MEMORANDUM

TO: Members of the Authority
FROM: Melissa Orsen
Chief Executive Officer
DATE: June 13, 2017
SUBJECT: Agenda for Board Meeting of the Authority June 13, 2017

Notice of Public Meeting

Roll Call

Approval of Previous Month’s Minutes

Chief Executive Officer’s Monthly Report to the Board

Incentive Programs

Bond Projects

Loans/Grants/Guarantees

Office of Recovery

Real Estate

Board Memorandums

Executive Session

Public Comment

Adjournment
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

May 11, 2017

MINUTES OF THE MEETING

Members of the Authority present: Chairman Thomas Scrivo; Commissioner Richard Badolato of the Department of Banking and Insurance; Peter Simon representing State Treasurer Ford M. Scudder; Jeffrey Stoller representing Acting Commissioner Aaron Fichtner of the Department of Labor and Workforce Development; Public Members: Charles Sarlo, Philip Alagia, Massiel Medina Ferrara, Patrick Delle Cava, First Alternate Public Member; and Harold Imperatore, Third Alternate Public Member.

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

Absent: Public Members: David Huber, and Fred B. Dumont.

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

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

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the April 13, 2017 meeting minutes. A motion was made to approve the minutes by Mr. Alagia, and seconded by Mr. Delle Cava and was approved by the 11 voting members present.

The next item of business was the approval of the April 13, 2017 executive session meeting minutes. A motion was made to approve the minutes by Commissioner Badolato, and seconded by Mr. Simon 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.

FOR INFORMATION ONLY: The next item was the presentation of a proclamation recognizing Lauren Moore’s many years of service and dedication to building the State’s economy.

Ms. Ferrara entered the meeting at this time.

Mr. Albanese joined the meeting via conference call at this time

BOND PROJECTS

Bond Resolutions

CEO Orsen presented the NJEDA/State Lease Revenue Bonds 2017 Series and State Lease Revenue Refunding Bonds 2017 Series (State House Project) that was being brought before the board for their consideration today.

PUBLIC COMMENT:

Gordon MacInnes, President, New Jersey Policy Perspective in addition to providing a prepared document, stated that the State House renovation building project raises a few issues. First, it is unclear if the EDA has the authority to issue 300 million in bonds, under the constitution. The project is being pursued without any public access to information concerning the cost of the project.

He stated that proof that $300 million being sufficient funds to cover the project is not backed up anywhere and that there was no guarantee that the $300 million quote would be honored.

Mr. MacInnes stated the this would be the largest obligation for the State of New Jersey, behind the Pension Fund and the School Development Authority. He added that it’s curious that given the statutory obligation of the leasing and space utilization committee that these are moving forward without approval of this committee, which needs to consider obligations of much lower amounts.

Finally, we have an amendment to our constitution, The Lance Act, and Congressman Lance has stated that this is in violation.

He urged the board not to rush to judgment today following four minutes of discussion among the Board. It deserves careful and prudent attention by the Administration, by this body and the Legislature.
EXECUTIVE SESSION

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

**MOTION TO APPROVE:** Commissioner Badolato **SECOND:** Mr. Alagia  **AYES:** 13  **RESOLUTION ATTACHED AND MARKED EXHIBIT:** 1

The Board returned to Public Session.

BOND PROJECTS

**Bond Resolutions**

**ITEM:** NJEDA/State Lease Revenue Bonds 2017 Series and State Lease Revenue Refunding Bonds 2017 Series (State House Project)

**REQUEST:** To approve the actions associated with and necessary to the adoption and issuance of the NJEDA/State Lease Revenue Bonds 2017 Series and State Lease Revenue Refunding Bonds 2017 Series, including the forms of the Lease, Sublease and Bond Purchase Contract and related items.

**MOTION TO APPROVE:** Mr. Simon **SECOND:** Commissioner Badolato  **AYES:** 13  **RESOLUTION ATTACHED AND MARKED EXHIBIT:** 2

**ITEM:** Friends of Teaneck Community Charter School  **APPL.#44146**

**LOCATION:** Teaneck Township, Bergen County

**PROCEEDS FOR:** Construction, Refinancing

**FINANCING:** $12,700,000 Tax exempt bond/$300,000 Taxable Bond

**MOTION TO APPROVE:** Mr. Delle Cava **SECOND:** Mr. Imperatore  **AYES:** 13  **RESOLUTION ATTACHED AND MARKED EXHIBIT:** 3

**PUBLIC HEARING:** Yes

**PUBLIC COMMENT:** None

**Amended Bond Resolutions**

**ITEM:** The Kintock Group of New Jersey, Inc.  **APPL.#42759**

*THIS ITEM WAS WITHHELD FROM CONSIDERATION.*
INCENTIVE PROGRAMS

Economic Redevelopment and Growth (ERG) Program

ITEM: Raymond & Flanigan Properties, LLC or Nominee  APPL.#43966  
REQUEST: Consent to the designation of the ERG recipient as Vineland Delsea Drive, LLC as the ultimate owner of the project site. The developer and the principals responsible for the project are consistent with those approved by the members in March 2017.  
MOTION TO APPROVE: Mr. Delle Cava  SECOND: Mr. Alagia  AYES: 13  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

Grow New Jersey Assistance Program

ITEM: AeroFarms Camden, LLC  APPL.#42323  
REQUEST: To approve the finding of a material factor in the decision to make a capital investment and locate in municipality for GROW New Jersey Assistance program project.  
MOTION TO APPROVE: Mr. Simon  SECOND: Mr. Alagia  AYES: 13  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

ITEM: AeroFarms Camden, LLC  APPL.#42323  
REQUEST: To approve the application of AeroFarms Camden, LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Camden City, NJ. Project location of Camden, Camden 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 estimated total award is $11,147,360 for a 10-year term.  
MOTION TO APPROVE: Mr. Simon  SECOND: Mr. Alagia  AYES: 13  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ITEM: Barclays Services Corporation  APPL.#44090  
REQUEST: To approve the application of Barclays Services Corporation for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Hanover Township, NJ. Project location of Hanover Township, Morris 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 Jobs with Salary in Excess of County Average, Large Number of New/Retained F/T Jobs and Targeted Industry of Finance. The estimated annual award is $4,000,000 for a 10-year term.  
MOTION TO APPROVE: Commissioner Badolato  SECOND: Mr. Albanese  AYES: 13  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7
ITEM: E Mortgage Management LLC
REQUEST: To approve the finding of a material factor in the decision to make a capital investment and locate in municipality for GROW New Jersey Assistance program project.
MOTION TO APPROVE: Mr. Simon      SECOND: Mr. Delle Cava       AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

ITEM: E Mortgage Management LLC
REQUEST: To approve the application of E Mortgage Management LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Camden City, NJ. Project location of Camden City, Camden County qualifies as a Garden State Growth Zone Municipality under N.J.S.A. 34:1B-242 et seq and the program’s rules, N.J.A.C. 19:31-18. The estimated total award is $23,658,600 for a 10-year term.
MOTION TO APPROVE: Mr. Stoller      SECOND: Ms. Ferrara       AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ITEM: Maestri d’Italia Inc.
REQUEST: To approve the application of Maestri d’Italia Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Lakewood Township, NJ. Project location of Lakewood Township, Ocean County qualifies as a Distressed Municipality under N.J.S.A. 34:1B-242 et seq and the program’s rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Deep Poverty Pocket, Capital Investment in Excess of Minimum (non-Mega) and Targeted Industry of Manufacturing. The estimated annual award is $68,152 for a 10-year term.
MOTION TO APPROVE: Mr. Alagia      SECOND: Mr. Imperatore       AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

ITEM: Professionalposables International, Inc.
REQUEST: To approve the finding of jobs at risk.
MOTION TO APPROVE: Mr. Simon      SECOND: Mr. Imperatore       AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

ITEM: Professionalposables International, Inc.
REQUEST: To approve the application of Professionalposables International, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Woodcliff Lake Borough, NJ. Project location of Woodcliff Lake Borough, 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 Jobs with Salary in Excess of County Average, Large Number of New/Retained F/T Jobs and Targeted Industry of Manufacturing. The estimated annual award is $799,029 for a 10-year term.
MOTION TO APPROVE: Commissioner Badolato      SECOND: Mr. Simon       AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12
LOANS/GRANTS/GUARANTEES

Petroleum Underground Storage Tank (PUST)

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

MOTION TO APPROVE: Mr. Delle Cava       SECOND: Mr. Simon       AYES: 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

PROJECT: Double D Service Company, Inc.                     APPL.#44070
LOCATION: Union Township, Union County
PROCEEDS FOR: Remediation
FINANCING: $217,855

PROJECT: Richard B. Treacy III                           APPL.#44071
LOCATION: Roxbury Township, Morris County
PROCEEDS FOR: Remediation
FINANCING: $394,870

PROJECT: Robert So                                         APPL.#44135
LOCATION: Edison Township, Middlesex County
PROCEEDS FOR: Remediation
FINANCING: $183,669

PROJECT: Scott’s Auto, LLC                                APPL.#44008
LOCATION: Carney’s Point Township, Salem County
PROCEEDS FOR: Remediation
FINANCING: $103,236

PROJECT: Transworld Transmission                          APPL.#39930
LOCATION: New Providence Borough, Union County
PROCEEDS FOR: Remediation
FINANCING: $375,141
Hazardous Discharge Site Remediation Fund (HDSRF)

ITEM: Summary of NJDEP Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Ferrara SECOND: Mr. Simon AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: Township of Maplewood (Fresco Silver) APPL.#44098
LOCATION: Maplewood Township, Essex County
PROCEEDS FOR: Remedial Investigation
FINANCING: $748,600

OFFICE OF RECOVERY

Energy Resilience Bank (ERB)

ITEM: Ocean County Utilities Authority – Southern Water Pollution Control Facility Cogeneration Improvements
REQUEST: 1) To deem the Ocean County Utilities Authority – Southern Water Pollution Control Facility Cogeneration Improvements project preliminarily eligible for ERB Funding, 2) Approve moving the project forward to the next phase, 3) Reserve $5,080,000 of funds for the project, 4) Authorize the execution of ERB Funding documents.
MOTION TO APPROVE: Mr. Stoller SECOND: Mr. Delle Cava AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

Stronger NJ Neighborhood and Community Revitalization Program

ITEM: Stronger NJ Neighborhood and Community Revitalization Program
REQUEST: To approve modifications to the NCR Streetscape and D&I programs, including funding allocation, disbursement deadline and project approvals.
MOTION TO APPROVE: Commissioner Badolato SECOND: Ms. Ferrara AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Projects Approved Under Delegated Authority

Premier Lender Program: Wayside Bus Depot LLC (P44136) and Rutgers Bus Depot LLC (P44137)
Camden ERB: Denise English (P42951)

FOR INFORMATION ONLY: PUST and HDSRF Program Funding Status

FOR INFORMATION ONLY: Technology and Life Sciences-Delegated Authority Approvals for Q1 2017

PUBLIC COMMENT

There was no public comment.

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

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

Erin Gold, Director, Marketing & Public Affairs
Assistant Secretary
MEMORANDUM

TO: Members of the Authority

FROM: Melissa J. Orsen
Chief Executive Officer

DATE: June 13, 2017

RE: Monthly Report to the Board

CAMDEN REAPING BENEFITS OF EOA-SUPPORTED PROJECTS

The impact of the New Jersey Economic Opportunity Act (EOA) in the City of Camden is apparent as EOA-supported projects near completion and others progress. Holtec’s new headquarters is bustling with employees, while construction continues on Subaru’s new campus. Ground was broken at the site of American Water’s future headquarters in February, and the 76ers, which moved into their new Camden facility in September, are offering a full schedule of summer basketball workshops and camps at locations in Camden County and throughout the Delaware Valley.

Many smaller projects are impacting the City as well. Approved for Grow New Jersey (Grow NJ) tax credits in 2015, Contemporary Graphics and Bindery has moved into its new 124,700-square-foot manufacturing facility in Camden, where it has created 56 new jobs. Plastics Consulting and Manufacturing Company, Inc. has rebuilt its facility in Camden following a fire in 2014. The company, which was approved for Grow NJ tax credits later that year, has certified the creation of eight new jobs, and retention of 20 that would have left New Jersey had the company chosen to relocate and rebuild in Philadelphia.

Looking ahead, approval for Grow NJ tax credits was granted last month for a Camden location of AeroFarms, which is now successfully growing leafy greens indoors in its state-of-the-art Newark facility. AeroFarms expects to create 56 new, skilled jobs, and more than 110 construction jobs in Camden as it constructs “the world’s largest indoor farm.”

With a comprehensive economic development strategy that continues to attract new businesses and visitors to Camden, the City’s long-time corporate stewards also continue to have an impact, including the BB&T Pavilion. Developed and owned by the EDA, the venue has been leased and operated by Live Nation since its opening in June 1995. The world-class entertainment facility, which was named the 2016 Top Amphitheater in the country by Billboard, provides vast benefits to the City, employing residents, generating local revenue and attracting hundreds of thousands of visitors to the waterfront area. BB&T recently kicked off its summer concert series, where an estimated 500 City residents find seasonal employment.

GARDEN STATE GROWTH ZONE-FOCUSED SMALL BUSINESS PROGRAMS ADVANCE

Web pages on NJEDA.com are now live to provide information on the EDA’s new Business Lease Incentive (BLI) and Business Improvement Incentive (BII) programs, which are designed to support the growth of retail and services in Garden State Growth Zones (GSGZs) by providing grants to street-level
new and expanding businesses. Created through the New Jersey EOA, GSGZs include Trenton, Camden, Paterson, Passaic and Atlantic City.

The BLI program will offer reimbursement of a percentage of annual lease payments for two years to for-profit businesses and non-profit organizations in eligible areas that plan to lease between 500 and 5,000 square feet of new or additional market-rate, first-floor office, industrial or retail space for a minimum five-year term. The BII program will offer grants of up to 50 percent of total project costs, not to exceed $20,000, to businesses operating within the first floor of a commercial corridor in GSGZs that are planning to make building improvements, with a minimum project cost of $5,000.

The EDA has worked closely with each GSGZ community to ensure the programs meet the needs of the respective markets, including determining areas of eligibility within each city, plans for marketing the incentives to potential applicants, and establishing a process to help pre-screen applicants and guide them through the application process. The EDA will begin accepting applications shortly.

In Trenton, the programs will complement an initiative announced in late May by Governor Christie to focus on demolition of abandoned commercial and residential buildings. Mayor Eric Jackson pointed out that the plan will enable the City to focus on demolition of entire neglected blocks rather than individual buildings, and cited abandoned real estate as one of Trenton’s greatest impediments to development.

CLOSED PROJECTS

Through May 2017, EDA closed on more than $166 million in traditional lending assistance to support 78 projects, leveraging $199 million in capital investment and the creation of an estimated 349 new permanent jobs and 621 construction jobs.

In addition to the assistance provided through traditional lending programs, EDA executed agreements pending certification with 24 projects for $567.3 million, leveraging $540.2 million in capital investment, the creation of 3,016 new jobs, 3,282 construction jobs and the retention of 3,800 jobs at risk of leaving New Jersey.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees, or exhibitors at 35 events in May. These included the CIANJ Small Business Workshop in Saddle Brook, the NAIOP 30th Annual Commercial Real Estate Awards Gala in Somerset, and the NJTC HealthTech Conference in Madison.
INCENTIVE PROGRAMS
MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: June 13, 2017

SUBJECT: Incentives Delegation Changes:
Business Employment Incentive Program (“BEIP”)
Grow New Jersey (“GROW”)

Request:
Expand the existing delegations for the BEIP and Grow Programs as follows:

1) Expand the June 2013 BEIP delegations which limit administrative changes [Level 4: Director with staff] to projects that have received less than $10 million in disbursements to allow staff to approve certain routine requests (listed below) for BEIP projects in any amount requiring these changes if in good standing (no legal issues); and

2) Expand the December 2015 GROW delegation, which limits certain administrative changes [Level 4: Director with staff] to projects with awards approved for $25 million or less in tax credits to allow staff to approve certain changes (listed below) for Grow projects in any amount requiring these changes if in good standing (no legal issues.)

Complex changes to BEIP or GROW projects, including but not limited to those requiring legal review and those involving mergers, acquisitions, divestitures, separations, and material project changes, will continue to be presented to the Board for approval. Additionally, specific to GROW, the delegation approved by the Members regarding changes to the QBF in September 2016 will continue to apply, including the limit to awards of $25 million or less. All delegations will be reported to the members quarterly.

Background:
Beginning in July 2003, the Members’ approval has been sought to delegate authority to staff on certain financing and incentive transactions to create efficiencies for our customers and to provide fluidity to our business. Since 2013, the delegations have been reviewed semi-annually to insure that delegations approved by the Members continue to align with business objectives.

In June of 2013, the Members delegated to staff to approve administrative changes to BEIP projects (name/location changes and adding/deleting grantees or Professional Employment Organizations
(“PEOs”) to/from an incentive agreement) for applicants that had received less than $10 million in aggregate disbursements.

Over the past two years, staff has implemented recent legislation to allow the conversion of BEIP cash grants to tax credits and has worked closely with businesses to prepare and facilitate the issuance of tax credits. In addition to the requests to modify incentive agreements, there have been requests to terminate agreements prior to maturity.

In February 2016, the Members approved a policy to allow BEIP applicants to shorten the term up to the date that the last award was paid and the maturity date to 1.5X the new maturity date in years. In July 2016, the policy was expanded to include a 2 year reporting requirement for those requesting this action.

The termination policies apply to BEIPS regardless of whether they remained cash awards or elected to convert to tax credits. These requests typically result in the forfeiture of accrued and unpaid grant proceeds (cash) or tax credits for past years.

Over the last four years, 243 active projects have been approved under the Legacy and EOA Grow NJ laws. As the natural progression of these projects takes them from Post-Approval to Closing and finally to Post-Closing, staff has gained more experience with and has had the opportunity to evaluate common modification requests (name changes and adding qualifying affiliates that are contributing jobs and/or capital investment to the agreement). In December 2015, the Members determined that these modifications were appropriate for delegation for applicants that received an award of $25 million or less.

Qualifying affiliates include related entities that anticipate contributing capital investment dollars to the approved project or jobs to the qualified business facility. Added affiliates must meet the definition of “affiliate” per the EOA law, as demonstrated by the business through a certification by an independent certified public accountant, an opinion of counsel, or a written determination of the Director of the Division of Taxation.

Any addition of an affiliate to the agreement requires an adjustment to increase in the statewide employment number. Should the applicant acquire a previously unrelated entity, the same adjustment to increase the statewide employment number would be required.

Adding affiliates does not change the new and retained job numbers set at approval or the amount of the Grow award approved by the members, whether existing or acquired. In addition, the applicant cannot fill any of the Grow jobs at the QBF from existing jobs at the newly acquired affiliate because the Grow award would not have been a material factor in the creation or retention of the jobs at the affiliate prior to its acquisition; any new jobs subsequently created at the affiliate could be treated as new assuming the jobs otherwise meet the definition of an eligible job under the Act.

Based on the experience to date, staff has concluded that the above BEIP and Grow administrative actions and the BEIP terminations require the same level of review by staff and are documented with standard amended grant or termination agreements regardless of award size (assuming the grantees are in good standing, have no legal issues, and have not requested other complex changes). That is, the $10 million BEIP limit and the $25 million Grow limit on these delegations do not correspond to the level of
complexity that requires review by the Board. The change requested will allow staff to provide customer service more efficiently and to meet the needs of the businesses approved for these incentives.

**Recommendation:**
Consent to expanding the June 2013 BEIP and December 2015 GROW delegation as follows:

1) Expand the BEIP delegation for administrative changes and terminating agreements, as described above, to projects in any amount if in good standing (no legal issues) [Level 4: Director with staff]; and

2) Expand the GROW delegation to allow staff to make administrative changes described above to projects in any amount if in good standing (no legal issues). [Level 4: Director with staff]

As previously stated, complex changes to BEIP or Grow NJ projects, or other administrative changes to BEIP or Grow NJ projects with awards above the respective thresholds will continue to require Board Action. All delegated actions will continue to be reported to Members quarterly.

Prepared by: Susan Greitz
ECONOMIC REDEVELOPMENT AND GROWTH (ERG) PROGRAM
MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: June 13, 2017

RE: CHP Land, LLC
Economic Redevelopment and Growth Grant Program
P #44079

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, mixed-use parking project, or a university infrastructure project yield a net positive benefit to the state. With the exception of residential ERG projects, mixed-use parking projects, and university infrastructure projects grants are made annually based on the incremental eligible taxes generated as a result of the project.

The Members are asked to approve the application of CHP, LLC (“CHP”) (the “Applicant”) for a Project located on Cooper Street in the City of Camden (the “Project”), for the reimbursement of eligible taxes generated by the project per the ERG program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 (“Act”).

Simultaneously being presented for approval is a $3,000,000 Real Estate Impact Fund loan (“Impact Fund”) request for this project via a separate memorandum (P# 44080).
The total costs of the Project are estimated to be $52,802,008 and of this amount, $49,420,453 are eligible costs under the ERG program. The Applicant is eligible for a bonus of an additional 20% (for a total award of 40%) as they meet criteria of the project being located in a Garden State Growth Zone (‘GSGZ’). Based on the net benefit to the State, the recommendation is to award 40% of eligible costs, not to exceed $18,352,709.

**Project Description**

The site will be located at the waterfront in the City of Camden on approximately 19,110 square feet of vacant land. The applicant proposes to build an eight-story building that will be identified as the Hilton Garden Hotel. The Hotel’s main entrance sits on Cooper Street, bound by Riverside Drive and Caruso Place. The building façade will be a composite metal panel with varying finishes, and will include an aluminum/glass window wall system. The majority of the street level façade will incorporate the appearance of an aluminum/glass storefront and have durable finishes such as porcelain, ceramic tile, stone, and masonry. The hotel entrance will include a covered entrance and vestibule for guests. The hotel will be comprised of 180 rooms utilizing approximately 14,000 square feet located on floors two through eight. Within the 180 rooms, seven rooms will be built to comply with ADA requirements. The first floor will encompass 17,725 square feet inclusive of meeting spaces, sales offices, loading and storage, a small convenience shop, a bar and restaurant.

Adjacent to the hotel will be a parking garage that will dedicate 75 spaces exclusively to the hotel. In addition, there will be 15 spaces on the upper floors of the garage from 6 PM to 8 AM daily. Guests of the hotel will not be charged for parking.

The site will be conveyed to CHP from Liberty Property Trust by condominium ownership for a total purchase price of $3.57 million. This is an arm’s length transaction between both parties and the buyer and seller are acting in their own self-interest. The Applicant provided a purchase and sales agreement dated August 24, 2016. Exhibit “H” of the purchase and sales agreement confirms this transaction to be contingent on the award of the ERG request, a 20-year tax abatement, approval of the Camden Urban Enterprise Zone of the project site that will permit the project to be constructed with an exemption or rebate of all of the sales tax on table items.

As per the required green requirement, the construction of the hotel will comply with the Green Building Standards set forth in the Green Building Manual "As the energy modeling results are being analyzed, the Applicant will also explore exceeding ASHRAE 90.1-2013 by 5% or more as the green building plan measure; final direction will be determined by the team during the design development phase."

The applicant selected Cope Linder Architects (“CLA”) based out of Philadelphia, PA to foster the design of the hotel. CLA is an award-winning firm with a 50-year history in designing: hotels, gaming, restaurant, entertainment, workplace, multi-family, residential, community and institutional clients. With respect to the hospitality industry, CLA maintains a diverse portfolio characterized by repeat commissions and numerous clients inclusive of:

- Borgata Hotel Casino and Spa (including renovations) located in Atlantic City
- W Philadelphia and Element
- The Water Club located in Atlantic City
- Caesars, Atlantic City
Intech Construction Inc. based out of Philadelphia will act as the General Contractor. Intech was founded in 1986 by Craig “Sab” Sabatino and Will Schwartz and since inception, the company has experienced continuous growth and is firmly established as one of the top construction companies in the Philadelphia region. Intech has established a vast portfolio of completed projects ranging from: Colleges and Universities, K-12, corporate offices, healthcare, retail, multi-unit residential, industrial and historic renovation. As it relates to the hospitality industry, Intech’s projects include:

- Courtyard Philadelphia South at the Navy Yard
- Hotel Monaco
- Hotel Palomar
- Sonesta Hotel
- Club Quarters
- One Logan Square

In a time of acquisitions by large regional and national players, Intech proudly remains locally owned. Intech has received several awards for excellence for a number of projects in their portfolio.

On April 11, 2016, Pennoni Associates Inc. based out of Haddon Heights, NJ prepared a thorough Phase I Environmental assessment report for the subject site and noted “The user is not aware of any obvious indicators that point to the presence or likely presence of contamination beyond the information contained in the Phase I report”.

The Project is estimated to start construction in September of 2017 with an anticipated completion date of March 2019. The Applicant is aware that prevailing wage rates will be paid during term of construction.

The Applicant received site plan approval in the fall of 2016, in addition to DEP Waterfront Development Permit was granted on June 30, 2016.

The Applicant estimates 55 permanent jobs will be created as a result of this project and 240 construction jobs.

**Project Ownership and Developer Capacity**

CHP is comprised of four separate entities:

- Ensemble Investments, LLC 10%
- Keystone Hotel, LLC 30% (Connor Strong, 100% owner of this entity)
- Crimson Hotel, LLC 30% (NFI, L.P., 100% owner of this entity)
- Camden Michaels Hotel, LLC 30% (The Michaels Organization, LLC, 100% owner of this entity)

Keystone Hotel LLC, Crimson Hotel LLC and Camden Michaels Hotel, LLC will solely act as the investors.
The below entities received a Grow award at the 3/24/17 board meeting for the new construction of a proposed office building that will consist of a seven-floor garage and 11 floors of office and amenity space, with 375,970 rentable square feet.

- Connor Strong, P# 43583: $86,239,720
- NFI, L.P., P# 43528: $79,377,980
- The Michaels Organization, L.L.C., P# 43584: $79,378,750

Ensemble Investments, headquartered in Long Beach, CA was founded by Kam Bamboff in August of 2015. Ensemble Investments will have an active participation in the development of this project. Ensemble has subcontracted Intech Construction based out of Philadelphia to act as the General Contractor and Cope Linder Architects, also based out of Philadelphia, to assume the role of the Architect. Mr. Bamboff acts as the CEO and has extensive experience in business development, project financing, managing investor relationships, negotiating debt financing, and reviewing overall business strategies. Mr. Bamboff has a long-standing history in acquiring, developing, and managing hospitality assets. Ensemble has fostered partnerships with hotel brands including Hilton, Marriott, and Hyatt. Ensemble’s current portfolio consists of seven hotels encompassing nearly 1,300 rooms, equating to hotel real estate value in excess of $375 million, respectively.

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- Courtyard Marriott at the Navy Yard, Philadelphia PA
- Ramada Renaissance Hotel, Agoura Hills, California
- Holiday Inn, Bayview Plaza, Santa Monica California
- Hyatt Place Greensboro, Winston Salem, North Carolina

**Project Uses and Sources**

The Applicant proposes the following uses for the Project:

<table>
<thead>
<tr>
<th>Uses (thousands)</th>
<th>Total Amount</th>
<th>ERG Eligible Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$3,575,000</td>
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<td>$36,105,714</td>
<td>$35,110,158</td>
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<td>$6,249,225</td>
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<td>Developer Fee</td>
<td>$1,831,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$52,802,008</strong></td>
<td><strong>$49,420,453</strong></td>
</tr>
</tbody>
</table>

The ERG ineligible costs of $3,381,555 include: pre-opening fee $468,000 franchise application fee $87,000, development fee $1,831,000 construction reserve $545,555 owner’s reserve $150,000 and property reserve $300,000. The above were excluded from the eligible ERG costs.

CHP Land, LLC
June 13, 2017
The Applicant received a letter of interest from Western Alliance Bank dated May 12, 2017 for a construction loan up to 24 months converting into permanent financing for a term of 60 months with payments based on a 25-year amortization. Western Alliance Bank will provide a loan amount not to exceed $32,335,000. The Applicant will pay interest-only during the entire construction loan phase and during the first 12 months of permanent financing. The financing is contingent on the Applicant receiving the ERG incentive.

Soft costs remain under 20% of the development budget and consist primarily of: interest during construction, license and permit fees, engineering fees, in addition to fees such as accounting, architect, appraisal, legal fees, branding, advertising, title fees, blue prints and other miscellaneous fees that the Applicant will be responsible for paying.

<table>
<thead>
<tr>
<th>Sources of Financing</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lender</td>
<td>$29,335,000</td>
</tr>
<tr>
<td>Real Estate Impact Fund</td>
<td>$3,000,000</td>
</tr>
<tr>
<td><strong>Equity:</strong></td>
<td></td>
</tr>
<tr>
<td>Applicant's Capital:</td>
<td>$20,467,008</td>
</tr>
<tr>
<td>Total</td>
<td>$52,802,008</td>
</tr>
</tbody>
</table>

**Gap Analysis**

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 developer 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 12 years. The Applicant will utilize a 24-month timeframe to build the project and assumes a 10-year cash flow.

| Return with no incentive | 2.15% |
| Return with ERG, No Impact | 6.42% |
| Return with Impact Only  | 1.17% |
| Return with ERG and Impact| 5.44% |

As indicated in the chart above, the project would not otherwise be completed without the benefit of the ERG. **With the benefit of the ERG, the Equity IRR is 5.44% which is below the Hurdle Rate Model provided by EDA’s contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 14.61% for a hotel (lodging and entertainment) located in the City of Camden.**

**Net Positive Benefit Analysis:**

NJSA 19:31-4.5 requires that in order to determine eligibility for the ERG award, the Authority must 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 85% of the useful life of the Project, not to exceed 20 years. The Authority has conducted the required Net Benefit Analysis with the following taxes 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;
5] 100% of the projected incremental ongoing sales tax revenue due to the project meeting the criteria in
the regulations for a project that is proximate to a neighboring state and demonstrating substantial
increased incremental tax revenue to the State from other jurisdictions through a marketing analysis.

