MEMORANDUM

TO: Members of the Authority
FROM: Timothy Sullivan
Chief Operating Officer
DATE: November 9, 2018
SUBJECT: Agenda for Board Meeting of the Authority November 9, 2018

Notice of Public Meeting

Roll Call

Approval of Previous Month’s Minutes

Chairman’s Report to the Board

CEO’s Report to the Board

Board Presentation

Authority Matters

Incentive Programs

Bond Projects

Loans/Grants/Guarantees

Office of Recovery

Board Memorandums

Executive Session

Public Comment

Adjournment
AUTHORITY MATTERS

ITEM: 21st Century Redevelopment Program
REQUEST: Approval for the 21st Century Redevelopment Program with financing from the Economic Recovery Fund to fund grants to communities for economic development plans with solutions and strategies for commercial “ghosts” or “stranded assets”.
MOTION TO APPROVE: Ms. Brennan SECOND: Mr. Mullen AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Innovation Challenge Program
REQUEST: Approval for the Innovation Challenge Program with financing from the Economic Recovery Fund to fund grants to communities for economic development plans to catalyze planning and key investments to position their city and region to augment their innovation ecosystem.
MOTION TO APPROVE: Mr. Ryan SECOND: Mr. Downes AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

ITEM: “Access” Pilot Lending Program
REQUEST: Launch a pilot lending program, "Access", to provide support to small businesses in New Jersey and delegate authority to staff to approve applicants that meet all the program criteria.
MOTION TO APPROVE: Mr. Mullen SECOND: Mr. Ryan AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Offshore Wind Economic Development Tax Credit Program
REQUEST: Approve the regulations and procedures associated with administering the program.
MOTION TO APPROVE: Mr. Mullen SECOND: Mr. Ryan AYES: 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

Mr. Scrivo recused himself because he represents a client who is opposed to the industry.
INCENTIVE PROGRAMS

Grow New Jersey Assistance Program

ITEM: Keyme, Inc.  APPL.#45185
REQUEST: To approve the application of Keyme, Inc. For a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Jersey City, NJ. Project location of Jersey City, Hudson County qualifies as an Urban Transit HUB 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 Transit Oriented Development, Targeted Industry of Manufacturing. The estimated annual award is $546,720 for a 10-year term.
MOTION TO APPROVE: Mr. Mullen  SECOND: Mr. Ryan  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

ITEM: Neumann Gruppe USA, Inc.  APPL.#45190
REQUEST: To approve the application of Neumann Gruppe USA, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Hoboken City, NJ. Project location of Hoboken City, Hudson County qualifies as an Urban Transit HUB 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 Transit Oriented Development. The estimated annual award is $315,000 for a 10-year term.
MOTION TO APPROVE: Ms. Brennan  SECOND: Mr. Downes  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

Mr. Ryan left the meeting at this time.

Grow New Jersey Assistance Program- Modification

ITEM: Audible, Inc.  APPL.#40678
REQUEST: Consent to a second six-month extension
MOTION TO APPROVE: Mr. Scrivo  SECOND: Mr. Alagia  AYES: 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: Jackson Hewitt Inc. & Subsidiaries  APPL.#40714
REQUEST: Consent to a second six-month extension
MOTION TO APPROVE: Mr. Mullen  SECOND: Mr. Alagia  AYES: 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8
ITEM: Resintech, Inc                      APPL.#42319
REQUEST: Consent to a second six-month extension
MOTION TO APPROVE: Mr. Mullen        SECOND: Mr. Alagia   AYES: 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

Ms. Brennan entered the meeting at this time.

EDISON INNOVATION FUND

ITEM: Authorized Luxury Group Appeal
REQUEST: Consent to the recommendation to uphold the declination of the NOL application for Authorized Luxury Group.
MOTION TO APPROVE: Mr. Scrivo        SECOND: Ms. Brennan   AYES: 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

BOND PROJECTS

ITEM: School Facilities Construction Bonds
REQUEST: Approve the issuance of one or more series of 2018 School Facilities Construction Refunding Bonds and one or more series of the 2018 School Facilities Construction Bonds.
MOTION TO APPROVE: Mr. Dumont        SECOND: Mr. Soberanis   AYES: 10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

Mr. Scrivo left the meeting at this time.

Combination Preliminary and Bond Resolutions

PROJECT: LEAP STEM, LLC                      APPL.#45195
LOCATION: Camden City, Camden County
PROCEEDS FOR: Refinancing
FINANCING: $7,500,000 tax exempt bond
MOTION TO APPROVE: Mr. Mullen        SECOND: Mr. Downes   AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12
PUBLIC HEARING: Yes
PUBLIC COMMENT: None
Public Hearing Only

PROJECT: The Friends of TEAM Charter Schools, Inc.  APPL.#45075
LOCATION: Newark City, Essex County
PROCEEDS FOR: Acquisition and Renovation of existing building
FINANCING: $13,500,000 total costs
PUBLIC HEARING: Yes
PUBLIC COMMENT: Mr. Colandus “Kelly” Francis, Member, Camden City Taxpayers Association, and Camden resident asked if the residents would be liable for the bond debt if the Friends of TEAM Charter Schools, Inc. defaulted on the bond obligations. Mr. Bern Davis, Chiesa, Shahinian & Giantomasi, responded that the Camden residents would not be liable for any bond debt, should there be a default.

LOANS/GRANTS/GUARANTEES

Hazardous Discharge Site Remediation Fund

ITEM: Summary of NJDEP Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Mr. Goetting  SECOND: Mr. Mullen  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

PROJECT: Pennington Borough Sanitary  APPL.#45165
LOCATION: Pennington Borough, Mercer County
PROCEEDS FOR: Remedial Investigation
FINANCING: $301,604

PROJECT: Sprague’s Oil Service, Inc.  APPL.#44999
LOCATION: Matawan Borough, Monmouth County
PROCEEDS FOR: Remedial Investigation
FINANCING: $61,400

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. Goetting  SECOND: Ms. Brennan  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14
November 9, 2018 Board Book - Approval of Previous Month's Minutes

**PROJECT:** Angelina Ciallella  
**LOCATION:** Freehold Township, Monmouth County  
**PROCEEDS FOR:** Remediation  
**FINANCING:** $659,024  

**PROJECT:** Clara Engime  
**LOCATION:** Collingswood Borough, Camden County  
**PROCEEDS FOR:** Remediation  
**FINANCING:** $640,485  

**PROJECT:** American Vegan Society  
**LOCATION:** Franklin Township, Gloucester County  
**PROCEEDS FOR:** Remediation  
**FINANCING:** $157,338  

**PROJECT:** David Leininger  
**LOCATION:** Lower Township, Cape May County  
**PROCEEDS FOR:** Remediation  
**FINANCING:** $124,257  

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**REAL ESTATE**

**ITEM:** Parcel F-1, Tinton Falls  
**REQUEST:** Approve the execution of an Assignment and Assumption Agreement between the NJEDA and RWJ Barnabas Health, Inc.  
**MOTION TO APPROVE:** Mr. Dumont  
**SECOND:** Mr. Goetting  
**AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 15

**ITEM:** Camden Waterfront Project  
**REQUEST:** Consent to execute a Parking Management Agreement with New Jersey Aquarium, LLC.  
**MOTION TO APPROVE:** Mr. Goetting  
**SECOND:** Mr. Soberanis  
**AYES:** 9  
**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 16
ITEM: FMERA Purchase and Sale & Redevelopment Agreement
REQUEST: Consent to FMERA entering into the purchase and sale & development agreement with KKF University Enterprises, LLC.
MOTION TO APPROVE: Mr. Dumont  SECOND: Ms. Brennan  AYES: 8
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

Mr. Goetting recused himself because he represents New Jersey City University.

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Projects approved under Delegated Authority

Premier Lender Program:

PROJECT: 145 Cedar Limited Liability Company  APPL.#45194
LOCATION: Englewood City, Bergen County
PROCEEDS FOR: Purchase of Property
FINANCING: $1,845,000 ConnectOne Bank loan with $307,500 EDA participation

PROJECT: Jaan Holdings LLC  APPL.#45217
LOCATION: Rahway City, Union County
PROCEEDS FOR: Purchase of Property
FINANCING: $2,340,000 Provident Bank loan with $1,170,000 EDA participation

Small Business Fund:

PROJECT: All That Dance Studio  APPL.#45191
LOCATION: Hopewell Township, Cumberland County
PROCEEDS FOR: Purchase of Property
FINANCING: $132,750 direct loan

FOR INFORMATION ONLY: Incentive Modifications- 3rd Quarter 2018 approvals-Delegated Authority

FOR INFORMATION ONLY: Hazardous Discharge Site- 3rd Quarter 2018 approvals-Delegated Authority
FOR INFORMATION ONLY: Petroleum Underground Storage Tank Program- 3rd Quarter 2018 approvals- Delegated Authority

FOR INFORMATION ONLY: Real Estate Delegated Authority- 3rd Quarter 2018 approvals- Delegated Authority

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to discuss a matter under negotiation, where disclosure could adversely affect the public interest. The minutes will be made public when the need for confidentiality no longer exists.

MOTION TO APPROVE: Mr. Dumont SECOND: Mr. Alagia AYES: 9

RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

The Board returned to Public Session.

AUTHORITY MATTERS

The next item was to approve the items discussed in Executive Session.

MOTION TO APPROVE: Mr. Dumont SECOND: Mr. Downes AYES: 9

RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

There being no further business, on a motion by Mr. Dumont, and seconded by Mr. Downes, the meeting was adjourned at 11:45am.

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, Chief of Staff
Assistant Secretary
MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan

DATE: November 9, 2018

RE: Monthly Report to the Board

Momentum toward a Stronger and Fairer New Jersey Economy continued to build throughout October as staff and partners across state government worked to raise awareness of Governor Murphy’s newly unveiled strategic economic development plan, while making progress toward developing and launching initiatives in support of the plan’s four strategic priorities.

HIGHLIGHTS OF ECONOMIC DEVELOPMENT TRADE MISSION

A ten-day trade mission to Germany and Israel resulted in several initiatives and partnerships that will help to spur international investment and activity in New Jersey. Wes Mathews and I had the pleasure of accompanying Governor Murphy, Choose NJ CEO Jose Lozano, and a team of other New Jersey stakeholders, on the whirlwind tour, which consisted of many productive and interesting meetings and discussions with German and Israeli business and government leaders. Some of the more tangible outcomes of the trip follow, and we expect to report more results as discussions continue.

- The State of New Jersey will have a presence in Europe for the first time since 2012 with the opening of the Choose New Jersey Europe Office in Berlin. Governor Phil Murphy and the NJ delegation were welcomed by German government and business leaders, for the announcement at the Amerika Haus, an institution that was developed following the end of the Second World War to provide an opportunity for German citizens to learn more about American culture and politics, and discuss and debate the transatlantic relationship.

- The Murphy administration inked an agreement with the Berlin-based DIHK, an association of dozens of chambers across Germany, to boost the state’s workforce in high-growth sectors. The agreement will help to encourage sharing of information and best practices, and will help New Jersey-based German businesses boost their apprenticeship programs. Governor Murphy, New Jersey Labor Commissioner Robert Asaro-Angelo and DIHK CEO Martin Wansleben, signed the agreement in Berlin.

- Governor Murphy visited the Hamburg branch of EnBW Energie-Baden-Württemberg, AG, one of the leading developers and operators of offshore wind farms in Europe. EnBW is opening its office in Jersey City with its national subsidiary EnBW North America Inc. at the end of the year. It will act as the base for EnBW’s participation in offshore wind opportunities in New Jersey and New York.
• On its first day in Israel, the New Jersey delegation announced the signing of a Memorandum of Understanding (MOU) to strengthen economic ties and enhance bi-lateral partnerships among innovators in the Garden State and the State of Israel. The MOU outlines an agreement to further develop and strengthen economic, technological and commercial cooperation between the State of Israel and the State of New Jersey. It will help facilitate the identification of opportunities for growth in the innovation economy and foster a greater partnership between New Jersey and Israel.

• Governor Murphy joined Teva Pharmaceuticals executives at the company’s headquarters in Petach Tikva, Israel to formalize the company’s commitment to consolidate its North American Commercial business areas in New Jersey. Announced earlier this year as part of a global restructuring process, Teva will establish its North America headquarters in Parsippany-Troy Hills, including more than 1,000 high-wage jobs and the transfer and creation of more than 800 positions. Teva’s decision was encouraged by the NJEDA’s approval of up to $40 million in Grow NJ tax credits over 10 years.

OTHER ECONOMIC DEVELOPMENT STRATEGIC PLAN OUTREACH EFFORTS

The New Jersey Innovation Evergreen Fund (NJIEF) proposed as part of Governor Murphy’s economic development strategic plan was the focus of two events in October. Governor Murphy and I joined business and innovation leaders to discuss the Fund, which supports “Investing in Innovation”, one of the four strategic priorities outlined in his plan. I participated in two other events at which the future of the State’s innovation sector was the focus – the Hoboken Innovation Leadership Roundtable, and a New Jersey Innovation Institute event focused on how innovation hubs help to boost the economy.

The state’s appeal for fintech companies was also a focus this month, as a ribbon was cut at small business lender Credibility Capital, which has moved 70 employees from New York City to the Hahne and Co. building in Newark. Jersey City’s fintech community was also in the spotlight, as E-Trade signed a lease for expanded space, where it will add 250 new jobs.

Sections of both Newark and Jersey City were identified as Opportunity Zones earlier this year, and the Internal Revenue Service and Treasury Department recently issued proposed regulations for the program. Investors will soon have the opportunity for deferral and exclusion of capital gains taxes by investing in designated distressed communities.

I had the pleasure of presenting the plan at Ramapo College’s Business Partner Lunch, which was attended by bankers, developers, real estate professionals, and corporate executives – many of whom have turned to the EDA for support of their projects in the past, and were eager to learn about new programs.

The plan was also highlighted as Brian Sabina participated in the Newark Regional Business Partnership’s panel, “Regional Economic Outlook: Full Steam Ahead or Out of Steam?” Brian also helped to spread the word about the plan during a panel on the benefits of doing business in New Jersey, at a business summit hosted by EisnerAmper. He also joined a panel of college presidents to discuss access to and affordability of a college education at the 64th Annual Meeting of the Independent College Fund at the College of Saint Elizabeth. Brian’s focus was on initiatives in support of the Governor’s strategic plan objective of “Investment in People”.
An event celebrating progress in the development of Terminal One at Newark Airport highlighted the importance of addressing the State’s antiquated transportation infrastructure. The investment the Port Authority of New York and New Jersey is making in this modern facility demonstrates its strategic thinking, and will help to maximize the logistical advantages of doing business in New Jersey.

NEW NJEDA INITIATIVES ADVANCE

Several initiatives in support of Governor Murphy’s plan for a Stronger and Fairer New Jersey Economy have recently hit milestones. We have just begun accepting applications for loans through Access, which was announced at our October Board meeting to provide increased access to capital for small businesses to scale their operations in New Jersey. Launched with $15 million as a pilot program, Access will provide borrowers, including women- and minority-owned businesses, with more flexibility by establishing requirements that place greater emphasis on cash-flow with less reliance on hard collateral.

Earlier this week, staff kicked off a series of meetings with representatives of each of the nine communities selected for grants to advance plans to strengthen their local innovation ecosystems under the first round of the Innovation Challenge. Due to the robust response to the first round, we expect to begin accepting applications for the second round of projects in the coming days.

The NJEDA continued it series of educational workshops on the Small Business Bonding Readiness Program in October, and the program is expected to launch shortly.

CLOSED PROJECTS

Through October 2018, EDA closed on $99 million in lending and other small to mid-sized business assistance to support 106 projects, leveraging more than $233 million in capital investment and the creation of more than 1,000 new permanent jobs.

In addition to the assistance provided through these programs, EDA also executed agreements pending certification with 23 incentives projects for more than $379 million, leveraging more than $463 million in capital investment, the creation of 1,800 new jobs, 1,679 construction jobs, and the retention of 4,039 jobs at risk of leaving New Jersey.
MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: November 9, 2018

Subject: Proposed New Rules
Film & Digital Media Tax Credit Programs

Summary:

The Members are requested to approve special adopted new rules (attached); and, to authorize staff to file the new rules to be adopted and become effective upon acceptance by the Office of Administrative Law, and thereafter, file readoption of the rules, with non-substantial revisions, on or before the expiration of the special adopted rules.

Program Overview:

The “Garden State Film and Digital Media Jobs Act,” P.L. 2018, c. 56, enacted July 3, 2018, provides a credit against the corporation business tax and the gross income tax for certain expenses incurred for the production of certain films and digital media content in New Jersey. The goal of the program is to incentivize production companies to film and create digital media content in New Jersey.

Under the statute, a taxpayer may qualify for a tax credit of 30 percent of qualified film production expenses if 60 percent of the film’s total production expenses, exclusive of post-production costs, are incurred for services and goods purchased through vendors in New Jersey, or the qualified film production expenses in New Jersey of the taxpayer exceed $1 million per production.

The film tax credit may be increased to 35% for qualified film production expenses incurred for services performed and tangible personal property purchased through vendors whose primary
place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.

The statute allows taxpayers applying for a credit against the corporate business tax the ability to obtain tax credits for film projects that are “reality shows,” if the production company of the reality show owns, leases, or otherwise occupies a production facility of at least 20,000 square feet in an Urban Enterprise Zone for at least two years, and, after July 1, 2018, makes a capital investment of at least $3 million in that facility. The investment of the production company may include the investment of its landlord in proportion to the net leasable area of the to the total net leasable area.

The statute also allows for a digital media tax credit of 20% of qualified digital media production expenses if at least $2 million of the total digital media production expenses are incurred for services performed and goods purchased through vendors in New Jersey, and at least 50% of the qualified digital media content production expenses are for wages and salaries paid to full-time employees in New Jersey.

The digital media tax credit may be increased to 25% for qualified production expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.

