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: BMW of North America, LLC P42706

PROJECT LOCATION: 200 Chestnut Ridge Road (Bldg 200) Woodcliff Lake Borough Bergen County

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

APPLICANT BACKGROUND:
BMW of North America, LLC was established in 1975 as the U.S. importer of BMW luxury/performance vehicles. Headquartered in Woodcliff Lake, NJ, BMW of North America is subsidiary of BMW Group, a manufacturer and distributor of BMW luxury vehicles, motorcycles and light trucks. BMW of North America operations in New Jersey include operations of all its business functions including customer relations and service, after-sales business development and marketing, retail audit as well as information technology and corporate human resources. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:
The company is evaluating locations for the relocation of certain headquarters positions from Park Ridge, NJ, where the lease is set to expire in November 2016 to a 140,000 sq. ft. facility, Building 200, at BMW’s Woodcliff Lake campus or a 100,000 sq. ft. facility in Greer, South Carolina. On May 20, 2016, the company submitted a Grow NJ application for the retention of 179 full-time jobs plus the creation of 15 full-time jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of BMW of North America, 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 Ludwig Willisch, the CEO of BMW of North America, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $71 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 179 New Jersey jobs listed in the application are at risk of being located outside the State on or before December 31, 2016, after the lease expiration at the current facility. 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><strong>Non-Industrial/Warehouse/Logistics/R&amp;D – Rehabilitation Projects</strong></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>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 Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for a manufacturing business in Bergen 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>$5,600,000</td>
<td>$11,285,000</td>
</tr>
<tr>
<td>New Jobs</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>25</td>
<td>179</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>Woodcliff Lake is a designated Priority Area</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase(s) Criteria</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs with Salary in Excess of</td>
<td>An increase of $250 per job The proposed median salary of</td>
</tr>
</tbody>
</table>
County/GSGZ Average

for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500

$105,195 exceeds the Bergen County median salary by 77% resulting in an increase of $500 per year.

Targeted Industry

An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business

The applicant is a Manufacturing business.

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

<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:  
  1. ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $4,000 = $2,000) or  
  2. The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (11,285,000 / 10 / (15 + 179) = $5,817) |

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:
Jobs with Salary in Excess of County Average: $ 500
Targeted Industry (Manufacturing): $ 500

INCREASE PER EMPLOYEE: $1,000

PER EMPLOYEE LIMIT:
Priority Area $10,500

LESSEE OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $4,000

AWARD:
New Jobs: 15 Jobs X $4,000 X 100% = $ 60,000
Retained Jobs: 179 Jobs X $4,000 X 50% = $358,000
Total: $418,000

ANNUAL LIMITS:
Priority Area (Est. 90% Withholding Limit) $ 4,000,000/($837,419)

TOTAL ANNUAL AWARD $418,000

PROJECT IS: (X) Expansion (X) Relocation

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $11,285,000

EXPECTED PROJECT COMPLETION: March 1, 2017

SIZE OF PROJECT LOCATION: 140,000 sq. ft.
Existing

NEW BUILDING OR EXISTING LOCATION? Non-Industrial
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?

CONSTRUCTION: (X) Yes ( ) No

NEW FULL-TIME JOBS: 15
RETAINED FULL-TIME JOBS: 179
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2015): 759
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: Park Ridge
MEDIAN WAGES: $105,195
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $ 75,229,099
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS) $ 4,180,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $ 71,049,099

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 six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:
The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before December 31, 2016; 2) approve the proposed Grow New Jersey grant to encourage BMW of North America, 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