The net positive benefit analysis includes 55 new full-time positions with an annual blended wage of
approximately $32,000 (As per Rims) before benefits, for a total annual payroll of $1.7 million. The Net
Benefit analysis supports the information noted.

The ERG award to CHP is equal to lesser of (1) 40% of eligible costs or (2) an amount that results in the
projects present value of the net benefit to the State to be a minimum 110% of the award. The Project's
gross present value of the benefit to the State totals $20.1 million and represents 110% of the proposed
$18.3 million award. As such, the award complies with this program.

Staff employed the model that the Authority uses to determine the net benefit of a project to the State of
New Jersey. The application for the project was submitted to the EDA on 2/2/17, and therefore the 2012
version of the economic impact model was utilized to calculate the net benefit to the State. Using the
salary level of the employees and the estimated capital investment provided by the applicant, the model
determined that the net benefit to the State is $18.3 million over the 20-year period required by the Statute.

**Other Statutory Criteria**

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

As per the Market study prepared by CBRE Hotels dated September 21, 2016 the need for the development
of a hotel in the City of Camden, downtown area is supported and will generate the demand of: the
companies and educational and health care institutions located in Camden, the attractions located on the
Waterfront group and leisure, in addition to the residential population of Camden. The study also
mentioned the newly built facility of the 76er’s practice facility that will assist in generating a significant
amount of revenue to the hotel and room nights of demand, in addition to Lockheed-Martin and Holtec
International. Two office buildings are expected to be completed by 2020 which are estimated to generate
some 16,700 room-nights of the demand for the hotel. The buildings consist of the following:

- Building 1- The future headquarters of American Water Works, currently located in Voorhees,
estimated to be occupied by June, 2018.
- Building 2- A 14 story building will house a professional service firm and estimated to employ
1,500 employees upon it’s commencement. Estimated to open Mid 2019.

The Market study concludes that these buildings alone are estimated to generate some 9,650 room-nights
doing demand in 2019 with building one open for the full year and building two for half the year. The room-
nights are expected to increase in 2021 to some 15,100 when both buildings are fully-occupied. All of
these room nights are presumed to occur on the weekdays and are considered “commercial” in nature.

The Market study stated that the hotel will achieve premium levels of penetration of the commercial and
leisure segments due to its location amidst the new commercial development and waterfront attractions.
The occupancy levels are predicated as follows:

- 2019- 65 percent at a rate of $164.75
- 2020-70 percent and $174.25
- Thereafter 74 percent and to remain steady

The market study further analyzed the room rates being proposed for the Camden location, in comparison to other Hilton Garden Inn Hotels, specifically in the Philadelphia region for all of 2015 and 2016 year-to-date and positioned the subject’s hotel rates upon consideration of the newness of the hotel, its location, and the high-quality level of identified tenants of the office towers and the other new companies moving to the waterfront area, and expresses in 2016 dollars are the following:

- Individual Commercial Average Rate- $158
- Individual Leisure Rate-$150
- Group Average Rate- $180

The overall weighted average room for a hotel computes to a rounded $154.75 in 2016 dollars. While the above rates may be higher than the comparables studied, the market studied stated “These projected rates are reasonable and reflective of what a new, strongly-branded hotel can achieve at this location”.

This Project will further the goals of State, regional, and local development and planning strategies. The Project also furthers State Plan policy objectives for ensuring efficient land use by providing an amusement enterprise, in addition to a bar and a restaurant that will in return, promote economic development through infill development and public/private partnerships and promoting design to enhance public safety and encourage and promote well-planned and revitalized communities that aim to sustain the economy in the City of Camden.

Based on the information provided, the Project is economically feasible based on the track record and capacity 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 Camden, an urban aid municipality. Camden is ranked number 566 out of 566 municipalities per the ranking of distress in New Jersey. The greater Camden area has suffered from population declines, poverty, high crime rates, and overall negative trends over the past several decades. Camden’s average household income is $38,588 per year, ranked as one of the lowest in New Jersey.

The economic and social distress within the City of Camden has been well documented over the last 40-plus year. Camden is considered one of the most distressed cities in the State of New Jersey. Irrespective of the metrics utilized, to gauge distress (Municipal Needs Index, Poverty Rate, Unemployment Rate or Median Personal or Family Income) Camden Ranks at the top of these distress metrics.

Historically the Waterfront areas of Camden were largely used for industrial purposes that became vacant.

The Waterfront Redevelopment Plan is designed to revitalize Camden’s waterfront properties to
complement the current development in the area and leverage such attractions as the Camden Aquarium and Cooper University Hospital, and Rutgers University to redevelop the area into a mixed-use transit community. The plan includes the development of office space, retail, and residential units. Upon completion of the Waterfront area it is anticipated that target office space tenants for this development will include 7,300 workers. The Project site is within close proximity to the Waterfront redevelopment area located within the Camden Downtown Redevelopment area. A key focus of the downtown redevelopment plan is to revitalize Camden’s downtown area into a mixed-use transit community. The rehabilitation of this historic building is a vital component to Camden’s Downtown Redevelopment plan and will complement the current and planned development in Camden Waterfront’s redevelopment area.

The development of the Hilton Garden Inn will support the transformation of the City of Camden into an area aligned with the visions outlined in the current redevelopment plan. The site is ideally located in an area that will attract a favorable amount of traffic.

The Market study estimates the amount of demand that could be captured from the City of Philadelphia as a result of the proposed Hilton Garden Inn, located just 15 minutes from Philadelphia would be in excess of 60%. The market study further states that the current hotel supply in “Suburban Camden” is not of particularly high quality, thus resulting in many overnight guests opting to stay in Philadelphia. The development of this hotel will assist in revitalizing the City of Camden and aligns with the goals of the Redevelopment plan.

The Applicant received a letter of support for the Project from Mayor Dana Redd. The letter of support acknowledges that the proposed project is consistent with the goals of the Camden Downtown Redevelopment Plan, which includes the subject property.

**Recommendation**

Authority staff has reviewed CHP’s application and finds that it is consistent with eligibility requirements of the Act. The Treasury has reviewed the application and notified the Authority of the adequacy of the Project’s estimated tax revenues and specified the percentage reimbursement of total project costs. Therefore, it is recommended that the Members approve the application and authorize the CEO of the Authority to execute an Incentive Grant Agreement with the Applicant and the State Treasurer, subject to final review and approval of the Office of the Attorney General. All disbursements under the ERG program are subject to annual appropriation by the New Jersey State Legislature.

Closing of the ERG Agreement and the reimbursement of any taxes is contingent upon the Applicant meeting the following conditions regarding the Project within twelve months of approval:

1. Financing commitments for all Project funding sources are consistent with the information provided by the Applicant in its application to the Authority for the ERG; and
2. Evidence of site control and site plan approval for all properties within the Project;
3. 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. Documentation that the Project is not using other State or local incentives;
Project to reach completion within three years from the date of approval.

Reimbursement shall commence upon:

1. Completion of construction and issuance of a permanent Certificate of Occupancy;
2. Submission of a detailed list of all actual eligible costs, which costs shall be satisfactory to the NJEDA; and
3. New tax revenues have been paid to the NJ Treasury and appropriated.

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 any assignment agreements necessary to effectuate this transaction.

Total Actual Eligible Project Costs: $49,420,453
Eligible Recommended Award: 40% of actual eligible costs, not to exceed $18,352,709 million to be paid over 20 years.

Prepared by: Jenell Johnson
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REAL ESTATE IMPACT FUND PROGRAM

APPLICANT: CHP Land, LLC P44080
PROJECT USER(S): Same as applicant
PROJECT LOCATION: Cooper Street Camden City (T/UA) Camden
GOVERNOR’S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:
CHP Land, LLC ("CHP") is proposing to build a hotel located at the waterfront in the City of Camden on approximately 19,110 square feet of vacant land. CHP proposes to build an eight-story building that will be identified as the Hilton Garden Hotel. The hotel will consist of 180 rooms; the first floor will encompass 17,725 square feet inclusive of meeting spaces, sales offices, loading and storage, a small convenience shop, a bar and restaurant.

APPROVAL REQUEST:
The Members are asked to approve the application of CHP for a Real Estate Impact Fund Loan ("Impact Fund") in the amount of $3,000,000. Concurrent to this request, CHP is seeking approval (P #44079) on an Economic Redevelopment and Growth Grant ("ERG") in the amount of $18.3 million.

FINANCING SUMMARY:
LENDER: NJEDA Real Estate Impact Fund
AMOUNT OF LOAN: $3,000,000
TERMS OF LOAN: 3% interest commencing at completion and certificate of occupancy. 13% of cash flows pays interest and if available principal payments are made. 10 year term.

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of new building or addition</td>
<td>$36,105,714</td>
</tr>
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<td>Engineering &amp; architectural fees</td>
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<td>Soft &amp; Financing Costs</td>
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<td><strong>TOTAL COSTS</strong></td>
<td><strong>$52,802,008</strong></td>
</tr>
</tbody>
</table>

JOBS:

<table>
<thead>
<tr>
<th>Type</th>
<th>At Application</th>
<th>Within 2 years</th>
<th>Maintained</th>
<th>Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs on Related P044079</td>
<td></td>
<td></td>
<td>55</td>
<td>0</td>
</tr>
</tbody>
</table>

DEVELOPMENT OFFICER: C. Fuentes
APPROVAL OFFICER: J. Johnson
MEMORANDUM

To: Members of the Authority
From: Timothy Lizura
President and Chief Operating Officer
Date: June 13, 2017
RE: CHP Land, LLC
P 44080

Request

The Members are asked to approve the application of CHP Land, LLC (“CHP” or the “Applicant”) for a Real Estate Impact Fund Loan (“Impact Fund”) in the amount of $3,000,000.

Concurrent with this request, CHP is seeking approval of an Economic Redevelopment and Growth Grant (“ERG”) in the amount of $18.3 million (P44079).

Project Description

The site will be located at the waterfront in the City of Camden on approximately 19,110 square feet of vacant land. The applicant proposes to build an eight-story building that will be identified as the Hilton Garden Hotel. The Hotel’s main entrance sits on Cooper Street, bound by Riverside Drive and Caruso Place. The building façade will be a composite metal panel with varying finishes, and will include an aluminum/glass window wall system. The majority of the street level façade will incorporate the appearance of an aluminum/glass storefront and have durable finishes such as porcelain, ceramic tile, stone, and masonry. The hotel entrance will include a covered entrance and vestibule for guests. The hotel will be comprised of 180 rooms utilizing approximately 14,000 square feet located on floors two through eight. Within the 180 rooms, seven rooms will be built to comply with ADA requirements. The first floor will encompass 17,725 square feet inclusive of meeting spaces, sales offices, loading and storage, a small convenience shop, a bar and restaurant.

Adjacent to the hotel will be a parking garage that will dedicate 75 spaces exclusively to the hotel. In addition, there will be 15 spaces on the upper floors of the garage from 6 PM to 8 AM daily. Guests of the hotel will not be charged for parking.
The site will be conveyed to CHP from Liberty Property Trust by condominium ownership for a total purchase price of $3.57 million. This is an arm’s length transaction between both parties and the buyer and seller are acting in their own self-interest. The Applicant provided a purchase and sales agreement dated August 24, 2016. Exhibit “H” of the purchase and sales agreement confirms this transaction to be contingent on the award of the ERG request, a 20-year tax abatement, approval of the Camden Urban Enterprise Zone of the project site that will permit the project to be constructed with an exemption or rebate of all the sales tax on table items.

New employee wage compensation is projected at $2.3 million annually (average salaries are approximately $42,000). The project is also anticipated to generate more than $411,497 in annual local and State taxes.

**Project Ownership**

CHP is comprised of four separate entities:

- Ensemble Investments, LLC 10% (Kam Bamboff and Louise Cicalese).
- Keystone Hotel, LLC 30% (Connor Strong, 100% of this entity)
- Crimson Hotel, LLC 30% (NFI, 100% of this entity)
- Camden Michaels Hotel, LLC 30% (The Michaels Organization, 100% of this entity)

Keystone LLC, Crimson LLC, and Camden Michaels Hotel, LLC will solely act as the investors.

The below entities received a Grow award at the 3/24/17 board meeting for the new construction of a proposed office building that will consist of a seven-floor garage and 11 floors of office and amenity space, with 375,970 rentable square feet.

- Connor Strong, P# 43583: $86,239,720
- NFI, L.P., P# 43528: $79,377,980
- The Michaels Organization, LLC., P# 43584: $79,378,750

Ensemble Investments, headquartered in Long Beach, CA was founded by Kam Bamboff in August of 2015. Ensemble Investments will have an active participation in the development of this project. Ensemble has subcontracted Intech Construction based out of Philadelphia to act as the General Contractor and Cope Linder Architects, also based out of Philadelphia, to assume the role of the Architect. Mr. Bamboff acts as the CEO and has extensive experience in business development, project financing, managing investor relationships, negotiating debt financing, and reviewing overall business strategies. Mr. Bamboff has a long-standing history in acquiring, developing, and managing hospitality assets. Ensemble has fostered partnerships with hotel brands including Hilton, Marriott, and Hyatt. Ensemble’s current portfolio consists of seven hotels encompassing nearly 1,300 rooms, equating to hotel real estate value in excess of $375 million, respectively.

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- Courtyard Marriott at the Navy Yard, Philadelphia PA
- Ramada Renaissance Hotel, Agoura Hills, California
- Holiday Inn, Bayview Plaza, Santa Monica California
- Hyatt Place Greensboro, Winston Salem, North Carolina

**Project Uses**

The Applicant proposes the following uses for the Project:

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</tr>
</tbody>
</table>

**Project Sources**

The Applicant will be utilizing the following sources to complete the project:

<table>
<thead>
<tr>
<th>Sources of Financing</th>
<th>Amount</th>
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<tbody>
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</tr>
</tbody>
</table>

Note that developer equity of $20.5 million above represents 39% of the project costs thereby satisfying the Impact Fund program requirement of at least 20% equity contribution and that owner equity must at least match the Impact Fund investment 1:1.

The Applicant received a letter of interest from Western Alliance Bank dated May 12, 2017 for a construction loan up to 24 months converting into permanent financing for a term of 60 months with payments based on a 25-year amortization. Western Alliance Bank will provide a loan amount not to exceed $32,335,000. The Applicant will pay interest-only during the entire construction loan phase and during the first 12 months of permanent financing.

The project gap is calculated based on the Equity Internal Rate of Return identified in the gap.
analysis, which will be discussed below. These returns are calculated with and without the Impact Fund and ERG cash flows.

**Gap Analysis**

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 developer 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 Impact Fund Loan over 10 years (one year to build and 10 years of cash flow).

| Return with no Erg or Impact | 2.15% |
| Return with ERG only         | 6.42% |
| Return with Impact only      | 1.17% |
| Return with ERG and Impact   | 5.44% |

As indicated in the chart above, the project would not otherwise be completed without the benefit of the Impact Fund Loan (and the ERG). **With the benefit of the Impact Fund (as well as the ERG), the Equity IRR is 5.44% which is below the Hurdle Rate Model provided by EDA’s contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 14.61% for a retail project located in Camden.**

**Real Estate Impact Fund Terms**

The interest rate of the loan will be 3%, with a beginning principal balance of $3,000,000, and loan term of 10 years. Interest will be made from 13% of the Project’s net cash flow, after payment of senior debt. This percentage is based on the $3,000,000 Impact Fund loan divided into the total equity contribution of 20,467,008 and the Impact Loan of $3,000,000 based upon the budget submitted (should the actual costs increase at time of CPA certification; the percentage of cash flow may be revised downward accordingly). In the event 13% of the net cash flow is insufficient to pay interest only, then unpaid interest shall accrue and be added the outstanding balance. In the event 13% of net cash flow is more than the current interest, then the payment shall first be applied to accrued interest, if any, and then to reduce outstanding principal. All unpaid or deferred interest payments and principal plus an additional payment for the NJEDA to earn an agreed upon effective rate shall be due and payable at the earlier of the end of the loan term or a liquidity event.

The Impact Fund will have 0% interest from the date of closing until project completion which is expected to be a period of 24 months.

The projected cash flow upon project stabilization shows that the project will be able to both pay the proposed annual interest obligation and reduce principal outstanding of the Fund loan as well as other obligations within the project’s capital structure. The principal outstanding of the Fund loan at the end of year 10 is projected to be $1,274,890 with a total payment of approximately $3,303,343 recouped by the EDA in order to achieve an effective rate of 7.48% over the 10-year term of the loan.
Collateral

<table>
<thead>
<tr>
<th>Description</th>
<th>Collateral Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second lien on real property located at 1 Cooper Street, Camden NJ 08103.</td>
<td>$53,891,667</td>
</tr>
<tr>
<td>Subject to a first lien in the amount of $29.3 million with Western Alliance</td>
<td></td>
</tr>
<tr>
<td>Bank. Value shown is minimum “as completed” appraisal required per bank</td>
<td></td>
</tr>
<tr>
<td>approval.</td>
<td></td>
</tr>
<tr>
<td>LTV ($29,335,000 bank loan + $3,000,000 Impact Fund / $53,891,667 collateral</td>
<td>60%</td>
</tr>
<tr>
<td>value)</td>
<td></td>
</tr>
</tbody>
</table>

Second lien assignment of rents and leases.

Recommendation

$3,000,000 loan from the Impact Fund loan is recommended.

Closing of the loan is contingent upon CHP meeting the following conditions regarding the Project:

1. Financing commitments for all Project funding sources are consistent with the information provided by the Applicant in its application to the Authority for the loan;
2. Evidence of site control and site plan approval for all properties within the Project;
3. Satisfactory review by NJEDA Real Estate department of project cost reasonableness.
4. Actual operating results to be reviewed by NJEDA Real Estate department on annual basis.

Prepared by: Jenell Johnson
MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: June 13, 2017

RE: Cultural Center Redevelopment Associates Urban Renewal, LLC
Economic Redevelopment and Growth Grant Program (“ERG”) P #42918

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, mixed-use parking project, or a university infrastructure project yield a net positive benefit to the state. With the exception of residential ERG projects, mixed-use parking projects, and university infrastructure projects grants are made annually based on the incremental eligible taxes generated as a result of the project.

The Members are asked to approve the application of Cultural Center Redevelopment Associates Urban Renewal, LLC (“CCR” or the “Applicant”) received June 30, 2016 for a project currently located at 7-9 Livingston Avenue and 58 Bayard Street, New Brunswick, Middlesex County (which will ultimately be consolidated to 60 Bayard Street) and referred to as 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 $151,891,565, and of this amount, $142,590,404 is eligible costs under the RES ERG program. The $6 million in funding to the Project from Middlesex County is considered a State grant and is deducted from eligible costs resulting in figure
of $136,590,404 which is used as the cost basis to calculate the amount of the RES ERG tax credit. The Project is eligible to receive an award of 30% of actual eligible costs or $40,977,121. Since the RES ERG program has a limit of $40,000,000 in tax credits per project, the recommended tax credit award is up to 30% of eligible costs not to exceed $40,000,000 (this tax credit amount represents 29.28% of eligible project costs per the budget submitted). The project is eligible for a higher base award of 30% because the project is a qualified residential project in which at least 10% of the residential units are reserved for moderate income housing residents.

**Project Description**

The Project site encompasses 1.88 acres with an aggregate of 470,000 gross square feet of proposed new construction. Excluded from the Project for the purposes of the RES ERG are two components: a] the 344-space structured parking garage condominium which is 137,600 square feet and b] the ballet studio space condominium which is 4,650 square feet. When these two components are included with the Project they are referred to as the “Enterprise”. These two components collectively represent approximately 142,000 square feet and $21.3 million in costs and are excluded from the figures referenced as the Project. The RES ERG Project gross square footage is 347,017 with a cost of $151,891,565 and consists of residential, office and theater components.

The layout of the Enterprise consists of the ground floor and second floor being occupied by the theaters, floors three and four as the office component, floors five to twenty-two are the residential tower. The parking garage is eight stories and will be connected to the tower through an interior corridor located on the ground floor. The Enterprise is to be built on the site of the existing Crossroads Theater and George Street Playhouse fronting on Monument Square along Livingston Avenue as well as an adjoining surface parking lot along Bayard Street in downtown New Brunswick. The Enterprise parcel is currently developed with the two theaters and a surface parking lot all of which are slated for demolition. The theater component of the Project will be home to the George Street Playhouse Company, Crossroad Theater Company and Rutgers University Mason Gross School of the Arts. Construction of the Project is expected to commence in July of 2017 with completion by June of 2019 (with the non-ERG components to be completed shortly thereafter).

The Project includes the development of two state-of-the-art theater spaces with dedicated rehearsal studios. Atop this new theater complex will be a tower which will provide office space for organizations operating within the community as well as 207 residential rental apartment units. The current owner of the Project site is a not-for-profit entity known as New Brunswick Cultural Center (“NBCC”). NBCC is an arts advocacy organization located in New Brunswick.

NBCC’s mission is to stimulate the cultural development and economic growth of arts and entertainment in New Brunswick through the enhancement, preservation, maintenance and effective administration of existing and future venues that service the primary constituent base of the NBCC. By nurturing emerging and viable arts, educational and entertainment organizations that reach the diverse communities of New Brunswick, NBCC and its Arts Partners thrive to establish the City as the premier arts and entertainment destination in the region. NBCC will create deeds of apportionment for each component of the Enterprise and deed each of the five estates to the City of New Brunswick, who will then convey, either through deed or long-term ground lease, control of the Enterprise site to the urban renewal entity responsible for development of the Enterprise.
During construction of the Enterprise, the members of CCR will be New Brunswick Development Company ("Devco") and Pennrose Properties but upon completion of the Project, Pennrose Properties will relinquish its membership interest and Rutgers University, Middlesex County and NBCC will become members of CCR. Upon completion of the Enterprise, the structured parking garage will be owned by the New Brunswick Parking Authority; the office space will be owned by Middlesex County; the residential tower will be owned by the residential developer, Pennrose Properties; the ballet space will be owned by the American Repertory Ballet; and the theater/performance and rehearsal/studio space will be owned by CCR. See attached charts for more detail on the numerous parties involved during construction and thereafter.

The Enterprise project represents over $170 million in total investment and will be one of the most significant urban initiatives in the state. The Enterprise is a public-private partnership that includes New Brunswick Development Company, The City of New Brunswick, Middlesex County, The New Jersey Economic Development Authority, New Brunswick Cultural Center, Rutgers University, Pennrose Properties, and The New Brunswick Parking Authority.

Theatre/Performance Space: The Main Stage is a 465 seat Lyric Proscenium Theatre designed to accommodate musical theatre, dance, opera, and dramatic theatre. State-of-the-art performance systems will be developed to support these various performance types and serve anticipated needs, as well as allows for future expansion and evolving technology. The theatre will include an 86-foot stage, a 75-foot fly tower, and a trap system. The project includes an orchestra pit and associated acoustical considerations and mechanical system to allow for all ranges of production accommodating 60-70 musicians. This Lyric Theatre will provide seating for 365 patrons at the orchestra and parterre levels and 100 patrons in the balcony.

The Second Stage is also designed as a proscenium theatre primarily for theatrical performances and smaller dance performances. It includes a 60-foot stage with a state-of-the-art grid system for lighting and sound. It will accommodate 253 patrons in the orchestra (110), parterre (110), and balcony (33) sections. The theatre will provide additional flexibility to the CCR to accommodate lecture, community, and musical events.

Rehearsal/Studio Space: The main building will include three rehearsal spaces that replicate the stage spaces of the Lyric Theatre and Second Stage. It will provide rehearsal options that will maximize the use of the theatre venues by permitting maximized rehearsal time off the main and second stages. The rehearsal studios will be designed to support dance, drama, music rehearsals, general classes, workshops or small public performances. The studios will be designed for maximum flexibility with infrastructure allowing scenery, lighting, and audio as needed. The total cost of the theater rehearsal space is $61 million and aggregates 79,916 square feet.

Office Space: The Project includes office space to be occupied by Middlesex County offices as well as the potential for private sector office users (approximate square footage is 45,223 with a cost of $13 million).

Residential Tower: A residential rental apartment tower will be developed as another component of the Project. This tower will include approximately 207 units (34 studio, 122 one-bedroom and 51 two-bedroom) rental units in a 22-story building (47 units being affordable). These highly...
amenitized units will include 10 foot ceilings, state of the art features and open floor plans. The development team intends to partner with the Actors Fund of America to market the affordable units to graphic artists, actors, musicians, dancers and theatre support personnel. This component has a cost of $77.8 million and encompasses 221,878 square feet. 20% of the residential units will be set aside for low and moderate-income households.

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

The contractor for the Project is AJD Construction and the architect is Elkus Manfredi Associates. Both firms have extensive experience in mixed-use development projects in urban centers. Founded in 1977 by Anthony Diaco, AJD Construction is a privately-owned company specializing in low, mid, and high-rise residential buildings. AJD has built over 30,000 apartments amassing a portfolio valued in excess of $4 billion. AJD has reached a bonding capacity of $750 million for a single project and $2.5 billion for all projects. Established in 1988, Elkus Manfredi Architects has formed long-term relationships with many of the nation’s most distinguished developers, corporations, and institutions, who have enabled the firm to take advantage of the opportunity to shape some of the most important planning and design projects undertaken across the country.

Construction of the Project is expected to begin in June of 2017 in conjunction with the closing on financing and investments. The anticipated completion of the Project is June of 2019. This date is consistent with the July 28, 2019 required date of construction completion and issuance of certificate of occupancy.

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 770 temporary construction jobs and 35 permanent jobs.

Project Ownership

The Applicant is a joint venture LLC between Devco and Pennrose Properties, LLC (“Pennrose”). Devco is a 501 (c) 3, not for profit organization and Pennrose specializes in rental real estate and development. An operating agreement between these two members is currently being negotiated which will formalize each role and contributions to the Project and will be signed at financial closing. Refer to the attached is an ownership chart illustrating members during construction and post construction as well as land conveyance charts.

Devco was established in 1976 as a non-profit urban development company to initiate redevelopment projects and to serve as the vehicle for public and private investment in the City of New Brunswick and other communities. Devco has overseen and managed over $3 billion of redevelopment activity. Key staff from Devco involved in the Project includes Christopher Paladino - President, Sarah Clarke - Executive Vice President, Merissa Buczny - Vice President, and each has 15 to 20 years of experience in real estate development. Devco has been instrumental in many
of the key projects which have aided in New Brunswick’s revitalization. The transformation of the City is a single dramatic example of Devco’s economic development philosophy. Through the construction of governmental, corporate, office and retail complexes, with the emergence of an internationally recognized cultural center, by the development of new public schools and world-class health care institutions, and through the creation of luxury and market-rate condominiums and apartments, senior, student and affordable housing, the City has recaptured its vitality.

Devco has been the lead developer for several other projects which have received assistance from the Authority including: 1) Transit Village Associates P 34633 ($76 million Urban Transit Hub tax credit awarded in January of 2010 for a $314 million mixed use completed project in New Brunswick in conjunction with Rutgers University), 2) College Avenue Redevelopment Associates, LLC P 38095 ($33 million Urban Transit Hub residential tax credit awarded in April of 2013 for a $298 million mixed use completed project in New Brunswick in conjunction with Rutgers University), 3) Washington Street University Housing Urban Renewal Associates, LLC P 38859 which is a partnership with Pennrose ($23 million RES ERG tax credit awarded in February of 2014 for a $95 million mixed use completed project in Newark in conjunction with Rutgers University) and 4) Island Campus Redevelopment Associates, LLC P 41622 and 41653 ($38.4 million RES ERG for a $125 million academic housing project and a $29.9 RES ERG for a $35 million parking project in Atlantic City). Island Campus projects are under construction and being led by Atlantic City Development Corporation which has separate board and financial statements from Devco but working with and conjunction with Devco personnel.

Pennrose is a private full-service real estate development firm with over 35 years of experience. During this time, Pennrose has developed over 12,900 rental housing units, including 3,225 units in the last 5 years, which represent over $1 billion in total development costs. Pennrose both owns and manages most its portfolio, which includes more than 200 distinct developments in 11 states and the District of Columbia. Pennrose is one of the leading developers in the nation of mixed-finance projects, has been a designated redeveloper in over 80 municipalities, and regularly helps cities transform underutilized sites into thriving mixed-use economic development engines.

Pennrose was approved by the Authority for a $17.7 million Urban Transit Hub residential tax credit awarded February 2014 under P 37398 for a $60 million residential project located in Trenton.

**Project Uses**

The Applicant proposes the following uses for the Project:

<table>
<thead>
<tr>
<th>Uses</th>
<th>Total Project Costs</th>
<th>RES ERG Eligible Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of Land and Buildings</td>
<td>$ 2,951,300</td>
<td>$ 951,300</td>
</tr>
<tr>
<td>Construction &amp; Site Improvements</td>
<td>120,032,095</td>
<td>120,032,095</td>
</tr>
<tr>
<td>Professional Services</td>
<td>8,730,965</td>
<td>8,730,965</td>
</tr>
<tr>
<td>Financing &amp; Other Costs</td>
<td>16,133,638</td>
<td>12,130,615</td>
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<tr>
<td>Contingency</td>
<td>745,429</td>
<td>745,429</td>
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<tr>
<td>Development Fee</td>
<td>3,298,137</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$ 151,891,564</strong></td>
<td><strong>$ 142,590,404</strong></td>
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</tbody>
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RES ERG eligible amount is further reduced by $6 million to $136,590,404 due to the $6 million grant provided by Middlesex County.

RES ERG eligible project costs exclude ineligible costs aggregating $9.3 million, which includes the developer fee of $3,298,137 and several other soft costs, pre-opening costs, signage and marketing expenses which are deemed ineligible.

