MEMORANDUM

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

Notice of Public Meeting

Roll Call

Approval of Previous Month’s Minutes

Chief Executive Officer’s Monthly Report to the Board

Authority Matters

Incentive Programs

Bond Projects

Loans/Grants/Guarantees

Office of Recovery

Real Estate

Board Memorandums

Public Comment

Adjournment
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
October 12, 2017

MINUTES OF THE MEETING

Members of the Authority present: Chairman Thomas Srivo; Commissioner Richard Badolato of the Department of Banking and Insurance; State Treasurer Ford M. Scudder; Jeffrey Stoller representing Commissioner Aaron Fichtner of the Department of Labor and Workforce Development; Public Members: Larry Downes, Vice Chairman; Philip Alagia, Fred B. Dumont, Louis Goetting, and John Lutz, Third Alternate Public Member.

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

Absent: Public Members: Patrick Delle Cava, First Alternate Public;

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

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

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the September 14, 2017 annual meeting minutes. A motion was made to approve the minutes by Commissioner Badolato, and seconded by Mr. Downes, and was approved by the 11 voting members present.

Mr. Lutz abstained because he was not present for the meeting.

Mr. Goetting abstained because he was not present for the meeting.

Treasurer Scudder entered the meeting at this time.

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

ITEM: Dissolution of New Jersey Community Development Entity, LLC (“NJCEDE”)
REQUEST: Approve the dissolution of NJCDE as this special purpose New Markets Tax Credit entity is no longer required.
MOTION TO APPROVE: Mr. Downes SECOND: Commissioner Badolato AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Microsoft Software and Services Enterprise Agreement
REQUEST: To approve the recommendation that the Authority renew the Microsoft Software and Services Enterprise Agreement in accordance with the specifications, terms and conditions of the State Contract.
MOTION TO APPROVE: Mr. Stoller SECOND: Mr. Downes AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

ITEM: Proposed Rule Readoption/ Title 19, Chapters 30 and 31
REQUEST: To approve the proposed readoption of the EDA’s rules, with amendments for submission to the Office of Administrative Law.
MOTION TO APPROVE: Commissioner Badolato SECOND: Treasurer Scudder AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

INCENTIVE PROGRAMS

Grow New Jersey Assistance Program

ITEM: Bauer Media Group USA, LLC
REQUEST: To approve the finding of jobs at risk.
MOTION TO APPROVE: Mr. Stoller SECOND: Commissioner Badolato AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Bauer Media Group USA, LLC
REQUEST: To approve the application of Bauer Media Group USA, LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Englewood Cliffs Borough, NJ. Project location of Englewood Cliffs Borough, Bergen County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program’s rules. N.J.A.C. 19:31-18. The estimated annual award is $219,615 for a 10-year term.
MOTION TO APPROVE: Mr. Downes SECOND: Mr. Stoller AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5
ITEM: Boomerang USA Inc. APPL.#44273

THIS PROJECT WAS WITHHELD FROM CONSIDERATION.

ITEM: Kontos Foods, Inc. APPL.#44224
REQUEST: To approve the finding of jobs at risk.
MOTION TO APPROVE: Mr. Downes SECOND: Mr. Alagia AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ITEM: Kontos Foods, Inc. APPL.#44224
REQUEST: To approve the application of Kontos Foods, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Paterson City, NJ. Project location of Paterson City, Passaic County qualifies as a Garden State Growth Zone under N.J.S.A. 34:1B-242 et seq and the program’s rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Deep Poverty Pocket, Transit Oriented Development, Targeted Industry (Manufacturing), GSGZ Ind. Project w/ Cap. Inv. In Excess of Min. The estimated annual award is $2,968,000 for a 10-year term.
MOTION TO APPROVE: Commissioner Badolato SECOND: Mr. Downes AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: Kuehne + Nagel International, AG
REQUEST: To uphold the hearing officer’s recommendation not to disqualify.
MOTION TO APPROVE: Mr. Downes SECOND: Mr. Stoller AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