Additionally, as authorized by the Act, the rules provide for a bonus for taxpayers applying for a credit against the corporate business tax in the amount of two percent of the qualified film or digital media expenses if the application is accompanied by a diversity plan outlining goals, which includes the intention to prioritize the hiring of minority persons and women in an amount of not less than 15% of the total hired, efforts to ensure equal employment opportunities, and specific goals, which may include advertising and recruitment actions, for hiring minority persons and women. The taxpayer must submit evidence that the applicant has met or made good-faith efforts in achieving those goals to receive the bonus.

The total amount of film tax credits available under the program is $75 million per state fiscal year, beginning with State Fiscal Year (“SFY”) 2019 and ending with SFY2023, for a total available pool of $375 million. The total amount of digital media tax credits available under the program is $10 million per fiscal year, beginning with SFY2019 and ending with SFY2023, for a total available pool of $50 million.

**Application Review and Tax Credit Issuance Process – Film Tax Credit**

Projects applying for film tax credit awards will initially be reviewed by the New Jersey Motion Picture and Television Commission (Commission), to determine if the content of the film project meets the statutory definition of a “film”, and then by Authority staff to determine whether the
project and its’ estimated expenses meet the base requirements necessary to qualify for the program.

Applicants will also provide the Authority, through the program application and a preliminary project budget, a detailed breakdown the total film production expenses, post production costs, and qualified film production expenses. Projects seeking bonuses for expenses incurred in targeted counties or diversity plans, or seeking eligibility through provisions for reality shows, will be required to submit additional information on plans to achieve those requirements.

Based on this and other information required through the application process, the Authority will determine an estimated tax credit amount that the project is eligible for and recommend projects to the Members for initial approval. This amount will represent a not to exceed amount and the maximum possible tax credit the project can receive, even if the project ultimately incurs expenses beyond what was originally estimated in the application process.

Following the Members’ initial approval, assuming principal photography has yet to begin, principal photography of the project must commence within 150 days of the Members’ approval, and the Commission will assist by reporting back to the Authority on the date by which projects have begun principal photography.

Following completion of the film, the applicant shall submit to the Authority a report prepared by an independent New Jersey licensed certified public accountant based on agreed upon procedures established by the Authority and the Division of Taxation to substantiate the qualified film production expenses. Upon review of this report and any other pertinent information necessary to verify the tax credit claim, the Authority and Taxation will provide final approval and Taxation will issue a tax credit certificate to the project for the tax year coinciding with the SFY allocation the project was initially approved against (i.e. a project approved by the EDA Board in SFY2019 will be issued a tax credit certificate with vintage year 2019). This tax credit certificate can either be utilized by the recipient or sold for at least 75% of its value.

**Application Review and Tax Credit Issuance Process – Digital Media Tax Credit**

Projects applying for digital tax credit awards will initially be reviewed by the Commission to determine if the content of the film project meets the statutory definition of “digital media content” and whether the project and its estimated expenses meet the base requirements necessary to qualify for the program.

In the program application, applicants will be asked to describe the digital media content and how it meets the statutory definition of “digital media.” The applicant will also be asked to provide a preliminary digital media production budget with a detailed breakdown of the total digital media production expenses incurred in New Jersey and the amount of those expenses that are dedicated to wages and salaries of full-time employees in New Jersey. Projects seeking
bonuses for expenses incurred in targeted counties or diversity plans will be required to submit additional information on plans to achieve those requirements.

Based on this and other information required through the application process, the Authority will determine an estimated tax credit amount that the project is eligible for and recommend projects to the Members for initial approval. This amount will represent a not to exceed amount and the maximum possible tax credit the project can receive, even if the project ultimately incurs expenses beyond what was originally estimated in the application process.

Following completion of the digital media content, the project shall submit to the Authority a report prepared by an independent a New Jersey licensed certified public accountant based on the agreed upon procedures established by the Authority and the Division of Taxation to substantiate the qualified digital media content production expenses. Upon review of this report and any other pertinent information necessary to verify the tax credit claim, the Authority and Taxation will provide final approval and Taxation will issue a tax credit certificate to the project for the tax year coinciding with the SFY allocation the project was initially approved against (i.e. a project approved by the EDA Board in SFY2019 will be issued a tax credit certificate with vintage year 2019). This tax credit certificate can either be utilized by the recipient or sold for at least 75% of its value.

**Fees:**

For both programs, there will be a $500 application fee for projects with an estimated tax credit of $1 million or less, and a $2,500 application fee for projects with an estimated tax credit of more than $1 million. Both programs will also have an issuance fee of 0.5% of the tax credit amount, payable prior to issuance of the tax credit certificate. There will also be a $1,000 transfer fee for projects that wish to sell the tax certificate.

**Special Adopted New Rules:**

Pursuant to P.L. 2018, c. 56, the new rules will be adopted and become effective upon acceptance for filing by the Office of Administrative Law (see N.J.S.A. 52:14B-4(c) as implemented by N.J.A.C. 1:30-6.4) and will remain in effect for 360 days thereafter and may then be amended, adopted, or readopted through standard rulemaking procedures.
Recommendation:

The Members of the Board are requested to approve special adopted new rules (attached); and, to authorize staff to file the new rules to be adopted and become effective upon acceptance by the Office of Administrative Law, and thereafter, file readoption of the rules, with non-substantial revisions, on or before the expiration of the special adopted rules.

Tim Sullivan  
Chief Executive Officer

Prepared by: Pat Rose/Jacob Genovay

Attachments:
Exhibit A - Special Adopted New Rules: N.J.A.C. 19:31-21
DRAFT

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Authority Assistance Programs

Garden State Film and Digital Media Jobs Program

Special Adopted New Rules: N.J.A.C. 19:31-21


Filed: November __, 2018 as ________________.

Authority: P.L. 2018, c. 56.

Effective Date: November __, 2018.

Expiration Date: November __, 2019.

Take notice that the New Jersey Economic Development Authority (EDA) has adopted new rules at N.J.A.C. 19:31-21 to implement the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, which provides a credit against the Corporation Business Tax pursuant to section 5 of P.L. 1945, c.162 (N.J.S.A. 54:10A-5) and the New Jersey Gross Income Tax pursuant to N.J.S.A. 54A:1-1 et seq., for certain expenses incurred for the production of certain film and digital media content in this State.

Pursuant to P.L. 2018, c. 56, enacted on July 3, 2018, a taxpayer, upon approval of an application to the EDA and the Director of the Division of Taxation in the Department of the Treasury, is allowed a tax credit in an amount equal to 30 percent of the qualified film production expenses or 20 percent of the qualified digital media content production expenses, of the taxpayer incurred after July 1, 2018. The tax credits will receive initial approval and be assigned a vintage year during a privilege period or taxable year commencing on or after July 1, 2018 but before July 1, 2023. The allowable credit is increased to 35 percent of the qualified film production expenses or 25 percent of the qualified digital media content production expenses of the taxpayer for the expenses incurred for services performed and tangible personal property used or consumed from a vendor whose primary business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, or Salem County.

In accordance with P.L. 2018, c. 56, these new rules were adopted by the EDA and became effective upon acceptance for filing by the Office of Administrative Law (see N.J.S.A. 52:14B-4(e) as implemented by N.J.A.C. 1:30-6.4) as adopted by the New Jersey Economic
Development Authority and will remain in effect until November__, 2019 or until the rules are proposed for public comment and readopted through standard rulemaking procedures.

**Full text** of the special adoption follows:

**SUBCHAPTER 21. GARDEN STATE FILM AND DIGITAL MEDIA JOBS PROGRAM**

19:31-21.1 Applicability and scope

The rules in this subchapter are promulgated by the New Jersey Economic Development Authority in consultation with the New Jersey Motion Picture and Television Development Commission and the New Jersey Division of Taxation to implement the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56.

19:31-21.2 Definitions

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

“Authority” means the New Jersey Economic Development Authority.

“Business assistance or incentive” means “business assistance or incentive” as that term is defined pursuant to section 1 of P.L.2007, c. 101 (N.J.S.A. 54:50-39).

“Commission” means the New Jersey Motion Picture and Television Development Commission.

“Digital media content” means any data or information that is produced in digital form, including data or information created in analog form but reformatted in digital form, text, graphics, photographs, animation, sound and video content. “Digital media content” does not mean content offerings generated by the end user (including postings on electronic bulletin boards and chat rooms); content offerings comprised primarily of local news, events, weather or local market reports; public service content; electronic commerce platforms (such as retail and wholesale website); websites or content offerings that contain obscene material as defined pursuant to N.J.S.A. 2C:34-2 and 2C:34-3; websites or content that are produced or maintained primarily for private, industrial, corporate or institutional purposes; or digital media content acquired or licensed by the taxpayer for distribution or incorporation into taxpayer's digital media content.

“Director” means the Director of the New Jersey Division of Taxation.

“Film” means a feature film, a television series, or a television show of 22 minutes or more in length, intended for a national audience, or a television series or a television show of 22 minutes or more in length intended for a national or regional audience, including, but not limited to, a game show, award show, or other gala event filmed and produced at a nonprofit arts and cultural venue receiving State funding. “Film” shall not include a production featuring news,
current events, weather, and market reports or public programming, talk show, or sports event, a production that solicits funds, a production containing obscene material as defined under N.J.S.A. 2C:34-2 and N.J.S.A. 2C:34-3, or a production primarily for private, industrial, corporate, or institutional purposes, or a reality show, except for taxpayers applying for a tax credit against the tax imposed pursuant to section 5 of P.L. 1945, c. 165, if the production company of the reality show owns, leases, or otherwise occupies a production facility of no less than 20,000 square feet of real property for a minimum term of twenty-four (24) months, and invests, after July 1, 2018 no less than $3,000,000 in such a facility within a designated enterprise zone established pursuant to the New Jersey Urban Enterprise Zones Act, P.L. 1983, c. 303 (N.J.S.A. 52:27H-60 et al.), or a UEZ-impacted business district established pursuant to section 3 of P.L. 2001, c. 347 (N.J.S.A. 52:27H-66.2). The investment of the production company may include the investment of its landlord after July 1, 2018. To determine the investment of the landlord, the Authority shall multiply the owner's total capital investment in the building by the fraction, the numerator of which is the leased net leasable area and the denominator of which is the total net leasable area. “Film” shall not include an award show or other gala event that is not filmed and produced at a nonprofit arts and cultural venue receiving State funding.

“Fiscal year” means the State’s fiscal year which begins July 1 and ends June 30.

“Full-time or full-time equivalent employee” means an individual employed by the taxpayer for consideration for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time or full-time equivalent employment, whose wages are subject to withholding as provided in the New Jersey Gross Income Tax Act, N.J.S.54A:1-1 et seq., or who is a partner- the taxpayer, who works for the partnership for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time or full-time equivalent employment, and whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes, as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq. “Full-time or full-time equivalent employee” shall not include an individual who works as an independent contractor or on a consulting basis for the taxpayer.

“Highly compensated individual” means an individual who directly or indirectly receives compensation in excess of $500,000 for the performance of services used directly in a production. An individual receives compensation indirectly when the taxpayer pays a loan out company that, in turn, pays the individual for the performance of services.

“Independent contractor” means an individual treated as an independent contractor for federal and State tax purposes who is contracted with by the taxpayer for the performance of services used directly in a production.

“Loan out company” means a personal service corporation or other entity that is contracted with by the taxpayer to provide specified individual personnel, such as artists, crew, actors, producers, or directors for the performance of services used directly in a production. “Loan out company” does not include entities contracted with by the taxpayer to provide goods or ancillary contractor services such as catering, construction, trailers, equipment, or transportation.
“Partnership” means an entity classified as a partnership for federal income tax purposes.

“Post-production costs” means the costs of the phase of production of a film that follows principal photography, in which raw footage is cut and assembled into a finished film with sound synchronization and visual effects. There shall be no distinguishing between the production and post-production phases for animated films due to the intertwined relationship between those two phases in animation.

“Pre-production costs” means the costs of the phase of production of a film that precedes principal photography, in which a detailed schedule and budget for the production is prepared, the script and location is finalized, and contracts with vendors are negotiated. For animated films, pre-production constitutes the period of time during which models are drawn on paper and/or created in the computer (e.g., storyboarding).

“Primary place of business” means, for purposes of determining the amount of tax credit pursuant to N.J.A.C. 19:31-21.6(l)2 and 3, the headquarters or commercial facility of a vendor at which the qualified expense transaction occurs.

“Principal photography” means the filming of major and significant portions of a qualified film that involves the lead actors or actresses. For animated films, “principal photography means the point at which the models created during the pre-production phase are complete and the staff begins to choreograph, animate, and render the animations.

“Privilege period” means the calendar or fiscal accounting period for which a tax is payable under the Corporation Business Tax Act (1945), section 5 of P.L. 1945, c.162 (N.J.S.A. 54:10A-5).

“Program” means the Garden State Film and Digital Media Jobs Program.

“Qualified digital media content production expenses” means expenses incurred in New Jersey after July 1, 2018 for the production of digital media content. “Qualified digital media content production expenses” shall include, but not be limited to, wages and salaries of individuals employed in the production of digital media content on which the tax imposed by the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., has been paid or is due; and, the costs of computer software and hardware, data processing, visualization technologies, sound synchronization, editing and the rental of facilities and equipment. Payments made to a loan out company or to an independent contractor shall not be “qualified digital media content production expenses” unless the payments are made in connection with a trade, profession, or occupation carried on in this State or for the rendition of personal services performed in the State and the taxpayer has made the withholding required by N.J.A.C. 19:31-21.3(c). “Qualified digital media content production expenses” shall not include expenses incurred in marketing, promotion or advertising digital media or other costs not directly related to the production of digital media content. Costs related to the acquisition or licensing of digital media content by the taxpayer for distribution or incorporation into the taxpayer's digital media content shall not be “qualified digital media content production expenses.”
“Qualified film production expenses” means an expense incurred in New Jersey after July 1, 2018 for the production of a film, including pre-production costs and post-production costs incurred in New Jersey. “Qualified film production expenses” shall include, but shall not be limited to: wages and salaries of individuals employed in the production of a film on which the tax imposed by N.J.S.A. 54A:1-1 et seq. has been paid or is due; and, the costs for tangible personal property used and services performed, directly and exclusively in the production of a film, such as expenditures for film production facilities, props, makeup, wardrobe, film processing, camera, sound recording, set construction, lighting, shooting, editing, and meals. Payments made to a loan out company or to an independent contractor shall not be a “qualified film production expenses” unless the payments are made in connection with a trade, profession, or occupation carried on in this State or for the rendition of personal services performed in this State and the taxpayer has made the withholding required by N.J.A.C. 19:31-21.3(c). “Qualified film production expenses” shall not include: expenses incurred in marketing or advertising a film; and payment in excess of $500,000 to a highly compensated individual for costs for a story, script, or scenario used in the production of a film and for wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines.

“Selling business” means a taxpayer that has unused tax credits, which it wishes to sell.

“Taxable year” means the calendar or fiscal accounting period for which a tax is payable under N.J.S.A. 54A:1-1 et seq., and commencing on or after July 1, 2018 but before July 1, 2023.

“Taxation” means the New Jersey Division of Taxation.

“Tax credit transfer certificate” means the certificate issued by the Division of Taxation certifying to the selling business amounts of film tax credit being sold. The certificate shall state that the transferor waives its right to claim the credit shown on the certificate. The certificate shall show the fiscal year in which the application was initially approved and have the same tax credit vintage year as the original tax credit certificate.

“Tax credit vintage year” means the applicant’s privilege period or taxable year in which the Authority approved the application and the tax credit may be applied.

“Total digital media content production expenses” means costs for services performed and property used or consumed in the production of digital media content.

“Total film production expenses” means costs for services performed and tangible personal property used or consumed in the production of a film.

“Vendor authorized to do business in New Jersey” means a vendor that has obtained authorization to conduct business in this State by filing the appropriate documents with the State of New Jersey Department of the Treasury, Division of Revenue and Enterprise Services.
(a) A taxpayer shall be eligible for the program for film tax credits if the Authority finds that:

1. The taxpayer will incur after July 1, 2018 at least 60 percent of the total film production expenses, exclusive of post-production costs, for services performed and goods purchased through vendors authorized to do business in New Jersey, or the qualified film production expenses of the taxpayer during one taxable year exceed $1,000,000 per production;

2. The principal photography of the film commences within the earlier of 180 days from the date of the original application for the tax credit, or 150 days from the date of the initial approval of the application pursuant to N.J.A.C. 19:31-21.7(a) for the tax credit;

3. The film includes, when determined to be appropriate by the Commission, taking into account factors including, but not limited to, the budget and audience of the film, at no cost to the State, marketing materials promoting this State as a film and entertainment production destination, which materials shall include placement of a “Filmed in New Jersey” or “Produced in New Jersey” statement, or an appropriate logo approved by the Commission, in the end credits of the film;

4. The taxpayer submits a tax credit verification report prepared by an independent certified public accountant licensed in this State in accordance with N.J.A.C. 19:31-21.7(c)2; and

5. The taxpayer complies with the withholding requirements provided for payments to loan out companies and independent contractors in accordance with (c) below.

(b) A taxpayer shall be eligible for the program for digital media tax credits if the Authority finds that:

1. The taxpayer will incur qualified digital media content production expenses during a privilege period or taxable year, provided that:

   i. At least $2,000,000 of the total digital media content production expenses of the taxpayer are incurred for services performed, and goods purchased through vendors authorized to do business in New Jersey; and

   ii. At least 50 percent of the qualified digital media content production expenses of the taxpayer are for wages and salaries paid to full-time or full-time equivalent employees in New Jersey;

2. The taxpayer submits a tax credit verification report prepared by an independent certified public accountant licensed in this State in accordance with N.J.A.C. 19:31-21.7(c)2; and

3. The taxpayer complies with the withholding requirements provided for payments to loan out companies and independent contractors in accordance with (c) below.
(c) A taxpayer shall withhold from each payment to a loan out company or to an independent contractor an amount equal to 6.37 percent of the payment otherwise due. The amounts withheld shall be deemed to be withholding of liability pursuant to N.J.S.A. 54A:1-1 et seq., and the taxpayer shall be deemed to have the rights, duties, and responsibilities of an employer pursuant to chapter 7 of Title 54A of the New Jersey Statutes. The director shall allocate the amounts withheld for a taxable year to the accounts of the individuals who are employees of a loan out company in proportion to the employee’s payment by the loan out company in connection with a trade, profession, or occupation carried on in this State or for the rendition of personal services performed in this State during the taxable year. A loan out company that reports its payments to employees in connection with a trade, profession, or occupation carried on in this State or for the rendition of personal services performed in this State during a taxable year shall be relieved of its duties and responsibilities as an employer pursuant to chapter 7 of Title 54A of the New Jersey Statutes for the taxable year for any payments relating to the payments on which the taxpayer withheld.