<table>
<thead>
<tr>
<th>Sources of Financing</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>RES ERG Tax Credit Bonds (1)</td>
<td>$31,173,942</td>
</tr>
<tr>
<td>Senior Residential Loan (2)</td>
<td>45,190,000</td>
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<tr>
<td>RAB Financing (3)</td>
<td>16,687,510</td>
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<tr>
<td>Air Rights Estate (4)</td>
<td>2,000,000</td>
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<tr>
<td>Middlesex County (for Office) (5)</td>
<td>13,022,500</td>
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<tr>
<td>Equity:</td>
<td></td>
</tr>
<tr>
<td>Rutgers (6)</td>
<td>17,000,000</td>
</tr>
<tr>
<td>Middlesex County (7)</td>
<td>6,000,000</td>
</tr>
<tr>
<td>NMTC (8)</td>
<td>6,000,000</td>
</tr>
<tr>
<td>LIHTC (9)</td>
<td>5,226,562</td>
</tr>
<tr>
<td>NBCC contribution to CCR (10)</td>
<td>4,375,000</td>
</tr>
<tr>
<td>CCR contribution (11)</td>
<td>5,216,050</td>
</tr>
<tr>
<td>Total</td>
<td>$151,891,564</td>
</tr>
</tbody>
</table>

1] The Applicant provided a letter from Citibank dated May 12, 2017 indicating a willingness to serve as underwriter for approximately $36 million in tax-exempt and taxable bonds to be issued by Middlesex County Improvement Authority. Net proceeds of approximately $31.1 million would be obtained and lent to the Applicant to be used for costs of development. These bonds would be secured by a general obligation of the County of Middlesex.

2] The Applicant provided a term sheet from Citibank Community Capital dated May 5, 2017 indicating a willingness to provide Pennrose Properties, LLC (borrower to be a single asset entity whose manager or general partner is Pennrose or affiliate acceptable to Citibank) up to $45,190,000 in construction financing interest only for 24 months (with two, six month extensions) at one month Libor + 2.25% (indicative rate is 3.24%). There will be a Freddie Mac Credit Enhancement Agreement associated with the permanent phase which will include tax-exempt bonds for ten years on a thirty-five-year amortization (indicative fixed rate is 4.59%). Residential set-asides include 3% of the units reserved for individuals or families whose income is no greater than 30% of the area median income (“AMI”), 7% of the units reserved for individuals or families earning up to 50% of AMI and 11% of the units reserved for individuals or families whose income is no greater than 60% of AMI with the remaining 80% of the units at market rates.

3] The Applicant provided a copy of the CCR’s application to the City of New Brunswick dated May 24, 2017 for a long-term tax exemption (PILOT) and request for issuance of Redevelopment Area Bonds (“RAB’s”) for the Project. It is anticipated that the RAB bonds will raise $16.69 million in proceeds to be used for the Project and the PILOT payments will be used to pay debt service on these bonds (as included in the proforma cash flow at approximately $695,000 in year one with 3% Cultural Center Redevelopment Associates Urban Renewal, LLC

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increases per year). The financial agreement will permit CCR to assign the financial agreement to the residential estate to the residential URE upon completion of construction of the Project. Local Finance Board hearing is scheduled for June 14, 2017.

4] Air rights estate is comprised of a $2 million payment by Pennrose into the Project for future rights to build on the residential estate.

5] Middlesex County Board of Chosen Freeholders per meeting on May 4, 2017 provided an ordinance which permits the re-appropriation of several existing bond ordinances aggregating $17.5 million for the purposes of undertaking both the purchase of the office space of the Project as well as various road and infrastructure improvements in the County. $13 million of these County funds will be used by the Project for the office component.

6] The Applicant will receive the funds from Rutgers University, as set forth in the Rutgers University Board of Governor’s resolution dated April 6, 2017, of $17 million, which will be used towards construction related theater expenses within the Project. The $17 million represents Rutgers membership cost into the CCR upon completion of construction of the Project.

7] The County of Middlesex provided a memorandum dated December 17, 2015 noting the $6 million grant to NBCC (previously the County established the Middlesex County Cultural and Arts Trust Fund to provide support for cultural and artistic programming and arts education for residents including those sponsored and conducted by qualified nonprofit arts organizations) which was originally approved via resolution dated June 18, 2015 to be used by the proposed theater component at the Project site (payable in three annual payments in 2015, 2016 and 2017).

8] Devco provided a letter of terms from New Jersey Community Capital dated April 7, 2017 to provide up to $10 million in NMTC allocation. In addition, an email from Build America for up to $7 million in allocation dated May 10, 2017 for this Project was provided. Lastly a term sheet dated May 5, 2017 from Capital One Bank for up to $30 million in allocation of NMTC was provided for this Project.

9] Per a letter dated May 11, 2017 to Pennrose from Hudson Housing Capital, the basic terms upon which Hudson will acquire a 99.99% investor membership in the entity which will own the 42 affordable units within the Project. Pennrose is required to be managing member of the joint venture entity (CCR) and will guarantee the obligations of the managing member. Hudson agrees to pay $5,226,562 or $0.92 cents per tax credit available for the Project. The application and approval for LIHTC can be made at any time up until construction is completed. Alternatively, should the Project not pursue LIHTC, Pennrose has agreed to inject this level of capital as equity into the Project.

10] The Applicant provide a letter from NBCC dated May 12, 2017 indicating that $4,375,000 would be contributed to the theater component of the Project. NBCC will become a member of the CCR once construction is completed. NBCC is receiving the $4.3 million as prepaid rent for the State Theatre building. Middlesex County owns the State Theatre building. NBCC subleases the State Theatre building from Middlesex County and was maintaining all operations and maintenance of the building. State Theatre Regional Arts Center at New Brunswick Inc. signed a sublease with NBCC on May 1, 2016 to prepay 25 years of rent and receive control over this building’s operations.

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and maintenance. This prepaid rent is in the amount of $4.5 million payable to the NBCC in 4 equal 
annual installments. NBCC will then contribute $4.375 million (or $4.5 million less expenses), into 
the Project which will be used towards construction related theater expenses.

11] Equity contribution by Pennrose supported by cash on their balance sheet dated 12/31/16 of 
$8.1 million (as well as full access to $8 million line of credit).

RES ERG projects are required to have a minimum of 20% equity in the project based on the total 
projects costs. The Applicant has demonstrated to EDA staff the capacity to contribute the required 
minimum of $30.4 million of equity. Based on the listing of items as equity in the chart above, the 
total equity is $43.8 million equating to 29% of total project costs.

**Gap Analysis**

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 developer 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 RES ERG over 12 years (two years to build and 10 years 
of cash flow).

<table>
<thead>
<tr>
<th>Without ERG</th>
<th>With ERG</th>
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<tbody>
<tr>
<td>Equity IRR – 2.97%</td>
<td>Equity IRR 12.42%</td>
</tr>
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</table>

As indicated in the chart above, the project would not otherwise be completed without the benefit 
of the ERG. **With the benefit of the ERG, the Equity IRR is 12.42% which is below the Hurdle 
Rate Model provided by EDA’s contracted consultant Jones Lang LaSalle which indicates a 
maximum IRR of 12.50% for a project that is 75% residential and 25% entertainment located 
in New Brunswick.** For the purposes of the IRR calculations above, equity was $9.6 million 
consisting of the contributions by the Applicant & NBCC (should there be no LIHTC’s, the IRR 
with ERG falls to 7.49% as equity increases to $14.8 million).

**Other Statutory Criteria**

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

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

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

This Project addresses many of the statewide goals and strategies outlined in the State’s Master 
Plan. The theater component of the Project specifically addresses goal #7, to preserve and enhance 
areas with historic, cultural, scenic, open space with recreational value. The State Plan recognizes 
the importance of arts and cultural organizations located in urban areas in order to contribute to 
community and economic development. Additionally, arts and performing arts centers serve as a

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major source of New Jersey’s travel and tourism industry. The project also addresses the focus of the State Plan in revitalizing the State’s urban centers. By bringing in new residents, visitors and employees to downtown New Brunswick, the Project will generate additional economic development opportunities. The Project is in the Downtown Development District Renewal Area. This redevelopment plan states that the primary objective is to revitalize the downtown district by using the area for the highest and best use with uses that are compatible with a viable center city downtown area.

The Authority is in receipt of a Market Analysis dated May 10, 2017, prepared by Lisa Price & Associates, LLC, an independent third party, who states there is adequate market demand for the proposed Project (size, unit mix and amenities). Note that the financial assumptions included in the Applicant’s pro forma are based exclusively on the existing rental rates at competitive set of six Class A rental, recently developed projects in the town of New Brunswick. The Market Analysis notes the significantly lower ownership rate (verses rental) in the City at just under 20% which is a material demand driver. Vacancy rates are tight with only 3% of units being available, rents are escalating (with pharma, meds and eds providing solid demand), couples often exhibit split directional commutes, local employment is not a major pull factor and escalating rents on the Gold Coast creating migrating out to more affordable commutable locations like New Brunswick. The report provides research on the competitive landscape and climate including sustainability of the market and optimal residential use for the community, depth of the market, drivers of demand, projections and key risks. The market analysis states that the Project’s success will be enhanced if the product enables and promotes health including fitness, green features and an ecofriendly lifestyle. Tenant mix will be concentrated in young couples, single and divorcees with empty nesters comprising a significant percentage of users due to cultural amenities. Expectations are for the Project to attract ethnic diversity, especially descendants of Asia/India. Recommended unit mix is dominated by one-bedroom units (59% of the 207 units are one-bedroom) in this Project.

The Project site is in downtown New Brunswick benefiting from excellent highway access, proximity to mass transit (rail and bus), plethora of shopping (including grocery) centers in the vicinity, hometown of Rutgers University (with DeVry University and Middlesex County College within fifteen minutes from the Project) and a community with several medical facilities (staff of which is solid demand generator for residential rentals). The presence of the state-of-the-art theaters offers an opportunity to appeal to modern renters who are interested in transit-oriented/walkable communities and cultural experiences. These elements and unique attributes will afford the residential component the opportunity to be positioned at the top of the market. Walkability to shopping, entertainment and recreation that is provided by this urban environment that allows people to be less reliant on cars. The target market (including younger and older) desire for apartments that are well appointed with open floor plans that allow sufficient light into the units.

Regarding fastest population growth rates in New Jersey’s municipalities, New Brunswick ranks as #9. The City has a substantially lower median and average household income (and growth is anticipated to be at a much slower rate than the experienced within the county).

Based upon the information provided which includes the track record of the Applicant and their development partners, as well as the anticipated funding sources for the Project’s entire cost budget, the Project is economically feasible.

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Per the project’s financial returns as mentioned earlier and to obtain the funding necessary to develop this project, there is a demonstrated need for the RES ERG tax credit incentive.

**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 in New Brunswick, Middlesex County, in the downtown core area. The poverty rate downtown is currently 30% and the median income is $38,523 which is almost 50% less than the New Jersey average of $70,165. The unemployment rate in New Brunswick is slightly higher than the 4.1% statewide unemployment figure reported in April 2017. The Project will assist in the continued transformation of New Brunswick into a regional economic hub. The Project will replace two existing theaters that are at the end of their useful life with state-of-the-art performance space along with the addition of 207 residential units in the downtown. Without this new theater space, the existing theaters would likely relocate outside the City, removing a key cultural attraction, job creator and economic development engine for the City. By expanding the theaters and including housing, this Project will lead to greater spending in the area and continue the retail development along George Street.

The Project is in the Cultural Center Redevelopment Area and has received a letter of support from the Mayor of New Brunswick. This Project represents Phase II of the New Brunswick Transit Village Redevelopment Initiative. Phase I, completed in September 2012 was comprised of three components including Gateway Transit Village, Wellness Plaza and The George which received an Urban Transit Hub Tax Credit award of $76 million. The overall development program emanates from two development plans that represent significant public input and comment and have become a template for all downtown core projects. The C.O.R.E. Vision Program and the Downtown Transit Village Plan, both call for the phasing of critical path projects that systematically add retail, housing, office, commercial, parking and transportation infrastructure projects. Paramount in both initiatives was the critical connectivity of all these component development paths.

This Project derives investment of capital from a variety of funding sources including; monetization of RES ERG tax credits, NMTC, county funding, RAB’s, Rutgers and equity from the Applicant all of which will be used to construct the new buildings at the Project site. Once completed, the Project will provide market and affordable rental units, assist in decreasing unemployment for the City’s residents, add to the tax ratable base and spur economic activity in the neighborhood. Additionally, New Brunswick is ranked # 489 in the MRI index, is a Distressed Community and is designated as an Urban Aid Municipality.

The Project is expected to create a total of 770 construction jobs. The increased economic activity generated by this Project should help decrease the unemployment figures in the area.

The Project anticipates making PILOT payments to the City of New Brunswick upon completion of the residential portion of the Project. Year one payment is estimated at $650,000 (currently the site is exempt from taxes) growing to over $1.6 million by year 2049.

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The Cultural and Arts District in New Brunswick provides many benefits to the residents of the City and to the greater community. Its member theaters - including the American Repertory Ballet, Crossroads Theatre Company, George Street Playhouse, Rutgers Mason Gross School of the Arts, and The State Theatre Regional Arts Center - spark creativity and innovation, provide venues for civic engagement, strengthen the economy, and drive revenue for local businesses and merchants.

The *Americans for the Arts, Arts & Economic Prosperity III* 2005 study, estimated that New Brunswick’s non-profit arts and culture organizations employed approximately 325 full-time equivalent jobs (“FTE”) in 2005. Of this total, an estimate 102 FTE’s were employed with member companies of this project; a figure that still holds true today. The project will require more employees because of the new theaters ability to attract larger productions as well as accommodate more shows. It is projected that approximately 128 FTE’s will be employed at the facility when it opens, representing an increase of 25% over current estimated employment figures.

Currently, the member companies of the NBCC attract 2,500 people each night and over 300,000 patrons annually. These visitors dine, meet for drinks, stay in the City’s hotels, and pay to park in New Brunswick. This results in an economic driver for the business district and generates tax revenue for the City. The *Americans for the Arts, Arts & Economic Prosperity III* 2005 study determined that $36.6 million was spent in the City by nonprofit arts and culture organizations along with their audiences in 2005. This figure is expected to increase with the addition of the New Brunswick Performing Arts Center Redevelopment Initiative, providing greater economic benefit to the local community and additional job creation for City residents.

The member companies of the NBCC have a history of involvement in the local community. Examples of this partnership include: The *American Repertory Ballet* partnership with the New Brunswick Board of Education to create DANCE POWER, the longest-running uninterrupted arts/community partnership in New Jersey serving more than 1,500 New Brunswick students each year. During the 2014-2015 academic year, *George Street Playhouse Theater Company* traveled 7,000 miles throughout the state to bring 141 performances to 94 schools in 17 counties reaching 34,847 students. The school-based residency program partnered with the New Brunswick Public Schools for the 5th year and had placements in all nine elementary and middle schools in the district, reaching 1,674 students and 164 teachers in 77 classrooms. The *Rutgers University Mason Gross Extension Division* offers world-class arts education to the entire community. The mission of the division is to provide life-changing educational opportunities to participants of all ages and to build community through the arts. The division’s innovative programming allows artists of all ages and ability levels to interact and learn from some of New Jersey's most distinguished teaching artists at the state's premier arts conservatory.

**Recommendation**

Authority staff has reviewed the application for Cultural Center Redevelopment Associates Urban Renewal, LLC and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue an approval letter to the Applicant.

Cultural Center Redevelopment Associates Urban Renewal, LLC

June 13, 2017
The Applicant is required to submit CCR’s operating agreement between Pennrose and Devco within six months of Authority board approval & contents must be satisfactory to the Authority.

Issuance of the RES ERG tax credits are contingent upon the Applicant meeting the following conditions with respect to the Project:

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 Temporary Certificate of Occupancy (no later than July 28, 2019; and
2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and satisfactory to the NJEDA;

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

The New Jersey Economic Opportunity Act of 2013 provides a total of $600 million in tax credits to be utilized towards eligible residential based projects. This figure was subsequently amended to $823 million and included mixed-use parking and other specified project types and locations. There is a $40 million allocation specifically for mixed-use cultural facility and approval of this Project will fully utilize this allocation. After approval of this Project, there is $182,816,260 in tax credits remaining in the residential program.

Total Estimated Eligible Project Costs: $ 136,590,404.

Eligible Tax Credits and Recommended Award: Up to 30% of actual eligible costs not to exceed $40,000,000 in tax credits to be paid over ten years.

Prepared by: Michael A. Conte
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: Adoreme, Inc. P44220

PROJECT LOCATION: 100 Electric Avenue Secaucus Town Hudson
(aka 100 Sivalco Road)

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

APPLICANT BACKGROUND:
Adoreme, Inc.is an on-line subscription based retailer, specializing in women’s lingerie and apparel, by offering a monthly style service throughout the United States and Canada. Founded in 2012 and headquartered in New York City, the on-line retailer designs and selects all the materials for its apparel in-house and uses third party providers for manufacturing and distribution. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Adoreme, Inc. is evaluating locations for an operation center for the company’s warehousing and distributing operations and is considering leasing 126,286 sq. ft. facility in Secaucus, NJ or 211,134 sq. ft. facility in Kutztown, PA. The Grow NJ project includes the creation of 83 new jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Adoreme, 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 Morgan Hermand-Waiche the CEO of Adoreme, 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 $963,247 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 of Gross Leasable Area

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Minimum Capital Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial/Warehouse/Logistics/R&amp;D - Rehabilitation Projects</td>
<td>$20</td>
</tr>
<tr>
<td>Industrial/Warehouse/Logistics/R&amp;D - New Construction Projects</td>
<td>$60</td>
</tr>
<tr>
<td>Non-Industrial/Warehouse/Logistics/R&amp;D - Rehabilitation Projects</td>
<td>$40</td>
</tr>
<tr>
<td>Non-Industrial/Warehouse/Logistics/R&amp;D - New Construction Projects</td>
<td>$120</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Minimum Full-Time Employment Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tech startups and manufacturing businesses</td>
<td>10 / 25</td>
</tr>
<tr>
<td>Other targeted industries</td>
<td>25 / 35</td>
</tr>
<tr>
<td><strong>All other businesses/industries</strong></td>
<td><strong>35 / 50</strong></td>
</tr>
</tbody>
</table>

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 targeted industry business in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Minimum Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment</td>
<td>$2,525,720</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>New Jobs</td>
<td>35</td>
<td>83</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>50</td>
<td>0</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Base Grant</th>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distressed Municipality</td>
<td>Base award of $4,000 per year for projects located in a designated Distressed Municipality</td>
<td>Secaucus Town is a designated Distressed Municipality</td>
</tr>
</tbody>
</table>

| Increase(s) Criteria        | N/A                                              |
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:

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>GRANT CALCULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project located in a Garden State Growth Zone</td>
<td>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.</td>
</tr>
<tr>
<td>A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area</td>
<td>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.</td>
</tr>
<tr>
<td>The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster</td>
<td>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.</td>
</tr>
<tr>
<td><strong>All other projects</strong></td>
<td><strong>The Retained Full-Time Jobs will receive the lesser of:</strong></td>
</tr>
<tr>
<td></td>
<td>- ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $4,000 = $2,000) or</td>
</tr>
<tr>
<td></td>
<td>- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($3,000,000 / 10 / (83 + 0) = $3,614)</td>
</tr>
</tbody>
</table>

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.
<table>
<thead>
<tr>
<th><strong>Grant Calculation</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASE GRANT PER EMPLOYEE:</strong></td>
<td></td>
</tr>
<tr>
<td>Distressed Municipality</td>
<td>$4,000</td>
</tr>
<tr>
<td><strong>INCREASES PER EMPLOYEE:</strong></td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td><strong>INCREASE PER EMPLOYEE:</strong></td>
<td>$0,000</td>
</tr>
<tr>
<td><strong>PER EMPLOYEE LIMIT:</strong></td>
<td></td>
</tr>
<tr>
<td>Distressed Municipality</td>
<td>$11,000</td>
</tr>
<tr>
<td><strong>LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:</strong></td>
<td>$4,000</td>
</tr>
<tr>
<td><strong>AWARD:</strong></td>
<td></td>
</tr>
<tr>
<td>New Jobs: 83 Jobs X $4,000 X 100% =</td>
<td>$332,000</td>
</tr>
<tr>
<td>Retained Jobs: 0 Jobs X $4,000 X 50% =</td>
<td>$0,000</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$332,000</strong></td>
</tr>
<tr>
<td><strong>ANNUAL LIMITS:</strong></td>
<td></td>
</tr>
<tr>
<td>Distressed Municipality</td>
<td>$8,000,000</td>
</tr>
<tr>
<td><strong>TOTAL ANNUAL AWARD</strong></td>
<td><strong>$332,000</strong></td>
</tr>
</tbody>
</table>

**PROJECT IS:** (X) Expansion ( ) Relocation
**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:** $3,000,000
**EXPECTED PROJECT COMPLETION:** October 1, 2017
**SIZE OF PROJECT LOCATION:** 126,286 sq. ft.
**NEW BUILDING OR EXISTING LOCATION?** Existing
**INDUSTRIAL OR NON-INDUSTRIAL FACILITY?** Non-Industrial
**CONSTRUCTION:** (X) Yes ( ) No

**NEW FULL-TIME JOBS:** 83
**RETAINED FULL-TIME JOBS:** 0
**STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016):** 0
**CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:** N/A
**MEDIAN WAGES:** $40,000
NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $4,283,247
TOTAL AMOUNT OF AWARD: $3,320,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $963,247

ELIGIBILITY PERIOD: 10 years

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

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Adoreme, 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. Ubinger
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: Damascus Bakery OPCO, LLC  
PROJECT LOCATION:  
60 McClellan Street Newark City Essex County  
65 Industrial Street South Clifton City Passaic County  
GOVERNOR’S INITIATIVES:  
(X) NJ Urban Fund  
( ) Edison Innovation Fund  
( ) Core  
( ) Clean Energy  
APPLICANT BACKGROUND:  
Damascus Bakery OPCO, LLC manufactures and distributes pita, flat breads, pizza crusts and other bread products. Headquartered in Brooklyn, NY and operating in Newark, NJ, Damascus Bakeries opened its community bakery in 1930 with the original pita bread. Now over 80 years and generation later, Damascus has been providing its bread products to both retail and food services throughout the United States. The applicant has demonstrated the financial ability to undertake the project.

In 2006, Damascus Bakery, Inc. was approved for a BEIP grant to relocate and create 180 jobs to New Jersey. The company currently has 200 employees at the Newark facility. The existing BEIP grant agreement must be terminated in order for the Grow NJ award to proceed.

In 2007, Authority assistance enabled Damascus Bakery Inc. via tax-exempt bond financing in amount of $7,750,000 and an Authority direct loan of $750,000 to purchase machinery and equipment, make renovations to, and construct an addition to the Newark facility. In 2012, Damascus Bakery NJ LLC closed on a $1,000,000 LDFF loan to support renovations at the Newark facility to incorporate a separate commercial bakery line. The two Authority loans have been paid in full. The tax-exempt bond will mature in November 2017 and will be paid in full at that time.

MATERIAL FACTOR/NET BENEFIT:  
Damascus Bakery is evaluating sites as it is outgrowing its 105,000 sq. ft. facility in Newark, NJ and needs to expand into a new facility. The company is contemplating remaining in Newark and adding a second production plant in Clifton, NJ by leasing an 102,000 sq. ft. facility to accommodate its growth. The alternative is to relocate the entire company to Macungie (Lehigh Valley), PA where it can house all its employees and production facility under one roof in an existing 210,000 sq. ft. facility. The Grow NJ project includes the retention of 200 jobs in the Newark facility and the creation of 150 jobs in Clifton.
The 105,000 sq. ft. industrial owned facility in Newark together with the proposed lease of 102,000 sq. ft. industrial facility in Clifton are deemed to be a "complex of buildings" as the buildings are part of the same financing and operational plans to expand in New Jersey. Accordingly, the Grow jobs at the two sites may be aggregated to meet the minimum eligibility requirement, the bonus for large number of new/retained full-time jobs, and certain other purposes specified in the regulations. However, each site must have its own capital investment eligibility requirement because the two sites are not proximate; nonetheless, the capital investment may be aggregated for purposes of qualifying as a Mega Project. Additionally, due to the two sites having different factors affecting the tax credit calculation (one is a Deep Poverty Pocket and one is not), two grant calculations are necessary.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Damascus Bakery OPCO, 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 David Mafoud, the CEO of Damascus Bakery OPCO, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, 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 $90 million over the 30 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 200 New Jersey jobs listed in the application are at risk of being located outside the State on or before February 1, 2019 by which time all operations would be transitioned into the alternate location. 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:

<table>
<thead>
<tr>
<th>Minimum Capital Investment Requirements</th>
<th>($/Square Foot of Gross Leasable Area)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial/Warehouse/Logistics/R&amp;D - Rehabilitation Projects</strong></td>
<td><strong>20</strong></td>
</tr>
<tr>
<td>Industrial/Warehouse/Logistics/R&amp;D - New Construction Projects</td>
<td><strong>60</strong></td>
</tr>
<tr>
<td>Non-Industrial/Warehouse/Logistics/R&amp;D – Rehabilitation Projects</td>
<td><strong>40</strong></td>
</tr>
<tr>
<td>Non-Industrial/Warehouse/Logistics/R&amp;D – New Construction Projects</td>
<td><strong>120</strong></td>
</tr>
</tbody>
</table>

*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:

<table>
<thead>
<tr>
<th>Minimum Full-Time Employment Requirements</th>
<th>(New / Retained Full-time Jobs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tech start ups and <strong>manufacturing businesses</strong></td>
<td><strong>10 / 25</strong></td>
</tr>
<tr>
<td>Other targeted industries</td>
<td><strong>25 / 35</strong></td>
</tr>
<tr>
<td>All other businesses/industries</td>
<td><strong>35 / 50</strong></td>
</tr>
</tbody>
</table>

*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 Essex and Passaic Counties, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Minimum Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment (Newark)</td>
<td>$2,100,000</td>
<td>$2,148,071</td>
</tr>
<tr>
<td>Capital Investment (Clifton)</td>
<td>$2,040,000</td>
<td>$21,073,711</td>
</tr>
<tr>
<td>New Jobs</td>
<td>10</td>
<td>150</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>25</td>
<td>200</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Base Grant</th>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mega Project</td>
<td>Base award of $5,000 per year for projects designated as a Mega Project</td>
<td>A Qualified Business Facility located in a Port District that qualifies as a Mega Project by virtue of being in a Port District for a business in the logistics, manufacturing, energy, defense, or maritime industry having either capital investment in excess of $20,000,000 and more than 250 full-time employees created or retained or having more than 1,000 employees created or retained.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase(s) Criteria</th>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deep Poverty Pocket or Choice Neighborhood</td>
<td>An increase of $1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood</td>
<td>60 McClellan Street, Newark is located in a Deep Poverty Pocket.</td>
</tr>
<tr>
<td>Large Number of New/Retained Full-Time Jobs</td>
<td>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</td>
<td>The applicant is proposing to create/retain 350 Full-Time Jobs at the project location resulting in an increase of $500.</td>
</tr>
<tr>
<td>Targeted Industry</td>
<td>An increase of $500 per job for a business in a Targeted Industry of Transportation,</td>
<td>The applicant is a Manufacturing business.</td>
</tr>
<tr>
<td>Damascus Bakery OPCO, LLC</td>
<td>Grow New Jersey</td>
<td>Page 4</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----------------</td>
<td>--------</td>
</tr>
<tr>
<td>Manufacturing, Defense,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy, Logistics, Life</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sciences, Technology, Health,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>or Finance excluding a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>primarily warehouse,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>distribution or fulfillment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>center business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mega/GSGZ Ind. Project w/</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cap. Inv. In Excess of Min</td>
<td></td>
<td></td>
</tr>
<tr>
<td>An increase of $1,000 per job</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The proposed project is a Mega Project. The proposed capital investments of $21,073,711 in Clifton is 409% above the minimum capital investment resulting in an increase of $5,000 per year.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>GRANT CALCULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project located in a Garden State Growth Zone</td>
<td>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.</td>
</tr>
<tr>
<td>A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area</td>
<td>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.</td>
</tr>
<tr>
<td>The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster</td>
<td>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.</td>
</tr>
<tr>
<td><strong>All other projects (Newark)</strong></td>
<td>The Retained Full-Time Jobs will receive the lesser of:</td>
</tr>
<tr>
<td></td>
<td>- ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $7,500 = $3,750) or</td>
</tr>
<tr>
<td></td>
<td>- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($2,148,071 / 10 / (0 + 200) = $1,074)</td>
</tr>
</tbody>
</table>

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.
The Retained Full-Time Jobs will receive the lesser of:
- $5,500
- $14,049

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.

---

### Grant Calculation (Newark)

**BASE GRANT PER EMPLOYEE:**
- Mega Project: $5,000

**INCREASES PER EMPLOYEE:**
- Deep Poverty Pocket: $1,500
- Large Number of New/Retained F/T Jobs: $500
- Targeted Industry (Manufacturing): $500

**INCREASE PER EMPLOYEE:**
- $2,500

**PER EMPLOYEE LIMIT:**
- Mega Project: $15,000

**LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:**
- $7,500

**AWARD:**

- New Jobs: $0,000
- Retained Jobs: $214,800

**Total:** $214,800

**ANNUAL LIMITS:**
- Mega Project: $30,000,000

**TOTAL ANNUAL AWARD:**
- $214,800
Grant Calculation (Clifton)

**BASE GRANT PER EMPLOYEE:**
Mega Project $5,000

**INCREASES PER EMPLOYEE:**
- Large Number of New/Retained F/T Jobs: $500
- Targeted Industry (Manufacturing): $500
- Mega Ind. Project w/ Cap. Inv. In Excess of Min: $5,000

**INCREASE PER EMPLOYEE:** $6,000

**PER EMPLOYEE LIMIT:**
Mega Project $15,000

**LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:** $11,000

**AWARD:**
- New Jobs: 150 Jobs X $11,000 X 100% = $1,650,000
- Retained Jobs: 0 Jobs X $11,000 X 50% = $000,000

**Total:** $1,650,000

**ANNUAL LIMITS:**
Mega Project $30,000,000

**TOTAL ANNUAL AWARD** $1,650,000

**PROJECT IS:** (X) Expansion ( ) Relocation

**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:**
- $2,148,071 (Newark)
- $21,073,711 (Clifton)

**EXPECTED PROJECT COMPLETION:**
December 31, 2019

**SIZE OF PROJECT LOCATION:**
- 105,000 sq. ft. (Newark)
- 102,000 sq. ft. (Clifton)

**NEW BUILDING OR EXISTING LOCATION?**
Existing (Both)

**INDUSTRIAL OR NON-INDUSTRIAL FACILITY?**
Industrial (Both)

**CONSTRUCTION:** (X) Yes ( ) No
NEW FULL-TIME JOBS (CLIFTON): 150
RETAINED FULL-TIME JOBS (CLIFTON): 0
NEW FULL-TIME JOBS (NEWARK): 200
RETAINED FULL-TIME JOBS (NEWARK): 0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016): 202
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: $ 24,960

NET BENEFIT MODEL: 2012
GROSS BENEFIT TO THE STATE (OVER 30 YEARS, PRIOR TO AWARD): $108,724,726
TOTAL AMOUNT OF AWARD: $ 18,648,000
NET BENEFIT TO THE STATE (OVER 30 YEARS, NET OF AWARD): $ 90,076,726

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:
1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twenty four 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 existing BEIP grant agreement must be terminated prior to the execution of a Grow NJ incentive agreement. In addition, only capital investment made at the Newark facility after the termination of the BEIP will count as an eligible capital investment.