ITEM: Kuehne + Nagel Inc. APPL.#44559
REQUEST: To approve the finding of jobs at risk
MOTION TO APPROVE: Mr. Downes SECOND: Commissioner Badolato AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ITEM: Kuehne + Nagel Inc. APPL.#44559
REQUEST: To approve the application of Kuehne + Nagel 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, Jobs with Salary in Excess of County Average, Large Number of New/Retained F/T Jobs, Targeted Industry (Logistics). The estimated annual award is $1,422,226 for a 10-year term.
MOTION TO APPROVE: Mr. Stoller SECOND: Commissioner Badolato AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10
ITEM: Tumi, Inc.  
REQUEST: To approve the finding of jobs at risk.  
MOTION TO APPROVE: Mr. Stoller  SECOND: Mr. Downes  AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

ITEM: Tumi, Inc.  
REQUEST: To approve the application of Tumi, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Edison Township, NJ. Project location of Edison Township, Middlesex County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program’s rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Transit Oriented Development. Jobs with Salary in Excess of County Average. The estimated annual award is $288,750 for a 10-year term.
MOTION TO APPROVE: Commissioner Badolato  SECOND: Mr. Downes  AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

BOND PROJECTS

Preliminary Bond Resolutions

ITEM: Port Newark Container Terminal LLC  
LOCATION: Newark, Essex County  
PROCEEDS FOR: Machinery & Equipment, Construction, Environmental Investigation and Remediation  
TOTAL COSTS: $155,000,000  
MOTION TO APPROVE: Commissioner Badolato  SECOND: Mr. Stoller  AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Chairman Scirvino abstained from the vote because the Port Authority of NY and NJ is the lessor to this applicant, and his law partner is the Chairman of the PANYNJ.

Mr. Alagia recused himself because Essex County applied for a federal grant on behalf of the applicant.
Public Hearing Only

ITEM: Port Newark Container Terminal LLC  APPL.#44598
LOCATION: Newark, Essex County
PROCEEDS FOR: Refund of Bond
TOTAL COSTS: $145,000,000
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Preliminary Bond Resolutions

ITEM: UMM Energy Partners, LLC  APPL.#44560
LOCATION: Little Falls Township, Passaic County
PROCEEDS FOR: Machinery & Equipment, Construction, Working Capital
TOTAL COSTS: $24,800,000
MOTION TO APPROVE: Mr. Dumont  SECOND: Mr. Stoller  AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

Chairman Scrivo abstained from the vote because the applicant is a client of his firm.

ITEM: Schuster Meat Corporation  APPL.#44582
LOCATION: Lodi Borough, Bergen County
PROCEEDS FOR: Acquisition, Renovation, Machinery & Equipment
TOTAL COSTS: $16,691,904
MOTION TO APPROVE: Mr. Goetting  SECOND: Mr. Downes  AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

Bond Modifications

ITEM: Uncommon Properties LLC  APPL.#41792
REQUEST: To consent to change in project location from for the North Star Academy Charter School of Newark from 571 18th avenue to 108 South 9th Street, and 43 Alexander Street, Newark.
MOTION TO APPROVE: Mr. Lutz  SECOND: Mr. Stoller  AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

Mr. Goetting abstained from the vote because it is not clear if the firm his son works for does business with the applicant.
ITEM: Uncommon Properties LLC APPL.#37823
REQUEST: To consent to change in project location from for the North Star Academy Charter School of Newark from 571 18th avenue to 108 South 9th Street, and 43 Alexander Street, Newark.
MOTION TO APPROVE: Mr. Stoller SECOND: Mr. Treasurer Scudder AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

Mr. Goetting abstained from the vote because it is not clear if the firm his son works for does business with the applicant.