19:31-21.4 Application submission requirements

(a) A completed application for film tax credits shall include, but not be limited to, the following:

1. A preliminary budget for the film project with a breakout of projected costs, including pre-production costs and post-production costs;

2. A breakout of projected total film production expenses, excluding pre-production costs, to be incurred, pursuant to N.J.A.C. 19:31-21.3(a)1, for services performed and goods purchased through vendors authorized to do business in New Jersey;

3. A breakout of projected qualified film production expenses, pursuant to N.J.A.C. 19:31-21.3(a)2, in New Jersey;

4. A breakout of projected costs, including pre-production and post-production costs, to be incurred, pursuant to N.J.A.C. 19:31-21.6(h)2 or 3, for services performed and tangible personal property purchased through a vendor whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, or Salem County;

5. A description of the project, which must include:

i. A plot summary;

ii. The genre and subject matter;

iii. The anticipated film rating, if applicable;

iv. The names of principals and actors;

v. The location(s) for filming;
6. The filming schedule;

7. The anticipated or actual dates of commencement and completion of principal photography and total film production expenses;

8. An election by the taxpayer as to whether the tax credit will be based on total film production expenses, exclusive of post-production costs, or on qualified film expenses during a privilege period or taxable year, that exceed $1,000,000 per production;

9. If the applicant is a partnership or limited liability company, a list of members or owners applying for a tax credit under this program, including the percentage of ownership interest of each;

10. If the applicant intends to participate in the bonus amount of tax credit for a diversity plan pursuant to N.J.A.C. 19:31-21.6(l)1, satisfaction of the requirements in subparagraphs i. through iv. therein; and

11. If the film production involves an eligible reality show, a description of the capital investment, which shall be no less than $3,000,000, and a description of the production facility, which shall be no less than 20,000 square feet of real property respectively within a designated enterprise zone established pursuant to the New Jersey Urban Enterprise Zones Act, P.L. 1983, c. 303 (N.J.S.A. 52:27H-60 et al.), or a UEZ-impacted business district established pursuant to section 3 of P.L. 2001, c. 347 (N.J.S.A. 52:27H-66.2).

(b) A completed application for digital media tax credits shall include, but not be limited to, the following:

1. A preliminary or actual budget demonstrating at least $2,000,000 of total digital media content production expenses incurred for services performed;

2. A breakout of projected digital media content production expenses for wages and salaries paid to full-time or full-time equivalent employees in New Jersey;

3. The total number of current full-time or full-time equivalent digital media employees, plans for anticipated new full-time or full-time equivalent employees, and current non-digital media full-time or full-time equivalent employees;

4. A description of the project, which must include an overall summary of digital media content as defined in N.J.A.C. 19:31-21.2; and

5. If the applicant intends to participate in the bonus amount of tax credit for a diversity plan pursuant to N.J.A.C. 19:31-20.6(h)1, satisfaction of the requirements in subparagraphs i. through iv. therein.
(a) A non-refundable fee shall accompany every application for tax credits, as follows:

1. For projects with total tax credits of $1,000,000 or less, the fee to be charged at application shall be $500; and

2. For projects with total tax credits in excess of $1,000,000, the fee to be charged at application shall be $2,500.

(b) A non-refundable fee of .5 percent of the approved tax credit amount shall be paid prior to the receipt of the tax credit.

(c) A non-refundable fee of $1,000 shall be paid to the Authority upon application for a tax credit transfer certificate pursuant to N.J.A.C. 19:31-21.8.

19:31-21.6 Tax credit amounts; bonus amount; overpayment and carryforward of tax credits

(a) A taxpayer, upon final approval of an application to the Authority and the Director for film tax credits pursuant to N.J.A.C. 19:31-21.7(d), shall be allowed a credit against the tax imposed pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5) or the tax otherwise due for the taxable year under N.J.S.A. 54A:1-1 et seq., in an amount equal to 30 percent of the qualified film production expenses of the taxpayer, which tax credit may be applied for a privilege period or taxable year commencing on or after July 1, 2018 but before July 1, 2023.

(b) A taxpayer, upon final approval of an application to the Authority and the Director for digital media tax credits pursuant to N.J.A.C. 19:31-21.7(d), shall be allowed a credit against the tax imposed pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5) or the tax otherwise due for the taxable year under N.J.S.A. 54A:1-1 et seq., in an amount equal to 20 percent of the qualified digital media content production expenses of the taxpayer, which tax credit may be applied for a privilege period or taxable year commencing on or after July 1, 2018 but before July 1, 2023.

(c) No tax credit shall be allowed pursuant to this subchapter for any costs or expenses included in the calculation of any other tax credit or exemption granted pursuant to a claim made on a tax return filed with the Director, or included in the calculation of an award of business assistance or incentive, for a period of time that coincides with the privilege period or taxable year for which a tax credit authorized pursuant to this subchapter is allowed.

(d) A business that is not a “taxpayer” as defined and used in P.L. 1945, c. 162 (N.J.S.A. 54:10A-1 et seq.) and therefore is not directly allowed a credit under this subchapter, but is a business entity that is classified as a partnership for federal income tax purposes and is ultimately owned by a business entity that is a “corporation” as defined in subsection (c) of section 4 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-4), or a limited liability company formed under the Revised Uniform Limited Liability Company Act, P.L. 2012, c. 50 (N.J.S.A. 42:2C-1 et seq.), or qualified to do business in this State as a foreign limited liability company, with one member, and is wholly owned by the business entity that is a “corporation” as defined in subsection (c) of
section 4 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-4), but otherwise meets all other requirements of this subchapter, shall be considered an eligible applicant and “taxpayer” as that term is used herein.

(e) A business entity that is not a gross income “taxpayer” as defined and used in N.J.S.A. 54A:1-1 et seq., and therefore is not directly allowed a credit under this subchapter, but otherwise meets all the other requirements of this subchapter, shall be considered an eligible applicant and “taxpayer” as that term is used in this section, and the application of an otherwise allowed credit amount shall be distributed to appropriate gross income taxpayers pursuant to the other requirements of this subchapter.

(f) A business entity that is classified as a partnership for federal income tax purpose shall not be allowed a tax credit pursuant to this section directly, but the amount of tax credit of a taxpayer in respect of a distributive share of entity income, shall be determined by allocating to the taxpayer that proportion of the tax credit acquired by the entity that is equal to the taxpayer's share, whether or not distributed, of the total distributive income or gain of the entity for its taxable year ending within or within the taxpayer's taxable year.

(g) A New Jersey S corporation shall not be allowed a tax credit pursuant to this section directly, but the amount of tax credit of a taxpayer in respect of a pro rata share of S Corporation income, shall be determined by allocating to the taxpayer that proportion of the tax credit acquired by the New Jersey S Corporation that is equal to the taxpayer’s share, whether or not distributed, of the total pro rata share of S Corporation income of the New Jersey S Corporation for its privilege period ending with or within the taxpayer’s taxable year.

(h) The order of priority in which the tax credit allowed by this section and any other credits allowed by law may be taken, shall be as prescribed by the Director.

(i) The amount of the tax credit applied under this section against the tax imposed pursuant to section 5 of P.L. 1945, c.162 (N.J.S.A. 54:10A-5), for a privilege period, when taken together with any other payments, credits, deductions, and adjustments allowed by law shall not reduce the tax liability of the taxpayer to an amount less than the statutory minimum provided in subsection (e) of section 5 of P.L. 1945, c.162 (N.J.S.A. 54:10A-5).

(j) The amount of the tax credit applied under this section against the tax otherwise due under N.J.S.54A:1-1 et seq., for a taxable year, when taken together with any other payments, credits, deductions, and adjustments allowed by law shall not reduce the tax liability of the taxpayer to an amount less than zero.

(k) The amount of tax credit otherwise allowable under this section which cannot be applied for the taxable year due to the limitations of this subchapter or under other provisions of P.L. 1945, c. 162 (N.J.S.A. 54:10A-1 et seq.) or N.J.S.A. 54A:1-1 et seq. may be carried forward, if necessary, to the seven privilege periods or taxable years following the privilege period or taxable year for which the credit was allowed.
(l) Notwithstanding any limit in subsection (a) above, the tax credits awarded may be increased pursuant to the following:

1. A taxpayer shall be allowed an increase in the tax credit against the tax imposed pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5) in an amount equal to two percent of the qualified film or digital media content production expenses, provided that the application is accompanied by a diversity plan, outlining:

   i. The intention to prioritize the hiring of minority persons and women in an amount of not less than 15 percent of the total hired for the qualified film or digital media production;

   ii. The efforts made to ensure equal employment opportunities for minority persons and women in the recruitment, selection, appointment, promotion, training and related employment areas;

   iii. The specific goals, which may include advertising and recruitment actions, for hiring minority persons and women, including full-time jobs for full-time or full-time equivalent employees in New Jersey for production staff and crew, entry level positions, management positions, and talent related positions; and

   iv. The participation in training, education, and recruitment programs that are organized in cooperation with State colleges and universities, labor organizations, and the motion picture industry and are designed to promote and encourage the training and hiring of minority persons and women who represent the diversity of the State population.

2. The tax credit allowed pursuant to subsection (a) against the tax imposed pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5) or the tax otherwise due for the taxable year under N.J.S.A. 54A:1-1 et seq., shall be in an amount equal to 35 percent of the qualified film production expenses of the taxpayer during a privilege period or taxable year that are incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, or Salem County.

3. The tax credit allowed pursuant to subsection (b) against the tax imposed pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5) or the tax otherwise due under N.J.S.A. 54A:1-1 et seq., shall be in an amount equal to 25 percent of the qualified digital media content production expenses of the taxpayer during a privilege period or taxable year that are incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, or Salem County.

19:31-21.7 Evaluation process; initial approval award of tax credits; appeals

(a) Applications shall be submitted to the Commission, which upon review for eligibility, will forward the application to the Authority with the Commission’s recommendation. The application shall be considered by the Authority for initial approval on a first in time basis
subject to an annual cap of $75 million for film production tax credits and $10 million for digital production tax credits in fiscal year 2019 and in each fiscal year thereafter prior to fiscal year 2024. At initial approval, the Authority will designate the maximum amount of the tax credit and will assign a tax credit vintage year to the tax credit, which will be the fiscal year in which application receives initial approval. The initial approval letter received by the taxpayer will include conditions subsequent to receipt of the tax credit including, but not limited to, the requirement for progress reports and the date by when final documentation pursuant to (b) below is required. Failure to submit timely, periodic reports that demonstrate satisfactory progress or final documentation may lead to the forfeiture of the tax credit.

(b) In general, the final documentation required by (c) below shall be submitted to the Authority no later than four years after the Authority’s initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to section 5 of P.L. 1945, c.162 and three years after the Authority’s initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to the N.J.S.A. 54A:1-1 et seq.

(c) Upon completion of total film production expenses or the total digital media content production expenses, or the incurrence of qualified film production expenses during a privilege period or taxable year that exceed $1,000,000 per production, the taxpayer shall submit the following final documentation, which the Authority, in consultation with the Director and the Commission, shall process and evaluate:

1. With respect to a film, evidence satisfactory to the Commission, and written confirmation from the Commission to the Authority that principal photography commenced within 180 days from the date of original application or 150 days from the date of initial approval by the Authority;

2. The Authority shall review and approve actual budgets and proof of total and qualified film production expenses or total and qualified digital media content production expenses, including a listing of the name of the company or person paid; his, her or its Federal identification number; and a report prepared by an independent certified public accountant licensed in the State verifying the expenses claimed by the applicant. The report shall be prepared by the independent certified public accountant pursuant to agreed upon procedures prescribed by the Authority and the Director; and shall include such information and documentation as shall be determined to be necessary by the Authority and the Director to substantiate the total and qualified film production expenses or the total and qualified digital media content production expenses of the taxpayer. The amount of the qualified film production expenses or qualified digital media content production expenses in the certification shall not be increased regardless of additional expenses after the date of the certification;

3. With respect to a film, evidence satisfactory to the Commission that the film includes marketing materials, as deemed appropriate, pursuant to N.J.A.C. 19:31-21.3(a)3; and

4. If the applicant was initially approved for a bonus amount of tax credit for a diversity plan pursuant to N.J.A.C. 19:31-21.63(h)1, evidence of good faith efforts to undertake the diversity
plan. The bonus amount shall not be included in the amount of the final approval if the applicant fails to submit satisfactory evidence to the Authority and the Division; and

5. The Division shall conduct verification of partners or members of pass through entities such as partnerships or LLCs.

(d) The Authority, in consultation with the Division and Commission, shall determine final approval of the tax credit in an amount based on the Authority’s determination of the total and qualified film production expenses or total and qualified digital media content production expenses reported in the independent certified public accountant’s certification, but in no event shall the tax credit be greater than the amount stated in the Authority’s initial approval. The Authority shall provide in writing to the taxpayer the determination of the expenses, and a copy of the written determination shall be included in the filing of a return that includes a claim for a tax credit allowed pursuant to this section.

(e) If the Authority has approved the application, the Authority shall notify the Division of the final approval. The Division shall then issue the tax credit certificate to the applicant. The taxpayer’s use of the tax credit shall be limited by N.J.A.C. 19:31-21.9(a) or (b) as applicable.

(f) An applicant may appeal the Authority's initial approval or denial in N.J.A.C. 19:31-21.7(a) and final approval or denial in N.J.A.C. 19:31-21.7(c) by submitting in writing to the Authority, within 20 calendar days from the date of the Authority's action, an explanation as to how the applicant has met the program criteria. Such appeals are not contested cases subject to the requirements of the Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administration Procedure Rules, N.J.A.C. 1:1. Appeals that are timely submitted shall be handled by the Authority as follows:

1. The Chief Executive Officer shall designate an employee of the Authority to serve as a hearing officer for the appeal and to make a recommendation on the merits of the appeal to the Board. The hearing officer shall perform a review of the written record and may require an in-person hearing. The hearing officer has sole discretion to determine if an in-person hearing is necessary to reach an informed decision on the appeal. The Authority may consider new evidence or information that would demonstrate that the applicant meets all of the application criteria.

2. Following completion of the record review and/or in-person hearing, as applicable, the hearing officer shall issue a written report to the Board containing his or her finding(s) and recommendation(s) on the merits of the appeal. The hearing officer’s report shall be advisory in nature. The Chief Executive Officer, or equivalent officer, of the Authority may also include a recommendation to the written report of the hearing officer. The applicant shall receive a copy of the written report of the hearing officer, which shall include the recommendation of the Chief Executive Officer, if any, and shall have the opportunity to file written comments and exceptions to the hearing officer’s report within five business days from receipt of such report.
3. The Board shall consider the hearing officer's report, the recommendation of the Chief Executive Officer, or equivalent officer, if any, and any written comments and exceptions timely submitted by the applicant. Based on that review, shall issue a final decision on the appeal.

4. Final decisions rendered by the Board shall be appealable to the Superior Court, Appellate Division, in accordance with the Rules Governing the Courts of the State of New Jersey.

19:31-21.8 Application for tax credit transfer certificate

(a) Tax credits, upon receipt thereof by a taxpayer from the Director and the Authority, may be transferred, by sale or assignment, in full or in part, pursuant to this section, subject to the cumulative total in N.J.A.C. 19:31-21.9(a), to any other taxpayer that may have a tax liability pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), or N.J.S.A. 54A:1-1 et seq. A taxpayer shall apply to the Authority and the Director for a tax credit transfer certificate, in lieu of the business being allowed any amount of the credit against the tax liability of the taxpayer. Such application shall identify the specific tax credits to be transferred, the consideration received therefor, and the identity of the transferee. Once approved by the Chief Executive Officer of the Authority and the Director of the Division of Taxation, a tax credit transfer certificate shall be issued to the taxpayer, naming the transferee. The certificate issued to the business shall include a statement waiving the taxpayer’s right to claim that amount of the tax credit against the taxes that the business has elected to sell or assign. Any amount of a tax credit transfer certificate used by a purchaser or assignee against a tax liability shall be subject to the same limitations and conditions that apply to the use of the tax credits pursuant to N.J.A.C. 19:31-21.6.

(b) The sale or assignment of any amount of a tax credit transfer certificate allowed under this section shall not be exchanged for consideration received by the taxpayer of less than 75 percent of the transferred credit amount. In order to evidence this requirement, the taxpayer shall submit to the Authority an executed form of standard selling agreement which evidences that the consideration received by the taxpayer is not less than 75 percent of the transferred tax credit.

(c) In the event that the taxpayer is a partnership and chooses to allocate the income realized from the sale of the tax credits other than in proportion to the partners' distributive shares of income or gain of the partnership, the selling agreement shall set forth the allocation among the partners which has previously been submitted to the Director of the Division of Taxation in the Department of Treasury pursuant to N.J.A.C. 19:31-21.6.

(d) The Authority shall develop and make available forms of applications and certificates to implement the transfer processes described in this section.

19:31-21.9 Cap on total credits

(a) The value of tax credits, including tax credits allowed through the granting of tax credit transfer certificates, approved by the Director and the Authority pursuant to subsection (a) of N.J.A.C. 19:31-21.6 shall not exceed a cumulative total of $75,000,000 in fiscal year 2019 and in each fiscal year thereafter prior to fiscal year 2024, as indicated by the tax credit vintage year, to
apply against the tax imposed pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5) and the tax imposed pursuant to N.J.S.A. 54A:1-1 et seq. If the cumulative total amount of tax credits initially approved and tax credit transfer certificates approved for privilege periods or taxable years commencing during a single fiscal year under subsection (a) of N.J.A.C. 19:31-21.6 exceeds the amount of tax credits available in that fiscal year, then taxpayers who have first applied for and have not been approved a tax credit or tax credit transfer certificate amount for that reason shall have their tax credits considered for initial approval and their tax credit transfer certificates considered for approval, in the order in which they have submitted an application, the amount of tax credit or tax credit transfer certificate on the first day of the next succeeding fiscal year in which tax credits and tax credit transfer certificates under subsection (a) of N.J.A.C. 19:31-21.6 are not in excess of the amount of credits available.