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 February 1, 2018; 2) approve the proposed Grow New Jersey grant to encourage Damascus Bakery OPCO, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Peters  
APPROVAL OFFICER: 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: LifeCell Corporation
PROJECT LOCATION: 1 and 4 Millennium Way Branchburg Township Somerset County

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

APPLICANT BACKGROUND:
LifeCell Corporation (LifeCell) was formed in 1986 and develops, manufactures, and markets tissue repair products for the reconstructive, orthopedic, and urogynecologic bio-surgery markets. Through a series of mergers and acquisitions, LifeCell became part of the Acelity Group, a global medical technology company specializing in advanced wound care and regenerative medicine solutions, before on February 1, 2017 being sold to Allergan Holdco US, Inc., a United States subsidiary of Allergan plc (Allergan). In August of 2016 the Authority approved Allergan Sales, LLC, also a subsidiary of Allergan plc, for a $62.7 million Grow NJ award related to the consolidation of its New Jersey operations into a 431,495 sq. ft. facility in Madison.

LifeCell was approved for a BEIP award at its Branchburg facility in 1999, from which it received $5.8 million and has fulfilled its obligation. The Applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:
LifeCell currently operates two locations in New Jersey, with a Bridgewater space focused on R&D, sales, marketing, and administration and a Branchburg facility serving as its primary manufacturing and distribution hub, in addition to housing a variety of corporate functions. LifeCell is looking to gain efficiencies through the consolidation of its operations into a single location and has identified space across the street from its current 136,283 sq. ft. facility in Branchburg that it would renovate to house a 79,212 sq. ft. R&D and marketing operation. In addition to making an investment of $2.8 million in its existing Branchburg space, LifeCell would spend $21.3 million to build out the new R&D and marketing facility. The New Jersey project would result in retaining 561 existing positions, including 132 employees to be relocated from Bridgewater, and the creation of 50 new positions associated with this expansion.

In the event that LifeCell does not consolidate in New Jersey it would make an investment of $116.3 million to construct a new combined production, R&D, sales, marketing, and administrative facility at an owned Allergan location in Waco, TX that currently serves as a primary production operation and is undergoing a $200 million expansion independent of this LifeCell project. In addition to the 561 existing and 50 new jobs listed in this...
Grow NJ application, LifeCell would also relocate 48 positions currently housed in Bridgewater to Waco that will otherwise be relocated to Madison.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of LifeCell Corporation 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 A. Robert D. Bailey, the President of LifeCell Corporation, 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 $110.3 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 561 New Jersey jobs listed in the application are at risk of being located outside the State on or before December 31, 2018 as the project at the alternate location would be operational by that time. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

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

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

<table>
<thead>
<tr>
<th>Minimum Capital Investment Requirements</th>
<th>($/Square Foot of Gross Leasable Area)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial/Warehouse/Logistics/R&amp;D - Rehabilitation Projects</td>
<td>$20</td>
</tr>
<tr>
<td>Industrial/Warehouse/Logistics/R&amp;D - New Construction Projects</td>
<td>$60</td>
</tr>
<tr>
<td>Non-Industrial/Warehouse/Logistics/R&amp;D – Rehabilitation Projects</td>
<td>$40</td>
</tr>
<tr>
<td>Non-Industrial/Warehouse/Logistics/R&amp;D – New Construction Projects</td>
<td>$120</td>
</tr>
</tbody>
</table>

*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:

<table>
<thead>
<tr>
<th>Minimum Full-Time Employment Requirements</th>
<th>(New / Retained Full-time Jobs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tech start ups and manufacturing businesses</td>
<td>10 / 25</td>
</tr>
<tr>
<td>Other targeted industries</td>
<td>25 / 35</td>
</tr>
<tr>
<td>All other businesses/industries</td>
<td>35 / 50</td>
</tr>
</tbody>
</table>

*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 complex of buildings representing an Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for a life sciences business in Somerset County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Minimum Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment</td>
<td>$4,309,900</td>
<td>$24,100,000</td>
</tr>
<tr>
<td>New Jobs</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>35</td>
<td>561</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Base Grant</th>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Area</td>
<td>Base award of $3,000 per year for projects located in a designated Priority Area</td>
<td>Branchburg Township is a designated Priority Area</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase(s) Criteria</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Number of New/Retained Full-Time Jobs</td>
<td>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</td>
<td>The applicant is proposing to create/retain 611 Full-Time Jobs at the project location resulting in an increase of $1,000.</td>
</tr>
<tr>
<td>Targeted Industry</td>
<td>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</td>
<td>The applicant is a Life Sciences business.</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>GRANT CALCULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project located in a Garden State Growth Zone</td>
<td>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.</td>
</tr>
<tr>
<td>A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area</td>
<td>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.</td>
</tr>
<tr>
<td>The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster</td>
<td>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.</td>
</tr>
<tr>
<td><strong>All other projects</strong></td>
<td>The Retained Full-Time Jobs will receive the lesser of:</td>
</tr>
<tr>
<td></td>
<td>- ½ of the Grant Calculation for New Full-Time Jobs (1/2 $4,500 = $2,250) or</td>
</tr>
<tr>
<td></td>
<td>- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($24,100,000 / 10 / (561 + 50) = $3,944)</td>
</tr>
</tbody>
</table>

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.
### Grant Calculation

**BASE Grant Per Employee:**
- Priority Area: $3,000

**Increases Per Employee:**
- Large Number of New/Retained F/T Jobs: $1,000
- Targeted Industry (Life Sciences): $500

**Increase Per Employee:**
$1,500

**Per Employee Limit:**
- Priority Area: $10,500

**Lesser of Base + Increases or Per Employee Limit:**
$4,500

**Award:**
- New Jobs: 50 Jobs × $4,500 × 100% = $225,000
- Retained Jobs: 561 Jobs × $4,500 × 50% = $1,262,250

**Total:** $1,487,250

**Annual Limits:**
- Priority Area (Est. 90% Withholding Limit): $4,000,000/(1,400,679)

**Total Annual Award:** $1,487,250

**Project Is:** (X) Expansion (X) Relocation

**Estimated Eligible Capital Investment:** $24,100,000

**Expected Project Completion:** August 1, 2019

**Size of Project Location:** 215,495 sq. ft.

**New Building or Existing Location?** Existing

**Industrial or Non-Industrial Facility?** Non-Industrial

**Construction:** (X) Yes ( ) No

**New Full-Time Jobs:** 50

**Retained Full-Time Jobs:** 561

**Statewide Base Employment (As of December Day, 2016):** 648

**City From Which Jobs Will Be Relocated in New Jersey:** Bridgewater

**Median Wages:** $62,421

**Net Benefit Model:** 2017

**Gross Benefit to the State (Over 20 Years, Prior to Award):** $125,183,107

**Total Amount of Award:** $14,872,500

**Net Benefit to the State (Over 20 Years, Net of Award):** $110,310,607

**Eligibility Period:** 10 years
CONDITIONS OF APPROVAL:
1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within 12 months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:
The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before December 31, 2018; 2) approve the proposed Grow New Jersey grant to encourage LifeCell Corporation 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. Ubinger  
APPROVAL OFFICER: K. DeSmedt
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM

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

APPLICANT: S&F Supplies Inc. P44130

PROJECT LOCATION: 51-55 La France Ave Bloomfield Township Essex County

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

APPLICANT BACKGROUND:
S&F Supplies Inc. ("S&F") was established in 1985 as a manufacturer and a supplier for the sign industry. S&F distributes for most major brands, like Avery, Glen Raven, HP and Roland. S&F’s offices and warehouses are continuously updated with the latest products and technology that exists in the industry. The project is for a manufacturing facility in New Jersey. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
S&F currently operates out of Brooklyn, NY and will continue to operate in that location. This project is an expansion of the current business into the awning and sign manufacturing business. The qualified business facility (“QBF”) is an existing building in Bloomfield, NJ. A related special-purpose entity will purchase a 125,000-square foot facility and lease the 70,000 square feet to the applicant for renovation. Primary renovations will include offices, showrooms, warehouse repair, drive in doors and loading docks. The project would begin on or around July 2017 and construction would be completed by about April of 2020. The alternate facility is a 70,000-square foot facility in Easton, PA.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of S&F Supplies, 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 Joseph Sandel, the President (CEO) of S&F Supplies 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 $234,872 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 Essex County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Minimum Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment</td>
<td>$1,400,000</td>
<td>$1,995,340</td>
</tr>
<tr>
<td>New Jobs</td>
<td>10</td>
<td>35</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>25</td>
<td>0</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Base Grant</th>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distressed Municipality</td>
<td>Base award of $4,000 per year for projects located in a designated Distressed Municipality</td>
<td>Bloomfield Township is a designated Distressed Municipality.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase(s) Criteria</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Oriented Development</td>
<td>An increase of $2,000 per job for a project locating in a Transit Oriented Development</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>GRANT CALCULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project located in a Garden State Growth Zone</td>
<td>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.</td>
</tr>
<tr>
<td>A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area</td>
<td>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.</td>
</tr>
<tr>
<td>The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster</td>
<td>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.</td>
</tr>
</tbody>
</table>
| All other projects | **The Retained Full-Time Jobs will receive the lesser of:**  
- \( \frac{1}{2} \) of the Grant Calculation for New Full-Time Jobs \( (1/2 \times \$8,500 = \$4,250) \) or  
- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs \( (\$1,995,340/ 10 / (35 + 0) = \$5,700) \) |

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.
Grant Calculation

BASE GRANT PER EMPLOYEE:
Distressed Municipality $4,000

INCREASES PER EMPLOYEE:
Transit Oriented Development: $2,000
Capital Investment in Excess of Minimum (non-Mega): $2,000
Targeted Industry (Manufacturing): $500

INCREASE PER EMPLOYEE: $4,500

PER EMPLOYEE LIMIT:
Distressed Municipality $11,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $8,500

AWARD:

New Jobs: 35 Jobs X $8,500 X 100% = $297,500
Retained Jobs: 0 Jobs X $8,500 X 50% = $0,000

Total: $297,500

ANNUAL LIMITS:
Distressed Municipality $8,000,000

TOTAL ANNUAL AWARD $297,500

TOTAL ANNUAL AWARD BASED ON THE BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD) BEING 110% OF THE AWARD WITH THE APPLICANT PLEDGING TO STAY IN THE QUALIFIED BUSINESS FACILITY FOR 20 YEARS:

New Jobs: 35 Jobs X $6,705 X 100% = $234,675
Retained Jobs: 0 Jobs X $6,705 X 50% = $0,000

Total: $234,675

TOTAL ANNUAL AWARD (APPROVED) $234,675*

* PLEASE SEE RECOUPMENT SCHEDULE BELOW
RECOUPMENT SCHEDULE

<table>
<thead>
<tr>
<th>YEAR</th>
<th>RECOUPMENT AMOUNT</th>
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</thead>
<tbody>
<tr>
<td>16</td>
<td>$421,039.00</td>
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<tr>
<td>17</td>
<td>$330,620.35</td>
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<tr>
<td>18</td>
<td>$243,400.48</td>
</tr>
<tr>
<td>19</td>
<td>$159,266.21</td>
</tr>
<tr>
<td>20</td>
<td>$ 78,108.39</td>
</tr>
</tbody>
</table>

PROJECT IS: (X) Expansion  ( ) Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $ 1,995,340
EXPECTED PROJECT COMPLETION: April 1, 2020
SIZE OF PROJECT LOCATION: 70,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: (X) Yes  ( ) No

NEW FULL-TIME JOBS: 35
RETIRED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016): N/A
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: $ 25,000

NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $ 2,581,622
TOTAL AMOUNT OF AWARD: $ 2,346,750
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $ 234,872

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:
1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. If the number of employees, salaries or capital investment to be counted in the Net Benefit Test (NBT) falls by more than 10% from the amounts contained herein, the net benefit to the state will need to be recalculated under the then current NBT model, which may reduce the amount of the Grow NJ Award.
APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage S&F Supplies 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
BOND PROJECTS
AMENDED BOND RESOLUTIONS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: The Kintock Group of New Jersey, Inc. and The Kintock Group, P42759

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

PROJECT LOCATION: Various Statewide (N) Multi Count County

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

APPLICANT BACKGROUND:
The Kintock Group of New Jersey, Inc., established in 1987, is a 501(c)(3) not-for-profit organization that contracts with federal, state and county law enforcement agencies to provide alternatives to incarceration and re-entry services for individuals transitioning from the criminal justice system to the community. Diane DeBarri is the Chairman of the Board and Chief Executive Officer of The Kintock Group of New Jersey, Inc.

A previous request by the applicant for a tax-exempt bond in the amount of $3,377,500 with a guarantee of $844,375 closed in December, 1999 (Appl. P10563). The 1999 bond enabled the applicant to construct and equip a community release facility in Bridgeton. The interest rate was 6.37% and Summit Bank was the bond purchaser. The Authority also provided a loan in the amount of $500,000, which closed in February, 2000, to supplement the tax-exempt bond for the Bridgeton facility (Appl. P11122). The interest rate on the loan was 5.00%. The Authority provided a guarantee of $1,000,000 on a $4,000,000 conventional loan through Crown Bank, which closed in February, 2004 (Appl. P15265), for the construction and equipping of a facility to be used as an alternative to re-incarceration in Bridgeton. In 2010, The Authority refinanced the outstanding balances of the applicant’s existing $3.4 million tax-exempt bond, $500,000 direct loan, and $4,000,000 conventional loan through the issuance of a tax-exempt bond in the amount of $3,215,000 (Appl. P31130).

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

APPROVAL REQUEST:
Authority assistance will enable the applicant to finance a portion of the cost related to the acquisition and renovation of properties located at 3 W. Industrial Blvd., Bridgeton, 19-27 Meeker Ave., Newark, 37-47 Legal St., Newark, 40-58 Fenwick St., Newark, 32-38 Fenwick St., Newark, 13-17 Fenwick St., Newark, and 4 S. Industrial Blvd., Bridgeton to be used by The Kintock Group of New Jersey, Inc. Proceeds of the bond will also pay the cost of issuance. The Authority has also approved a $1,000,000 direct loan (Appl. P42691) and a $2,000,000 LDFF loan (P42692) to support project costs.

This project is related to P43349 for a $1,450,000 refunding of a prior bond issue for The Kintock Group which was approved on November 17, 2016.

Bond documents will include disclosure with respect to environmental status of the project property.

Approval is requested at the June 13, 2017 board meeting for the $2,000,000 taxable bond only.
FINANCING SUMMARY:

BOND PURCHASER: Municipal Capital Markets Group, Inc. (Underwriter)

AMOUNT OF BOND: $16,755,000 Tax-Exempt Bond. Part of a $20,205,000 Bond with P43349. $2,000,000 Taxable Bond. Part of a $20,205,000 Bond with P43349.

TERMS OF BOND: 30 years; Fixed interest rate at the municipal market data yield plus 350 basis points with a floor of 5.0%. The indicative rate is in place at 7.0% as of November 3, 2016. 10 years; Fixed interest rate with a maximum rate not to exceed 7.00%.

ENHANCEMENT: N/A

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Cost Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of existing building</td>
<td>$19,578,750</td>
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<td>Debt service reserve fund</td>
<td>$1,594,950</td>
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<td>Underwriter Discount</td>
<td>$202,050</td>
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<td>Cost of Issuance</td>
<td>$140,521</td>
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<tr>
<td>Legal fees</td>
<td>$57,461</td>
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<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$21,573,732</strong></td>
</tr>
</tbody>
</table>

JOBS: At Application 350 Within 2 years 50 Maintained 0 Construction 0

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

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: June 13, 2017

SUBJECT: Young Men’s Christian Association of Hunterdon County (Modification) $4.4 Million Tax Exempt Series 2012 Bond; P37558

Request:
Consent to (i) amend the Bond’s interest rate from 1 month LIBOR plus 2.50% to 69.75% of (1 month LIBOR plus 2%), (ii) modify call date, (iii) amend and restate collateral documents to allow for a new hedge agreement, and (iv) modify various definitions in Bond Agreement.

Background:
The Young Men’s Christian Association of Hunterdon County (“YMCA”) is a 501(C)(3) not-for-profit entity providing health and wellness programs as well as full-day childcare and senior care. The YMCA was first incorporated in 1921 and currently operates two primary facilities in the Round Valley Branch in Clinton Township and the Deer Path Branch in Readington Township, NJ.

In July 2012, the Authority approved a $4.4 million tax exempt Bond to refinance its existing mortgage on the Readington Township facility and to purchase two buildings with 26 additional acres of land. The Bond, directly purchased by TD Bank, N.A., has a term of 25 years with an interest rate of 1 month LIBOR plus 2.50%. The Bond is subject to call options each 10th year anniversary of the Bond. The current outstanding principal amount of the Bond is approximately $3.8 million and as a conduit financing, the Authority has no credit exposure.

Currently, Bank and Borrower have negotiated a new interest rate option for the 2012 Bond and are requesting Authority consent to modify the Bond’s current interest rate to 69.75% of (1 month LIBOR plus 2%). The Borrower wishes to reset the interest rate now while rates are low instead of waiting until the Bonds’ first call date of July 2022.

The Bank and Borrower also wish to amend the Bonds call date to July 2027, the 10th year anniversary of the amended Bond. Both additionally wish to amend and restate the Bonds’ collateral documents to allow for a new 10-year hedge agreement with The Toronto-Dominion Bank, parent company of TD Bank, N.A. In 2012, the Bank and Borrower entered into a 10-
year swap agreement which they wish to terminate. The Borrower instead plans to institute a new 10-year swap agreement with The Toronto-Dominion Bank, who is not a party to the current collateral documents.

Authority approval is also requested to modify various related definitions in the Bond Agreement.

Chiesa, Shahinian & Giantomasi, Bond Counsel to the Authority, has advised that the interest rate modification will constitute a reissuance of the Bond for Federal tax law purposes. They have also opined that the tax-exempt status of the Bond will not be adversely affected as a result of this modification.

The modification request is also being presented for a Public Hearing upon advice of Bond Counsel to ensure compliance with IRS requirements due to the reissuance of the 2012 Bond.

**Recommendation:**
Consent to the modification of interest, call date, collateral documents and various definitions as described above.

Prepared By: Lori Zagarella
COMBINATION PRELIMINARY AND BOND RESOLUTIONS
APPLICANT: Goose Pond Investors LLC

PROJECT USER(S): S.A. Bendheim Ltd *
S.A. Bendheim Co. Inc. *
Bendheim Wall Systems, Inc. *
122 Hudson St. LLC *

PROJECT LOCATION: 82 Totowa Road Wayne Township (N) Passaic

APPLICANT BACKGROUND:
Goose Pond Investors LLC is a real estate holding company recently formed company to acquire real estate
for S.A. Bendheim Co., Inc. and subsidiaries. S.A. Bendheim, founded in New York City in 1927, is a
manufacturer of specialty architectural glass. The fourth-generation, family-owned company stocks over
2,000 architectural glass varieties and offers unlimited custom design solutions. S.A. Bendheim develops
and distributes its products worldwide, maintaining a glass production facility in Passaic, New Jersey.

The applicant has also requested for a $2 million direct loan in connection with this bond financing.

APPROVAL REQUEST:
Authority assistance will enable the applicant to acquire 12 acres of land and a 138,000 sq. ft. facility, make
renovations and purchase machinery and equipment for the manufacturing business. Proceeds of the bond
will also pay for costs of issuing the bond.

Other sources of funds includes the $2 million EDA Direct loan and the applicant's equity.

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

AMOUNT OF BOND: $8,000,000 Tax-exempt bond

TERMS OF BOND: 25 years; Variable interest rate based on the tax-exempt equivalent of
one-month LIBOR plus 120 basis points. On the closing date, the borrower
may enter into a fixed interest rate swap for 15 years; subject to call options on
the tenth and twentieth anniversary and a rate reset on the fifteenth
anniversary. The indicative fixed rate as of 5/4/17 for fifteen years is 2.67%.

ENHANCEMENT: N/A

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of existing building</td>
<td>$10,000,000</td>
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<tr>
<td>Renovation of existing building</td>
<td>$1,200,000</td>
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<tr>
<td>Purchase of equipment &amp; machinery</td>
<td>$500,000</td>
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<tr>
<td>Finance fees</td>
<td>$50,000</td>
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<td>Legal fees</td>
<td>$38,000</td>
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<tr>
<td>Accounting fees</td>
<td>$20,000</td>
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</tbody>
</table>

TOTAL COSTS $11,808,000
PUBLIC HEARING: 06/13/17 (Published 05/30/17)  BOND COUNSEL: Chiesa, Shahinian & Giantomasi,
DEVELOPMENT OFFICER: M. Athwal  APPROVAL OFFICER: T. Wells

JOBs: At Application 80 Within 2 years 20 Maintained 0 Construction 10
PRELIMINARY BOND RESOLUTIONS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: Count Basie Theatre, Inc. P44209
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 99 Monmouth Street Red Bank Borough (N) Monmouth
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Count Basie Theatre, Inc. is a nonprofit 1,588 seat theatre that provides a broad spectrum of entertainment and education programs that are designed to foster understanding and appreciation of the performing arts. Adam Philipson is the Chief Executive Officer. The Theatre was established in 1926 and was renamed in 1984 to honor jazz artist and Red Bank, NJ native William "Count" Basie.

A previous request by the applicant for a tax-exempt bond in the amount of $8,000,000 closed on 8/19/2008. The bond was purchased by Sovereign Bank. The interest rate at closing was 4.45%.

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

APPROVAL REQUEST:
Authority assistance will enable the applicant to reduce its interest expense by refinancing existing conventional debt and provide reimbursement for renovation costs. Proceeds of the bond will also pay the cost of issuance.

FINANCING SUMMARY:
BOND PURCHASER:
AMOUNT OF BOND:
TERMS OF BOND:
ENHANCEMENT: N/A

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimburse Renovation Costs</td>
<td>$1,194,129</td>
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<tr>
<td>Refinancing</td>
<td>$533,395</td>
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<td>Legal fees</td>
<td>$10,000</td>
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<tr>
<td>Finance fees</td>
<td>$5,000</td>
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<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$1,742,524</strong></td>
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JOBS: At Application 25 Within 2 years 15 Maintained 0 Construction 0

PUBLIC HEARING: 06/13/17 (Published 05/29/17) BOND COUNSEL: McCarter & English, LLP
DEVELOPMENT OFFICER: K. Durand APPROVAL OFFICER: S. Novak
PUBLIC HEARING ONLY
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: ACMY, LLC

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

PROJECT LOCATION: 4100 New Brunswick Ave Piscataway (T) Middlesex

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

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

Trans-Packers Services Corp. will relocate its entire existing operation from its current location in Brooklyn to Piscataway, NJ. The project will include the purchase of a building, equipment and renovations. The applicant has also been approved for a direct loan from the EDA.

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

This project is being presented at the June 13, 2017 board meeting for public hearing only.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

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<td>Equipment Lease</td>
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<td>Renovation of existing building</td>
<td>$950,000</td>
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<td>Cost of Issuance</td>
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<tr>
<td>Legal fees</td>
<td>$30,000</td>
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<tr>
<td>Finance fees</td>
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<td>Accounting fees</td>
<td>$10,000</td>
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<tr>
<td>TOTAL COSTS</td>
<td>$11,228,200</td>
</tr>
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</table>

* - indicates relation to applicant
JOBS: At Application 0 Within 2 years 140 Maintained 0 Construction 7

PUBLIC HEARING: 06/13/17 (Published 05/30/17) BOND COUNSEL: Chiesa, Shahinian & Giantomasi,
DEVELOPMENT OFFICER: M. Athwal APPROVAL OFFICER: S. Novak
APPLICANT: Count Basie Theatre, Inc.  
PROJECT USER(S): Same as applicant  
PROJECT LOCATION: 99 Monmouth Street  Red Bank Borough (N)  Monmouth  
GOVERNOR'S INITIATIVES: ( ) Urban  ( ) Edison (X) Core  ( ) Clean Energy  

APPLICANT BACKGROUND:  
Count Basie Theatre, Inc. is a nonprofit 1,568 seat theatre that provides a broad spectrum of entertainment and education programs that are designed to foster understanding and appreciation of the performing arts. Adam Philipson is the Chief Executive Officer. The Theatre was established in 1926 and was renamed in 1984 to honor jazz artist and Red Bank, NJ native William "Count" Basie.  
A previous request by the applicant for a tax-exempt bond in the amount of $8,000,000 closed on 8/19/2008. The bond was purchased by Sovereign Bank. The interest rate at closing was 4.45%.  
The applicant is a not-for-profit, 501(c)(3) entity for which the Authority may issue tax-exempt bonds as permitted under Section 103 and Section 145 of the 1986 Internal Revenue Code as amended, and is not subject to the State Volume Cap limitation, pursuant to Section 146(g) of the Code.  

REFUNDING REQUEST:  
Authority assistance will enable the applicant to reduce its interest expense by refunding the outstanding balance of the 2008 bond issue. Proceeds of the bond will also pay the cost of issuance. Also for consideration is the $2,036,548 Tax-Exempt Bond P44209 to be used to refinance existing conventional debt.  
This project is being presented at the June 13, 2017 board meeting for public hearing only.  

FINANCING SUMMARY:  
BOND PURCHASER:  
AMOUNT OF BOND:  
TERMS OF BOND:  
ENHANCEMENT: N/A  

PROJECT COSTS:  
Principal amount of bond(s) to be refund $6,256,178  
Swap Termination Fee $190,773  
Legal fees $20,000  
Accounting fees $1,500  
TOTAL COSTS $6,468,451  

PUBLIC HEARING: 06/13/17 (Published 05/29/17)  BOND COUNSEL: McCarter & English, LLP  
DEVELOPMENT OFFICER: K. Durand  APPROVAL OFFICER: S. Novak
LOANS/GRANTS/GUARANTEES
MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: June 13, 2017

SUBJECT: NJEDA Revolving Loan Fund Plan

Background

During the years of 1976 through 1983 the United States Economic Development Authority (“USEDA”) provided the New Jersey Economic Development Authority (“NJEDA” or the “Authority”) a series of five grants totaling approximately $22 million. Collectively, these grants were recorded on the NJEDA’s books as Title IX funding. The USEDA required that each grant be earmarked to fund specific project types approved for financing by the NJEDA. Additionally, each loan funded with Title IX money had to comply with various USEDA requirements which included principal and interest payments to be recycled back into the respective Title IX funding sources.

Later in 1995, the NJEDA issued an approximate $28 million bond secured by an assignment of the Title IX loan portfolio to further capitalize the funding source. The bond was paid in full in 2001. Today, as loans supported with Title IX monies are closed and disbursed, the principal and interest payments continue to be recycled back into the respective funding sources and subject to all USEDA Title IX requirements. As of April 30, 2017, the NJEDA had 93 loans funded with Title IX monies totaling approximately $31.8 million. At the same time, the amount of available cash in the Title IX fund was $2.2 million.

In the utilization of USEDA funding in our revolving loan programs, the NJEDA is required to have in effect a Revolving Loan Fund Plan (“RLF”). In September 2016, the Authority provided the USEDA with an updated RLF plan. An updated plan is required to be submitted on each five-year anniversary. The Authority recently received a response regarding our September 2016 submission requiring the Members of the Board to approve the RLF plan. As such, attached for review and approval is the Authority’s RLF plan in effect.

Prepared by: David A. Lawyer
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PO BOX 990
36 WEST STATE STREET
TRENTON, NEW JERSEY 08625

U.S. DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION
REVOLVING LOAN FUND PLAN

September 21, 2016
Revised May 25, 2017
Board Approved June 13, 2017
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PART II: Revolving Loan Fund Operational Procedures

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<td>D.</td>
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<td>24-30</td>
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<tr>
<td>E.</td>
<td>Administrative Procedures</td>
<td>30-31</td>
</tr>
</tbody>
</table>
PART I: REVOLVING LOAN FUND STRATEGY

A. Economic Adjustment Overview and B. Business Development Strategy

The EDA was established in 1974 as a self-supporting independent agency to encourage economic growth and job creation in the State. Its core focus has been the growth of small and midsized businesses and the economic revitalization of distressed areas. In response to State policies, economic trends and needs in the marketplace, the EDA develops new programs and adapts existing ones that benefit its core business markets, communities and specific industry sectors. It seeks to fulfill its mission through financial assistance, real estate development support, incentive grants and other innovative funding structures, and through entrepreneurial training and mentoring.

While the EDA’s initial function was to help New Jersey companies take advantage of the low cost capital available through the federally authorized tax-exempt bond program, within a year of its creation, EDA was providing loans and loan guarantees to businesses with capital needs that were too small or who could not meet the rigorous credit criteria of the public debt markets.

The national recession and credit shortage in 1990, the late 2000s and early 2010s prompted the EDA to review existing programs and develop new or improved vehicles to bridge the gaps in the financial marketplace. With each economic downturn, the EDA has been able to combine its resources with those of its banking partners and other investment partners to reactivate the flow of funds to the business and not-for-profit communities.

