached PSARA is in substantially final form and has been approved for execution by FMERA's Board, as well as by FMERA's Executive Director and the Attorney General's Office. I am asking the Members to consent to FMERA entering into this particular redevelopment agreement with PCC for development of the former Fabrication Shops.

Recommendation

In summary, I am requesting that the Members consent to FMERA entering into the redevelopment agreement contained within the Purchase and Sale & Redevelopment Agreement with Pinebrook Commerce Center, LLC for redevelopment of the former Fabrication Shops in the Tinton Falls section of the former Fort Monmouth property.



Timothy J. Lizura
President/Chief Operating Officer

Attachment: Purchase & Sale and Redevelopment Agreement
Prepared by: Donna T. Sullivan & David E. Nuse



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: August 11, 2015

RE: Rutgers, The State University Memorandum of Understanding

Summary

The Members are asked to approve an extension of time for Rutgers, The State University (RU) to provide the Authority with requests for reimbursement under the Memorandum of Understanding (“MOU”) with RU in conjunction with the implementation of the NJ Unmanned Aircraft Systems (UAS) Consortium until December 31, 2015, with two additional six month extensions.

Background - Mid-Atlantic Aviation Partnership

The Federal Aviation Administration (FAA) Modernization and Reform Act of 2012 required the FAA to establish a program to integrate UAS into the National Air Space at six test sites to support the development and validation of FAA standards and regulations for commercial development. In response to this congressional mandate, the FAA issued a Screening Information Request (SIR) for Unmanned Aircraft Systems Test Sites (UASTS). RU teamed with the Virginia Polytechnic Institute and State University (VT), along with various governmental, academic and aviation-related entities from New Jersey and Virginia, to establish a loosely formed consortium known as the MAAP for the purpose of responding to the SIR. On December 30, 2013, the FAA announced that RU and VT were awarded a UAS Test Site designation. Shortly thereafter, the State of Maryland and the University of Maryland (UMD) were incorporated into MAAP.

MAAP’s three universities and three states formally established the MAAP consortium by executing an MOU on August 12, 2014, which outlined the intentions and roles of the parties for implementation of the UASTS. The parties include the three states (the Maryland Department of Business & Economic Development, the Commonwealth of Virginia, and the NJEDA) and three universities (VT, RU and UMD).

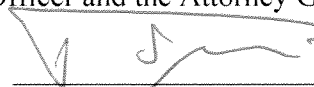
RU Memorandum of Understanding and NJ UASTS Consortium

In conjunction with the establishment of MAAP, each State has independently formed its own consortium. At the July 2014 meeting, the Members approved the execution of an MOU with RU for the implementation of the NJ UAS Consortium for a fee of \$250,000 by way of reimbursement of its expenses to be funded by the Authority. The agreement requires that Rutgers submit invoices for reimbursement by July 31, 2015.

Over the past year, RU has assembled a leadership team, worked on structuring a membership plan, reached out to NJ stakeholders, and successfully launched the first flight for the NJ UAS in June of 2015. RU has expended and incurred approximately \$150,000 to date, and expects that it will spend the balance by the end of the year. Therefore, RU is requesting an extension of time to December 31, 2015 to submit invoices for reimbursement. We are also requesting staff level authorization to approve two additional six month extensions, if requested and reasonably substantiated by RU.

Recommendation

In summary, I am asking the Board Members for approval of 1) an extension of time for Rutgers, The State University, to provide the NJEDA with requests for reimbursement under the Memorandum of Understanding in conjunction with the implementation of the NJ Unmanned Aircraft Systems Consortium until December 31, 2015, with two additional six month extensions, and (2) execution of any and all other documents to complete these transactions on final terms acceptable to the Authority's Chief Executive Officer and the Attorney General's Office.



Timothy J. Lizura
President/Chief Operating Officer

Prepared by: Christine Roberts