(b) The value of tax credits, including tax credits allowed through the granting of tax credit transfer certificates, approved by the Authority and the Director pursuant to subsection (b) of N.J.A.C. 19:31-21.6 shall not exceed a cumulative total of $10,000,000 in fiscal year 2019 and in each fiscal year thereafter prior to fiscal year 2024, as indicated by the tax credit vintage year, to apply against the tax imposed pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5) and the tax imposed pursuant to N.J.S.A. 54A:1-1 et seq. If the total amount of tax credits initially approved and tax credit transfer certificates approved for privilege periods or taxable years commencing during a single fiscal year under subsection (b) of N.J.A.C. 19:31-21.6 exceeds the amount of tax credits available in that year, then taxpayers who have first applied for and who have not been approved a tax credit or tax credit transfer certificate amount for that reason shall have their tax credits considered for initial approval and their tax credit transfer certificates considered for approval, in the order in which they have submitted an application, the amount of tax credit or tax credit transfer certificate on the first day of the next succeeding fiscal year in which tax credits and tax credit transfer certificates under subsection b. of N.J.A.C. 19:31-21.6 are not in excess of the amount of credits available.

19:31-21.10 Affirmative action; and Prevailing Wage

The Authority’s affirmative action requirements, P.L. 1979, c. 203 (N.J.S.A. 34:1B-5.4) and prevailing wage requirements, P.L. 2007, c. 245 (N.J.S.A. 34:1B-5.1), will apply to productions undertaken with financial assistance received under the Garden State Film and Digital Media Jobs Program.

19:31-21.11 Severability

If any section, subsection, provision, clause, or portion of the subchapter is adjudged to be unconstitutional or invalid by a court of competent jurisdiction, the remaining portions of the subchapter shall not be affected thereby.
MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, CEO

DATE: November 9, 2018

RE: Premier Lender Program ("PLP"), Small Business Fund ("SBF"), and Direct Loan ("Direct") Program Changes

Request

Allow the extension of EDA’s loan term and amortization under the PLP program from 10 years up to 30 years to match the bank’s loan terms and similarly extend the loan terms under the SBF and Direct programs from 10 years to 30 years to support small business. Additionally, allow the flexibility to fix interest rates up to 30 years.

These changes better position EDA to work with small business customers and bank partners by bringing consistency between the EDA and bank loan structure and providing more predictable terms and rates to small and mid-sized NJ businesses.

Background

Since inception, EDA has provided direct loans to businesses and provided guarantees to lenders to leverage capital investment and catalyze job growth in New Jersey. Throughout its history, EDA has measured and revised its programs to meet market demand and changes in the economy.

In line with that practice, EDA’s core business units worked collaboratively with our PLP banks to gain insight on how to best align our products to meet current lending trends and be competitive with products offered by other government lending institutions. Consistent with those discussions, staff is recommending the extension of the term of our loans from 10 years up to 30 years to be consistent with the bank loan terms. In addition, to be more competitive, staff is recommending the ability to fix interest rates up to 30 years based on the equivalent term US Treasury rate plus 50 basis points for each 10-year term of the loan provided. In addition to this adjustment for the term selected, the final rate will continue to be determined by EDA’s internal risk rating model.
To enhance our support of small businesses, staff recommends extending our loan terms under our SBF and Direct programs from 10 years up to 30 years which will allow small businesses to fix the terms of their loans up to the current 30-year amortization currently allowed under the program. The ability to fix interest rates for up to 30 years is also being recommended to allow for further assistance for small businesses.

**Recommendation**

Consent to extending the term of our PLP program from 10 years to 30 years to match the loan terms offered by the PLP partner bank and similarly extend the term of loans under our SBF and Direct programs up to 30 years with the flexibility to fix the interest rate up to 30 years across these programs to support small business.

These changes will immediately strengthen our bank partner relationships and support small business as part of an overall initiative to promote and support small business growth across our state.

Prepared By: Business Development, Credit, Incentive and Real Estate Underwriting and Finance/Bond Portfolio Management.
INCENTIVE PROGRAMS
GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM

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

APPLICANT: Gobrands, Inc. P45135

PROJECT LOCATION: Block 333 Lot 1 Glassboro Borough Gloucester County
Block 2.02 Lot 1 Harrison Township Gloucester County

APPLICANT BACKGROUND:
Gobrands, Inc., established in 2013, is an on-demand convenience delivery service currently operating in 38 US locations. The company develops software that allows customers to order items online or via the company’s app and have convenience items delivered to their doorstep. The company offers over 3,000 items ranging from snacks, drinks, ice cream and household items. The deliveries are made in 30 minutes or less, 24 hours a day, 7 days a week. The company also sells market data gathered through business operations. The applicant has 38 locations in 21 states with headquarters in Philadelphia, PA. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Gobrands, Inc. is seeking to centralize its logistics, data analytics, R&D, warehouse and distribution operations. The company is considering a 299,750 Sq. Ft. facility located within Glassboro and Harrison, NJ or a 327,044 Sq. Ft. facility in Lansdale, PA. The project involves the creation of 602 new positions.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Gobrands, 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 Rafael Ilishayev, the CEO of Gobrands, 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 $21.4 million over the 20 year period required by the Statute.

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

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

<table>
<thead>
<tr>
<th>Minimum Capital Investment Requirements</th>
<th>($/Square Foot of Gross Leasable Area)</th>
</tr>
</thead>
</table>
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 a Non-Industrial/Warehouse/Logistics/R&D – New Construction Project for an other targeted industry business in Gloucester 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>$23,980,000</td>
<td>$43,028,563</td>
</tr>
<tr>
<td>New Jobs</td>
<td>19</td>
<td>602</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>27</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>Glassboro Borough is a designated Distressed Municipality</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>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 602 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</td>
<td>The applicant is a Technology business.</td>
</tr>
</tbody>
</table>
Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business

<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:  
- ½ of the Grant Calculation for New Full-Time Jobs \(\frac{1}{2} \times 6,500 = 3,250\) or  
- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs \(\frac{43,028,563}{10 / (602 + 0)} = 7,147\)  

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 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:
Grant Calculation

BASE GRANT PER EMPLOYEE:
Distressed Municipality  $ 4,000

INCREASES PER EMPLOYEE:
Large Number of New/Retained F/T Jobs:  $1,000
Targeted Industry (Technology):  $500
2007 Revit. Index>465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem:  $1,000

INCREASE PER EMPLOYEE:  $2,500

PER EMPLOYEE LIMIT:
Distressed Municipality  $11,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:  $6,500

AWARD:
New Jobs:  602 Jobs X $6,500 X 100% = $3,913,000
Retained Jobs:  0 Jobs X $6,500 X 50% = $0
Total:  $3,913,000

ANNUAL LIMITS:
Distressed Municipality  $8,000,000

TOTAL ANNUAL AWARD  $3,913,000
PROJECT IS: (X) Expansion  ( ) Relocation

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $43,028,563

ANTICIPATED COMPLETION DATE
FOR CAPITAL INVESTMENT: February 11, 2020

ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED BUSINESS FACILITY: September 1, 2021

SIZE OF PROJECT LOCATION: 299,750 sq. ft.

NEW BUILDING OR EXISTING LOCATION? New

INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial

CONSTRUCTION: (X) Yes  ( ) No

NEW FULL-TIME JOBS: 602

RETAINED FULL-TIME JOBS: 0

STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2017): 0

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

MEDIAN WAGES: $53,045

NET BENEFIT MODEL: 2017

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $60,550,715

TOTAL AMOUNT OF AWARD: $39,130,000

NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $21,420,715

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:
1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within 24 months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:
The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Gobrands, 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: S. Novak
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: Horsepower Electric & Maintenance Corp. P45258

PROJECT LOCATION: 2-62 (aka 28-70) Wood Street Paterson City Passaic County
Block 1801 Lot 3

APPLICANT BACKGROUND:
Horsepower Electric & Maintenance Corp., ("Horsepower") founded in 2002, is a growing mid-size electrical contractor in the New York City high-rise construction industry. Horsepower offers construction and installation, renovation and upgrades, structured wiring systems, and high voltage systems to its customers. The company currently employs approximately 450 people and seeks to remain competitive through innovation. The applicant has demonstrated the financial ability to undertake the project and is currently located in Brooklyn, NY.

MATERIAL FACTOR/NET BENEFIT:
The proposed project would consist of a related entity to the applicant purchasing the property, including the existing 100,368 sf industrial building for $7.8 million, and leasing a portion of the building (approximately 35,000 sf) to the related applicant entity, to be used as a manufacturing facility (approx. 93% manufacturing and 7% office space) for prefabrication and manufacturing of electrical panels and other installations. The current location enables the applicant to manufacture components needed for its jobs in the field on a limited basis, but the proposed facility in Paterson would be much larger and enable the applicant to produce more component parts in-house rather than purchase and customize those parts. The term of the lease would be for at least 15 years inclusive of renewal options. The manufacturing piece of the company would relocate to NJ while the back office and management operations would still exist in NY. Due to the close proximity between the NY and NJ sites, this will still work for their operations. The alternate location is a 33,130 square foot facility in Allentown, PA that would also be a purchase by the related entity and leased to the applicant.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Horsepower Electric & Maintenance Corp. has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Joel Weber, the CEO of Horsepower Electric & Maintenance Corp., that states that the application has been reviewed and the information submitted, and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $1.8 million over the 20-year period required by the Statute.
ELIGIBILITY AND GRANT CALCULATION:
Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

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

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

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

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

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

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

As an Industrial - Rehabilitation Project for a manufacturing business in Passaic 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>$466,667</td>
<td>$2,719,850</td>
</tr>
<tr>
<td>New Jobs</td>
<td>8</td>
<td>25</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>19</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>Garden State Growth Zone</td>
<td>Base award of $5,000 per year for projects located in a Garden State Growth Zone</td>
<td>Paterson is a Garden State Growth Zone</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>2-62 Wood Street is located in a Deep Poverty Pocket.</td>
</tr>
<tr>
<td>PROJECT TYPE</td>
<td>GRANT CALCULATION</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<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>
<td></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>
<td></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>
<td></td>
</tr>
<tr>
<td>All other projects</td>
<td>The Retained Full-Time Jobs will receive the lesser of:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- $\frac{1}{2}$ of the Grant Calculation for New Full-Time Jobs ($\frac{1}{2} \times 14,000 = 7,000$) or</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($2,719,850 / 10 / (25 + 0) = 10,879$)</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:
Grant Calculation

BASE GRANT PER EMPLOYEE:
Garden State Growth Zone $ 5,000

INCREASES PER EMPLOYEE:
Deep Poverty Pocket: $ 1,500
Transit Oriented Development: $ 2,000
Targeted Industry (Manufacturing): $ 500
GSGZ Ind. Project w/ Cap. Inv. In Excess of Min: $ 5,000

INCREASE PER EMPLOYEE: $ 9,000

PER EMPLOYEE LIMIT:
Garden State Growth Zone $15,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $ 14,000

AWARD:
New Jobs: 25 Jobs X $ 14,000 X 100% = $350,000
Retained Jobs: 0 Jobs X $ 14,000 X 100% = $ 0,000
Total: $350,000

ANNUAL LIMITS:
Garden State Growth Zone $30,000,000

TOTAL ANNUAL AWARD $350,000
PROJECT IS: (X) Expansion () Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $2,719,850
ANTICIPATED COMPLETION DATE FOR CAPITAL INVESTMENT: June 1, 2019
ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED BUSINESS FACILITY: June 1, 2019
SIZE OF PROJECT LOCATION: 35,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: ( ) Yes (X) No
NEW FULL-TIME JOBS: 25
RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2017): 0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: $31,200

NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $5,321,597
TOTAL AMOUNT OF AWARD: $3,500,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $1,821,597

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:
1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three 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 Horsepower Electric & Maintenance Corp. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: Christina Fuentes APPROVAL OFFICER: Mark Chierici
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM

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

APPLICANT: Mesorah Publications, Ltd. P45236

PROJECT LOCATION: 313 Regina Avenue Rahway City Union County

APPLICANT BACKGROUND:
Mesorah Publications Ltd., established in August 1976, is engaged in publishing books of Judaic, biblical, historical and biographical subjects. Books are sold on wholesale and retail levels as well as fund raising vehicles for organizations. Mesorah Publications, known as Artscroll, is currently located in Brooklyn, NY with 92 employees. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Mesorah Publications Ltd. is currently out of space in its 100,000 sq. ft. manufacturing facility in Brooklyn and is evaluating its real estate options. The company has identified a 256,100 sq. ft. facility in Rahway, NJ which a related real estate holding company would purchase and in turn lease 130,000 sq. ft. to Mesorah Publications. Alternatively, the company is considering utilizing 112,857 sq. ft. in a leased facility of 435,000 sq. ft. space in Yonkers, NY. In both locations, the applicant will lease the remaining space not utilized by the company to unrelated tenants. The project would create at least 110 new jobs. These jobs include manufacturing and warehouse positions as well as executive, back office and support staff.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Mesorah Publications, Ltd. 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 Rabbi Gedaliah Zlotowitz, the CEO of Mesorah Publications, Ltd. 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 $8.4 million over the 20 year period required by the Statute.

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

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:
Minimum Capital Investment Requirements  ($/Square Foot of Gross Leasable Area)

<table>
<thead>
<tr>
<th>Category</th>
<th>Minimum Capital Investment Requirement</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>Category</th>
<th>Requirement</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>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 an Industrial Rehabilitation Project for a manufacturing business in Union 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>$2,600,000</td>
<td>$6,786,786</td>
</tr>
<tr>
<td>New Jobs</td>
<td>10</td>
<td>110</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:

Base Grant

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distressed Municipality</td>
<td>Rahway City is a designated Distressed Municipality</td>
</tr>
</tbody>
</table>

Increase(s) Criteria

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment in Excess of Minimum (non-Mega)</td>
<td>The proposed capital investment of $6,786,786 is 161% above the minimum capital investment resulting in an increase of $3,000 per year.</td>
</tr>
<tr>
<td>Targeted Industry</td>
<td>The applicant is a Manufacturing 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>All other projects</td>
<td>The Retained Full-Time Jobs will receive the lesser of:</td>
</tr>
<tr>
<td></td>
<td>- ( \frac{1}{2} ) of the Grant Calculation for New Full-Time Jobs ((1/2 \times 7,500 = 3,250)) 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 ((6,786,786 / 10 / (110 + 0) = 6,786))</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:**
Distressed Municipality $4,000

**INCREASES PER EMPLOYEE:**
- Capital Investment in Excess of Minimum (non-Mega): $3,000
- Targeted Industry (Manufacturing): $500

**INCREASE PER EMPLOYEE:** $3,500

**PER EMPLOYEE LIMIT:**
Distressed Municipality $11,000

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

**AWARD:**
- New Jobs: 110 Jobs $7,500 X 100% = $825,000
- Retained Jobs: 0 Jobs $7,500 X 50% = $0,000

Total: $825,000

**ANNUAL LIMITS:**
Distressed Municipality $8,000,000

**TOTAL ANNUAL AWARD** $825,000

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**PROJECT IS:** (X) Expansion ( ) Relocation
**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:** $6,786,786
**ANTICIPATED COMPLETION DATE FOR CAPITAL INVESTMENT:** November 29, 2019
**ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED BUSINESS FACILITY:** August 2, 2021
**SIZE OF PROJECT LOCATION:** 130,000 sq. ft.
**NEW BUILDING OR EXISTING LOCATION?** Existing
**INDUSTRIAL OR NON-INDUSTRIAL FACILITY?** Industrial
**CONSTRUCTION:** (X) Yes ( ) No

**NEW FULL-TIME JOBS:** 110
Mesorah Publications, Ltd.  Grow New Jersey  Page 5

RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2017): 0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: $31,096

NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $16,685,705
TOTAL AMOUNT OF AWARD: $8,250,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $8,435,705

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:
1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three 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 Mesorah Publications, Ltd. 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. Sestrich  APPROVAL OFFICER: T. Wells
INCENTIVE MODIFICATIONS
MEMORANDUM

TO: The Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

SUBJECT: TDAF Springfield Avenue Holding Urban Renewal Company, LLC ("TDAF") Commercial Economic Redevelopment and Growth ("ERG") Grant

DATE: November 9, 2018

Request:
Consent to the sale and assignment of TDAF's commercial ERG agreement to Madison Marquette ("Madison") who will operate and manage the Shop Rite grocery store and ancillary retail stores for the new owner of the commercial real estate, Springfield Avenue Redevelopment, LLC ("SUR"), a subsidiary of US Real Property Income Fund ("USRPI REIT, Inc."), a Goldman Real Estate Investment Trust ("REIT"), with the conditions described below and with a collateral assignment by Madison of the ERG payments to TDAF to secure a note provided by TDAF to finance Madison’s purchase of the ERG agreement.

Other than the conditions described below, all other terms of the original ERG agreement signed by the State Treasurer on April 4, 2014 will remain in full force and effect.

Background:
TDAF is a real estate development entity formed to develop the Springfield Marketplace in Newark. TDAF is owned by Tucker Development and Acquisition Fund LP ("TDAF LP") whose ownership structure is the State of New Jersey Common Pension Fund E (55%), Metropolitan Life Insurance Company (27.5%), The Prudential Insurance Company of America (16.5%), and Tucker Investors, LLC (1%).

Pursuant to a redevelopment plan adopted by the City of Newark, TDAF developed a 11.6-acre site at 188-234 Springfield Ave and 82-120 South Orange Avenue as The Springfield Avenue Marketplace. The 287,000 sf project consists of a bank, the retail anchor tenant (Shop-Rite), 40,000 sf retail space and a restaurant, collectively the "Grocery Component" and 140,000 sf of residential space (152 units), collectively the “Residential Component”.