Today, the EDA is keeping pace with the changing economy, putting more emphasis on providing the financing to give New Jersey a strong foundation in a 21st century economy whose hallmark industries will be in fields like high technology and life sciences. It also is helping New Jersey’s traditional industries modernize, emerging technology companies build an economic base in New Jersey and urban areas build the infrastructure and entrepreneurial skills needed in today’s modern society.

To help address economic adjustment problems and economic distress, the EDA utilizes a Public Policy Rating guide in evaluating applications for its loan products. This strategy aligns with our annual Strategic Business Plan, designed to ensure our programs and services meet New Jersey’s changing economic needs.

The EDA’s primary goals are to facilitate job creation and retention; encourage growth and investment in distressed municipalities, newly created Garden State Growth Zones* and other smart growth areas of the State; and, encourage growth and investment in industries targeted for growth. The EDA has a particular focus on women- and minority-owned businesses, as well as those projects that could help increase access to healthcare or fresh and nutritious food. The EDA also evaluates whether an applicant has municipal support, bank participation or other bank financing, as well as financing from other economic development organizations.
The overarching Strategic Imperatives of the EDA’s 2016 Strategic Business Plan are: 1) grow New Jersey’s economy through financial assistance and partnerships with businesses and municipalities to encourage economic growth, revitalization, and rebuilding; 2) advance a financially sustainable business platform while focusing on mission driven investments; and, 3) support the effectiveness of the EDA through improved resources, infrastructure, and processes. Among the strategies created to achieve these imperatives:

- Advance projects in each of the Garden State Growth Zones, as well as other distressed municipalities.
- Execute a coordinated communications, marketing and outreach plan for targeted communities and targeted industries to increase awareness of available programs and services.
- Focus resources on active premier lenders/local community banks and increase impact to small businesses through Community Development Financial Institutions in order to provide businesses with low cost financing for fixed assets, working capital, and/or refinancing, and ensure access to technical assistance.
- Provide $65 million in assistance through approved loans to small businesses to help businesses overcome financial obstacles that can stall their growth and expansion.
- Support customer success, stimulate business growth and retain and expand employment opportunities for New Jersey residents by focusing resources on manufacturers, small, medium/large-sized businesses and nonprofit organizations. These entities have a demonstrated need for capital to support operations, expansion and/or upgrading of equipment.
- Ensure the delivery of quality technical assistance to small businesses through strategic partnerships.
- Offer direct investments to support the technology community and collaborate with equity partners to increase awareness of New Jersey businesses and investment opportunities, recognizing that emerging technology and life sciences companies can be capital intensive and require support beyond financing to advance to the next phase in their lifecycle of growth.

* Under the New Jersey Economic Opportunity Act of 2013 and through subsequent amendments, Garden State Growth Zones are defined as the four New Jersey cities with the lowest median family income based on the 2009 American Community Survey from the US Census; and a municipality which contains a Tourism District as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino Reinvestment Development Authority. These cities include: Atlantic City, Camden, Trenton, Passaic, and Paterson.
C. Financing Strategy

Financing Needs and Local Capital Market Overview

EDA has aligned its financing strategy to meet current needs and leverage opportunities for growth in the market. Of note, the life sciences, healthcare, finance, technology, transportation, logistics, and distribution industries are more concentrated in New Jersey than the rest of the country. Specifically, the life sciences and healthcare sectors are considered strong and growing industries within the State; however, consistent with other states across the country, there continues to be a need for capital for emerging life sciences companies in particular.

Additionally, manufacturing has been a vibrant contributor to the State’s economy for close to 200 years. With nearly 10,000 manufacturers operating in New Jersey – from large pharmaceutical companies to small machine shops – this industry contributes more than $41.6 billion to New Jersey’s gross domestic product. As a vital driver of the State and national economy, the EDA continues to focus on helping small and midsized manufactures access the capital they need to grow – whether a company is purchasing new equipment or refinancing a mortgage.

In addition to encouraging growth in targeted industry sectors, the EDA has focused its strategy on supporting growth in municipalities with traditionally weak real estate markets, including distressed municipalities and the newly created Garden State Growth Zones.

While New Jersey’s lending climate is improving, there remains some hesitancy from commercial banks. Since businesses are starting to look for capital to hire employees or recapitalize their businesses with new equipment, the EDA has worked to reanimate the flow of funds to the business and not-for-profit communities throughout the recession and recovery.

The EDA is pleased to report that, over the last five years, our traditional lending programs have provided $2.2 billion in financing to more than 600 small and midsized businesses across the State. This assistance has leveraged $4 billion in total public/private investment, the creation of an estimated 6,600 new, full-time jobs, and the support of more than 29,014 existing jobs. Of this, $98 million in financing has been provided to manufacturing companies in New Jersey and $395 million in financing has been provided to support the greater technology industry.

Among the strategies advanced:

- Launched the EDA’s new small and mid-sized business-focused marketing campaign. Featuring the theme “EDA Was Here,” the campaign uses a testimonial approach to showcase how businesses have used the EDA’s programs and services to overcome challenges, meet financing gaps, and grow. The campaign includes print ads in various New Jersey business publications, as well as digital display ads on various business websites and search engine marketing.
- Launched social media channels and newsletters dedicated to 1) small businesses and manufacturers; and 2) technology.
• Created a new program with TD Bank – the New Jersey Advantage Program – to increase access to capital for small businesses. The program offers loans and lines of credit financed by TD Bank up to $5 million, with a subordinate guarantee of up to 50 percent provided by the EDA. Companies benefit from optional fixed or variable below-market interest rates.

• Extended contract with not-for-profit economic development corporation UCEDC to deepen EDA’s reach into underserved communities and provide greater access to technical assistance for aspiring entrepreneurs and small business owners. In 2015, UCEDC trained or mentored more than 1,900 entrepreneurs and conducted 97 business training workshops.

• Strengthened the Loan to Lenders program to benefit microlenders and Community Development Financial Institutions (CDFIs) that have a successful lending track record in their local communities. Under the enhanced parameters of the program, organizations with a successful EDA history will now be able to qualify for up to $750,000, an increase of $250,000 from what was previously available; new borrowers may qualify for up to $500,000. The loan term has been extended to 15 years, with interest-only payments for up to five years. Previously, terms were available for up to ten years, with interest-only payments for up to three years. Based on current marketplace needs, the use of funds has also been expanded to include lines of credit. Since 2010, the EDA has provided a total of $4.2 million to CDFIs through its Loans to Lenders Program, including UCEDC, Greater Newark Enterprises Corporation (GNEC) and New Jersey Community Capital (NJCC).

RLF Financing Niche

The EDA provides financing assistance primarily to small and mid-sized businesses that have been in operation for more than one full year. Types of financing provided include commercial mortgages, equipment loans, and guarantees on amortizing term loans and working capital line of credits. For details surrounding repayment terms, collateral requirements, and interest rates, please refer to Section D “Financing Policies” items 5, 6, 7, and 8.

D. Financing Policies

Eligible Lending Area: Eligible lending areas of the EDA generally include the entire State of NJ. Preference, however, may be given to certain projects supporting significant job creation/maintenance, commercial development, and redevelopment activities in certain urban areas of the State.

Allowable borrowers: Borrowers typically include for-profit and non-profit entities. Such entities may represent a real estate holding company or operating company. Industries served varies but may include Manufacturing, Office/Commercial, Technology, Pharmaceutical, Life Science, Clean Energy/Recycling, Supermarket/Grocery Store, warehouse/Logistics/Distribution, Financial Services, Healthcare, Education/Social Services, and Transportation.
Allowable lending activities: Allowable lending activities at the NJEDA include commercial mortgages, equipment loans, guarantees on term loans, and working capital lines of credit. Prohibited uses include:

1. The acquisition of an equity position in a private business;
2. Subsidizing interest payments on an existing NJEDA loan;
3. Providing borrowers the required equity contributions under other Federal Agencies' loan programs;
4. Enabling borrowers to acquire interest in a business either through the purchase of stock or through the acquisition of assets where sufficient justification per USEDAL requirements are not met;
5. Loans to a borrower for the purpose of investing in interest-bearing accounts, certificates of deposit, or any investment unrelated to the loan;
6. Refinance existing debt that does not demonstrate "sound economic justification" per USEDAL requirements.

Loan size: Loan size is in part dependent upon the program in which the loan application will be processed. Technically, the EDA does not have a minimum loan size. Generally, however, loan size does range from approximately $50,000 up to $2,750,000.

Interest Rates: Borrowers have an option of selecting a fixed or variable interest rate. The Borrower advises the Authority, in writing prior to the time of closing, which option will be selected. Interest rates are determined by the Risk Based Pricing Model that includes a Base Rate and adjustments for Risk Rating.

Fixed Interest Rate: Rate is fixed at the time of closing and may be fixed for five (5) years. Fixing the rate for longer than five years is considered an exception to policy. The Base Rate for fixed rate loans is the 5-Year US Treasury or floor of 2% whichever is higher with basis point additions based on the default credit risk rating.

Variable Interest Rate: Rate is adjusted on the first business day of each calendar quarter, with a maximum interest rate for the first five years of 5% above the calculated interest rate. The variable interest rates will be adjusted (up or down) on the first business day of each calendar quarter based on the lowest Prime rate published in the Wall Street Journal on the previous Friday. The Base Rate for variable rate loans is the WSJ Prime minus 150 basis points with a floor of 2%.

Any loan utilizing USEDAL funds must have a minimum interest rate of four percent below the lesser of the WSJ prime rate or the maximum interest rate allowed under State law. In no event shall the interest rate be less than the lower of four percent (4%) or 75% of the WSJ prime rate.
Below are the rate adjustments based on the default risk rating:

<table>
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<tr>
<th>Risk Rating</th>
<th>Rate Adjustment</th>
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<tbody>
<tr>
<td>Substandard</td>
<td>300 basis point increase</td>
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<tr>
<td>Watch</td>
<td>200 basis point increase</td>
</tr>
<tr>
<td>Acceptable</td>
<td>150 basis point increase</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>50 basis point increase</td>
</tr>
<tr>
<td>Strong</td>
<td>No interest rate adjustment</td>
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</table>

*Note: If the credit underwriter recommends to override the Default Risk Rating and a different Risk Rating is approved, the Default Risk Rating from the model will be used in determining the applicable interest rate.*

**Terms:** The standard loan term is five years. Loan regulations allow for up to a ten-year term. If a 10-year term is used, a five-year rate reset is required. A five-year call option is required if the senior lender has that option or if the credit risk of the loan warrants it.

Real Estate loans may have up to a 25-year amortization.

The standard term for equipment loans is five years. Equipment loans may have up to a seven-year amortization or the useful life of the equipment. If more than a five-year term is used a five-year rate reset is required. A five-year call option is required if the senior lender has that option or if the credit risk of the loan warrants it.

The total term and amortization of working capital loans will not exceed five years.

**Fees:** The NJEDA’s loan fees are determined by program. Current loan program fees are illustrated below, and are adjusted periodically upon Board approval.

**Direct Loan Program**
- **Application Fee** $1,000
- **Commitment Fee** 0.875% of loan amount
- **Closing Fee** 0.875% of loan amount
- **Commitment Extension Fee** $750

**Edison Innovation Fund**
- **Application Fee** $2,500
- **Commitment Fee** 0.75% of loan amount
- **Closing Fee** 0.75% of loan amount
- **Commitment Extension Fee** $750
**Premier Lender Program**

<table>
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<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application Fee</td>
<td>$1,000</td>
</tr>
<tr>
<td>Guarantee Fee</td>
<td>Up to 0.5% sized to percentage guarantee required, not to exceed 0.5% of Authority Exposure * length of guarantee in years.</td>
</tr>
<tr>
<td>Commitment Fee</td>
<td>$750</td>
</tr>
<tr>
<td>Closing Fee</td>
<td>$0</td>
</tr>
<tr>
<td>Extension Fee</td>
<td>$750</td>
</tr>
</tbody>
</table>

**Small Business Fund**

<table>
<thead>
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<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application Fee</td>
<td>$300</td>
</tr>
<tr>
<td>Guarantee Fee</td>
<td>Up to 0.5% sized to percentage guarantee required, not to exceed 0.5% of Authority Exposure * length of guarantee in years.</td>
</tr>
<tr>
<td>Commitment Fee</td>
<td>0.5%</td>
</tr>
<tr>
<td>Closing Fee</td>
<td>0.5%</td>
</tr>
<tr>
<td>Extension Fee</td>
<td>$750</td>
</tr>
</tbody>
</table>

**Equity & Collateral:** Collateral for loans will typically be centered in hard assets. For instance, a loan used to purchase or refinance real property will be secured by a lien on that real property. A loan used to purchase or refinance equipment will be secured by the equipment. Lastly, a working capital loan will be secured by real property, equipment, or a combination of both. A blanket lien on the business assets of the borrower (i.e., cash, accounts receivable, inventory) is also taken, however, the EDA as a matter of credit policy does not place any value in such assets when determining collateral coverage. Guarantees on bank working capital line of credits are generally secured by accounts receivables and inventory.

The EDA does not have a policy requiring a borrower to place a minimum level of equity into a project. On a case by case basis, however, we may require the borrower to inject equity into the project depending upon owner wherewithal, amount of financing requested, strength of collateral, and credit risk of project to name a few.

**Moratoria:** Under the NJEDA’s Edison Innovation Fund, borrowers based on their maturity stage of business and projected performance of operating cash flow, may receive a deferral of principal of up to two years followed by full amortization for the remaining three years of the five-year term. During the principal moratorium, interest payments are required.

Principal moratoriums for the remaining NJEDA loan programs are provided on a case by case basis depending on items including but not limited to the type of project financed and the operating cash flow needs of the business. The typical moratorium is no more than six months. During that time, however, interest payments are required.

**Start-ups:** Financing to start-up entities is provided on a case by case basis. The credit underwriting performed is identical to that described in Section B, “Loan Processing Procedures”, with the exception that the recurring operating cash flow generated by the business to repay the loan is based on projections supported by narrative assumptions provided by the applicant and reviewed for reasonableness and stressed by NJEDA staff.
Working Capital: The NJEDA under our loan programs (excluding the Edison Innovation Fund) offers working capital loans of up to $750,000. Note that the maximum working capital loan under the Small Business Fund is $500,000. The maximum term and amortization of a working capital loan is five years and the loan must be fully secured by hard assets defined as real property or equipment.

Credit not otherwise available: As a means to ensure NJEDA monies are not being used to substitute available private capital, our lending partners must demonstrate in their approval and commitment letters that our participation in project financing is a condition of closing. This is further expressed in the lead bank’s approval where certain credit criteria such as legal lending limit, maximum loan to value, debt service coverage ratio, to name a few are stated to exceed bank policy if NJEDA participation did not exist.

E. Portfolio Standards and Targets

Target Percentages:
- Land use (i.e. industrial, commercial, service commercial, etc.)
  - Percent Loans for Industrial = 40%
- Business status (start-up, expansion, retention)
  - Percent Loans for Start-Ups = 6%
- Fixed asset loans vs. working capital loans
  - Percent Working Capital Loans = 20%

Private Sector Leverage:
- Non-RLF Private Leverage Ratios: 2.00:1.00
- Non-RLF Private and Other Leverage Ratios: 2.00:1.00

Job Cost ratio:
- Cost Per Job = $65,000

Job Cost ratio (Criteria):
- Not applicable

F. RLF Loan Selection Criteria

Please refer to Section B, “Loan Processing Procedures”, number 5, “Procedures for Loan Approvals”.

G. Performance Assessment Process

EDA employs a Senior Risk & Valuation Officer who provides a quarterly report on performance, including an assessment of financial risks, focusing on the market and credit risk in EDA investable assets and sources of revenues; and a loan and guaranty analysis, providing information related to delinquent accounts and new loan activity. The report is shared with the Directors Loan Review Committee (DLRC), a committee of the EDA Board charged with reviewing the Authority’s exposure requests including but not limited to direct loan and loan guarantee requests prior to submission to the full Board of the Authority for consideration.
As part of its annual Strategic Business Plan process, the EDA reviews and updates its financing strategy. The RLF Plan is updated as needed to ensure consistency with strategic plans and ongoing changes related to policies and procedures that may occur throughout the year.

PART II: REVOLVING LOAN FUND OPERATIONAL PROCEDURES

A. Organization Structure

Critical Operational Functions:
In 2012, the EDA undertook a review of its operations and organizational structure. Following the review, reorganization took place to enable sustained high performance, as well as to achieve new levels of accomplishments and economic growth. To that end, the EDA currently has a Chief Executive Officer, providing strategic direction to the Authority, and a President/Chief Operating Officer, managing the technical and diverse core operations of the organization. The EDA also employs three Senior Vice Presidents overseeing the following divisions: Governance, Communications & Strategic Initiatives; Finance & Development; and, Operations. To further align the Authority with its Strategic Business Plan, the EDA employs a Managing Director of Underwriting & Closing, and a Managing Director of Post-Closing Financial Services, both reporting to the Senior Vice President of Finance & Development. This section includes an organizational chart of the Authority, as well as brief descriptions of makeup and function of each of the divisions involved in RLF lending activities.

[Organizational chart image]

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June 13, 2017 Board Book - Loans/Grants/Guarantees
Governance, Communications & Strategic Initiatives

Liaisons with boards and external stakeholders (Governor’s Office, State agencies, business organizations); leads strategic planning process; and develops system for performance measurements to communicate results, internally and externally, and enhance strategic planning efforts. Develops policy and legislative initiatives and responses that support achievement of EDA’s mission and business objectives.

- **Marketing & Public Affairs** - Oversees all interaction with news media regarding Administration’s initiatives to support economic growth. Liaises with Governor’s Communications Office. Leverages traditional marketing strategies and tactics utilizing new media, including digital media and social networking sites.

- **Technology & Life Sciences** - Creates, sustains and grows technology and life sciences businesses by partnering with the Commission on Science and Technology and the Commission on Higher Education that will lead to high-paying job opportunities for New Jersey residents; increases access to early-stage capital and provides specialized assistance to science and technology businesses; manages State’s three Innovation Zones.

- **Real Estate** - Oversees the identification, analysis, acquisition, development, management and sale of

Finance & Development

Serves as the direct interface between the EDA and its customers – ranging from urban businesses and technology companies to nonprofit organizations and municipalities – that take advantage of EDA and State financial products and services; builds and grows relationships with targeted markets. Ensures effective fulfillment of client financial contracts. Ensures all transactions are appropriately reviewed, underwritten, closed and monitored.

- **Business Banking & Community Development** – Develops and implements EDA sales strategies and processes; builds relationships with key clients, financial institutions, woman-owned and minority-owned businesses. Provides entrepreneurial and technical assistance to new and aspiring small business owners.

- **Underwriting & Closing**
  - Credit & Real Estate Underwriting – Oversees the approval of loans and guarantees to ensure they meet credit policies and are within a reasonable risk level to meet EDA goals.
  - Bonds & Incentives – Responsible for reviewing and processing applications for financial assistance under various programs which do not involve a financial exposure to the EDA, such as bond financing and tax credit assistance.
  - Closing Services – Prepares and reviews all documents and activities necessary to close all financial transactions into which the EDA enters, including loan, guarantee, bond closings, financial assistance agreements and grant executions.
• **Post-Closing Financial Services**
  - Finance & Bond Portfolio Management – Responsible for monitoring all loans over their term to ensure post-closing obligations are met, including loan repayment and reporting requirements.
  - Real Estate Incentives Portfolio Management – Responsible for monitoring all incentives and grants to ensure post-closing obligations are met.
  - Jobs Incentives Portfolio Management Positions - Responsible for monitoring all incentives and grants to ensure post-closing obligations are met.

**Operations**

Oversees Accounting, Human Resources, Internal Process Management and IT departments to ensure the coordination of the EDA’s support functions and operations.

- **Accounting & Financial Reporting** – Coordinates financial side of business plan; prepares financial projections; oversees budgets, monthly reporting activities, financial analysis of annual budgets, strategic plans, and monthly projections for EDA as well as related boards.
- **Human Resources** – Provides coaching and consultation to the EDA leaders on change management, organization effectiveness, leadership development, organization design, and improving the overall working environment of EDA; delivers HR support focused on attracting, developing, motivating and retaining the talent needed by EDA to successfully execute strategy.
- **Information Technology Services** – Directs all planning, execution and measurement of activities that relate to technology, infrastructure, programming, documentation management and loan processing within the EDA for all of EDA’s transactions.
- **Internal Process Management** – Coordinates all procurement and compliance activities for the EDA.

**Loan Administration Board:**

Per its enabling statute, the EDA’s Board consists of the Commissioner of Labor, the Commissioner of Banking and Insurance, the Commissioner of Environmental Protection, an officer or employee of the Executive Branch of State government appointed by the Governor and the State Treasurer, who shall be members ex-officio, eight public members and three alternate members appointed by the Governor for terms of three years. One public member of the EDA subsidiary, the State Economic Recovery Board for Camden, will be appointed by its Board to serve as a non-voting, ex-officio Member of the Authority Board. Two public members and one alternate member shall be appointed by the Governor upon the recommendation of the Senate President and two public members and one alternate member shall be appointed by the Governor upon the recommendation of the Speaker of the Assembly. Each member shall hold the office for the term of his appointment and until his successor shall have been appointed and qualified. A member shall be eligible for reappointment. Any vacancy in the membership occurring other than by expiration of term shall be filled in the same manner as the original appointment but for the unexpired term only. In the event that a public member is unable to attend all or any part of a meeting of the Authority, the Chairperson may authorize an alternate member, in the order of appointment to exercise all of the powers, duties and responsibilities of such member.
Designees: Each ex-officio member of the Authority may designate an officer or employee of the member’s department to represent the member at meetings of the Authority, and each such designee may lawfully vote and otherwise act on behalf of the member.

Annual Meetings: The annual meetings are held at the principal office of the Authority on the first Tuesday of September of each year, at 10:00 a.m. or such earlier or later date in September of each calendar year as the Chairperson may designate in accordance with the notice provisions provided for the purpose of electing the Vice Chairperson and the Treasurer of the Authority and for the transaction of such other business as may properly come before the meeting.

Regular Meetings: Regular meetings of the Authority shall be held at such times and places as may be determined by resolution of the Authority in accordance with the provisions of the Open Public Meetings Act.

Special Meetings: Special meetings of the Authority may be called at any time by the Chairperson and must be called by the Chairperson upon receipt of the request of three other members of the Authority. Such meetings shall be scheduled in conformity with the provisions of the Open Public Meetings Act. Notice of such meeting shall be mailed to the address designated in such request in writing, shall be given no less than forty-eight (48) hours prior to the date of such meeting, and shall specify the time, place and purpose of the meeting.

Quorum Requirements: At any meeting of the Authority, seven members of the Authority present shall constitute a quorum for all purposes. No vacancy in the membership of the Authority shall impair the right of the members to exercise all the powers and perform all the duties of the Authority.

Conflict of Interest:
The EDA is a NJ State Authority and its employees and Board Members are subject to the State’s Conflict of Interest Law. On an annual basis the Members of the EDA Board and its employees are required to complete conflict of interest training and certification. During the approval process, board member and employees that are directly involved are required to report to the EDA’s Ethics Officer if there is a conflict of interest and recuse themselves from participating in discussions and approval.

B. Loan Processing Procedures

Standard Loan Application Requirements:
- Financial Statements for three most recent fiscal years
- Signed Tax Returns for three most recent years
- Interim statements if latest financials are more than 90 days old
- Schedule of Debt – if not on financials (rate, payment, term & collateral)
- Projections for start-ups
- Pro Forma (for real estate development projects)
- Personal Tax Returns
- Personal Financial Statements (for all personal guarantors)
Credit and Financial Analysis

- Credit reports - Credit reports are obtained on all owners having more than a 10% ownership in the applicant or operating business. The applicant’s authorization to obtain his/her credit reports is provided via the EDA application. The EDA uses a third party vendor for credit reports.

- Standard collateral requirements (personal guarantees, mortgages, insurance) - Collateral is required for all loan requests. The NJEDA’s maximum loan to value on loans secured by real estate and equipment is 100% market value and 90% purchase price respectively. Personal guarantees are required for all owners having a 10% or more ownership position in the applicant and operating business.

NJEDA as a condition of closing will require the borrower to provide a Certificate of Liability Insurance indicating the amount of general liability coverage and naming the NJEDA as additional insured as it applies to both general liability and any umbrella/excess coverage regarding the premises of the borrower.

On loans secured by real property, the NJEDA will require as a condition of closing Evidence of Property Insurance indicating the amount of coverage and naming the NJEDA as Mortgagee for the premises.

Finally, if the real property is deemed to be located in a special flood hazard area, the NJEDA will require as a condition of closing a Certificate of Insurance indicating amounts of flood insurance and naming the NJEDA as Mortgagee.

- Standard Equity requirements (how will they be documented/confirmed) – Please refer to section 8 “Equity and Collateral” regarding equity requirements. Equity amounts placed into the project are confirmed at closing via the settlement statement.

- Appraisal Reports - Appraisal reports are either obtained by the participating lender or the applicant.

- Credit not otherwise available (bank letter)- Our lending partners must demonstrate in their approval and commitments that EDA’s participation in project financing is a condition of their commitment. This is further expressed in the lead bank’s approval where certain credit criteria such as legal lending limit, maximum loan to value, debt service coverage ratio, to name a few are stated to exceed bank policy if NJEDA participation did not exist.
Environmental Reviews:
Environmental reviews (internally by Bank or by a third party hired by the Bank) are required by the senior lender as a condition of closing. A copy of the completed review and conclusion/recommendation is provided to the NJEDA. It is the responsibility of the NJEDA’s credit underwriter to review the environmental report to ensure no issues are present that will impair the quality of the collateral.

Note that since the NJEDA does not provide construction loans, the criteria included on page seven of the checklist is not applicable for our RLF plan.

Loan Write-up:
Please see response in Section 5 below.

Procedures for Loan Approvals:

CREDIT EVALUATION

When underwriting a request for a direct loan, participation, and/or guarantee, many factors are taken into consideration. The primary source of repayment should be the operating cash flow of the business. A secondary source of repayment may be the personal cash flow and/or personal liquidity of the individual owners of the business. Collateral should not be the primary source of repayment. The following guidelines should be used in underwriting a loan/guaranty request:

1. Public Purpose Evaluation:
   a) Job Creation: It is expected that new jobs will be created as a result of Authority financing. It is expected that one new job for every $65,000 of Authority assistance will be created or maintained within two years of the financing. For manufacturers, the criteria will be one job maintained for every $65,000 of Authority assistance.
   b) Geographic Location: Determine if project location is in:
      • A targeted urban area such as Atlantic City, Camden, East Orange, Elizabeth, Jersey City, Newark, New Brunswick, Passaic, Paterson, or Trenton.
      • If the project is located in any other urban aid city as defined by the State of NJ.
      • Planning area 1 or 2 per the New Jersey Housing and Mortgage Finance Agency
      • Verification of whether project location is a Brownsfield site, should also be made.
   c) Industry: A determination is made whether the applicant company operates within an industry using the NAICS code.
2. Debt Service Coverage Ratio:

A minimum of 1.1x coverage based on historical annual statements of the business is expected. This ratio is used to determine if the applicant can service both existing and the new debt based on the historical cash flow of the business. If the historical statements do not show this ability, then global DSCR may be used. If neither measure show the ability but there is merit of further credit consideration, then financial projections created and provided by the applicant may be used. In projects to which DSCR is based on projection, a board approval is required. The projections should be sensitized to determine what level of decreased revenue has to be realized until a breakeven scenario is reached. Note that breakeven is defined as a DSCR equal to 1.00x. When completing this stress test, the analysis must assume that variable expenses such as employee salaries/commissions will be reduced by one third during the period of revenue decline. The analysis must also assume fixed costs will remain the same.

DSCR is defined as (Net Profit + Depreciation + Interest Expense - Owner's Withdrawals and Distributions) / (Existing Annual Debt Service + New Debt Service). An amount for other expenses such as new real estate taxes and insurance should be included. Global DSCR is defined the same as historical DSCR with the exception that excess annual cash flow is added to the numerator. As a matter of practice, it is best to calculate both as the excess annual cash flow of the owner(s) may be negative and result in an impaired DSCR that warrants further consideration.

3. Collateral Coverage:

Loan to Value should not exceed 100%. Collateral should provide adequate protection in the event a loan cannot be repaid. Loans over 100% LTV are considered an exception to policy. No value should be given to the working capital assets of the business (i.e. Accounts Receivable and Inventory), however a blanket lien on the assets of the business may be taken. An evaluation of the collateral available to secure a loan should take into consideration collateral type, collateral value and source of valuation, and lien position.

Acceptable collateral may include:
   a) Commercial real estate-owner occupied*
   b) Residential real estate*
   c) Investment real estate*
   d) New or used equipment*
   e) Marketable securities/Cash and cash equivalents

*Collateral is to be located in New Jersey. Any collateral located outside of New Jersey will be approved on an exception basis. Also, owner occupied is defined as our borrower and/or corporate guarantor occupying 51% or more of the space.

4. Guarantees: Joint and unlimited guarantees are required for any person or entity having a 10% or more ownership interest in the applicant or operating company. If a holding company is formed for the purpose of acquiring assets, cross-corporate guarantees are required.
5. Loan Terms:
   a) The standard term is five years. Regulations provide for up to a ten-year term. If a 10-year term is used, a five-year rate reset is required. A five-year call option is required if the senior lender has that option or if the credit risk of the loan warrants it.
   b) Real Estate loans may have up to a 25-year amortization.
   c) The standard term for equipment loans is five years. Equipment loans may have up to a 7-year amortization or the useful life of the equipment. If more than a five-year term is used a five-year rate reset is required. A five-year call option is required if the senior lender has that option or if the credit risk of the loan warrants it.
   d) The total term and amortization of working capital loans will not exceed five years.
   e) Interest rate is determined based on the default risk rating. If loan term is longer than five years, a rate reset will be made at the end of year five, based on the same index.
      Any loan utilizing USEDА funds must have a minimum interest rate of four percent below the lessor of the WSJ prime rate or the maximum interest rate allowed under State law. In no event shall the interest rate be less than the lower of four percent (4%) or 75% of the WSJ prime rate.

6. Life Insurance Requirements: The decision to require life insurance will be made after the request is evaluated. Factors to be considered include:
   a) Depth of management
   b) Whether the business has a defined succession plan in place
   c) Adequacy of collateral
   d) Ability of the business owners to obtain life insurance
   e) If a participation or guarantee; determine if the bank has a requirement for life insurance.

7. Leverage Buyouts: Financing to facilitate a leveraged buyout is to be considered as an exception to policy. Leveraged buyout may be considered under the following circumstances:
   a) Financing must be for an asset sale, not a stock sale.
   b) Business must operate within a priority industry and located in an urban location.
   c) There must be significant job retention. The applicant must be able to demonstrate that the business would move out-of-state or the existing jobs would be lost if the applicant cannot obtain financing.
   d) The applicant must demonstrate that they are unable to obtain financing without our assistance.
   e) The applicant should be providing cash equity.
   f) The applicant must be willing to pledge personal assets (including residence) if the business does not have sufficient collateral to secure the loan.

8. Other: Requests for financing for start-up companies, refinancing, or leveraged buyouts are considered on an individual basis and are considered on an exception basis.

9. Financial Analysis: In considering an application for all direct loan and/or guarantee assistance, the following procedure is used for all applicants:
   a) Site Visitation: Business Development Officer and/or Credit Underwriter must meet with
the applicant at its location to gain insight into the business, answer the applicant's questions and request any needed information. The meeting should take place prior to submission of an application and be used to help determine if the project meets the Authority guidelines.

b) History and Business: This includes how long the applicant has been in business and the type of goods or services provided by the applicant. This is important so the request can be analyzed with respect to the specific type of industry. Not all industries have the same financing needs, payment terms to suppliers and from customers, and balance sheet and operating ratios vary considerably from industry to industry.

c) Project Description: The applicant is required to provide a detailed description of the proposed project to include:
   • Benefits to be derived by the applicant.
   • The impact the project will have in creating and/or maintaining employment.
   • A detailed breakdown of the use of the requested loan proceeds.
   • Management and control.

d) Financial Statements: Three years of historical financial statements, including balance sheets, operating statements, cash flow statements and reconciliation of net worth are required. If the most recent annual statement is more than six months old, an interim statement should be requested. Statement analysis should include:
   • Look for trends and the ability to repay debt, both short and long term.
   • Comparison to peer group companies as provided by the risk management studies or to other similar companies within the Authority's existing loan portfolio. Any significant variation from the industry comparison is discussed with the applicant to ascertain the reasons for the variance(s).
   • Discuss adequacy of working capital.
   • Debt service coverage.

e) Projected Financial Statements: Financial projections may be requested at the discretion of the underwriter. Financial projections should be for three years and should include balance sheets, operating statements and a reconciliation of the net worth/capital section of the balance sheet. The projections must include the impact of the proposed financing and the underlying assumptions used to create the projections. When possible, projections should be provided as an Excel file with all formulas in place for review. Projections are also used if the historical financial statements of the business do not show the ability to service existing and new debts. An analysis of the projections would include:
   • Comparison to the RMA industry statement studies.
   • Determination of the probability of achievement given the underlying assumptions.
   • Determination if projected cash flow available to service debt is adequate to service existing and proposed debt obligations.
   • Sensitize projections to break even debt service coverage.

f) Personal Financial Statements and Tax Returns: These are required from everyone having 10% or more ownership of the applicant and operating company along with two years of personal federal tax returns.

g) Resumes or Biography: This information provides insight into the background and qualification of the principals and key personnel. For example, someone who has been
successful in running a delicatessen may not have the ability to operate a totally unrelated business such as a manufacturing concern.

10. Credit Investigation (may include the following):
   a) Suppliers to the Applicant: These are contacted to ascertain the length of the relationship, the amount of credit extended, the amount of purchases, how the applicant pays the supplier, any special terms available and likelihood of continuance of the relationship. Suppliers will also give their opinion of management in many cases.
   b) Customers of the Applicant: These are contacted to find out the quality of the product or service provided, the competitiveness of the pricing, the reliability and timeliness of delivery, the length of the relationship, the likelihood of the relationship being continued, the annual volume purchased and the customer’s opinion of management.
   c) Bank References: These are also contacted to determine the length of the relationship, the type and size of the relationship and any credit history, including the amount of credit extended and repayment experience. An opinion of management is also sought from the bank(s).
   d) Credit Searches: Independent credit investigations are conducted on the applicant and the principals. This includes real estate searches, UCC searches with the Secretary of State and personal credit reports on the principals. Real estate searches on the residence of the principals are also obtained if needed. This credit investigation is used, in part, to verify the accuracy of the information provided by the applicant and principals and to find out if there are any undisclosed judgments, liens, etc.
   e) Lexis Nexis and Google Searches - Underwriter should perform a search on the Applicant, related companies and owners via these search engines.

11. Not-for-Profit Applicants:
   a) Management: Resumes and/or information about the key management employees should be obtained. Examples of key management positions include Executive Director and Chief Financial Officer. Information should also be obtained about fundraising experience, compensation and succession plan for key positions.
   b) Board of Directors: Information regarding organization’s Board composition should be included in the underwriting.
   c) Funding Sources: Not-for-Profit organizations typically receive funding from federal, state and local grant sources. References are to be obtained from those sources to ensure the organization is in good standing and eligible for continued funding.

**BOARD APPROVAL PROCEDURES**

ALL PROJECTS APPROVED THAT WILL UTILIZE USED A FUNDING (OKONITE, HYATT CLARK, NY SUSQUEHANNA OR ECON ADJ. NE FISHERIES) REQUIRE BOARD APPROVAL.

1. After the Director of Credit Underwriting has assigned an underwriter to a project, the administrative assistant of business development will schedule an appointment for the business banking and credit underwriting officers to meet within two full business days for follow-up discussion. The underwriter will draft an email to the business banking officer that will identify a comprehensive list of topics to include observations and credit issues.
Following the two-day turnaround meeting, the business banking officer must provide a warm introduction of the underwriting officer to applicant. Every attempt should be made to conduct the warm introduction via a site visit. If a site visit is not practical, a telephone conversation is permissible. Every effort should be made for business banking and underwriting officers to be on a joint call with customer and/or bank regarding all communications. If not possible, underwriting officer should take lead to handle the call. Following the call, underwriting officer must update the business banking officer via a phone call. Follow up communication between business banking and underwriting officers should occur weekly and be specific to ensure approval process is advancing and expectations are being managed appropriately. It is encouraged that these conversations take place via telephone or in person however, if need be, detailed emails will suffice. Underwriting officer will update pipeline report.

2. Preliminary lending decision is communicated to Business Banking Officer and applicant:
   a) If declined, a letter is sent to applicant from Business Banking Officer stating reasons for decline.
   b) If project is favorable, the Underwriter will continue their review.

3. The Underwriter will prepare the project for Director's Loan Review Committee (DLRC).

4. A complete loan package will include the Project Summary, Confidential Memorandum of Financial Analysis, Financial spreadsheets, personal cash flow analysis, risk rating, and the public policy analysis.

5. Upon completion, the loan package will be forwarded for review to the Director - Credit and Real Estate Underwriting and the Managing Director of Underwriting and Closing.

6. The Executive Assistant (or as a back-up the Administrative Assistant) will e-mail to Business Development drafts of the projects to be discussed at Project Review, indicating project name, Business Development Officer’s name and Underwriter name assigned to project. Project Review will be held prior to DLRC and will be attended by: President/COO, Managing Director - Business Development, Senior Vice President – Finance & Development, Managing Director - Underwriting & Closing, Managing Director- Post Closing, Regional Director - Business Development, the Business Development Officer and Underwriter. The Business Banking Officer presents an overview of the project to the project review committee. The Underwriter provides any additional credit observations or concerns. Both will address any questions posed by the committee.

7. Directors' Loan Committee Agenda will be sent the Wednesday before the meeting.

8. The Underwriter will present loan requests to Directors' Loan Committee. The Business Banking Officer will provide support as applicable.

9. Any changes to be made as a result of DLRC are to be completed by the Underwriter on the day after DLRC. Confidential Memorandum of Financial Analysis is signed by the Underwriter, Director of Credit and Real Estate Underwriting and the Managing Director of Underwriting & Closing.

10. A complete loan package for the Board agenda will include the project summary, Confidential Memorandum of Financial Analysis and financial spreadsheets.

11. Projects will be electronically sent on Wednesday morning after DLRC, and submitted to Governance and Communications for inclusion in the Board Agenda.
12. A copy of the signed projects, together with a copy of the application and Request for Underwriting are given to Closing Services for commitment letter to be prepared. In addition, a copy of the bank approval/commitment letter, property searches, judgment and lien searches, are provided to Closing Services.

13. Closing Services will prepare the commitment letter.

14. Commitment letters will be sent to borrowers after the minutes of the meeting have been approved by the Governor (10 business days).

15. The Underwriter will monitor outstanding commitments and track project progress. The Business Development Officer will be notified if any issues arise.

16. Loan closing will be scheduled once Closing Services and Credit Underwriting receives all documentation per the commitment letter and all conditions of closing have been met.

17. Upon closing, the administrative assistant inputs the project into the Financial Statement Tracker System. The file is reviewed and prepared for scanning. Credit Underwriter prepares a closing memo to file to document any issues Portfolio Services should be aware of. Within 10 days of the closing, the file is transferred to Portfolio Services for their review.

**Modification to Pre-Closing Status Loans Originally Approved by the Board**

Loans that were originally approved by the Board and require a modification prior to closing generally will need to be resubmitted back to the Board for approval. However, the Members have provided NJEDA staff specific situations where approval of a modification may be completed under delegated authority. Such situations are provided below.

- Increase in loan or guaranty amount: The increase may not exceed 10% of original approved exposure and $200,000 in total dollars.
- Change in collateral value: The increase in LTV may not exceed 10% of the original LTV and $200,000 decrease in collateral value.

The above pre-closing delegations allow the closing process to continue without delay on loans where unexpected changes in the project did not result in a material increase in credit risk. On a monthly basis at each Board meeting, all modifications to loans approved by the Board are reported for informational purposes.

**Operating Authority**

From time to time, a Board approved project that is pre-closing status may have encountered a change that does not materially increase the credit risk profile of the loan or may be considered administrative in nature. Furthermore, there is no specific delegation provided to NJEDA staff that addresses the event. An example of the above may be the applicant has decided to change its name or a new real estate holding company has been formed to represent the applicant and the operating business who was originally approved as the applicant will now become the corporate guarantor. Neither of these changes will increase the credit risk of the project as measured by a deterioration in cash flow, collateral position, or strength of personal guarantors to name a couple. As such, these changes may be reflected in a memo signed by NJEDA staff with the appropriate signing authority. Such NJEDA staff typically will be a Director level position with the recommending officer.
C. Loan Closing and Disbursement Procedures

Loan Closing Documents:
The loan documents are prepared by Closing Services in accordance with the terms and conditions of the project loan approval. The following documents would typically be required in connection with a direct loan:

- Application
- Approval Document
- Verification that credit is not otherwise available by way of bank turn-down letter or alternative document as described in Financing Strategy-Section D.
- Loan and Security Agreement
- Promissory Note
- Mortgage (as applicable)
- Affidavit of Title (as applicable)
- Assignment of Rents and Leases (as applicable)
- Environmental Indemnification Agreement (as applicable)
- Security Agreement (as applicable)
- Guarantee Agreements (as applicable)
- UCC-1 Financing Statement (as applicable)
- Landlord’s Waiver (as applicable)
- Lease (as applicable)
- Resolution/Unanimous Written Consent of Borrower/Guarantor (as applicable)
- Subordination Agreement (as applicable)
- Requisition of loan proceeds

The bank loan documents prepared for a participation loan would typically include those listed above. However, these documents are prepared by the banking partner/private lender or its counsel. A participation agreement between the private lender and EDA is prepared by Closing Services; and executed in accordance with the terms and conditions of the project loan approval. The banking partner/private lender acts as EDA’s agent, and is responsible for the timely delivery of executed loan documents and protects EDA’s interest in the loan and collateral.

Loan Agreement Provisions:
The purpose of the loan is set forth in the loan approval, commitment letter and certain loan documents, including the loan agreement. It is an event of default if the loan proceeds are not expended for approved purposes. The borrower must requisition funds within one (1) year from the date of closing. The EDA is under no obligation to disburse funds should the borrower be in default under the loan agreement at the time of the request.

The loan agreement provides for an additional covenant of borrower to comply, in all material respects with all applicable Federal, State, County and Municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter pertaining to the operation, conduct and maintenance of the Project (as defined in the agreement); and its existence and business
including, without limitation, all Federal, State and local laws relating to benefit plans, environmental, safety, zoning, or health matters, and hazardous or liquid waste or chemicals or other liquids (including use, sale transport and disposal thereof).

**Loan Disbursement:**
Prior to closing, the borrower must provide the EDA with appropriate documentation supporting the nature and purpose of the loan, including but not limited to invoices, cancelled check or other acceptable evidence of payment for reimbursement.

Credit and Real Estate Underwriting staff receives and approves disbursement documentation. In addition, the borrower and Credit and Real Estate Underwriting staff are required to execute a Requisition, which includes a certification from borrower stating that the funds are being used or will be used for the costs of the project and in accordance with the loan documents. Post-closing disbursements require the borrower to provide same documentation.

The fully executed Requisition or internal Memo Requisition (participation only) is forwarded to Accounting typically along with wire instructions. Upon receipt and satisfaction of all loan requirements, conditions, and fully executed documents, Closing Services notifies Accounting that the approved disbursement amount may be released via EDA wire process. If the proceeds are to be disbursed via check, Closing Services will forward the disbursement by mail/overnight delivery.

EDA does not typically offer construction financing utilizing RLF funds; therefore this type of financing would be provided or bridged by another lender until such time the construction is deemed complete, with EDA providing all or a portion of the permanent financing.

**D. Loan Servicing Procedures**

**Repayment:**
*Standard method(s) of loan payment*
The Process group generates monthly bills on or around the 19th of the month and borrowers have the ability to remit payments through a lockbox or by enrolling for an automatic monthly direct debit payment. On participation loans (SLP) the payments are collected by the partner bank and remitted to the EDA on a monthly basis. The partner banks also provided monthly balance verification on guarantees.

**Monitoring:**
*New Loan Closing Reviews*
A Servicing Officer (Officer) is assigned to each project at closing and contact information is provided to the customer. Officer completes a review (including a memo and document checklist) of the newly closed loans and guarantees within 30 days of the credit and closing documents being entered in FileNet. Approximately three months after closing, post-closing searches are obtained for direct loans (not SLP or guarantees), for any mortgage(s) and/or UCC(s) are filed in the correct lien position, as required in the Loan Agreement. Officer checks
for any loan covenants, conditions or call options in the Loan Agreement and enters them into
the Covenant section of the loan management system for monitoring.

Managing Delinquency
The Officer manages loan payment delinquencies on loans in their assigned portfolios. The
Process Group generates Delinquency Reports at mid-month and end-of-month at which point
the Officer follows up with the borrower or partner bank on pooled loans. If the payment is not
made by the end of month the officer determines how to address the delinquency. In most
cases, attempts to call the borrower continue, and Officer sends notice of delinquency letter. If
a loan payment reaches 45 days past due without contact, a default letter is sent giving 10 days
to bring the loan current. When a loan reaches 60 days past due without contact the account is
considered for a downgrade, a site visit to confirm operations and/or potential transfer to
Special Loan Management (SLM). The payment history of the account, the outstanding balance
and the financial information on hand is evaluated when determining what action will be taken.

Site Visits
Officers conduct site visits as needed to manage credits with large and/or weakened exposures,
to collect financial statement, loan payment delinquencies, inspect the premises/collateral,
address industry and financial progress/concerns, discuss loan compliance issues and any other
concerns regarding the lender-borrower relationship.

Requesting Financial Statements
Financial statement request letters are sent out on an annual basis to all loan/guarantee
customers requested financial statements as required by the original loan documents. For
borrowers that have not sent the required statements by 90 days after the due date, and have
EDA exposure above $100,000, or as deemed necessary by the Servicing Officer, “Default
Letters” are sent requiring the default be cured within 10 days. For those borrowers that still
do not respond, every attempt will be made to collect the statements by calling and scheduling
a site visit, if warranted. Risk ratings will be evaluated.

Financial Statement Reviews
A review of existing loan borrowers is conducted based on exposure, payment history, risk
rating and term of loan. Based on these criteria the Officer determines the level of review
needed. As required, financial statements are entered into Moody’s KMV “spreading” software.
The types of review vary from a detailed financial analysis, checklist to spreads. If any loan
which shows material deterioration or which may become a troubled loan it can be transferred
to Special Loan Management to maximize recovery.

Assigning Risk Ratings
The Risk Rating of a project is confirmed or updated upon receipt of updated financial
statements or when it is learned an event has occurred which could impact a project’s risk. The
risk ratings are based on the established ratings definitions, and may be upgraded or
downgraded based on liquidity, leverage/capitalization, profit margins, earnings trend, debt
service, coverage, management or industry trends.
Modifications
Requested modifications to the approved terms of loan/guarantee or bond is evaluated for credit risk, program parameters and public purpose process by officers. Modifications are negotiated by the Officer upon receipt of a written request from the borrower/partner bank. The officer requests updated financials, collateral valuations, modification fee and any related documents before reviewing the request. If determined acceptable after review, the Officer prepares a modification approval memo per policy that is distributed according to the level of approval required. The level of approval is determined in accordance with established delegated authority policies or through Board approval.

Loan Maturity Renewals and Interest Rate Setting for Loan Extension
In the event a Borrower is in good standing and requires an extension of the loan maturity (e.g. for a balloon maturity), the request is managed as a modification and subject to specific criteria may be approved under delegated authority or by the Board. The interest rate to be in effect for the renewal term will be established per this policy. First, the interest rate will be determined according to loan agreements if specified; otherwise, rate to be determined using the EDA’s standard loan pricing in effect at the time of loan maturity renewal.

Collateral Valuations and Appraisal
Officer obtains and reviews updated valuations, including appraisal and/or equalized assessed values upon loan modifications such as loan maturity extension, collateral substitution/subordination or release or other requests.

Large Loan Reporting
Portfolio Management prepares bi-annual reports to EDA’s management team of developing issues and/or progress reports on the large exposure in the performing loan and guarantee portfolio and in the Special Loan Management portfolio. The “active” portfolio report includes up to 10 of the largest rated (Special Mention or worse) accounts and/or exposures over $2 million. SLM reports will include the 10 largest SLM accounts. Program Assistant also prepares and distributes a list of all relationships in the performing portfolio with aggregate exposure of $1,000,000 or more. This report is distributed to the Senior Leadership team and discussed in a Large Loan meeting held quarterly.

Judgment/Lien/UCC/Credit Searches
UCC liens are tracked in the loan management system and expiring filings are reviewed and renewed in advance of the expiration based on the maturity date of the loan and/or direction of the servicing officer.

Judgment, Lien, UCC and credit searches are ordered routinely when a new account is transferred to SLM by a Servicing Officer. Searches may also be ordered at other times when an officer has concerns over a borrower’s performance with other creditors, the Authority’s collateral position or that a borrower may be subject to litigation.
Property Searches
Staff obtains property lien searches from designated service providers on real estate collateral securing EDA loans. Conducted annually on a selection of loans based on the outstanding balances and most recent prior search, the report serves as a risk management tool which informs the Loan Officers and Special Loan Officers of outstanding municipal liens which may jeopardize EDA’s collateral position. If a lien has been filed for delinquent taxes, utilities, judgements, etc. the servicing officer will contact and work with the Borrower to resolve any issues.

Evidence of Insurance
Officer verifies insurance on all credits at the time of New Loan Review. The Officer works with the borrower to remedy cancelled insurance policies for Direct loans with exposure up to the per occurrence limit of EDA’s Mortgage Protection Insurance, presently $3,000,000. For all loans with exposure in excess of $3 million, the Servicing Officer proactively monitors and works with the Borrower to ensure uninterrupted insurance coverage.

Loan Files:
Loan Document Retention
Original closing documents and original loan modification documents including but not limited to Note, Loan Agreement, Mortgage, Guarantees etc. are maintained in a secure collateral filing area. Copies of these documents are stored in the Authority’s document management system, FileNet, for staff reference.

Loan files are maintained in the FileNet. Application and supporting information, closing documents, correspondence, site visit reports, financial statements, insurance certificates as required, approval memorandum are scanned and then archived per the Authority’s document retention policy. Upon expiration (usually 10 years after maturity), documents are destroyed.

Paid in Full Processing
When a loan is paid in full or when a guarantee expires, the Loan Process team generates a notification to Portfolio Management. Upon receipt of the notification, staff schedules the paid in full processing for 90 days to preference proof against a bankruptcy filing, unless directed by the servicing officer upon request by the borrower in cases such as refinances where the title company is requiring an immediate release. Loan documents are marked paid and collateral documents such as mortgages, assignments of rents and leases, guarantees, UCC financial statements etc. are released after this period. Staff prepares and files releases, terminations and discharge documents as needed. Copies are sent to FileNet and originals returned the borrower.

Job Creation:
The borrower submits its current employment and projected job creation numbers for the upcoming 2 years at the time of application. The underwriting team evaluates the reasonableness of the information and if necessary will request additional information to evaluate the company’s job creation projections. The underwriter will also evaluate the borrower’s application against established program guidelines for financial assistance
(loan/guarantee amount) per job created or retained (for targeted industries, such as manufacturers), adjusting the amount of assistance if needed.

In addition, construction jobs are calculated in the loan management system using an established formula based on capital expenditures identified in the project costs section of the loan management system. Officers request updated employee count at the time of modification or site visits and the information is documented in the respective memos.

After closing, the servicing officer conducts site visits and may inquire as to current employment which is included in the site visit report.

**Defaulted Loans:**

**Payments** - Payments are applied first to interest, then to principal. A late fee equal to 5% of the monthly payment amount is assessed after 7 days.

**Accrual vs. Non-Accrual/Dual Accounting**

Loans which become 90 days delinquent are placed in Non-Accrual status in the loan management system by the loan processing team. The loan may be placed back in Accrual status, upon recommendation by the servicing officer, after 6 consecutive satisfactory monthly payments have been received, the Risk rating is Substandard or better, and if it has not been placed on Dual Accounting.

When a loan is placed in Dual Accounting a separate accounting record is maintained in the loan management system with all future payments applied to principal. The original loan management system record continues to be maintained with payments applied to both interest and principal according to the original loan terms. Loans risk rated as Doubtful or Loss are automatically placed in Dual Accounting.

**Transfer to Special Loan Management**

Special Loan Management manages credit and incentives accounts to protect EDA’s interests and collect and recover principal and interest. In the event of a loan payment default greater than 90 days, borrower’s bankruptcy, foreclosure is being pursued, serious financial distress, transfer to senior lender’s workout group, or other adverse conditions, the servicing officer will transfer the project to SLM.

Once transferred, the Special Loan Officer (SLO) completes a collateral evaluation based on discounted current value (appraised or equalized assessed value) and prior liens. The risk rating is adjusted to align the reserve allowance with the discounted collateral coverage. SLO also reviews the loan documents and issue any required default or demand notices. Additionally, staff also completes property, UCC, litigation and judgment searches.

**Collections & Restoration to Performing Status**

The SLO is responsible for maximizing collections in his/her assigned loan portfolio and collections targets. The SLO provides a collections report to the Director within 15 days from the quarter end and maintains records of collections as per department requirements.
Accordingly, the SLO also needs to consider whether the company has the potential to be restored to performing status and collaborate with companies to assist in its turnaround if feasible. The SLO will review his portfolio not less than annually, and may recommend accounts to transfer to the performing portfolio. Generally, accounts should not be in default, have sufficient cash flow to repay its debt and have a history of prompt payments.

Guarantee Payments
When the Authority is advised that a guaranteed loan is in default and the agent bank intends to call the NJEDA Guarantee, the relationship is immediately transferred to Special Loan Management if not already assigned there. The SLO determines if a cure payment should be made in a situation where the borrower’s problems are clearly temporary and a realistic plan to correct the problem can be established. Alternately, the SLO will determine if the guarantee payment should be approved or denied after completing all internal due diligence and collaborating with a DAG. If approved, the guarantee is paid and the loan management system is updated to reflect structure similar to a participation loan. SLO continues to pursue collection actions as needed following the payment.

Role of the Attorney General
The Attorney General’s Office provides legal counsel to the Special Loan Management Division. A Deputy Attorney General is assigned whenever circumstances warrant obtaining legal input and advice. In addition, the assigned DAG is copied on all correspondence. Most accounts transferred to SLM do not become litigation cases and the involvement of the assigned DAG may be minimal. The DAG will be involved in situations where a borrower is corresponding through counsel and is accompanied by counsel at meetings.

Settlements
Settlements are processed for approval by the Members of the Authority or under Delegation of Authority, as appropriate based upon the EDA exposure amount. Approval of the Attorney General’s Office is required for any Settlements entered into after litigation has commenced.

Settlement agreements are to be conditional whereby the Settlement is not effective until the obligor complies with and satisfies all the terms of the settlement including timely payment of the agreed upon amounts. When litigation has started prior to Settlement, the Settlement will provide for a Consent Judgment for the full amount of the obligation which can be entered in the event of default by the obligor. Requiring a Consent Judgment from the obligor(s) can also be considered when litigation has not been initiated.

Litigation
The Special Loan Management division attempts to work with the customer and assist them in resolving outstanding problems. In instances when litigation is necessary, the SLO discusses the situation with the assigned DAG and ensures that the proper notices have been sent to the appropriate obligors. In the case of litigation initiated by a borrower or third party, typically a bankruptcy filing, the Servicing Officer will immediately involve the DAG.
Foreclosure
SLO determines if foreclosure is appropriate after reviewing collateral value, equity, environmental conditions, insurance coverage and supporting loan documents. SLO sends Demand and Notice of Acceleration via Regular and Certified Mail-Return Receipt Requested to the borrower and all guarantors, including the mortgagor, in accordance with the loan documents. The DAG will be copied on this correspondence. If a satisfactory response is not received from the borrower by the time the preliminary steps are completed, the DAG and the division Legal Assistant initiate foreclosure action as advised by the SLO.

In situations where EDA has to defend foreclosure action the DAG and staff is notified. DAG evaluates the prior liens and instructs the Legal Assistant to draft the appropriate response.

From time to time staff has to decide whether to bid on real estate collateral being sold at a Foreclosure Sale and the maximum amount to bid. If so a Foreclosure Bid and Advance Authorization form is used for the evaluation process and retained in the credit file.

Environmental Review
An Environmental Review is required before the Authority becomes Mortgagee in Possession, takes title to or takes over management of any commercial real estate. The Environmental Review will be performed by SLM at the time it appears possible the EDA may need to take over a commercial property. The Environmental Review is performed by the Servicing Officer visiting the site, performing a walk through/around and completing an Environmental Site Review form. If it appears likely the EDA will need to take ownership of a commercial property, a Phase I study (update on an existing Phase I can be used) will be obtained on properties where environmental concerns exist.

Write-Offs:
Writing Off and Recoveries
The Special Loan Management portfolio is reviewed on a quarterly basis to identify loans that can be written off. Loans are written off when no payments have been remitted on a loan for 12 consecutive months despite ongoing collection efforts and/or it is determined there are no realistic prospects for recovery within 12 months. Loans written off with recourse will continue to be tracked on the EDA’s loan management system and SLOs continue to pursue collection action on written off loans if there appears to be a continued source of recovery. Collections made after a loan is written off are posted in the loan management system as a recovery.

E. Administrative Procedures

Interest Bearing Account
NJEDA maintains interest bearing cash accounts within the State of New Jersey Cash Management Fund system for undisbursed RLF funds. These accounts are held by State Street Bank and Trust Company. These accounts are also credited with revolving loan fund repayments.

Fund Sequestration Policy: If the RLF capital base utilization falls below 85% during any two consecutive reporting periods, the excess funds will be sequestered within the interest-bearing
cash account. The portion of the excess funds attributable to the Federal share, will be remitted to the US Treasury quarterly, within 30 days of the end of each quarter (March 31, June 30, September 30, December 31).

Revolving Loan Fund Income
Loan interest payments are returned to the fund. Bank interest earned on the balance of the fund is held in the account to contribute to the RLF capital base. A monthly cost allocation schedule is prepared that distributes a share of the NJEDA’s administrative expenses to each fund, based on the funds’ net assets. This amount, along with direct costs such as closing costs, that is equal to or less than the RLF income is withdrawn from the funds.

Accounting Principles
NJEDA operates the RLF in accordance with GAAP (Generally Accepted Accounting Principles). Loan loss reserves are recorded in the general ledger in amounts dictated by risk ratings as detailed on pages 18-20 and page 22 of this RLF Plan. These entries are non-cash and non-funded; only made to fairly value the loan portfolio.

NJEDA’s accounting records, financial statements and operations, including the RLF, are independently audited annually. A copy of the audit, consolidated and Federal A-133, is submitted to the Federal Audit Clearinghouse annually.

USED A Reporting
PETROLEUM UNDERGROUND STORAGE TANK (PUST)
MEMORANDUM

TO: Members of the Authority

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

DATE: June 13, 2017

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

The following commercial, not-for-profit and 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 Commercial Grants:**
- P44183 James Thorna (Andy & Sons, Inc.) $116,002
- P42399 Jim’s Auto Service $24,966
  $140,968

**UST Not-For-Profit Grants:**
- P44127 St. Anthony’s Church $127,454

**UST Residential Grants:**
- P43357 Patricia Cooper $177,502
- P42763 Nancy Fittin $192,225
  $369,727

**Total UST Funding – June 2017** $638,149

Prepared by: Reneé M. Krug
APPLICANT: James Thoma

PROJECT USER(S): Andy & Sons, Inc.

PROJECT LOCATION: 200 Hoboken Road

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

APPLICANT BACKGROUND:
Between September 1998 and May 2016, James Thoma, owner of the project site, received an initial grant in the amount of $147,440 under P10283 and supplemental grants totaling $184,331 under P11064, P39530 and P41060 to remove the underground storage tanks (USTs) and perform the required remediation. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities at the project site.