In 2011, the members approved a $6.56 million 20 year/4.70% fixed rate Redevelopment Area Bond ("RAB") to be repaid through Payment In lieu of Taxes ("PILOT") Agreement from the City to partially finance the project.
In 2013, EDA’s Board approved a $8.36 million commercial ERG grant based on 20% of eligible project costs to fill a financing gap on the construction of 40,000 sf of commercial retail and a $23.8 million Urban Transit Hub (“HUB”) to support the construction of 140,000 sf of residential space for 152 units.

The annual amount available for reimbursement under the ERG agreement is a maximum of 75% of the sales tax paid as verified by the NJ Division of Taxation, net of a holdback, up to the maximum amount of the ERG grant ($8.36 million) over 20 years (subject to appropriation). TDAF completed the ERG project in 2016 and received an initial reimbursement of approximately $323,000 in the State Fiscal Year (“SFY”) 2018. An additional reimbursement of approximately $445,500 for SFY19 is pending review at the Division of Taxation. The HUB residential tax credit has been issued, and two years have been used, for an approximate aggregate of $4.77 million, by the assignee, Goldman Sachs, N.A.

In October 2018, pursuant to staff delegation, EDA consented to amend the RAB to separate the Series A and Series B Bonds (as was contemplated in the Bond agreement) and to remove the cross-default language required to separate the ownership structure and finances of the Grocery and Residential components so as to facilitate the sale of the Grocery Component to SUR. SUR has contracted with Madison to operate and manage the Shop Rite grocery store and ancillary retail stores at the project site.

TDAF is now requesting that EDA and the State Treasurer consent to the sale and assignment of the ERG agreement to Madison.

Madison intends to finance the purchase of the ERG agreement with a seller take-back financing provided by TDAF based on the developer’s calculation of the Net Present Value of the ERG ($5.5 million) to be paid with a $1.375 million cash payment at closing and a $4.125 million note to be paid over 12 months at a variable rate LIBOR rate + 500 basis points. EDA staff has reviewed the NPV calculation provided by the developer and has verified that the discount rate used approximates what we use in our net benefit model and is reasonable.

The ERG statute requires consent by both EDA and the State Treasurer. The ERG regulations provide that the consent by EDA and the State Treasurer to a sale and assignment “shall not be unreasonably withheld.” This assignment and sale request to an operator is novel, as staff’s experience to date with assignments has been limited to absolute or collateral assignments to lenders providing construction or permanent financing of the ERG project for our applicant. Accordingly, EDA staff reviewed the request in consultation with the Attorney General’s Office and conferred with Treasury staff.

While the original approval of the ERG relied on the financial wherewithal and development expertise of the developer to complete the project, the approval did not reference the long-term operation or ownership of the project other than through a proforma used to analyze the return on investment. The proforma itself does not refer or appear to rely on any particular owner or operator of the project.
In this case, the developer has requested the proposed sale and assignment of the ERG agreement after the completion of the project. The sale of the project site is to a REIT, and the developer has informed staff that the REIT cannot receive the assignment of the ERG because federal law does not allow it to receive the ERG payments. It is staff’s understanding that this proposed transaction is a relatively standard transaction for completed and operational commercial real estate projects. Madison, the entity that will be assigned the ERG, is connected to the project and has a stake in the operation of the project. While there is a possibility that Madison could cease to be the operator, the ERG agreement requires submission of certain tax information of each business at the project as a condition precedent to receipt of annual payment. Additionally, staff proposes conditioning the sale and assignment on an amendment to the ERG agreement that requires EDA and the State Treasurer’s consent for any changes in the operating entity and that any entity receiving ERG reimbursements substantiate operation of the project.

With that condition in an ERG agreement amendment, the members are asked to approve the sale and assignment of the ERG agreement to Madison.

Recommendaion:
Consent to:
1. The sale and assignment of TDAF’s commercial ERG to Madison Marquette (“Madison”) who will operate and manage the Shop Rite grocery store and ancillary retail stores for the new owner of the commercial real estate, Springfield Avenue Redevelopment, LLC (“SUR”), a subsidiary of US Real Property Income Fund (“USRPI REIT, Inc.”), a Goldman Real Estate Investment Trust (“REIT”); and the

2. The collateral assignment of the ERG payments reimbursed to Madison to secure a note provided by TDAF to finance the purchase of the ERG.

All other terms of the original ERG agreement signed by the State Treasurer on April 4, 2014 will remain in full force and effect.

Prepared by: Lisa Butterfield
TO: The Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

SUBJECT: Quest Diagnostics Incorporated (“Quest”) - Modification P42416

DATE: November 9, 2018

Request: Consent to a reduction in the time Grow NJ employees are required to work at the Qualified Business Facility (“QBF”) from 80% to 60% to provide flexibility to Quest’s employees to telecommute for up to two days a week. This temporary accommodation will be provided for up to 3 years or when the construction of the Paterson Plank Bridge is complete (whichever is sooner). Once construction is complete, the company will have six (6) months to transition the employees back to working 80% at the QBF. Should the construction project take longer than 3 years, the applicant may request that the board provide an extension of time to continue this accommodation.

Background: Quest Diagnostics Incorporated (Quest) is the world’s largest provider of diagnostic information services including routine, esoteric, gene-based, anatomic pathology testing, and related services. Quest was incorporated in New Jersey in 1990 with its predecessor companies dating back to 1967. Up until recently the company was headquartered in Madison and maintained a service location in Lyndhurst.

In May 2016, the members approved an $18.6MM GrowNJ to incent the retention and relocation of 595 jobs to Secaucus. Quest agreed to make a $30.9MM capital investment to the property and was expected to generate a $228.4MM net benefit to the state. The project is complete and expects to certify its costs and jobs next year.

In November 2017, the members approved a $55.2MM second GrowNJ to support the construction of a 250,000-sf regional laboratory in Clifton. The second GrowNJ approval incented the creation of 384 new jobs and the retention and relocation of 784 jobs from Teterboro. The project is in process of satisfying its approval conditions.
Recently, Quest advised EDA of its concern about the Paterson Plank Bridge reconstruction and the impact on its staff traveling to and from the Secaucus facility. Quest also advised that the NJ Department of Transportation (“DOT”) is suggesting that area employers provide solutions to employees to reduce volume on the roads whenever possible, and to that end, has posted information on its website to confirm the importance of taking alternate routes, using public transportation and affording employees flexible work schedules.

Based on DOT’s recommendations and concerns expressed by Quest leadership and its employees, the company would like to take an active approach to reduce traffic volume while also supporting their employees by allowing them to work remotely for up to two days a week.

While many employers allow workers to work remotely as part of their employee ‘perks’, allowing Quest to offer this accommodation would result in the company being in violation of the terms of the GrowNJ award, because the EDA’s rules require Grow eligible employees to work 80% of their time at the QBF. This provision was specifically put into place to ensure that the economic benefit (specifically, the indirect spending by employees working at these Grow locations) primarily benefits the location of the QBF, which in GrowNJ is a significant factor in the determination of the amount of the award.

While Quest was prepared to meet this 80% working at the QBF requirement, it cannot feasibly do so without losing staff productivity/efficiency and in some cases without jeopardizing some of their workforce who could elect to leave the company to go to another organization that has more flexible telecommuting policies.

Quest is therefore requesting EDA approve a reduction of the time employees are required to work at the QBF from 80% to 60%. Staff recommends approval for a temporary period of 3 years or upon completion of the construction, whichever is sooner. Quest can request an extension of time from the Board, should the construction be ongoing.

Staff reviewed the company’s net benefit test and believes that this action will not result in the net benefit to the state falling below the 110% required by the Grow Act.

**Recommendation:**
Consent to a reduction in the time Grow NJ employees are required to work at the Qualified Business Facility (“QBF”) from 80% to 60% to provide flexibility to Quest’s employees to telecommute for up to two days a week. This temporary accommodation will be provided for up to 3 years or when construction of the Paterson Plank Bridge is complete, whichever it sooner.

Once construction is complete, the company will have six (6) months to transition the employees back to working 80% at the QBF. Should the construction project take longer than 3 years, the applicant may request that the board provide an extension of time to continue this accommodation.

Prepared by: Lisa Butterfield
MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: November 9, 2018

SUBJECT: GrowNJ Extensions

Request:
Consent to expanding the extension delegation to staff approved by the members on December 10, 2013 from one six (6) month extension to one (1) year for GrowNJ applicants demonstrating a reasonable need that additional time is required to certify costs and jobs.

This expansion of the current staff delegations will not impact the amount or terms of the Grow NJ incentives previously approved by the members for these applicants.

Background:
The Economic Opportunity Act of 2013 (as amended in 2017) provides for a three-year timeline from the date EDA’s Board approves the GrowNJ award for applicants to complete their projects. Project completion is defined as having made the required capital investment, created and/or retained jobs at the Qualified Business Facility, certified green compliance, complied with affirmative action/prevailing wage requirements and having valid tax clearance. Once complete, applicants certify costs through the submission of an Agreed Upon Procedures (“AUP”) from an independent certified public accountant (“CPA”) and certify jobs from either the Chief Financial Officer of the applicant or the CPA.

Currently, staff may approve the first initial six-month extension, but Board action is required to approve the second six-month extension. This approach initially was put in place to achieve a balance between customer flexibility and the need for us to carefully evaluate the reasonableness and necessity of such requests when the program was new, and staff did not have expertise in working through these requests. This also exposed the Board to everyday customer obstacles and gave staff an opportunity to hear and understand Board member concerns regarding these requests.

Of the 252 active projects approved under EOA Grow, 91 have reached three years since approval, and have requested an extension of time to complete their projects. Typical extension requests arise due to applicants experiencing construction delays, encountering environmental issues, needing
additional time to attract/hire jobs, and needing additional time to engage and complete CPA cost certifications.

Of the 31 extension requests, nearly 60% (18) have required second extension approvals by the Board. In addition, there are 131 GrowNJ projects that have not reached the three-year mark and based on our historical experience, approximately one third (44) could request extensions, and of those roughly 60% (26) would require a second six-month extension approval from the Board.

As we are almost five years into administering the EOA program staff has developed experience with evaluating these requests and has found them to be routine in nature, with little or no differentiation between those asking for the a first or second six-month extension or the documentation provided by applicants to substantiate their requests. Additionally, second extension fees are the same pursuant to EDA’s regulations ($10,000 per request) whether approved by staff or the board since no additional due diligence is required to process the actions.

As such, staff recommends expanding the extension delegations from one six-month extension up to one year. As always, staff will continue to bring extensions that have legal or other issues that are not routine and may warrant additional review/consideration, along with any project modifications that exceed staff delegation, to the board for approval and will report to the Board quarterly on these actions.

**Recommendation:**
Consent to expanding the extension delegation to staff approved by the members on December 10, 2013 from one six (6) month extension to one (1) year for GrowNJ applicants demonstrating a reasonable need that additional time is required to certify costs and jobs.

This expansion of the current staff delegations will not impact the amount or terms of the Grow NJ incentives previously approved by the members for these applicants.

Prepared by: Susan Greitz
MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: November 9, 2018

Subject: Adare Pharmaceuticals, Inc. ("Adare") – Modification
$1,900,000 Grow NJ – P41048

Request:
Consent to a second six-month extension from December 9, 2018 to June 9, 2019 to provide the applicant sufficient time to hire the proposed approved jobs and submit accompanying certifications for issuance of its tax credit certificate.

The Members are asked to approve this second sixth-month extension because staff delegations to approve these actions are limited to the first sixth-month extension, which was provided to the applicant in May 2018 to extend the time to certify from June 9, 2018 to December 9, 2018.

Background:
Adare is a start-up pharmaceutical technology company that formulates, develops and manufactures pharmaceutical products (for its own sale and on behalf of partners on a contract manufacturing basis).

On June 9, 2015, Adare was approved for a ten (10) year Grow New Jersey award not to exceed $1,900,000 (capped at 90% of withholdings) to incent the creation of 40 new jobs at a 11,599 square foot existing non-industrial facility in Lawrence Twp., which will be renovated as office space for general company administration.

The Grow New Jersey statute requires projects to be certified and accompanying tax credits issued within three (3) years of the Authority’s approval. However, the Authority may grant up to two (2) six-month extensions of the deadline provided that the tax credit issuance date occurs within four years of the date of Board approval. Adare requested and received a first six-month extension in May 2018 to provide it more time to meet the full-time employment requirements.

The applicant is now requesting a second six-month extension through June 9, 2019 which will allow the applicant sufficient time to create additional new jobs and provide Adare enough time to submit accompanying certification documentation for issuance of the tax credit certificate. Adare has created 26 of the 40 new jobs and has budgeted for the hiring of the remainder in 4Q18, with $1,097,464 spent in capital investment. The QBF is complete and fully operational.

Recommendation:
The Members are asked to consent to a second six-month extension from December 9, 2018 to June 9, 2019 to allow the applicant sufficient time to complete the hiring of new jobs and certify project costs and jobs.

Prepared by: Tyshon Lee
MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan
Chief Executive Officer
DATE: November 9, 2018
SUBJECT: York Risk Servicing Group, Inc, ("York") - Modification
$3,163,600 Grow NJ – P40141

Request:
Consent to a modified project with an overall reduction in the incented full-time jobs from 167 to 117, which includes a reduction in retained full-time jobs from 123 to 71. Because the number of retained jobs is less than the number at approval, the Grow regulations require that new jobs be treated as retained jobs until the total number of approved retained jobs are filled, which in this case reduces the number of new jobs to less than the program minimum for new jobs.

As a result of the requested changes, the award originally approved by the Board will decrease 57% from $3,163,600 to $1,359,540. All other terms and conditions of the Grow NJ award will be consistent with the original approval as modified.

The members are asked to approve these actions because they exceed the criteria for staff delegations to approve these matters.

Background:
York is a premier provider of insurance, risk management, alternative risk, pool administration and claims management solutions to clients across hundreds of industries.

In December 2014, York was approved for a $3,163,600 Grow NJ to incent the creation of 44 new full-time jobs and the retention of 123 at-risk full-time jobs, collectively 167 full-time jobs at its headquarters in Parsippany ("QBF"), a Priority Area subject to the 90% withholding limit. At application, York reported 219 statewide jobs and pursuant to the Grow approval is required to keep 80% (175) of those jobs in New Jersey over the term of the award. The company estimated it would make $2,204,600 in capital investment to complete renovations to the QBF.

In February 2015, the Board consented to change the location of the QBF to another location within Parsippany because York was unable to reach acceptable lease terms with the landlord at the originally approved QBF. Due to the space being slightly smaller, the estimated capital investment was reduced from $2,204,600 to $2,147,510 which reduced the Grow NJ award from $3,163,600 to $3,120,550. The anticipated full-time job numbers did not change.
York's submitted certification documents for the overall Grow award evidenced that it had spent $1,941,052 (9.6% less) in capital investment. The company reported it had retained 76 (38.2% less) of the 123 at-risk full-time jobs and hired 49 new full-time jobs (5 greater than at approval) than was required, which collectively totals 125 full-time jobs, a 25.1% reduction in total FTE jobs. Statewide jobs were reported as 209 which is 4.8% less than at approval, though well above the 80% requirement of retaining 175 jobs.

Staff confirmed during a recent site visit and a teleconference call with the company's CEO that the reduction in the headcount was due to involuntary and voluntary terminations, retirements, relocation of some of its positions out of state and its decision to move its headquarters and senior staff to Jersey City.

Since the actual amount of capital investment was certified lower than anticipated, the amount of tax credits per retained full-time job needs to be recalculated. The actual capital investment divided by 10 divided by the total new and retained approved jobs ($1,941,052/10/(123+44)) = $1,162 per retained job.

York certified it retained 76 full-time jobs, but staff discovered that 4 at-risk full-time jobs reported at the time of application had since moved out of the State and are no longer eligible as at-risk full-time jobs which reduces the retained at-risk full-time jobs from 123 at application to 119 at certification. Staff also discovered that 1 retained full-time job and 3 new full-time jobs, a total of 4 jobs were relocated to Jersey City. Through that review, staff determined the net result after these adjustments was 71 retained full-time jobs and 46 new full-time jobs. As required in the Grow regulations, new jobs are treated as retained jobs until the total number of approved retained jobs are filled. If this results in a revised number of new full-time jobs less than the program threshold, the applicant will not receive tax credits for new full-time jobs. Thus, for purposes of the calculation of the tax credit, after all adjustments, the number of new full-time jobs would be 0 and the number of retained full-time jobs would be 117 full-time jobs, which reduces the overall award to $1,359,540.

Because the reduction in jobs exceeded 25%, staff has rerun the net benefit test with the current model. Over the 20 years, the net benefit to the State is $46,090,751, and therefore meets program requirements. Although there are 50 fewer employees (167 v 117) assumed in this net benefit test, attributing factors to the 12% increase in the NBT ($41MM to $46MM) would be that the average wages were 14.7% higher ($85,250 v $97,807) and the award is 57% lower ($3,163,600 to $1,359,540).

Although there are 29.9% less full-time jobs than what had been anticipated at the approval of this Grow award, the project was completed as anticipated - office space in Parsippany. In summary, York employs 117 full-time jobs at the QBF, expended $1.9MM in capital investment, and maintained 209 statewide employees.

**SUMMARY OF PROJECT CHANGES**

<table>
<thead>
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<th>Jobs:</th>
<th>At Approval</th>
<th>At Modification</th>
<th>As Proposed</th>
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<tr>
<td>New:</td>
<td>44</td>
<td>44</td>
<td>0*</td>
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<tr>
<td>At Risk Retained:</td>
<td>123</td>
<td>123</td>
<td>117*</td>
</tr>
<tr>
<td>Total:</td>
<td>167</td>
<td>167</td>
<td>117*</td>
</tr>
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</table>
Annual Award:
New: 44 x $3,500 = $154,000
At Risk Retained: 123 x $1,320 = $162,360
Total: $316,360
(based on cap-ex) $(2,204,660/10/(123+44)) = $1,320

Total Award $3,163,600
Estimated 90% Withholdings $435,701
Square Footage 33,817
Minimum Cap-Ex $1,504,600
Proposed Cap-Ex $2,204,600
Gross Benefit to the State (over 20 years) $44,276,958
Net Benefit to the State (over 20 years, Net of award) $41,113,358
Statewide jobs 219

* The actual job numbers in the certification, after staff review, are 71 retained and 46 new. The numbers listed in this summary are the result of the backfilling of retained jobs with new jobs and the remaining number of new jobs being less than the program threshold.