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

APPROVAL REQUEST:
The applicant is requesting aggregate supplemental grant funding in the amount of $116,002 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is $300,333, it exceeds the maximum aggregate staff delegation approval of $100,000 and therefore requires EDA board approval. Total grant funding including this approval is $447,773. The project site is located in a Metropolitan Planning area and is eligible to receive up to $1 million in grant funding.

The NJDEP oversight fee of $11,600 is the customary 10% of the grant amount. This estimate 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: $116,002

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

PROJECT COSTS:

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<th>Description</th>
<th>Amount</th>
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<tbody>
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<td><strong>TOTAL COSTS</strong></td>
<td><strong>$128,602</strong></td>
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</table>

APPROVAL OFFICER: K. Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: Jim's Auto Service
PROJECT USER(S): Same as applicant
PROJECT LOCATION: Bayshore Drive and Tampa Ave Lower Township (T) Cape May
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Between May 1999 and December 2008, Jim's Auto Service, owned by James Murphy, received an initial grant in the amount of $33,626 under P10824 and supplemental grants totaling $164,843 under P10824s, P15173, P15173s and P22412 to remove seven underground storage tanks (USTs) and conduct soil and groundwater remediation. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remediation.

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

APPROVAL REQUEST:
The applicant is requesting aggregate supplemental grant funding in the amount of $24,966 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is $189,809, it exceeds the maximum aggregate staff delegation approval of $100,000 and therefore requires EDA's board approval. Total grant funding including this approval is $223,435.

The NJDEP oversight fee of $2,497 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: $24,966
TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act.

PROJECT COSTS:

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<th>Description</th>
<th>Amount</th>
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APPROVAL OFFICER: K. Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: St. Anthony's Church
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 750 N 7th street Newark City (T/UA) Essex
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Between February 2016 and November 2016, St. Anthony's Church, which is a 501(c)(3) not-for-profit entity, received an initial grant in the amount of $5,730 under P41278 and a supplemental grant in the amount of $159,417 under P42976 to remove a leaking underground storage tank (UST) and perform the required remediation. The tank was decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

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

APPROVAL REQUEST:
The applicant is requesting aggregate supplemental grant funding in the amount of $127,454 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is $286,871, it exceeds the maximum aggregate staff delegation approval of $100,000 and therefore requires EDA's board approval. Total grant funding including this approval is $292,601.

The NJDEP oversight fee of $12,745 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement

FINANCING SUMMARY:
GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund
AMOUNT OF GRANT: $127,454
TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act.

PROJECT COSTS:

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<th>Description</th>
<th>Cost</th>
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APPROVAL OFFICER: K. Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT:  Patricia Cooper  P43357

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

PROJECT LOCATION:  1525 C Morris Cain Place  Atlantic City (T)  Atlantic

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

APPLICANT BACKGROUND:
Patricia Cooper 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 determined that the project costs are technically eligible.

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $177,502 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $17,750 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:  $177,502
TERMS OF GRANT:  No Interest; No Repayment

PROJECT COSTS:

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APPROVAL OFFICER:  K. Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: Nancy Fittin P42763
PROJECT USER(S): Same as applicant *
PROJECT LOCATION: 1609 Riverview Terrace Wall Township (N) Monmouth
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Nancy Fittin 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 determined that the project costs are technically eligible.

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $192,225 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $19,223 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: $192,225
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:
Upgrade, Closure, Remediation $192,225
NJDEP oversight cost $19,223
EDA administrative cost $250
TOTAL COSTS $211,698

APPROVAL OFFICER: K. Junghans
HAZARDOUS DISCHARGE SITE REMEDIATION FUND
MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: June 13, 2017

SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

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

**HDSRF Municipal Grants:**
- P44158 Camden Redevelopment Agency (Camden Labs) $1,358,600
- P44185 Township of Aberdeen (former South River Metals) $193,611
  
  **$1,552,211**

**HDSRF Commercial Grants:**
- P44159 Sebring Company (Greentree Shopping Center) $14,296
- P44160 Sebring Company (Greentree Shopping Center) $14,296

  **$28,592**

**Total HDSRF Funding – June 2017** $1,580,803

Prepared by: Renée M. Krug
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT

APPLICANT: Camden Redevelopment Agency (Camden Laboratories) P44158

PROJECT USER(S): Same as applicant *

PROJECT LOCATION: 1667 Davis Street Camden City (T/UA) Camden

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

APPLICANT BACKGROUND:
In August 2016, Camden Redevelopment Agency received a grant in the amount of $192,051 under P42488 for the project site, identified as Block 1392, Lot 33 a former medical research facility which has potential environmental areas of concern (AOCs). Camden Redevelopment Agency (CRA) currently holds a tax sale certificate on the project site and has satisfied proof of site control. It is CRA's intent, upon completion of the environmental investigation activities to redevelop the project site for recreational use.

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

APPROVAL REQUEST:
Camden Redevelopment Agency is requesting supplemental grant funding to perform (RI) in the amount of $1,358,600 at the Camden Laboratories project site. Total grant funding including this approval is $1,550,651.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: $1,358,600

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

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<td>EDA administrative cost</td>
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TOTAL COSTS $1,359,100

APPROVAL OFFICER: K. Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT

APPLICANT: Township of Aberdeen (former South River Metals prod)  P44185
PROJECT USER(S): Same as applicant  * - indicates relation to applicant
PROJECT LOCATION: 100 Church Street Aberdeen Township (N)  Monmouth
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Between July 1995 and April 2016, the Township of Aberdeen received an initial grant in the amount of $542,647 under P08095 and supplemental grants totaling $676,507 under P22126 and P38054 at the former South River Metals Products facility which has potential environmental areas of concern (AOCs). The Township of Aberdeen owns the project site and has satisfied proof of site control. The project site is approximately 13 acres and will be subdivided into two parcels of which 30% will be redeveloped for recreation and conservation and 70% will be redeveloped for affordable housing. It is the Township’s intent for this grant application, to redevelop this portion of the project site for residential use.

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

APPROVAL REQUEST:
The Township of Aberdeen is requesting aggregate supplemental grant funding in the amount of $193,611 to perform RI at the former South River Metals Products project site. Because the aggregate supplemental funding including this request is $870,118, it exceeds the maximum aggregate staff delegation approval of $100,000 and therefore requires EDA’s board approval. Total grant funding including this approval is $1,412,765.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $193,611
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:
Remedial investigation $193,611
EDA administrative cost $500
TOTAL COSTS $194,111

APPROVAL OFFICER: K. Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
PROJECT SUMMARY - HAZARDOUS DISCHARGE SITE REMEDIAT’N PROG GRANT

APPLICANT: Sebring Company (Greentree Shopping Center)  
PROJECT USER(S): Same as applicant  
PROJECT LOCATION: 117 Greentree Road  
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND:
In July 2016, Sebring Company, received a grant in the amount of $35,298 under P42350. The project site is a former dry cleaning business located in Washington Township. The NJDEP Office of Brownfield Reuse has found the applicant’s proposal for financial assistance to be administratively and technically complete and has approved funding to be provided in the form of a Hazardous Discharge Site Remediation 25% Matching Grant under N.J.S.A. 58:1OB-Subsection 2, Series A. The grant is awarded based on a calculation equal to 25% of the Remedial Action (RA) costs $57,184.

The scope of work includes RA activities utilizing innovative technology. In addition, pursuant to the evaluation it has been determined that the applicant meets the Authority’s standard guidelines under the program.

APPROVAL REQUEST:
The applicant is requesting supplemental grant funding in the amount of $14,296 to perform the approved scope of work at the project site. Total grant funding including this approval is $49,594. The applicant is also requesting a grant in the amount of $14,296 on a related application P44160 for RA activities utilizing limited restricted/unrestricted use.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $14,296 (25% Matching Grant)
TERMS OF GRANT: No Interest; No Repayment

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<tr>
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APPROVAL OFFICER: K. Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS DISCHARGE SITE REMEDIATION PROGRAM

APPLICANT: Sebring Company (Greentree Shopping Center) P44160

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

PROJECT LOCATION: 117 Greentree Road Washington Township (N) Gloucester

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

APPLICANT BACKGROUND:
In July 2016, Sebring Company, received a grant in the amount of $36,945 under P42351. The project site is a former dry cleaning business located in Washington Township. The NJDEP Office of Brownfield Reuse has found the applicant’s proposal for financial assistance to be administratively and technically complete and has approved funding to be provided in the form of a Hazardous Discharge Site Remediation 25% Matching Grant under N.J.S.A. 58:10B-Subsection 2, Series A. The grant is awarded based on a calculation equal to 25% of the Remedial Action (RA) costs $57,184.

The scope of work includes RA activities to achieve restricted/unrestricted use. In addition, pursuant to the evaluation it has been determined that the applicant meets the Authority’s standard guidelines under the program.

APPROVAL REQUEST:
The applicant is requesting supplemental grant funding in the amount of $14,296 to perform the approved scope of work at the project site. Total grant funding including this approval is $51,241. The applicant is also requesting a grant in the amount of $14,296 on related application P44159 for RA activities utilizing innovative technology.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $14,296 (25% Matching Grant)
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:
Remedial Action $57,184
EDA administrative cost $500

TOTAL COSTS $57,684

APPROVAL OFFICER: K. Junghans
ENERGY RESILENCE BANK (ERB)
MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: June 13, 2017

RE: Energy Resilience Bank – RWJBarnabas – Jersey City Medical Center CHP Project Funding Recommendation

Request:

The Members are requested to: (1) deem the RWJBarnabas - Jersey City Medical Center CHP Project preliminarily eligible for Energy Resilience Bank (ERB) funding; (2) approve moving the project forward to the next phase of the ERB program review and approval process; (3) reserve $8,526,758 of ERB funds for the project; and, (4) authorize the execution of ERB program funding documents with RWJBarnabas Health consistent with the terms set forth herein, with the understanding that any material changes to project scope or budget will be brought back to the board for reconsideration.

ERB Program:

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

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

Applicants must be eligible entities and must demonstrate that the critical facility was either directly or indirectly impacted by Superstorm Sandy or directly impacted by another qualifying
disaster. Priority, as established through the ERB scoring system, is placed on projects which serve low and moderate income communities. ERB projects must be permanently installed at a critical facility, must be constructed or elevated above FEMA’s best available data for base flood elevations, and be operational within two years of the ERB closing.

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

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

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

RWJBarnabas Health Jersey City Medical Center CHP Project

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

RWJBarnabas Health owns Jersey City Medical Center (JCMC) in Jersey City, NJ (Hudson County) where the proposed cogeneration project is to be located. The Jersey City Medical Center is located on a 15-acre campus overlooking the New York Harbor and Liberty State Park. The Campus presently includes three facilities, the Wilzig Hospital, the Provident Bank Ambulatory Center and the medical office building. The hospital serves as a regional referral, teaching hospital and provides the highest level of care for women and infants, trauma, and cardiac patients. JCMC is Hudson County’s largest provider of healthcare services with more than 18,000 admissions and over 80,000 emergency room visits each year, and is also a provider of advanced life support for Hudson County, providing 911 medical call screening for Hudson County. Its primary service area
includes much of Jersey City. JCMC is non-sectarian and has no religious affiliation. Barry H. Ostrowsky serves as the President and Chief Executive Officer of RWJBarnabas Health.

**Project Location:** Jersey City Medical Center, 355 Grand Street, Jersey City, NJ

**Project Summary:** Consistent with ERB and HUD CDBG-DR program requirements, RWJBarnabas Health will develop a new combined heat and power system on their Jersey City Medical Center campus in Jersey City. The project will be constructed above minimum base flood elevations and will include a 1.5 MW natural gas reciprocating engine-based CHP system that will be interconnected within the facility with the necessary blackstart and islanding system controls to be able to operate independently from the grid in case of a power outage or other emergency.

**National Objective:** Urgent Need – Tie to the Storm - Located in Jersey City in Hudson County – one of the 9 most impacted counties. Super Storm Sandy’s high winds and rain deposited vegetative debris and downed tree limbs throughout the grounds of JCMC which had to be removed and disposed of. The operation of the emergency room was disrupted and to maintain it in an operational status, a Mobile Satellite Emergency Department and Mobile Emergency Vehicles were deployed to provide JCMC’s service area with continuing emergency services in a temporary facility. JCMC was flooded with approximately 2 feet of water on the ground floor of multiple buildings. The flooding required that the water be removed and the buildings be mucked out and dried, with damaged items including floor tile, fixtures, lower sections of walls, insulation and treatments be removed and replaced. The storm surge also affected JCMC, impacting mechanical and electrical systems and elevators, as well as destroying emergency response trailers, vehicles and an emergency response control center housed in a mobile home.

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

**Project Scoring:** The project received a project score of 85 as outlined below and exceeds the minimum score of 50 required for program eligibility.

**Project Funding and ERB Funds:** The estimated Total Project Cost is $9,026,758. It is estimated that $2,881,900 are resilient related costs per ERB program guidelines. All preliminary costs and technologies have been reviewed by BPU identifying them as cost reasonable and necessary. There is expected $500,000 of funding from PSEG’s Hospital Efficiency Program, a program authorized by BPU, which will be provided as a loan (0%, 10-year term). Consistent with the ERB’s Financing and Program Guide, the Jersey City Medical Center CHP project will be provided with the following, subject to cost reasonableness analysis and review of final project costs:
June 13, 2017 Board Book - Office of Recovery

ERB Grant: $5,339,843
ERB Loan Funding: $3,186,915 (2% interest rate, 20-year term)

Loan Repayment: The financing will be a general obligation to the hospital with the projected annual cost of $223,818. Through the established feasibility and technical review, the annual net energy cost savings combined with estimated annual operating and maintenance costs/savings projected from development of the CHP project is approximately $316,982, which is sufficient to repay the project loan within the loan terms. RWJBarnabas Health, through its recent mergers and positive operations, has steadily improved its operating and financial profiles resulting in upgraded bond ratings in October 2016. RWJBarnabas issued new debt and consolidated other bonds through the New Jersey Health Care Facilities Financing Authority. S&P raised their long-term rating to A+/Stable (from A-) and assigned a AA+/A-1 rating to two new bond issuances. Moody’s assigned an A1 rating to the October 2016 bond issuance.

Other Applicant/Affiliated Funding: RWJBarnabas Health’s Livingston CHP project for the St. Barnabas Medical Center was reviewed by the EDA Board in February 2017 and the Board reserved $12,858,502 of ERB funds for the project. In addition, RWJBarnabas Health’s Newark Beth Israel Medical Center CHP project was reviewed by the EDA Board in March 2017 and the Board reserved $15,176,079 of ERB funds for the project. These projects are now moving forward to the next phase of the ERB program review and approval process, which involves an environmental assessment conducted by the New Jersey Department of Environmental Protection. Including the RWJBarnabas Jersey City Medical Center CHP project, as of today the aggregate ERB loans to RWJBarnabas Health will total $11,489,574.

ERB Program Fund Balance: After program administrative costs, the Energy Resilience Bank has a $170 million CDBG-DR allocation from HUD to reserve for ERB projects. After today’s action, there will be $42,688,547 remaining to reserve for additional projects.

Recommendation:

The Members are requested to: (1) deem the RWJBarnabas – Jersey City Medical Center CHP Project preliminarily eligible for Energy Resilience Bank (ERB) funding; (2) approve moving the project forward to the next phase of the ERB program review and approval process; (3) reserve $8,526,758 of ERB funds for the project; and, (4) authorize the execution of ERB program funding documents with RWJBarnabas – Jersey City Medical Center consistent with the terms set forth herein, with the understanding that any material changes to project scope or budget will be brought back to the board for reconsideration.

Attached:
- Project Funding and ERB Financing and Scoring Sheet

Prepared by: Russel Like
### RWJBarnabas – Jersey City CHP Project

**June 2017**

#### Project Funding and ERB Financing

*(Public Applicant)*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Project Costs:</strong></td>
<td>$ 9,026,758</td>
</tr>
<tr>
<td><strong>Project Funding Sources:</strong></td>
<td></td>
</tr>
<tr>
<td>Resilient Costs</td>
<td>$ 2,881,900</td>
</tr>
<tr>
<td>40% Grant on Remaining Costs</td>
<td>$ 2,457,943</td>
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<tr>
<td><strong>Total ERB Grant Funding:</strong></td>
<td>$ 5,339,843</td>
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<td><strong>ERB Loan Funding:</strong></td>
<td></td>
</tr>
<tr>
<td>(2%, 20-year term)</td>
<td>$ 3,186,915</td>
</tr>
<tr>
<td><strong>Other Project Funding:</strong></td>
<td></td>
</tr>
<tr>
<td>PSEG Hospital Efficiency Program</td>
<td>$ 500,000</td>
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</tbody>
</table>

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#### RWJBarnabas Jersey City CHP PROJECT

**June 2017**

**ERB Scoring Criteria**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weight in Points</th>
<th>PROJECT SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Technology Efficiency/Economic Cost Effectiveness</td>
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<td></td>
</tr>
<tr>
<td>a. 20 points for a cost-benefit ratio greater than 1.25</td>
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<td></td>
</tr>
<tr>
<td>b. 10 points for a cost-benefit ratio between 1.0 and 1.25 (including 1.25)</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Cost-Benefit Ratio less than 1.0 - INELIGIBLE</td>
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<tr>
<td>2. LMI Area Benefit</td>
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<tr>
<td>a. 25 points if HUD LMI Area Benefit is greater than 51%</td>
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<td>20</td>
</tr>
<tr>
<td>b. 20 points if HUD LMI Area Benefit is between 35% - 50.99%</td>
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<td></td>
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<tr>
<td>c. 15 points if HUD LMI Area Benefit is between 20% - 34.99%</td>
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<td></td>
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<tr>
<td>3. Most Impacted Communities</td>
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<tr>
<td>a. 15 points if facility serves 3 or more municipalities listed</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>b. 10 points if facility serves 1 or 2 municipalities listed</td>
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<td></td>
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<tr>
<td>c. 0 points if facility serves no municipalities listed</td>
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<td></td>
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<tr>
<td>4. Readiness To Proceed</td>
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<tr>
<td>a. 10 points if project completion reasonably expected within 15 months</td>
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<tr>
<td>b. 5 points if project completion reasonably expected 15 - 20 months</td>
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<td>c. 0 points if project completion reasonably expected in 20 – 24 months</td>
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<td>a. 20 points if facility type is listed</td>
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<tr>
<td>b. 0 points if facility type is NOT listed</td>
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<tr>
<td>6. Microgrid</td>
<td></td>
<td></td>
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<tr>
<td>a. 5 points if more than one free-standing facility interconnection</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>b. 0 points if only a single free-standing facility interconnection</td>
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<td></td>
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<tr>
<td>7. Facility Energy Efficiency</td>
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<td></td>
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<tr>
<td>a. 5 points if project meets or exceeds the general state program</td>
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<td>5</td>
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<tr>
<td>performance requirements of reducing energy consumption or increasing</td>
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<tr>
<td>efficiency by 15%</td>
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<tr>
<td>Minimum Score of 50 Needed</td>
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</tr>
<tr>
<td><strong>TOTAL PROJECT SCORE:</strong></td>
<td>100</td>
<td>85</td>
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</table>
STRONGER NJ BUSINESS LOAN PROGRAM
MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
       President/Chief Operating Officer

DATE: June 13, 2017

SUBJECT: Extension of Project Completion Deadline for the Stronger NJ Business Loan Program

Request:

The Members are asked to approve an extension of the completion deadline for eligible applicants under the Stronger NJ Business Loan Program ("SBL") to September 1, 2018, with a staff delegation for an additional six-month extension if necessary.

Background:

On November 13, 2015, the Board approved an extension of the disbursement deadline through delegated authority for up to twelve (12) months based on project needs. At that time, staff believed that this deadline would give applicants sufficient time to complete their projects while allowing the Authority enough time to fully disburse funds within the deadline set by the federal Department of Housing and Urban Development ("HUD").

The award process, including the federally required environmental and historic reviews conducted by the Department of Environmental Protection, has had the unanticipated effect of pushing back the construction schedules originally submitted with applications. It has become evident that many of the approved projects would require additional time to complete construction. In addition, the documentation required for the working capital loans has caused the disbursement process to take longer than originally anticipated, requiring additional time for the disbursement of these loans to be completed as well.

In May 2017, in recognition of these challenges, HUD approved an extension to the two-year window for funds drawn down in 2015, which allows the additional time to utilize the funds. Therefore, in order to best serve our applicants, staff recommends providing SBL applicants with the
opportunity to extend their final disbursement deadline up to September 1, 2018, with a staff delegation for an additional six-month extension if necessary. Staff believes that this will provide borrowers with a reasonable amount of time to complete their projects.

**Recommendation:**

The Members are asked to approve the extension of the completion deadline for the Stronger NJ Business Loan Program to September 1, 2018, with a staff delegation for an additional six-month extension if necessary.

Prepared by: Tara Cooper
STRONGER NJ BUSINESS LOAN MODIFICATION
TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: June 13, 2017

SUBJECT: The Dutchman’s Brau Haus
Manahawkin Township, Ocean County
P407294

Modification Request:

Approval is requested to increase the $2,046,402 construction loan under the Stronger NJ Business Loan program approved on February 9, 2016 to $3,592,578.

Background:

On February 9, 2016, The Dutchman’s Brau Haus (“Dutchman’s” or “Company”) was approved for a $2,046,402 30-year Construction Loan under the Stronger NJ Business Loan program (the “Construction Loan”). The Board had previously approved a $1,382,030 Stronger NJ Business Working Capital loan to Dutchman’s on June 9, 2015.

A contractor developed a preliminary budget immediately after Superstorm Sandy without the benefit of any design and permitting information. This budget was the basis for the $2,046,402 loan request noted above. In the fourth quarter of 2016, the Company engaged the services of HBD Associates, Inc., a consulting and design firm with a specialty in designing casino resort, retail stores, restaurants, and hotels. With the hiring of HBD Associates, Inc., a detailed design, engineering, and permitting review of the damages suffered in Superstorm Sandy and the cost to rectify the damages was undertaken. This review revealed that the preliminary construction budget needed to be significantly increased, resulting in the proposed increase to the Project cost.

Dutchman’s is a German-style restaurant situated on West Thorofare of Manahawkin Bay, just off Route 72—the gateway to Long Beach Island. The restaurant sits on foundation pilings over the Manahawkin Bay and experienced the effects of the storm surge during Superstorm Sandy. Although the restaurant was not destroyed during the storm, the aftereffects of the storm left a portion of the structure unstable.

Dutchman’s was founded in 1952 and incorporated on February 3, 1969. The property occupied by Dutchman’s is owned by Richard O. Schmid, the majority shareholder of Dutchman’s.

The Dutchman’s Brau Haus
June 13, 2017
The Project approved in February 2016 entailed the temporary removal of the restaurant structure from its foundation pilings, site improvement, replacement of the existing dock, piers, and pilings, re-positioning the restaurant on new pilings, and general exterior and interior rehabilitation of the restaurant building.

**Recommendation:**

Consent to $1,546,176 in additional debt to The Dutchman’s Brau Haus is recommended based on projected cash flow indicating the ability to meet the minimum 1.10x DSCR once the Construction Loan begins to amortize.

Prepared by: Ted Bossert, Credit Underwriter
MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

RE: FERA Purchase and Sale & Redevelopment Agreement with American Properties at Monmouth, LLC for Howard Commons in Eatontown

DATE: June 13, 2017

Request
I am requesting that the Board consent to the Fort Monmouth Economic Revitalization Authority ("FERA") entering into the redevelopment agreement that is contained within FERA’s Purchase and Sale & Redevelopment Agreement ("PSARA") with American Properties at Monmouth, LLC ("American Properties"), for Howard Commons in the Eatontown section of Fort Monmouth.

Background
FERA 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 New Jersey Economic Development Authority ("NJEDA") as a designated redeveloper for any property acquired by or conveyed to FERA and authorizes FERA to enter into redeveloper agreements with the NJEDA for the redevelopment of the Fort, while also allowing FERA to enter into redevelopment agreements directly with private developers.

Howard Commons is a 63.67-acre tract on Pinebrook Road in the Fort’s Charles Wood Area. The property is currently improved with 486 townhouse units constructed by the Army in 1953, along with a 3,853 sf general purpose building. The Army phased out the use of the townhouses in the years leading up to the Fort’s 2011 closure. The Fort Monmouth Reuse and Redevelopment Plan ("Reuse Plan") calls for the demolition of the existing improvements due to their age, condition, density and design, and their replacement with 275 dwelling units and approximately 15,000 sf of ancillary retail/commercial space. Howard Commons is a Phase One property in FERA’s June 25, 2012 Economic Development Conveyance Agreement ("EDC Agreement") with the Army. Title to the 63.67 acre tract was transferred to FERA in June 2014.

In December 2014, the FERA Board authorized staff to issue an RFOTP for Howard Commons. The RFOTP was issued on December 29, 2014 and advertised in the Asbury Park Press and the Star Ledger, and posted to the FERA, New Jersey Economic Development Authority
("NJEDA") and New Jersey State Business Portal websites. Proposals were due on July 10, 2015 and proposals were received from three (3) entities, with two (2) of the proposers offering multiple scenarios for development, as permitted by the RFO TP.

An Evaluation Committee consisting of three FMERA staff members and one Army representative independently scored the proposals, and then met as a team to rank the responses in accordance with the Authority’s Sales Rules. The Evaluation Committee scored all proposals. American Properties at Monmouth, LLC, a newly-formed single purpose limited liability company, received the highest score and submitted the highest price proposal.

As part of their analysis, the Evaluation Committee reviewed the American Properties’ proposal for compliance with the Reuse Plan. While the proposal is not compliant, the RFO TP noted that offers proposing an alternative, predominantly residential proposal would be considered. American Properties proposed approximately 15,000 square feet of retail, in conjunction with 251 residential units. 200 units will be owner-occupied single family detached residences and the remainder would constitute the required 20% affordable housing units (for sale or for rent, at American Properties’ option). FMERA will need to seek a Reuse Plan amendment to address the American Properties’ intended use (i.e. single family detached housing). Approval of a Reuse Plan amendment will be the sole discretion of the FMERA Board.

Background on American Properties Realty, LLC ("Purchaser") and the Redevelopment Entity
American Properties at Monmouth, LLC’s managing company, American Properties Realty, Inc., is a diversified real estate and development company with substantial demonstrated experience over the past 45 years. Led by its chairman, Allen Weingarten, and its president, Randy Csik, the firm is headquartered in Woodbridge, New Jersey. The company’s core business is the development of residential communities in New Jersey. American Property Realty, Inc. and its affiliated companies have developed over 12,000 homes ranging from luxury single family estates to master-planned communities of apartments, condominiums, town homes and single family homes, to mixed use development and redevelopment projects including office, retail, hotel and residential uses. This includes a substantial amount of least-cost and COAH compliant inclusionary developments. Financing commitments over the past 36 months have totaled over $70 million, and combined annual revenues are in excess of $60 million. American Properties anticipates funding the Howard Commons project with debt and equity through its long-term relationship lenders as well as private equity from American Properties’ principals and affiliated investors.

Purchase and Sale & Redevelopment Agreement
Pursuant to the terms of the PSARA, American Properties will pay $5.9 million for the 63-acre property, and in accordance with FMERA’s EDC Agreement with the Army, FMERA will receive 37% of the net sale proceeds from the property, with the Army receiving the remainder. Closing will occur within 60 days of satisfaction of the conditions precedent to closing, which include: American Properties 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 to establish Innocent Purchaser status; an amendment to the Reuse Plan to accommodate the project; and the consent of the NJEDA Board. The parties will endeavor to complete the Reuse Plan amendment within approximately six (6)
months of PSARA execution. American Properties shall have eighteen (18) months from submission date to obtain all approvals. This period may be extended for two (2) additional six (2) month periods if American Properties has not obtained them within the initial timeframe so long as Purchaser is pursuing approvals diligently. FMERA will convey the property to American Properties 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 project will consist of approximately 251 residential units and up to 15,000 sf of retail space. Up to 200 units will be owner-occupied single family detached residences and the remainder will constitute the required 20% affordable housing units (for sale or for rent, at Purchaser's option). Purchaser shall build 20 of the affordable housing units as permanent supportive housing based on FMERA's Legally Binding Agreement ("LBA") for conveyance to the Affordable Housing Alliance. The development will feature open space, pedestrian friendly trails, landscaping and improved streetscapes, and provide connectivity to the town's adjacent sports fields. At its discretion, the Purchaser may elect not to build the retail component and devote that portion of the site to housing or open space use. If the Purchaser is not able to build a total of 200 market-rate units at the Property for reasons beyond Purchaser's control (for example, due to wetlands or floodplain constraints), then the Purchase Price will be reduced as follows: For the first five (5) units that cannot be built, the Purchase Price will be reduced by $45,000 per unit, and for the next five units that cannot be built, the Purchase Price will be reduced by $60,000 per unit. Any such price reduction will not exceed $525,000. Regardless of any possible reduction in the number of single family detached homes constructed, the Purchaser will be obligated to build 20% of the overall units as affordable homes, including up to twenty (20) units of permanent supportive housing.

American Properties is committing to create a total of 28 permanent jobs at the Property within five (5) years of closing, or 13 permanent jobs if it does not construct the retail component. American Properties also anticipates the Project will generate 667 temporary construction jobs during the construction phase. The purchaser will secure its job creation obligation by posting a promissory note in the amount of $1,500 per permanent required job.

American Properties will commence demolition and construction within sixty (60) days of closing. Construction of the project will proceed in phases and be completed within 60 months after completion of demolition and site work. FMERA will have a right to repurchase the property if construction is not timely commenced or completed.

American Properties will pay the cost to construct on-site water and sewer mains required to provide service to the property. The developer is also responsible to establish all service connections for utilities to the parcel.

Pursuant to the FMERA Act, all purchasers of real estate on Fort Monmouth must enter into a redevelopment agreement containing the following provisions, which will be covenants running with the land until the redeveloper completes the project: (i) a provision limiting the use of the property to the uses permitted by the Reuse Plan or an amendment to the Reuse Plan as approved by the FMERA Board and uses permitted by FMERA's Land Use Rules; (ii) a provision requiring the redeveloper to commence and complete the project within a period of time that FMERA deems
reasonable; and (iii) a provision restricting the transfer of the property or the redeveloper’s rights under the PSARA prior to completion of the project. Based on the redevelopment provisions of the PSARA between FAMERA and American Properties, staff concludes that the essential elements of a redevelopment agreement between FAMERA and American Properties are sufficiently addressed and that it is not necessary for FAMERA to enter into a separate redevelopment agreement with American Properties for its redevelopment of Howard Commons.

Attached is a substantially final form of the PSARA between FAMERA and American Properties as approved by FAMERA’s Board at their April 19, 2017 meeting. The final terms of the PSARA are subject to the approval of FAMERA’s Executive Director and the Attorney General’s Office.

Recommendation
In summary, I am requesting that the Members consent to FAMERA entering into the redevelopment agreement contained within the Purchase and Sale & Redevelopment Agreement with American Properties at Monmouth, LLC, for redevelopment of Howard Commons in the Eatontown section of the former Fort Monmouth property.

Timothy J. Lizura
President/Chief Operating Officer

Attachment: Purchase and Sale & Redevelopment Agreement
Prepared by: Donna Sullivan and Kara Kopach
MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

RE: FAMERA Purchase and Sale & Redevelopment Agreement with Kenneth Schwartz for Barracks Parcel in Eatontown

DATE: June 13, 2017

Request
I am requesting that the Board consent to the Fort Monmouth Economic Revitalization Authority ("FMERA") entering into the redevelopment agreement that is contained within FAMERA’s Purchase and Sale & Redevelopment Agreement ("PSARA") with Kenneth Schwartz ("Purchaser") for the sale and redevelopment of the Barracks Parcel, including approximately 4.4 acres and Buildings 1102 through 1107 ("the Project") in the Eatontown section of the former Fort.

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 New Jersey Economic Development Authority ("NJEDA") as a designated redeveloper for any property acquired by or conveyed to FMERA and authorizes FMERA to enter into redeveloper agreements with the NJEDA for the redevelopment of the Fort, while also allowing FMERA to enter into redevelopment agreements directly with private developers.

In October 2016, FMERA and the Army entered into an Economic Development Conveyance Agreement ("EDC Agreement") with the Army for the Phase 2 portion of the Fort, and title to the property was transferred to FMERA in November 2016. The Barracks Parcel is located in the Eatontown section of the Phase 2 property.

FMERA issued a Request for Offers to Purchase (RFOTP) in connection with the planned redevelopment of the Barracks Parcel on July 1, 2016. The Barracks Parcel is an approximately 4.4-acre parcel that contains Buildings 1102 through 1107, Soldiers Park and the associated parking area. Buildings 1102-1107 are World War II-era semi-permanent buildings, totaling
approximately 24,780 square feet, targeted for demolition in the Fort Monmouth Reuse and Redevelopment Plan (Reuse Plan). The RFOTP called for the property to be redeveloped for a use consistent with the Reuse Plan, namely open space, or for an alternate use which includes reuse of Buildings 1102 through 1107 for a cultural center or museum that promotes the arts, music, and/or entertainment, potentially including up to 12 units of artist short-term residential space, or for a non-residential arts-based use. The RFOTP also stated that the potential purchaser would be required to maintain the approximately 2 acre Soldiers Park as open space following transfer of title.

Responses to the RFOTP were due on August 29, 2016 and one response was received from Kenneth Schwartz. An evaluation committee agreed that the proposal was compliant with the RFOTP and recommended FMERA staff proceed to negotiations for a PSARA.

Mr. Schwartz proposes to renovate and retrofit the existing structures (Buildings 1102-1107) for commercial arts-related uses, including studio, performance and gallery space, as well as short-term residential units for artists. FMERA will need to seek a Reuse Plan amendment to address Mr. Schwartz’ intended use of the property. Approval of a Reuse Plan amendment will be at the sole discretion of the FMERA Board.

Mr. Schwartz is a local entrepreneur and businessman, and the owner of World Auto Group, with several dealerships in Monmouth and Ocean counties. He is also an active supporter of arts and cultural projects in the region; he recently renovated an approximately 9,000 square foot structure in Red Bank, which opened in September 2016 as Detour Gallery. He has been involved in several other real estate and redevelopment projects, including a restaurant/bar in Keyport, and other residential units in Keyport. In addition, Mr. Schwartz was the founder of Fidelis Charitable Foundation. Mr. Schwartz intends to finance the project with cash.

Purchase and Sale & Redevelopment Agreement
Pursuant to the terms of the PSARA, Mr. Schwartz will pay $200,000 for the property, reflecting his proposal. Closing will occur within six (6) months of execution of the PSARA and within thirty (30) days of satisfaction of the conditions precedent to closing, which include: Mandatory Conceptual Review of the project by FMERA; receipt of a final remediation document; an amendment to the Reuse Plan to accommodate the project; and consent from the NJEDA Board of Kenneth Schwartz as redeveloper. FMERA will convey the property to Mr. Schwartz 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 project will consist of the renovation and retrofit of the existing structures on the property for commercial arts-related uses, including studio, performance and gallery space, as well as short-term residential units for artists. The deed for the property will include a restriction limiting any residential uses on the property to thirty (30) day rental terms for artists, which can be renewed monthly for a maximum of 6 months, that shall meet the description of the R-1 Residential Group as defined by the New Jersey International Building Code at N.J.A.C. 5:23-3.14, for a duration of thirty (30) years. The deed will also include a restriction limiting the use of Soldiers Park as open
space in perpetuity.

Mr. Schwartz is committing to create or relocate a total of twelve (12) resident artist jobs and one (1) manager job on the property within twelve (12) months of obtaining a certificate of occupancy, or face a penalty of up to nineteen thousand five hundred ($19,500) dollars. Construction shall begin no later than forty-five (45) days after closing and be completed within twelve (12) months thereafter as set forth in the PSARA, incurring a minimum investment of approximately five hundred thousand ($500,000.00) dollars to complete the project. FNERA will have a right to repurchase the property if construction is not timely commenced or completed.

Pursuant to the FNERA Act, all purchasers of real estate on Fort Monmouth must enter into a redevelopment agreement containing the following provisions, which will be covenants running with the land until the redeveloper completes the project: (i) a provision limiting the use of the property to the uses permitted by the Reuse Plan or an amendment to the Reuse Plan as approved by the FNERA Board and uses permitted by FNERA’s Land Use Rules; (ii) a provision requiring the redeveloper to commence and complete the project within a period of time that FNERA deems reasonable; and (iii) a provision restricting the transfer of the property or the redeveloper’s rights under the PSARA prior to completion of the project. Based on the redevelopment provisions of the PSARA between FNERA and Mr. Schwartz, staff concludes that the essential elements of a redevelopment agreement between FNERA and Mr. Schwartz are sufficiently addressed and that it is not necessary for FNERA to enter into a separate redevelopment agreement with Mr. Schwartz for his redevelopment of the Barracks Parcel.

Attached is a substantially final form of the PSARA between FNERA and Kenneth Schwartz as approved by FNERA’s Board at their May 17, 2017 meeting. The final terms of the PSARA are subject to the approval of FNERA’s Executive Director and the Attorney General’s Office.

Recommendation
In summary, I am requesting that the Members consent to FNERA entering into the redevelopment agreement contained within the Purchase and Sale & Redevelopment Agreement with Kenneth Schwartz for redevelopment of the Barracks Parcel in the Eatontown section of the former Fort Monmouth property.

Timothy A. Lizura
President/Chief Operating Officer

Attachment:  Purchase and Sale & Redevelopment Agreement
Parcel Map
Prepared by:  Donna Sullivan and Candice Valente
MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: June 13, 2017

RE: Real Estate Impact Fund (Private Component) – Repayment Policy Clarification

Summary

The Members are asked to approve a repayment policy clarification to the private component of the Real Estate Impact Fund (the Fund) detailing the process by which staff calculates the percentage of the project’s net cash flow used to repay the Fund loan.

Background

On September 11, 2014, the Members approved the establishment of the Real Estate Impact Fund - a loan product that provides early capital on flexible terms to stimulate real estate development projects in targeted New Jersey locations where development otherwise would not occur. Under the private component of the Fund, for profit and non-profit developers and business entities with demonstrated experience in successfully completing real estate development projects may be eligible for financing of up to $3 million in a development project in an eligible targeted area.

On January 13, 2015, the Members approved a revision to the repayment terms of program which specified that following the repayment of all project debt, the Fund loan would be repaid in a percentage equal to the percentage of Fund loan’s contribution to the project in relation to the total equity contributed by the applicant, determined at the time of project completion. In administering this program, staff determined that a policy clarification to the Members would be helpful in detailing how the percentage of the project’s net cash flow used to repay the Fund loan is calculated.

The calculation utilized by staff is the Fund loan as a percentage of the sum of total equity contributed by the applicant plus the Fund loan. Total equity contributed by the applicant is determined upon completion of the project, issuance of a permanent certificate of occupancy and submission of the final project budget including final sources and uses of funds.

All other aspects of the September 11, 2014 and January 13, 2015 board memos remain the same.
Recommendation

The Members are asked to approve a repayment policy clarification to the private component of the Real Estate Impact Fund (the Fund) which clarifies that the percentage of the project’s net cash flow used to repay the Fund loan is determined by calculating the Fund loan as a percentage of the sum of total equity contributed by the applicant, plus the Fund loan.

Timothy J. Lizura
President/Chief Operating Officer

Prepared by: David Lawyer
MEMORANDUM

TO: Members of the Authority

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

RE: New Health and Agriculture Building in Trenton

Additional Funding, Amended Budget, A/E Contract, and First Amendment to the Memorandum of Understanding

DATE: June 13, 2017

SUMMARY
I request that the Members approve:

- Providing additional EDA funding in the amount of $483,269
- Amending the Predevelopment Services Budget from $1,609,492 to $2,092,761, to include the additional EDA funds
- Amending the HDR A/E contract in the additional amount of $449,286
- Entering into the First Amendment to the Memorandum of Understanding Regarding the Health and Taxation Buildings (Health/Ag MOU First Amendment) with the New Jersey Department of the Treasury, Division of Property Management & Construction (DPMC) which: (i) increases the building size from ±135,000 sf to ±210,000 sf, (ii) increases EDA funding in the amount of $483,269, (iii) amends the Predevelopment Services Budget from $1,609,492 to $2,092,761, and (iv) increases the Parcel size from the building footprint to the include 100% of the existing block and lots which are currently a parking lot.

BACKGROUND

1. Members Approval of Funding, Predevelopment Services Budget, MOU, and A/E Contract

In September 2016, the Members approved the predevelopment funding, Predevelopment Services Budget and MOU between EDA and DPMC for predevelopment services for a ±135,000 sf Health and Agriculture Building that would be located on the southwest corner of North Willow and West Hanover Streets (Parcel).

Under the MOU, EDA would provide the following predevelopment services:

Health and Agriculture Building Predevelopment Service Budget, MOU, and A/E Contract Amendments
June 13, 2017
Page 1
Site due diligence, which will include an appraisal, title, and environmental review to determine the suitability of the Parcel for the Proposed Project.

Design development services which will include preliminary plans through the design development phase, a project schedule, and a construction cost estimate that will include the cost to demolish the existing Health and Agriculture Buildings.

Budgets, which includes the DPMC approved Predevelopment Services budget and the preparation of the preliminary comprehensive development budget.

DPMC will need to authorize the issuance of State-Lease bonds and execute the lease or terminate the Project’s development. In the event DPMC does not authorize proceeding with the final design and construction of the Project, the Treasurer will seek an appropriation in the next State Fiscal Year budget to repay one-half (1/2) of the funding of Predevelopment Costs and one-half (1/2) of the accrued interest due under the MOU.

On February 14, 2017, the Members approved HDR’s A/E contract in the amount of $1,168,689 for the predevelopment design services under the MOU.

2. Requested Revisions
   
   a. Additional Funding and Predevelopment Services Budget Revisions
   DPMC has directed EDA to add approximately 75,000 sf to the currently proposed ±135,000 sf building to facilitate the return of additional state employees to downtown Trenton upon the expiration of upcoming leases. Because DPMC has directed EDA to increase the building size from ±135,000 to ±210,000 sf, an additional $483,269 will be needed to pay for increase in scope of design services and other project related items. The revised Predevelopment Services Budget is attached as Exhibit A.

   b. Amending the A/E Contract
   Due to the increase in the building size, HDR’s contract must be revised to include an additional $449,286 in design services, increasing the fee from $1,168,689 to $1,617,975.

   c. Health/Ag MOU First Amendment
   The MOU will be amended to include the following:

   - Increase the building size from ±135,000 sf to ±210,000 sf
   - Increase EDA funding by $483,269
   - Amend the Predevelopment Services Budget from $1,609,492 to $2,092,761, to include the additional funding
   - Increase the parcel size from the building footprint to include 100% of the block and lots that are currently a parking lot
The Health/Ag MOU First Amendment is attached to this memo as Exhibit B, which be subject to revision, although the basic terms will remain consistent with the attachment. The final terms of the Health/Ag MOU First Amendment will be subject to the approval of the Chief Executive Officer, President/Chief Operating Officer, the Attorney General’s Office, and DPMC.

3. **Staff Recommendation**

Staff recommends that the Members approve the additional funding for Predevelopment Costs, the amended Predevelopment Services Budget and the Health/Ag MOU First Amendment. The Authority views development of state offices vital to redevelopment of the City of Trenton, and previously developed the Trenton State Office Complex, which includes state offices and ground floor retail at 225 East State Street, and a complete rehabilitation of Capitol Place One at 200 South Warren Street. In addition, a potential state office building would complement other activity that may occur under the Garden State Growth Zone Incentive program which includes Trenton as a targeted municipality.

**Recommendation**

In summary, I request the Members:

- Approve additional EDA funding in the amount of $483,269
- Approve amending the total Predevelopment Services Budget to $2,092,761
- Approve amending the HDR contract in the amount of $449,286
- Consent to enter into the First Amendment to the Memorandum of Understanding Regarding the Health and Agriculture Buildings with DPMC generally consistent with the form attached.

---

Timothy J. Lizura  
President and Chief Operating Officer

**Attachments**

Prepared by: Juan Burgos
## Exhibit A
### Predevelopment Services Budget (Uses and Sources Statement)

**Trenton SOB: Health & Agriculture**

**Approval Date:** 9/9/2016  
6/13/2017

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FIRST AMENDMENT TO THE
MEMORANDUM OF UNDERSTANDING
REGARDING THE HEALTH AND AGRICULTURE BUILDINGS

This First Amendment to the Memorandum of Understanding Regarding the Health and Agriculture Buildings (“Health/Ag MOU First Amendment”) dated the [day] day of [month], 2017, will confirm the mutual understanding and intention between the New Jersey Department of the Treasury, Division of Property Management & Construction (“DPMC”) and the New Jersey Economic Development Authority (“EDA”) regarding predevelopment services for the lease, design, bond financing, and construction of certain facilities for DPMC. DPMC and EDA are collectively referred to herein as the “Parties.”

The Parties executed a Memorandum of Understanding Regarding the Health and Agriculture Buildings dated October 7, 2016 (“Health/Ag MOU”) concerning the Proposed Project.

On February 14, 2017, EDA engaged HDR and its consultants as the architect and engineer team to design the Proposed Project and Torcon Construction as the construction management firm to provide cost estimating, value engineering and construction services to develop the Proposed Project.

DPMC has requested that: (i) the size of the proposed building increase from 135,000 square feet to approximately 210,000 square feet to accommodate additional State employees that will be relocated from offices outside of the City of Trenton with expiring leases and relocated to the new Health and Agriculture Building; and (ii) the Parcel consist of the entire block and lots instead of only the building footprint. DPMC’s request to increase the building size requires additional EDA funding for design and cost estimating services in the amount of $483,269.

The Parties will enter into a Health/Ag MOU First Amendment to memorialize these changes in the Proposed Project’s scope as follows:

1. EDA’s predevelopment design services for the Proposed Project will be for an approximately 210,000 square foot Health and Agriculture building.

2. The Parcel shall consist of the entire block and lots instead of only the building footprint.

3. Section 2.a. of the Health/Ag MOU is hereby deleted and the following inserted in its place:

   a. “Funding. EDA will provide up to $2,092,761 (the “Funding of Predevelopment Costs”) to pay for the Predevelopment Services detailed in the predevelopment services budget.”

4. Exhibit B of the Health/Ag MOU is hereby deleted and Exhibit B-1, Predevelopment Services Budget is inserted in its place.
Except as set forth above, all of the terms and conditions of the Health/Ag MOU shall remain in full force and effect.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]
IN WITNESS WHEREOF, the Parties have caused this First Amendment to the Memorandum of Understanding Regarding the Health and Agriculture Buildings to be duly executed and delivered as of the date and year first above written and by so executing, represent and warrant they have the authority to do so.

STATE OF NEW JERSEY DEPARTMENT OF TREASURY, DIVISION OF PROPERTY MANAGEMENT AND CONSTRUCTION

Christopher Chianese Director
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Timothy J. Lizura
President and Chief Operating Officer

AGREED AND CONSENTED TO BY:

Ford M. Scudders, Treasurer
State of New Jersey

The foregoing document has been reviewed and approved as to form.

CHRISTOPHER S. PORRINO
ATTORNEY GENERAL OF NEW JERSEY

By:
Gary A. Kotler, Deputy Attorney General
## First Amendment to the Memorandum of Understanding Exhibit B-1
### Predevelopment Services Budget (Uses and Sources Statement)

**Trenton SOB: Health & Agriculture**

**Approval Date:** 9/9/2016 6/13/2017

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**Total Uses**

| $1,609,492 | $2,092,761 | ($483,269) |

**Sources**

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**Total Sources**

| $1,609,492 | $2,092,761 | ($483,269) |
Resolution of the New Jersey Economic Development Authority ("NJEDA") Regarding Approval of New Health and Agriculture Building in Trenton, Additional Funding, Amended Budget, A/E Contract, and First Amendment to the Memorandum of Understanding

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

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

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

1. The actions set forth in the Memorandum, attached hereto, are hereby approved, subject to any conditions set forth as such in said Memorandum.

2. The Memorandum, attached hereto, are hereby incorporated and made a part of this resolution as though set forth at length herein.

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

DATED: June 13, 2017

EXHIBIT
MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President and Chief Operating Officer
RE: New Taxation Building in Trenton
     Additional Funding, Amended Budget, A/E Contract, and First Amendment to the
     Memorandum of Understanding
DATE: June 13, 2017

SUMMARY
I request that the Members approve:

- Providing additional EDA funding in the amount of $333,023
- Amending the Predevelopment Services Budget from $1,993,448 to $2,326,471 to include
  the additional EDA funds
- Amending the Ballinger A/E contract in the additional amount of $330,948
- Entering into the First Amendment to the Memorandum of Understanding regarding the
  Taxation Building (Taxation MOU First Amendment) with the New Jersey Department of
  the Treasury, Division of Property Management & Construction (DPMC) which: (i)
  increases the building size from ±175,000 sf to ±200,000 sf, (ii) increases EDA funding
  in the amount of $333,023, (iii) amends the Predevelopment Services Budget from
  $1,993,448 to $2,326,471, (iv) increases the Parcel from the building footprint to building
  footprint and related site improvements; and (v) revises the location of the proposed
  building to John Fitch Way and immediately north of the existing Labor Building.

BACKGROUND

1. Members Approval of Funding, Predevelopment Services Budget, MOU, and A/E Contract
   In September 2016, the Members approved the predevelopment funding, Predevelopment Services
   Budget and MOU between EDA and DPMC for predevelopment services for a ±175,000 sf
   Taxation building that would be located at the corner of John Fitch Way and South Warren Street
   (Parcel).

   Under the MOU, EDA would provide the following predevelopment services:
• Site due diligence, which will include an appraisal, title, and environmental review to
determine the suitability of the Parcel for the Proposed Project.

• Design development services which will include preliminary plans through the design
development phase, a project schedule, and a construction cost estimate that will include
the cost to demolish, rehabilitate or sell the existing Taxation Building.

• Budgets, which includes the DPMC approved Predevelopment Services budget and the
preparation of the preliminary comprehensive development budget.

DPMC will need to authorize the issuance of State-Lease bonds and execute the lease or terminate
the Project’s development. In the event DPMC does not authorize proceeding with the final design
and construction of the Project, the Treasurer will seek an appropriation in the next State Fiscal
Year budget to repay one-half (1/2) of the funding of Predevelopment Costs and one-half (1/2)
of the accrued interest due under the MOU.

On February 14, 2017, the Members approved Ballinger’s A/E contract in the amount of
$1,506,311 for the predevelopment design services under the MOU.

2. Requested Revisions
   a. Additional Funding and Predevelopment Services Budget Revisions
DPMC has directed EDA to add approximately 25,000 sf to the currently proposed ±175,000 sf
building to facilitate the return of additional state employees to downtown Trenton upon the
expiration of upcoming leases. Because DPMC has directed EDA to increase the building size
from ±175,000 to ±200,000 sf, additional funding in the amount of $333,023 will be needed to pay
for additional design services and other project related items. The revised Predevelopment
Services Budget is attached as Exhibit A.

   b. Amending the A/E Contract
Due to the increase in the building size, Ballinger’s contract must be revised to include an
additional $330,948 in design services, increasing the fee from $1,506,311 to $1,837,259.

   c. Taxation MOU First Amendment
The MOU will be amended to include the following:

   • Increase the building size from ±175,000 sf to ±200,000 sf
   • Increase EDA funding by $333,023
   • Amend the Predevelopment Services Budget from $1,993,448 to $2,326,471, to include
     the additional funding
   • Increase the Parcel size from the building footprint to include the building footprint and
     related site improvements
• Move the proposed Taxation building from the corner of John Fitch Way and South Warren Street west along John Fitch Way and immediately north of the Labor Building.

The Taxation MOU First Amendment is attached to this memo as Exhibit B. The final Taxation MOU First Amendment may be subject to revision, although the basic terms will remain consistent with the attachment. The final terms of the Taxation MOU First Amendment will be subject to the approval of the Chief Executive Officer, President/Chief Operating Officer, the Attorney General’s Office, and DPMC.

3. Staff Recommendation
Staff recommends that the Members approve the additional funding for Predevelopment Costs, the amended Predevelopment Services Budget and the Taxation MOU First Amendment. The Authority views development of state offices vital to redevelopment of the City of Trenton, and previously developed the Trenton State Office Complex, which includes state offices and ground floor retail at 225 East State Street, and a complete rehabilitation of Capitol Place One at 200 South Warren Street. In addition, a potential state office building would complement other activity that may occur under the Garden State Growth Zone Incentive program which includes Trenton as a targeted municipality.

Recommendation
In summary, I request the Members:

- Approve additional EDA funding in the amount of $333,023
- Approve amending the total Predevelopment Services Budget to $2,326,471
- Approve amending the Ballinger A/E contract in the amount of $330,948
- Consent to enter into the First Amendment to the Memorandum of Understanding Regarding the Taxation Building with DPMC generally consistent with the form attached.

Timothy J. Lizura
President and Chief Operating Officer

Attachments
Prepared by: Juan Burgos
## Exhibit A

### Predevelopment Services Budget (Uses and Sources Statement)

**Trenton SOB: Taxation**

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<td>Administrative Expenses (e.g., procurement, other)</td>
<td>$5,631</td>
<td>$5,631</td>
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<tr>
<td><strong>Subtotal Finance and Administration</strong></td>
<td><strong>$5,631</strong></td>
<td><strong>$5,631</strong></td>
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<tr>
<td>Contingency</td>
<td></td>
<td></td>
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<tr>
<td>Project Contingency</td>
<td>10.00%</td>
<td>$175,944</td>
<td>$206,219</td>
</tr>
<tr>
<td><strong>Subtotal Contingency</strong></td>
<td><strong>$175,944</strong></td>
<td><strong>$206,219</strong></td>
<td><strong>($30,275)</strong></td>
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<tr>
<td>Administrative Fee</td>
<td></td>
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<tr>
<td>NJEDA Administrative Fee</td>
<td>3.00%</td>
<td>$58,062</td>
<td>$58,062</td>
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<tr>
<td><strong>Subtotal Administrative Fee</strong></td>
<td><strong>$58,062</strong></td>
<td><strong>$58,062</strong></td>
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### Uses

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<th>Difference</th>
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<tr>
<td>Acquisition</td>
<td>$47,500</td>
<td>$54,300</td>
<td>($6,800)</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$1,706,311</td>
<td>$2,002,259</td>
<td>($295,948)</td>
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<td>Finance and Administration</td>
<td>$5,631</td>
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<td>$58,062</td>
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**Total Uses** | $1,993,448        | $2,326,471      | ($333,023) |

### Sources

<table>
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<tr>
<th>Summary of Sources</th>
<th>Approved Budget</th>
<th>Adjusted Budget</th>
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<tbody>
<tr>
<td>EDA Interim Financing</td>
<td>$1,993,448</td>
<td>$2,326,471</td>
<td>($333,023)</td>
</tr>
</tbody>
</table>

**Total Sources** | $1,993,448        | $2,326,471      | ($333,023) |
EXHIBIT B

FIRST AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING REGARDING THE TAXATION BUILDING

This First Amendment to the Memorandum of Understanding Regarding the Taxation Building ("Taxation MOU First Amendment") dated the [day] day of [month], 2017, will confirm the mutual understanding and intention between the New Jersey Department of the Treasury, Division of Property Management & Construction ("DPMC") and the New Jersey Economic Development Authority ("EDA") regarding predevelopment services for the lease, design, bond financing, and construction of certain facilities for DPMC. DPMC and EDA are collectively referred to herein as the “Parties.”

The Parties executed a Memorandum of Understanding Regarding the Taxation Building dated October 7, 2016 ("Taxation MOU") concerning the Proposed Project.

On February 14, 2017, EDA engaged Ballinger Company and its consultants as the architect and engineer team to design the Proposed Project and Torcon Construction as the construction management firm to provide cost estimating, value engineering and construction services to develop the Proposed Project.

DPMC has now requested that (i) the size of the proposed building increase from 175,000 square feet to approximately 200,000 square feet to accommodate additional State employees that will be relocated from offices outside of the City of Trenton with expiring leases and relocated to the new Taxation Building, and (ii) the Parcel consist of the building footprint and related site improvements instead of only the building footprint. DPMC’s request to increase the building size requires additional EDA funding for design and cost estimating services in the amount of $333,023.

The Parties will enter into a Taxation MOU First Amendment to memorialize these changes in the Proposed Project’s scope as follows:

1. EDA’s predevelopment design services for the Proposed Project will be for an approximately 200,000 square foot Taxation building.

2. The Parcel shall consist of the building footprint and the land with related site improvements instead of only the building footprint.

3. The Proposed Project will be moved from the southwest corner of John Fitch Way and South Warren Street to immediately west along John Fitch Way and in front of the existing Labor Building, as shown in Exhibit A-1, which is attached to this Taxation MOU First Amendment.

4. Section 2.a. of the Taxation MOU is hereby deleted and the following inserted in its place:
EXHIBIT B

a. “Funding. EDA will provide up to $2,326,471 (the “Funding of Predevelopment Costs”) to pay for the Predevelopment Services detailed in the predevelopment services budget.”

5. Exhibit B of the Taxation MOU is hereby deleted and Exhibit B-1, Predevelopment Services Budget, which is attached to this Taxation MOU First Amendment, is inserted in its place.

Except as set forth above, all of the terms and conditions of the Taxation MOU shall remain in full force and effect.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]
EXHIBIT B

IN WITNESS WHEREOF, the Parties have caused this First Amendment to the Memorandum of Understanding Regarding the Taxation Building to be duly executed and delivered as of the date and year first above written and by so executing, represent and warrant they have the authority to do so.

STATE OF NEW JERSEY DEPARTMENT OF TREASURY, DIVISION OF PROPERTY MANAGEMENT AND CONSTRUCTION

Christopher Chianese Director
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Timothy J. Lizura
President and Chief Operating Officer

AGREED AND CONSENTED TO BY:

Ford M. Scudder, Treasurer
State of New Jersey

The foregoing document has been reviewed and approved as to form.

CHRISTOPHER S. PORRINO
ATTORNEY GENERAL OF NEW JERSEY

By:
Gary A. Kotler, Deputy Attorney General
### Exhibit B-1
Predevelopment Services Budget (Uses and Sources Statement)

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Previously Approved</th>
<th>Current Approval</th>
<th>Difference</th>
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<td>Professional Services</td>
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<tr>
<td>Construction Manager - Pre-Construction</td>
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<td>Environmental Consultant</td>
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MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: June 13, 2017

SUBJECT: Projects Approved Under Delegated Authority – For Informational Purposes Only

The following projects were approved under Delegated Authority in May 2017:

Premier Lender Program:

1) 960 Holdings LLC (P44085), located in Rahway City, Union County, is a recently established holding company formed to own the project property. The operating company, Wytech Industries, Inc., was founded in 1975 as a manufacturer of wire and tubing components for the medical device industry. Bank of America, N.A. approved a $4,800,000 loan with a 41.67% ($2,000,000) Authority participation. Proceeds will be used to purchase commercial land and building. The Company currently has 124 employees and plans to create 25 new positions within the next two years.

2) Power Photo Corp. and 40 Montgomery St. Hillside, LLC (P44133), located in Hillside Township, Union County, is primarily engaged in wholesale/retail (online) of branded consumer electronics and accessories with further specialization in camera and drone industries. Fulton Bank approved a $1,665,000 loan with a 40% ($665,000) Authority participation. Proceeds will be used to purchase a commercial property to accommodate their inventory storage needs. Currently, the Company has 50 employees and plans to create 50 additional jobs over the next two years.

Stronger NJ Business Loan Program:

1) Reina Tire Services Inc. (P43346), located in South River Borough, Middlesex County, was established in 2006 as a retail tire distributor and repair facility. The Company was approved for a 20 year $250,000 working capital loan.

Prepared by: G. Robins
/gvr