Recommendation:
Consent to a modified project with an overall reduction in the incented full-time jobs from 167 to 117, which includes a reduction in retained full-time jobs from 123 to 71. Because the number of retained jobs is less than the number at approval, the Grow regulations require that new jobs be treated as retained jobs until the total number of approved retained jobs are filled, which in this case reduces the number of new jobs to less than the program minimum for new jobs.

As a result of the requested changes, the award originally approved by the Board will decrease 57% from $3,163,600 to $1,359,540. All other terms and conditions of the Grow NJ award will be consistent with the original approval as modified.

Prepared by: Keirah Black
BOND RESOLUTIONS
BOND RESOLUTIONS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: The Friends of TEAM Charter Schools, Inc.  
PROJECT USER(S): TEAM Academy Charter School, Inc.  
PROJECT LOCATION: Various Newark City (T/UA) Essex

APPLICANT BACKGROUND:
The Friends of TEAM Charter Schools, Inc. is a 501(c)(3) not-for-profit fundraising and real estate holding company formed for the benefit of assisting charter schools, including TEAM Academy Charter Schools, a network of charter schools in Newark, New Jersey ("TEAM"). The TEAM Charter Schools are an independent organization and part of the KIPP Foundation charter school network based in California. The KIPP Foundation is a private foundation that supports charter schools with over 1,500 teachers serving more than 27,000 kids in schools across the country. TEAM currently serves 4,364 students in grades K-12 in Newark. TEAM is in good standing with the Department of Education.

In 2014, TEAM's management formed KIPP New Jersey, a not-for-profit charter management organization to continue managing TEAM Charter Schools in Newark and expanding to manage schools in Camden (KIPP Cooper Norcross Academy) and in Miami, FL (opened August 2018). Gary DeBode is the President of The Friends of TEAM Charter Schools.

To finance facilities projects for TEAM, Kingston Educational Holdings 1, Inc., NCA Facility, Inc. and Ashland School, Inc. closed on several bond financings with the Authority. In 2011 and 2012, the Authority issued $25,535,000 of Qualified Zone Academy Bonds (QZAB) (Appl. P37036), $17,465,000 QZAB (Appl. P37793), $14,635,000 Qualified School Construction Bond (QSCB) (Appl. P37793) and $40,000,000 QSCB (Appl. P38412) for benefit of Kingston Educational Holdings to fund various capital projects for several schools located on Ashland St., Custer Ave., 18th Ave., and Littleton Ave, all in Newark. In 2011, NCA Facility closed on a $6,675,017 QSCB (Appl. P34894) for the benefit of Newark Collegiate Academy, proceeds of which were used to finance a portion of the costs to acquire a high school located on Norfolk Street, Newark. In 2013, Ashland School, Inc. closed on $20,885,000 tax-exempt bond (Appl. P33307) to finance the acquisition of two schools located on Ashland St. and Custer Ave., Newark.

In related bond financings, for the benefit of KIPP Cooper Norcross Academy in Camden, KIPP Cooper Norcross Inc. closed on a $60,000,000 QSCB in 2014 to acquire the Lanning Square School located on Clinton Street, Camden for an elementary and middle school. In 2017, proceeds of a $29,833,634 QSCB (Appl. P42944) were used to acquire the Whittier School, located on Chestnut St, Camden and total of $15,508,000 in QZABs (Appl. P44726) were used to acquire the Charles Sumner School, located on South 8th St., Camden.

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 (i) reimburse the cost of acquisition and fund renovation of an existing school building at 300 N. 13th Street, Newark from the Essex County Vocational Board of Education. The building of approximately 194,000 sq. ft. consisting of over 65 classrooms, a kitchen, an auditorium, a gymnasium and offices on approximately 2 acres, will ultimately be used for an elementary and middle school; (ii) make renovations to KIPP Newark Collegiate Academy ("NCA") located at 129 Littleton Avenue, Newark to fit-out roughly 20,000 sq. ft. of unfinished floor space to accommodate 16 full size classrooms, bathrooms, conference rooms and offices; as well as technology and electrical upgrades; (iii) make renovations to the student and staff bathrooms at KIPPLifeAcademy located at 103 Bragaw Avenue (owned by Newark Public Schools); (iv) refinance a conventional loan used to purchase property adjacent to the NCA Academy on Littleton Avenue; (v) renovate and equip various schools or school related facilities located on Ashland St., Custer Ave., 18th Ave., Norfolk St. and 13th Ave., all located in Newark; (vi) fund a debt service reserve fund and (vii) pay a portion of the costs of issuance.

FINANCING SUMMARY:
BOND PURCHASER: M&T Securities Inc. (Underwriter)
AMOUNT OF BOND: $13,500,000 Tax-exempt Series A Bond (Part of a $65,500,000 Tax-exempt and Taxable bond issue with Appl. P45268)
TERMS OF BOND: 30 years; Serial and term bonds not to exceed 8% (Estimated interest rates range from 2.34% - 4.20% as of 9/28/18.)
ENHANCEMENT: N/A

PROJECT COSTS:

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<th>Cost Description</th>
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<td>Furniture &amp; Fixtures</td>
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<td><strong>$13,500,000</strong></td>
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JOBS: At Application 71 Within 2 years 80 Maintained 0 Construction 31

PUBLIC HEARING: 10/11/18 (Published 09/27/18) BOND COUNSEL: Chiesa, Shahinian & Giantomasi,
DEVELOPMENT OFFICER: M. Athwal APPROVAL OFFICER: T. Wells
APPLICANT: The Friends of TEAM Charter Schools, Inc.  

PROJECT USER(S): TEAM Academy Charter School, Inc. *  

PROJECT LOCATION: Various Newark City (T/UA) Essex  

APPLICANT BACKGROUND:  
The Friends of TEAM Charter Schools, Inc. is a 501(c)(3) not-for-profit fundraising and real estate holding company formed for the benefit of assisting charter schools, including TEAM Academy Charter Schools, a network of charter schools in Newark, New Jersey ("TEAM"). The TEAM Charter Schools are an independent organization and part of the KIPP Foundation charter school network based in California. The KIPP Foundation is a private foundation that supports charter schools with over 1,500 teachers serving more than 27,000 kids in schools across the country. TEAM currently serves 4,364 students in grades K-12 in Newark. TEAM is in good standing with the Department of Education.

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To finance facilities projects for TEAM, Kingston Educational Holdings 1, Inc., NCA Facility, Inc. and Ashland School, Inc. closed on several bond financings with the Authority. In 2011 and 2012, the Authority issued $25,535,000 of Qualified Zone Academy Bonds (QZAB) (Appl. P37036), $17,465,000 QZAB (Appl. P37793), $14,635,000 Qualified School Construction Bond (QSCB) (Appl. P37793) and $40,000,000 QSCB (Appl. P38412) for benefit of Kingston Educational Holdings to fund various capital projects for several schools located on Ashland St., Custer Ave., 18th Ave., and Littleton Ave. all in Newark. In 2011, NCA Facility closed on a $6,675,017 QSCB (Appl. P34894) for the benefit of Newark Collegiate Academy, proceeds of which were used to finance a portion of the costs to acquire a high school located on Norfolk Street, Newark. In 2013, Ashland School, Inc. closed on $20,885,000 tax-exempt bond (Appl. P38307) to finance the acquisition of two schools located on Ashland St. and Custer Ave., Newark.

In related bond financings, for the benefit of KIPP Cooper Norcross Academy in Camden, KIPP Cooper Norcross Inc. closed on a $60,000,000 QSCB in 2014 to acquire the Lanning Square School located on Clinton Street, Camden for an elementary and middle school. In 2017, proceeds of a $28,833,834 QSCB (Appl. P42944) were used to acquire the Whittier School located on Chestnut St., Camden and total of $15,508,000 in QZABs (Appl. P44/26) were used to acquire the Charles Sumner School, located on South 8th St., Camden.
APPROVAL REQUEST:
Authority assistance will enable the Applicant to refinance conventional loans the proceeds of which the Applicant used to fund a portion of the purchase of the QSCBs and QZABs previously issued by the Authority outlined above and $21,278,000 QSCB issued by NJ Redevelopment Authority in 2011. The proceeds of the QSCBs/QZABs were used to acquire construct, renovate and/or equip the facilities leased by TEAM Schools at Norfolk Street, 18th Avenue, Littleton Avenue, Ashland Street, and Custer Avenue, all in Newark, Essex County. In addition, 2018 Taxable bond proceeds will be used to pay-off two additional conventional loans, fund a debt service reserve fund and pay costs of issuance. Benefits from the consolidation of the loans will reduce debt payments which will pass through to TEAM Schools in the form of lower lease payments. The proposed Series 2018B Taxable Bonds are projected to reduce the interest cost on the Applicant's outstanding debt while avoiding an upcoming balloon payment of $18 million in 2023.

FINANCING SUMMARY:

BOND PURCHASER: M&T Securities Inc. (Underwriter)

AMOUNT OF BOND: $52,000,000 Taxable Series B Bond (Part of a $65,500,000 Tax-exempt and Taxable bond issue with Appl. P45075)

TERMS OF BOND: 30 years; Serial and term bonds not to exceed 8% (Estimated interest rates range from 3.96% - 5.40% as of 9/28/18.)

ENHANCEMENT: N/A

PROJECT COSTS:

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JOBS: At Application 204 Within 2 years 51 Maintained 0 Construction 0

PUBLIC HEARING: N/A

BOND COUNSEL: Chiesa, Shahinian & Giantomasi

DEVELOPMENT OFFICER: M. Athwal

APPROVAL OFFICER: T. Wells
AMENDED BOND RESOLUTIONS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: Lutheran Social Ministries at Crane's Mill, Inc.  P45317
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 459 Passaic Avenue  West Caldwell Township (N) Essex

APPLICANT BACKGROUND:
Lutheran Social Ministries at Crane's Mill, Inc. ("Crane's Mill") is a full service, entrance fee continuing care retirement community in West Caldwell, NJ, offering 274 independent living units in apartments and cottages, as well as a Health Center with 52 assisted living units, 18 memory care assisted living units and 56 beds of skilled nursing care. Residents are able to choose from two health care options and two refund options. The community opened in 1998, was expanded in 2008 and just celebrated its twentieth anniversary last month. Colleen P. Frankenfield is the President/CEO of Lutheran Social Ministries at Crane’s Mill, Inc.

Crane’s Mill is an affiliate of Lutheran Social Ministries of New Jersey, Inc. ("LSMNJ"), which provides management services to the community pursuant to a management agreement. LSMNJ is a New Jersey nonprofit corporation which began as a cooperative Lutheran ministry organized by seven clergymen in 1904 to assist widows and orphans in New Jersey. The first home for orphans was opened in 1905 and the first home for the elderly was opened in 1923.

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:
In 1997, the EDA issued a tax-exempt bond for $57,270,000 to construct the Crane's Mill facility. In 2005, the 1997 bonds were advance refunded in the aggregate amount of $30,600,000; as $15,900,000 Series A fixed rate of 5% and 5.1% and $15,310,000 Series B weekly variable, initially at 5.003%. The Series B bonds were secured only by a Letter of Credit from Sovereign Bank for a term of 10 years, with a confirming wrap Letter of Credit from Unicredito Italiano.

In 2008 EDA provided a $38,655,000 tax exempt bond to construct an addition to the facility. Series A was for $16,255,000 for 30 years at a not to exceed rate of 7.5%; Series B for $22,400,000 for 30 years, not to exceed 10%.

Authority assistance will enable a nonprofit with the ability to expand its facility, consolidate debt, and take advantage of lower interest rates thereby reducing its annual debt service. The debt to be refinanced includes the 2005A, 2008A and 2015 A&B issuances.
FINANCING SUMMARY:

BOND PURCHASER:  H. J. Sims

AMOUNT OF BOND:  $41,930,000 Tax-Exempt Bond (the Applicant is also requesting approval of a new money tax-exempt bond under P045318 in the amount of $5,000,000).

TERMS OF BOND:  30 years; Anticipated Call Features: 7 years @ 103, 8 years @ 102, 9 years at 101, 10 years @100; Indicative Rate: 4.00% (30 years); Anticipated Rating: BBB+/A- (Fitch).

ENHANCEMENT:  N/A

PROJECT COSTS:

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PUBLIC HEARING: 11/09/18 (Published 10/25/18)  BOND COUNSEL:  McCarter & English, LLP

DEVELOPMENT OFFICER:  K. Durand  APPROVAL OFFICER:  M. Chierici
APPLICANT BACKGROUND:
Lutheran Social Ministries at Crane's Mill, Inc. ("Crane's Mill") is a full service, entrance fee continuing care retirement community in West Caldwell, NJ, offering 274 independent living units in apartments and cottages, as well as a Health Center with 52 assisted living units, 18 memory care assisted living units and 56 beds of skilled nursing care. Residents are able to choose from two health care options and two refund options. The community opened in 1998, was expanded in 2008 and just celebrated its twentieth anniversary last month. Colleen P. Frankenfield is the President/CEO of Lutheran Social Ministries at Crane's Mill, Inc.

Crane's Mill is an affiliate of Lutheran Social Ministries of New Jersey, Inc. ("LSMNJ"), which provides management services to the community pursuant to a management agreement. LSMNJ is a New Jersey nonprofit corporation which began as a cooperative Lutheran ministry organized by seven clergymen in 1904 to assist widows and orphans in New Jersey. The first home for orphans was opened in 1905 and the first home for the elderly was opened in 1923.

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:
In 1997, the EDA issued a tax-exempt bond for $57,270,000 to construct the Crane's Mill facility. In 2005, the 1997 bonds were advance refunded in the aggregate amount of $30,600,000; as $15,900,000 Series A fixed rate of 5% and 5.1% and $15,310,000 Series B weekly variable, initially at 5.003%. The Series B bonds were secured only by a Letter of Credit from Sovereign Bank for a term of 10 years, with a confirming wrap Letter of Credit from Unicredito Italiano.

In 2008 EDA provided a $38,655,000 tax exempt bond to construct an addition to the facility. Series A was for $16,255,000 for 30 years at a not to exceed rate of 7.5%; Series B for $22,400,000 for 30 years, not to exceed 10%.

Authority assistance will enable a nonprofit with the ability to renovate its existing facility, and take advantage of lower interest rates thereby reducing its annual debt service.
FINANCING SUMMARY:
BOND PURCHASER: H. J. Sims
AMOUNT OF BOND: $5,000,000 Tax-Exempt Bond (the Applicant is also requesting approval of a revenue refunding bond under P045317 in the amount of $41,930,000).
TERMS OF BOND: 30 years; Anticipated Call Features: 7 years @ 103, 8 years @ 102, 9 years at 101, 10 years @100; Indicative Rate: 4.00% (30 years); Anticipated Rating: BBB+/A- (Fitch).
ENHANCEMENT: N/A

PROJECT COSTS:

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<td>Renovation of existing building</td>
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<td>Furniture &amp; Fixtures</td>
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<td>Engineering &amp; architectural fees</td>
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**TOTAL COSTS** $5,000,000

JOBS: At Application 73 Within 2 years 3 Maintained 0 Construction 30

PUBLIC HEARING: 11/09/18 (Published 10/25/18) BOND COUNSEL: McCarter & English, LLP
DEVELOPMENT OFFICER: K. Durand APPROVAL OFFICER: M. Chierici
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: Yeshiva of North Jersey, a New Jersey Corporation P45365
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 666 Kinderkamack Road River Edge Borough (N) Bergen

APPLICANT BACKGROUND:
Yeshiva of North Jersey, a 501(c)(3) not-for-profit organization, is a Jewish day school serving more than 1,100 students from pre-school through 8th grade. The School is a 135,510 sq. ft. building on 6.93 acres of land on Kinderkamack Road, River Edge, Bergen County. The school was initially 57,000 sq. ft. and during 2000, 2009 and 2014, additions of approximately 19,000, 33,000 and 26,000 sq. ft., respectively were added for classrooms, a cafeteria, an updated gym facility and an auditorium. Rabbi Daniel Price is the Head of School and Rabbi Yehuda Rosenbaum is the Chairman of the Board. The school is a non-sectarian educational institution available to anyone regardless of religious affiliation, race or gender. The project has been reviewed and approved by the Attorney General's Office relating to the First Amendment's Establishment Clause.

In 2001, the Authority and the Applicant closed on $5,250,000 tax-exempt bond to refinance an existing mortgage in connection with the acquisition of the original facility in 1993 and to refinance conventional debt for the expansions. Capital One is the bondholder of fixed interest rate bond set to mature in 2027.

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

REFUNDING REQUEST:
Authority assistance will enable the Applicant to refund the outstanding balance of the 2001 Bond plus pay certain costs of issuance.

This project is being presented in conjunction with Appl. P45319 for the refinancing of conventional debt plus future capital projects for total tax-exempt bond financing not to exceed $7.4 million.

FINANCING SUMMARY:
BOND PURCHASER: A.Bridge-Realvest Securities Corporation (Placement Agent)
AMOUNT OF BOND: $2,620,000 (est.) Part of a total $7.4 million tax-exempt bond with Appl. P45319
TERMS OF BOND: 25 years; Variable interest rate initially based on SIFMA plus 50 points not to exceed 8%. At the closing, the applicant may enter into a swap agreement to a fixed interest rate estimated at 3.15% for 10 years.
ENHANCEMENT: (L/C - Valley National Bank - 10 Yr.)

PROJECT COSTS:

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<td><strong>TOTAL COSTS</strong></td>
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PUBLIC HEARING: 11/09/18 (Published 10/26/18)  BOND COUNSEL: Chiesa, Shahinian & Giartomasi,
DEVELOPMENT OFFICER: M. Athwal  APPROVAL OFFICER: T. Wells
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: Yeshiva of North Jersey, a New Jersey Corporation

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 666 Kinderkamack Rd, River Edge Borough (N), Bergen

APPLICANT BACKGROUND:
Yeshiva of North Jersey, a 501(c)(3) not-for-profit organization, is a Jewish day school serving more than 1,100 students from pre-school through 8th grade. The School is a 135,510 sq. ft. building on 6.93 acres of land on Kinderkamack Road, River Edge, Bergen County. The school was initially 57,000 sq. ft. and during 2000, 2009 and 2014, additions of approximately 19,000, 33,000 and 26,000 sq. ft., respectively were added for classrooms, a cafeteria, an updated gym facility and an auditorium. Rabbi Daniel Price is the Head of School and Rabbi Yehuda Rosenbaum is the Chairman of the Board. The school is a non-sectarian educational institution available to anyone regardless of religious affiliation, race or gender. The project has been reviewed and approved by the Attorney General's Office relating to the First Amendment's Establishment Clause.

In 2001, the Authority and the Applicant closed on $5,250,000 tax-exempt bond to refinance an existing mortgage in connection with the acquisition of the original facility in 1993 and to refinance conventional debt for the expansions. Capital One is the bondholder of fixed interest rate bond set to mature in 2027.

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

APPROVAL REQUEST:
Authority assistance will enable the Applicant to refinance a conventional mortgage loan from Capital One, pay certain costs of issuance and finance future capital expenditures.

This project is being presented in conjunction with Appl. P45365 to refund the outstanding balance of the 2001 bond financing, for a total tax-exempt bond financing not to exceed $7.4 million.

FINANCING SUMMARY:
BOND PURCHASER: A.Bridge-Realvest Securities Corporation (Private Placement Agent)

AMOUNT OF BOND: $4,780,000 (est.) Part of a total $7.4 million tax-exempt bond with Appl. P45365

TERMS OF BOND: 25 years; Variable interest rate initially based on SIFMA plus 50 basis points not to exceed 8%. At the closing, the applicant may enter into a swap agreement to a fixed interest rate estimated at 3.15% for 10 years.

ENHANCEMENT: (L/C - Valley National Bank - 10 Yr.)

PROJECT COSTS:

Refinancing
Renovation of existing building
Finance fees
Legal fees

$4,593,000
$147,000
$70,000
$50,000
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<th>At Application</th>
<th>Within 2 years</th>
<th>Maintained</th>
<th>Construction</th>
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**TOTAL COSTS**

$4,860,000

**PUBLIC HEARING:** 11/09/18 (Published 10/26/18)  
**BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,  
**DEVELOPMENT OFFICER:** M. Athwal  
**APPROVAL OFFICER:** T. Wells
BOND MODIFICATIONS
MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: November 9, 2018

SUBJECT: New Jersey Natural Gas Company (“NJNG”)
$35,800,000 Tax-Exempt Bonds (P16683 & P16684) - Modification

Request:
Consent to the following changes to facilitate remarketing of the Bonds:

1. Allow the extension of the maturity for each Series of Bonds, subject to the maximum maturities further described below, as determined by the NJNG;
2. Add the following interest rate mode options: Bank Index Rate, Index Interest Rate and Term Interest Rate interest rate; and
3. Cancel the bond insurance policies and the Alternate Liquidity Facility insuring the Bonds as it is not presently required and add provisions to permit the use a Letter of Credit for credit enhancement if required by the purchaser.

Background:
NJNG, a subsidiary of New Jersey Natural Resources, is a natural gas utility that provides regulated retail natural gas service to approximately 494,000 customers in the central and northern regions of New Jersey. NJNG is regulated by the NJ Board of Public Utilities (“BPU”). The Company’s service territory encompassed 1,516 square miles in 105 municipalities.

In 2005 the members approved $35.8 million in tax-exempt bonds in three series: Series A ($15 million) to install natural gas pipelines and auxiliary equipment in Morris County, and Series B and C ($20.8 million) to refund two prior EDA-issued tax-exempt bonds.

In 2011, EDA approved $97 million of tax-exempt bonds to refund EDA bonds issued between 1995 and 1998. As a conduit financing, the Authority has no financial exposure under the 2005 or 2011 bonds.

NJNG repurchased the 2005 bonds when they were previously remarketed in January 2017 to reduce interest costs. The company is now planning to remarket the bonds and is requesting Authority consent to amend the bond documents to conform with current bond market pricing and terms.
Specifically, the company is proposing to eliminate the Flexible Rate and Long-Term Rate interest rate modes and to amend the interest rate modes to include a Bank Index Rate, Index Interest Rate and Term Interest Rate interest rate modes. The Bank Index Rate mode is a variable interest rate based upon the LIBOR rate or the rate given in terms by the bank upon remarketing; the Index Interest Rate mode is a variable interest rate mode where the bonds are not subject to optional tender during Index Interest Rate Period; and the Term Interest Rate mode is a fixed rate for a period of three months, or multiple thereof up to maturity. The bonds are multi-modal so each of the rate modes may be used.

NJNG is also requesting Authority’s consent to extend the maturity for each series of the Bonds, at the company’s discretion based on market conditions. The maximum final maturities for each series from the date of remarketing are as follows; Series 2005A will not exceed 20 years, Series 2005B will not exceed 15 years, and Series 2005C will not exceed 20 years.

Finally, as part of this transaction, NJNG is seeking EDA consent to cancel the bond insurance policies and the Alternate Liquidity Facility insuring the outstanding bonds as it is not presently required and instead will add a provision to permit the use of a Letter of Credit for credit enhancement if required by the purchaser.

The Bonds will be remarketed by a Remarketing Agent and subject to a maximum rate of 10%, unless the Bonds have been remarketed by drawing under a Letter of Credit, in which case, the maximum rate will be 18% which is consistent with the 2005 Bond indenture.

Chiesa, Shahinian, and Giantomasi, PC, Bond Counsel to the Authority has advised that the changes will not affect the tax-exempt status of the bond. A public hearing is required for this modification, and notice has been published in the applicable newspapers. The modification will cause a reissuance and the Authority will file an IRS form 8038.

**Recommendation:**
Consent to change the interest rate modes and extend maturities of the bonds. The bonds will also be amended to reflect the cancellation of the insurance policies and the Alternate Liquidity Facility and to add provision to permit a Letter of Credit if required to support the bonds for the purchaser.

Prepared By: Angus Comly
LOANS/GRANTS/GUARANTEES
HAZARDOUS DISCHARGE SITE REMEDIATION FUND
MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: November 9, 2018
SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

The following grant projects have been approved by the Department of Environmental Protection to perform preliminary assessment, remedial investigation and remedial action activities. The scope of work is described on the attached project summaries:

**HDSRF Municipal Grant:**

- P45049 Camden Redevelopment Agency (Camden Town Center) $883,447
- P45276 Township of Hainesport (HITCO fmr Hardware & Industrial) $77,872
- P45032 Township of Pittsgrove (US Grain and Feed Corporation) $141,286
- P44815 City of Trenton (Freight Yards) $141,199
- P45275 Township of West Orange (Selecto Flash, Inc.) $129,177

**Total HDSRF Funding – November 2018** $1,372,981

Tim Sullivan

Prepared by: Kathy Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT

APPLICANT: Camden Redevelopment Agency (Camden Town Center) P45049
PROJECT USER(S): Same as applicant
* - indicates relation to applicant
PROJECT LOCATION: West end of Cooper Street Camden City (T/UA) Camden
GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:
Camden Redevelopment Agency, identified as Block 81.06, Lot 3.05 is part of the Camden Waterfront Master Plan which has potential environmental areas of concern (AOCs). Camden Redevelopment Agency (CRA) intends to acquire 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 Remedial Action (RA) grant funding on the above-referenced project site and finds the project technically eligible under the HDSRF program, Category 2, Series A.

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of remedial action for projects involving the redevelopment of contaminated property for recreation and conservation purposes, provided that the use of the property for recreation and conservation purposes is included in the redevelopment plan and is conveyed by a development easement, deed restriction for development or conservation easement for recreation and conservation purposes. The matching 25% ($294,482) of funds is being provided by a contribution from Liberty Property Trust.

APPROVAL REQUEST:
Camden Redevelopment Agency is requesting grant funding to perform RA in the amount of $883,447 at the Camden Town Center project site.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $883,447
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:
| Remedial Action                      | $1,177,929 |
| EDA administrative cost              | $500       |
| TOTAL COSTS                          | $1,178,429 |

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

APPLICANT: Township of Hainesport (Frm Hardware & Industrial Tool)  P45276
PROJECT USERS: Same as applicant * - indicates relation to applicant
PROJECT LOCATION: Route 38 & Creek Road  Hainesport Township (N)  Burlington
GOVERNOR'S INITIATIVES: ( ) Urban  ( ) Edison  (X) Core  ( ) Clean Energy

APPLICANT BACKGROUND:
Between March 2002 and February 2010, the Township of Hainesport received an initial grant in the amount of $37,250 under P13697 and supplemental grants totaling $457,269 under various P numbers. The project site identified as Block 108, Lot 1.02,3,3.01,4.05, and 4.06 is a former hardware and industrial tool company which has environmental areas of concern (AOCs). The Township of Hainesport currently holds a tax sale certificate on the project site and has satisfied proof of site control. It is the Township's intent, upon completion of the environmental investigation activities to redevelop the project site for commercial use.

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

APPROVAL REQUEST:
The Township of Hainesport is requesting aggregate supplemental grant funding to perform RI in the amount of $77,782 at the former Hardware & Industrial Tool Company project site. Total grant funding including this approval is $572,301.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $77,872
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:
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APPROVAL OFFICER: K. Junghans
APPLICANT: Township of Pittsgrove (US Grain and Feed Corporation) P45032
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 1237 Landis Avenue Pittsgrove Township (N) Salem
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Between June 1997 and December 1999 Township of Pittsgrove, identified as Block 3001, Lot 8, which is a former grain and feed facility, received an initial grant in the amount of $72,300 under P09412 and a supplemental grant in the amount of $57,519 under P09412s, and has potential environmental areas of concern (AOCs). The Township of Pittsgrove currently holds a tax sale certificate on the project site and has satisfied proof of site control. It is the Township's intent, upon completion of the environmental investigation activities to redevelop the project site for commercial 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:
Township of Pittsgrove is requesting grant funding to perform RI in the amount of 141,286 at the US Grain and Feed Corporation project site. Total grant funding including this approval is $271,105.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $141,286
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:
| Remedial investigation                  | $141,286 |
| EDA administrative cost                | $500     |
| TOTAL COSTS                            | $141,786 |

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

APPLICANT: City of Trenton (Freight Yards) P44815
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 163-191 N. Olden Avenue Trenton City (T/UA) Mercer
GOVERNOR'S INITIATIVES: (X) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
The City of Trenton, identified as Block 25401, Lots 7 and 9 is a former freight yard which has potential environmental areas of concern (AOCs). The City of Trenton owns the project site and has satisfied proof of site control. It is the City's intent, upon completion of the environmental investigation activities to redevelop the project site for recreation use. The City of Trenton has received a Brownfield Development Area (BDA) designation from the NJDEP for this project site.

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of remedial action (RA) for projects within a BDA involving the redevelopment of contaminated property for recreation and conservation purposes, provided that the use of the property for recreation and conservation purposes is included in the redevelopment plan and is conveyed by a development easement, deed restriction for development or conservation easement for recreation and conservation purposes. The grant has been calculated off 75% of the RA costs of $188,265. The balance of funding ($47,066) is being provided by a bond and taxes.

APPROVAL REQUEST:
City of Trenton is requesting grant funding to perform RA in the amount of $141,199 at the Freight Yards project site.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $141,199
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

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<tr>
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<td><strong>TOTAL COSTS</strong></td>
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APPROVAL OFFICER: K. Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT

APPLICANT: Township of West Orange (Selecto Flash Inc.)  P45275
PROJECT USER(S): Same as applicant  * - indicates relation to applicant
PROJECT LOCATION: 18 Central Ave.  West Orange Township (N) Essex
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND:
In March 2017, West Orange Township, received a grant in the amount of $77,238 under P43554. The project site identified as Block 9, Lot 36, is a former graphic design service facility which has potential environmental areas of concern (AOCs). West Orange Township currently holds a tax sale certificate on the project site and has satisfied proof of site control. It is the Township’s intent, upon completion of the environmental investigation activities to redevelop the project site for mixed 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:
West Orange Township is requesting supplemental grant funding to perform RI in the amount of $129,177 at the Selecto Flash Inc. project site. Total grant funding including this approval is $206,415.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $129,177
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:
Remedial investigation $129,177
EDA administrative cost $500
TOTAL COSTS $129,677

APPROVAL OFFICER: K. Junghans
PETROLEUM UNDERGROUND STORAGE TANK (PUST)
MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: November 9, 2018
SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

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

**PUST Commercial Grants:**
- P44960 Tomasello Auto Center $128,648

**PUST Residential Grant:**
- P44964 Brad Groatman $161,260
- P45262 Ryan Coutu (Ryan Coutu Living Trust) $20,209
- P45037 Michael Lapi and Kathy Lapi $20,303
- P45061 Craig MacInnes $338,248
- P45244 Dean Rankin $33,555
- P45046 Adam Roller $26,092
- P45012 Marcella Simadiris $112,377

**Total UST Funding – November 2018** $840,692

Prepared by: Kathy Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: Tomasello Auto Center
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 5300 Atlantic Avenue Ventnor City (N) Atlantic
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Between March 2011 and July 2014, Tomasello Auto Center, owned by Frank Tomasello, received an initial grant in the amount of $96,243 under P34113 and supplemental grants totaling $347,451 under P36899 and P38923 to remove two (2) 6,000-gallon tanks, one (1) 4,000 gallon tank and one (1) 500-gallon tank, underground storage tanks (USTs) and perform required remediation. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional soil and groundwater remedial activities.

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 additional supplemental grant funding in the amount of $128,648 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is $476,099, 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 $572,342. The project site is located in a Metropolitan area and is eligible for up to $1 million in grant funding.

The NJDEP oversight fee of $12,865 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: $128,648
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>
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<tr>
<td>NJDEP oversight cost</td>
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<td>EDA administrative cost</td>
<td>$500</td>
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TOTAL COSTS $142,013

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

APPLICANT: Brad Groatman P44964
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 1312 Mays Landing Road Hammonton Township (T) Atlantic
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
In October 2016, Brad Groatman received a grant in the amount of $65,222 under P42519 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

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

APPROVAL REQUEST:
The applicant is requesting supplemental grant funding in the amount of $161,260 to perform the approved scope of work at the project site. Because the supplemental funding request exceeds the maximum aggregate staff delegation approval of $100,000, it requires EDA's Board approval. Total grant funding including this approval is $226,482.

The NJDEP oversight fee of $16,126 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: $161,260
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: Ryan Coutu (Ryan Coutu Living Trust)  
PROJECT USER(S): Same as applicant  
PROJECT LOCATION: 704 Seventh Ave. Asbury Park City (T/UA) Monmouth  
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy  

APPLICANT BACKGROUND:  
Between May 2015 and September 2017, Ryan Coutu received an initial grant in the amount of $18,352 under P40690 and supplemental grants in the amount of $168,834 under P42816 and P44297 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation and site restoration. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remediation at the project site.  

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

APPROVAL REQUEST:  
The applicant is requesting an aggregate supplemental grant in the amount of $20,209 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is $189,043, 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 $207,395.  

The NJDEP oversight fee of $2,021 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: $20,209  
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: Michael Lapi and Kathy Lapi

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 271 West Main Street Bergenfield Borough (N) Bergen

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

APPLICANT BACKGROUND:
Between July 2016 and May 2017, Michael Lapi and Kathy Lapi received an initial grant in the amount of $20,549 under P42288 and a supplemental grant in the amount of $81,082 under P44093 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

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

APPROVAL REQUEST:
The applicants are requesting aggregate supplemental grant funding in the amount of $20,303 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is $101,385 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 $121,934.

The NJDEP oversight fee of $2,030 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: $20,303

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: Craig MacInnes
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 557 Mark Drive Brick Township (T/UA) Ocean
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
In November 2016, Craig MacInnes received a grant in the amount of $5,779 under P42851 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

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

APPROVAL REQUEST:
The applicant is requesting supplemental grant funding in the amount of $338,248 to perform the approved scope of work at the project site. Total grant funding including this approval is $344,027.

The NJDEP oversight fee of $33,825 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: $338,248
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

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</tr>
<tr>
<td>NJDEP oversight cost</td>
<td>$33,825</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$250</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$372,323</strong></td>
</tr>
</tbody>
</table>

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

APPLICANT: Dean Rankin

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 16 Sutton Drive

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

APPLICANT BACKGROUND:
In June 2016, Dean Rankin received a grant in the amount of $62,984 under P42098 and a supplemental in the amount of $73,280 under P44868 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

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

APPROVAL REQUEST:
The applicant is requesting additional supplemental grant funding in the amount of $33,555 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is $106,835, 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 $169,819.

The NJDEP oversight fee of $3,356 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: $33,555

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remediation</td>
<td>$33,555</td>
</tr>
<tr>
<td>NJDEP oversight cost</td>
<td>$3,356</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$250</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$37,161</strong></td>
</tr>
</tbody>
</table>

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

APPLICANT: Adam Roller P45046
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 126 Meisel Avenue Springfield Township (N) Union
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Between April 2011 and October 2017, Adam Roller received an initial grant in the amount of $13,843 under P34630 and supplemental grants totaling $121,344 under various project numbers to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

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

APPROVAL REQUEST:
The applicant is requesting aggregate supplemental grant funding in the amount of $26,092 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is $147,436, 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 $161,279.

The NJDEP oversight fee of $2,609 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: $26,092
TERMS OF GRANT: No Interest; No Repayment

<table>
<thead>
<tr>
<th>PROJECT COSTS</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remediation</td>
<td>$26,092</td>
</tr>
<tr>
<td>NJDEP oversight cost</td>
<td>$2,609</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$250</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$28,951</strong></td>
</tr>
</tbody>
</table>

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

APPLICANT: Marcella Simadiris

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

PROJECT LOCATION: 15 Mountainview Pl Montclair Township (T/UA) Essex

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

APPLICANT BACKGROUND:
In September 2017, Marcella Simadiris received a grant in the amount of $17,745 under P43423 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

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

APPROVAL REQUEST:
The applicant is requesting supplemental grant funding in the amount of $112,377 to perform the approved scope of work at the project site. Total grant funding including this approval is $130,122.

The NJDEP oversight fee of $11,238 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: $112,377

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Cost Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remediation</td>
<td>$112,377</td>
</tr>
<tr>
<td>NJDEP oversight cost</td>
<td>$11,238</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$250</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$123,865</strong></td>
</tr>
</tbody>
</table>

APPROVAL OFFICER: K. Junghans
STRONGER NJ BUSINESS LOAN PROGRAM
TO:           Members of the Authority
FROM:        Tim Sullivan
             Chief Executive Officer
DATE:        November 9, 2018
SUBJECT:     S Kelly Corporation dba Mad Hatter Sports Bar & Restaurant and
             Kelly Management Group, LLC
             Sea Bright Borough, Monmouth County
             P40547

Modification Request

Approve the subordination in position only of the EDA’s $3.8 million construction loan previously
approved under the Stronger NJ Business Loan Program to Savoy Bank’s $3 million construction
loan and $200,000 working capital line of credit.

Background

On March 12, 2015, S Kelly Corporation dba Mad Hatter Sports Bar & Restaurant and Kelly
Management Group, LLC (“Mad Hatter” or “Company”) were approved for a $1.5 million 30-
year working capital loan and $3.5 million 30-year construction loan under the Stronger NJ
Business Loan program. The working capital loan was reduced to $1.44 million on March 26,
2015 under delegated authority and then further reduced to the final loan amount of $1.20 million
on September 19, 2016 on completion of the disbursement process. This resulted in undisbursed
proceeds under the working capital loan approval. Under delegated authority, this undisbursed
amount was transferred to the construction loan which increased it from $3.5 million to $3.8
million.

On August 10, 2018, the Members of the EDA Board approved a modification request consenting
to a new $3 million loan from Savoy Bank in a superior position to EDA’s construction loan.
Savoy Bank’s approval also included a new $200,000 working capital line of credit to be secured
with a second lien on the restaurant property. The August 10, 2018 EDA Board modification did
not capture the bank’s line of credit. This modification clarifies that the EDA’s construction loan
will be subordinate in position to Savoy Bank’s $3 million loan and $200,000 line of credit.

Mad Hatter is a casual Jersey shore restaurant located in Sea Bright, NJ. The restaurant is best
known for its pizza, private parties and family dining for lunch and dinner. The Company also
operates an Irish pub, sports bar, and nightclub in the same building. The Company was founded
on November 3, 2005.
Mad Hatter’s building sustained substantial wind, flood, and ocean surge damage from Superstorm Sandy on October 29, 2012. The building was torn down and is being raised and rebuilt to adhere to FEMA V-Zone requirements, ABFE elevations, and current hurricane codes.

**Recommendation**

Approve the subordination in position only of the EDA’s $3.8 million construction loan to Savoy Bank’s $3 million loan and $200,000 working capital line of credit. All other aspects of the prior approval remain the same.

Tim Sullivan

Prepared by: Matt Boyle, Senior Real Estate Underwriter
BOARD MEMORANDUM
MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: November 9, 2018
SUBJECT: Projects Approved Under Delegated Authority – For Informational Purposes Only

The following projects were approved under Delegated Authority in October 2018:

Premier Lender Program:

1) Giordano Vineland Scrap Material, LLC (P45231), located in Vineland City, Cumberland County, was established in 1948 to purchase, process and sell refined waste/recyclable products such as paper, plastic and steel to material distributors. Capital Bank of New Jersey approved a $360,000 loan contingent upon a 50% ($180,000) Authority participation. Proceeds will be used to purchase new equipment and machinery. The Company currently has 60 employees and plans to create two new positions over the next two years.

2) Sand Hill Investments LLC (P45213), located in Lakewood Township, Ocean County, is a recently formed real estate holding company created to purchase the project property. The operating company, Humble Warehouse LLC, is a recently formed company which will operate the warehouse business conducted at the project property. OceanFirst Bank N.A. approved a $4,634,250 bank loan with an 18.92% ($876,750) Authority participation. Proceeds will be used to purchase the project property, equipment, and machinery. The Company plans to create 16 new positions within the next two years.

3) Theo Hackensack Properties, LLC (P45181), located in Hackensack City, Bergen County, is a real estate holding company formed to purchase the project property. The operating company, TAAS Construction Corp., Inc. was established in 1992 as a framing and drywall contractor. M&T Bank approved a $550,000 loan contingent upon a 50% ($275,000) Authority participation. Proceeds will be used to purchase the project property. Currently, the Company has 50 employees and plans to create 10 additional jobs within the next two years.

Prepared by: G. Robins
MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: November 9, 2018

SUBJECT: Post Closing Credit Delegated Authority Approvals for 3rd Quarter 2018

*For Informational Purposes Only*

The following post-closing actions were approved under delegated authority during the third quarter of 2018:

<table>
<thead>
<tr>
<th>Name</th>
<th>EDA Credit Exposure</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pastore Music, Inc.</td>
<td>$546,128</td>
<td>Six-month principal and interest moratorium for this Stronger NJ Business Loan to provide payment relief.</td>
</tr>
<tr>
<td>Sire Stakes, LLC (MVP Medical Associates)</td>
<td>$245,445</td>
<td>Five-year maturity extension of a Premier Lender loan to allow time to amortize the loan.</td>
</tr>
<tr>
<td>Esquires Four, LLC (Zucker Steinberg &amp; Wixted, PA)</td>
<td>$212,517</td>
<td>Five-year maturity extension of LDFF loan and release personal guarantee of a guarantor no longer affiliated with the business.</td>
</tr>
<tr>
<td>Coast Whistle Stop, Inc. (The Pier House Restaurant)</td>
<td>$135,000</td>
<td>Six-month principal moratorium for a Stronger NJ Business Loan.</td>
</tr>
<tr>
<td>Fish Asbury Park, LLC</td>
<td>$0</td>
<td>Accept $200,000 settlement in full of this $250,000 Stronger New Jersey Business Loan. The remaining balance was written off without recourse as there is no further source of recovery.</td>
</tr>
<tr>
<td>Creative Business Decisions, Inc.</td>
<td>$0</td>
<td>Accepted $40,000 received in exchange for release of EDA’s third mortgage on the principal’s residence securing this $204,456 Seed Capital Loan. With no additional source of recovery, the remaining loan balance was written off without recourse.</td>
</tr>
<tr>
<td><strong>Camden Economic Recovery Board Grants</strong>&lt;br&gt;(EDA has no credit exposure)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>W. Keith Williams II</td>
<td>Six-month extension of required construction completion date for two $20,000 Business Improvement Incentive Grants.</td>
<td></td>
</tr>
<tr>
<td>Cooper’s Ferry Partnership, Inc.</td>
<td>One-year extension of the required construction completion date of the $4,200,000 infrastructure grant.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Conduit Bonds</strong>&lt;br&gt;(EDA has no credit exposure)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The Atlantic City Sewerage Company</td>
<td>Amend the minimum deposit balance covenant on a $2,040,000 Tax Exempt Stand-Alone Bond.</td>
</tr>
<tr>
<td>KIPP Cooper Norcross (Academy)</td>
<td>Consent to substitution of senior lender on a $29.8 million School Construction Bond.</td>
</tr>
<tr>
<td>Girl Scouts of the Jersey Shore, Inc.</td>
<td>Modify the $1,020,000 Tax Exempt Bond’s interest rate from 3.25% to 4.00% through January 2028.</td>
</tr>
<tr>
<td>Port Newark Container Terminal, LLC</td>
<td>Consent to a supplemental indenture clarifying that collateral will not include three ship-to-shore gantry cranes that were financed separately from the $273,985,000 Tax Exempt Bonds.</td>
</tr>
</tbody>
</table>

**Prepared by:** Heather O’Connell
MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: November 9, 2018

SUBJECT: PUST and HDSRF Program Funding Status
(For Informational Purposes Only)

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

Below is the funding availability as of the third quarter ending on September 30, 2018:

**PUST:**
As of September 30th, remaining cash and unfunded appropriations net of commitments was $6.2 million available to support an estimated $24.5 million pipeline of projects, of which approximately $2.9 million are under review at EDA.

**HDSRF:**
As of September 30th, remaining cash and unfunded appropriations net of commitments was $22 million available to support an estimated $37 million pipeline of projects, of which approximately $3 million are under review at EDA.

Prepared by: Kathy Junghans
MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: November 9, 2018

SUBJECT: Technology & Life Sciences - Delegated Authority Approvals for Q3 2018

For Informational Purposes, Only

Angel Investor Tax Credit Program

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

Angel Investor Tax Credit Program Q3 2018 Review

Q3 2018 was a historical quarter for the Angel Tax Credit Program, in terms of approved applications and tax credits as compared to the same quarter from previous years. EDA approved 61 Angel Tax Credit applications for $2,083,545.70 in tax credits. These credits support $20,835,464.00 in private investments in 13 unique technology, clean technology, and life science companies. As compared to Q3 2017, Q3 2018 reported 85% year-over-year growth in approved applications, 2.5x year-over-year growth in investment amount and approved tax credits. The average investment amount in Q3 2018 was $341,564.98, representing a 36% increase from Q3 2017 to Q3 2018. The 2018 Angel Tax Credit Program has approved approximately $6 million in tax credits year to date, as compared to approximately $3.5 million in tax credits through Q3 2017.

One applicant reached the Angel Tax Credit transactional cap of $5,000,000 in the third quarter of 2018. A subsidiary of Ford Motor Company, Argo AI LLC acquired Princeton Lightwave, a Cranbury, New Jersey-based technology company developing Lidar sensors with automotive applications. Princeton Lightwave will remain a fully operational unit of Argo AI, LLC and contribute to advancements in autonomous driving research and development.
Angel Tax Credit Q3 2018 Results

<table>
<thead>
<tr>
<th>Sector</th>
<th>Investment Amount</th>
<th>Applications</th>
<th># of Companies in Each Sector</th>
<th>% of total investments</th>
<th>% of total applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>$15,610,298</td>
<td>34</td>
<td>9</td>
<td>74.92%</td>
<td>56%</td>
</tr>
<tr>
<td>Clean Technology</td>
<td>$425,226</td>
<td>4</td>
<td>1</td>
<td>2.04%</td>
<td>7%</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>$4,799,940</td>
<td>23</td>
<td>3</td>
<td>23.04%</td>
<td>38%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$20,835,464</strong></td>
<td><strong>61</strong></td>
<td><strong>13</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Angel Tax Credit Program Year-To-Date

<table>
<thead>
<tr>
<th>Sector</th>
<th>Investment Amount</th>
<th>Applications</th>
<th># of Companies in Each Sector</th>
<th>% of total investments</th>
<th>% of total applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>$40,123,487</td>
<td>56</td>
<td>19</td>
<td>67.28%</td>
<td>46%</td>
</tr>
<tr>
<td>Clean Technology</td>
<td>$17,680,010</td>
<td>52</td>
<td>8</td>
<td>29.64%</td>
<td>43%</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>$1,837,328</td>
<td>13</td>
<td>3</td>
<td>3.08%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$59,640,825</strong></td>
<td><strong>121</strong></td>
<td><strong>30</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The 2018 Angel Tax Credit Program has approved approximately $60 million in investments year to date, as compared to approximately $35 million in investments through Q3 2017.

The Q3 2018 approvals included investments in six companies that are new to the program, including Princeton Lightwave Inc (mentioned above).

- **Axle Technologies Inc**, was founded in 2017 and is located in Jersey City, NJ. The Company’s primary business is an on-demand smartphone and web-based application that provides a new age logistics and communicational platform to the trucking industry. The one ATC application approved this quarter was for an investment in the Company’s Series A Round of funding. The investor was new to the ATC Program and is located outside of NJ. The funding is expected to support the hiring of additional employees and improving the reliability and stability of the product.

- **Hope Portal Services** was founded in 2018 and is located in Holmdel, NJ. The Company’s primary business is a technology for linking special needs trust beneficiaries with all the necessary resources for special needs trust servicing and administration. The ATC applications were for investments in the Company’s Seed Round of funding representing an investment from five angel investors, who are new to the ATC Program. Four of these investors are from NJ, while one is from out of state. The funding round was used to hire the Company’s CEO, as well as, sign a lease at Bell Works in Holmdel, NJ.

- **Leap Insurance LLC.**, was founded in 2018 and is located in Jersey City, NJ. The Company’s primary business is a technology that pre-qualifies renters and insures rent payments to landlords. The ATC applications were for investments in the
Series A Round of funding representing an investment from seven angel investors, who are new to the ATC Program. Three of these investors are from NJ, while four are from out of state. The funding round was used to hire additional employees and secure a location in Jersey City, NJ.

- **Oishii Farm Corporation**, was found in 2017 and is located in Kearny, NJ. The Company has created a proprietary indoor vertical farming technology. The one ATC application was for investment in the Company’s Series A Round of funding. The investor was new to the ATC Program and is located outside of NJ. The funding round was used to further the Company’s research and development activities.

- **Trinity Medical Devices, Inc.**, was founded in 2012 and is located in Bedminster, NJ. The Company provides generic consumable single-patient-use medical products. The ATC applications were for investments in the Company’s Series D Round of funding representing an investment from fifteen angel investors, who are new to the ATC Program. Five of these investors are from NJ, while ten are from out of state. The funding round was used to satisfy short-term cash needs, as well as, pursue new customer growth by offering new medical devices.

Attached please find a detailed list of all ATC applications that were approved under delegated authority during the third quarter of 2018.

Prepared by:
Kathleen Coviello
Brennan Candito
<table>
<thead>
<tr>
<th>Investor</th>
<th>Technology Company</th>
<th>Investment Amount</th>
<th>Tax Credit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>David S Washburn</td>
<td>Acuitive Technologies, Inc.</td>
<td>$50,000.00</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>David S Washburn</td>
<td>Acuitive Technologies, Inc.</td>
<td>$100,000.00</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Michael McCarthy</td>
<td>Acuitive Technologies, Inc.</td>
<td>$120,000.00</td>
<td>$12,000.00</td>
</tr>
<tr>
<td>Michael McCarthy</td>
<td>Acuitive Technologies, Inc.</td>
<td>$200,000.00</td>
<td>$20,000.00</td>
</tr>
<tr>
<td>Michael McCarthy</td>
<td>Acuitive Technologies, Inc.</td>
<td>$100,000.00</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Alex Khowaylo</td>
<td>Acuitive Technologies, Inc.</td>
<td>$250,000.00</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>Alex Khowaylo</td>
<td>Acuitive Technologies, Inc.</td>
<td>$850,000.00</td>
<td>$85,000.00</td>
</tr>
<tr>
<td>Alex Khowaylo</td>
<td>Acuitive Technologies, Inc.</td>
<td>$250,000.00</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>Alex Khowaylo</td>
<td>Acuitive Technologies, Inc.</td>
<td>$500,000.00</td>
<td>$50,000.00</td>
</tr>
<tr>
<td>Infotel Business Solutions Limited</td>
<td>Avlino Inc.</td>
<td>$125,000.00</td>
<td>$12,500.00</td>
</tr>
<tr>
<td>Media Matrix (Singapore) Pte Ltd</td>
<td>Avlino Inc.</td>
<td>$510,000.00</td>
<td>$51,000.00</td>
</tr>
<tr>
<td>Troy Anthony Draizen</td>
<td>Axle Technologies Inc</td>
<td>$20,000.00</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>Sergio Rothstein</td>
<td>D3UC</td>
<td>$25,000.00</td>
<td>$2,500.00</td>
</tr>
<tr>
<td>Tab Hauser</td>
<td>D3UC</td>
<td>$12,500.00</td>
<td>$1,250.00</td>
</tr>
<tr>
<td>David M Cohen</td>
<td>Eos Energy Storage LLC</td>
<td>$35,000.00</td>
<td>$3,500.00</td>
</tr>
<tr>
<td>Ironwood, LLC</td>
<td>Eos Energy Storage LLC</td>
<td>$190,226.00</td>
<td>$19,022.60</td>
</tr>
<tr>
<td>Jerry Labowitz</td>
<td>Eos Energy Storage LLC</td>
<td>$100,000.00</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Joseph A Beatty Revocable Trust</td>
<td>Leap Insurance LLC</td>
<td>$50,000.00</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>David Tetenbaum</td>
<td>Leap Insurance LLC</td>
<td>$333,000.00</td>
<td>$33,300.00</td>
</tr>
<tr>
<td>Trust/Name of Applicant</td>
<td>Company</td>
<td>Amount Invested</td>
<td>Qualified Investment</td>
</tr>
<tr>
<td>------------------------</td>
<td>---------</td>
<td>----------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>The Betsy J Bernard Trust</td>
<td>Leap Insurance LLC</td>
<td>$344,000.00</td>
<td>$34,400.00</td>
</tr>
<tr>
<td>John P. Mordach and Carol E. Mordach</td>
<td>Leap Insurance LLC</td>
<td>$29,666.00</td>
<td>$2,966.60</td>
</tr>
<tr>
<td>Shinichiro Kato</td>
<td>Oishii Farm Corporation</td>
<td>$99,990.00</td>
<td>$9,999.00</td>
</tr>
<tr>
<td>Argo AI, LLC</td>
<td>Princeton Lightwave Inc</td>
<td>$5,000,000.00</td>
<td>$500,000.00</td>
</tr>
<tr>
<td>Anthony Dimun</td>
<td>Trinity Medical Devices</td>
<td>$250,000.00</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>Charles Moore</td>
<td>Trinity Medical Devices</td>
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1 The amount noted on the table is the maximum qualified investment for this transaction and does not reflect the total investment by this applicant.
Post-closing actions approved under delegated authority during Q3 2018:

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<th>Borrower (Operating Company)</th>
<th>EDA Exposure</th>
<th>Action</th>
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<td>Reflik Inc.</td>
<td>$250,000</td>
<td>Approved issuance of a new commitment letter to the Company for its NJ CoVest loan - based on the Program update approved by the Board on September 13, 2018.</td>
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