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: Commissioner Badolato SECOND: Mr. Downes AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

PROJECT: City of Newark (Scientific Chemical Processing) APPL.#44253
LOCATION: Newark, Essex County
PROCEEDS FOR: Remedial Investigation
FINANCING: $304,686

PROJECT: City of Paterson (BDA Paterson Steam Plant) APPL.#44174
LOCATION: Paterson City, Passaic County
PROCEEDS FOR: Remedial Action
FINANCING: $420,308

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. Stoller SECOND: Mr. Downes AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

PROJECT: Walter and Jean Putz APPL.#39408
LOCATION: Franklin Township, Gloucester County
PROCEEDS FOR: Upgrade, Closure Remediation
FINANCING: $101,858
November 14, 2017 Board Book - Approval of Previous Month’s Minutes

PROJECT: Fern Bliss-Morgan
LOCATION: Camden, Camden County
PROCEEDS FOR: Remediation
FINANCING: $289,357

PROJECT: Lucille Virgilio Trust
LOCATION: West Orange Township, Essex County
PROCEEDS FOR: Remediation
FINANCING: $86,600

EDISON INNOVATION FUND

Technology Business Tax Certification Transfer Program (NOL)

Chairman Scrivo asked if representatives from doforms NJ, Inc., and Myos Rens Technology, Inc. wanted to address the board prior to the vote.

David J. Shipley, McCarter and English, counsel for doForms, NJ, Inc. addressed the board. See attached statement.

There was no response from Myos Rens Technology, Inc.

ITEM: Technology Business Tax Certification Transfer Program Appeals
REQUEST: To consent to the Hearing Officer’s recommendation to reverse the declination of NOL application for EOS Energy Storage, LLC and to uphold the declination of NOL applications for doForms NJ, Inc. and Myos Rens Technology, Inc.
MOTION TO APPROVE: Mr. Dumont SECOND: Mr. Alagia AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

NJ CoVest Fund Program

PROJECT: Reflik, Inc.
LOCATION: Franklin Township, Somerset County
PROCEEDS FOR: Working Capital
FINANCING: Up to $250,000
MOTION TO APPROVE: Mr. Alagia SECOND: Treasurer Scudder AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

Ashish Vachhani, CEO and Co-founder of Reflik, Inc. thanked the board for its approval.
NJ Founders & Funders All-Stars Program

ITEM: 2017 NJ Founders & Funders All-Stars Program Award
REQUEST: To approve an award of up to $50,000 for a selected registered, presenting early-stage NJ technology or biotechnology company for the 2017 NJ Founders & Funders All-Stars Program.
MOTION TO APPROVE: Mr. Goetting SECOND: Commissioner Badolato AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

REAL ESTATE

ITEM: Award of Demolition Contract- Tech VI Building, Technology Centre of NJ
REQUEST: To approve the authorization to award a demolition services contract to Tricon Enterprises, Inc of Keyport, NJ for the demolition of the Tech VI Building.
MOTION TO APPROVE: Mr. Dumont SECOND: Treasurer Scudder AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

ITEM: Update to Operating Authority- Real Estate Division
REQUEST: To approve the modification to the Real Estate Division Operating Authority by level to: 1. Clarify authority for staff to enter into settlement agreements or final dispositions of litigation matters; 2. Clarify signatory requirements and delegate authority for staff to enter into recorder/permanent easement agreements; 3. Update the Real Estate Division Operating Authority Chart to reflect TLS staff’s administration of Lease Agreements for the BDC Leases; 4. Clarify TLS Program Manager ability to recommend CCIT tenants to CCIT advisory Board; 5. Clarify CCIT Leasing Operating Authority regarding leases to professional service provider tenants.
MOTION TO APPROVE: Mr. Downes SECOND: Mr. Stoller AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 24

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Incentives Modifications- 3rd Quarter 2017

FOR INFORMATION ONLY: Credit Underwriting Projects approved under Delegated Authority

Premier Lender Program: 2 Municipal LLC (44535), 1245 Virginia St NJ LLC (44545)
Small Business Fund Program: Northwood Avenue LLC (P44547)
NJ Main Street Program - Modification: Patella Construction Corp. dba Patella Woodworking (P44574)
FOR INFORMATION ONLY: Post Closing Credit Delegated Authority Approvals for 3rd Quarter 2017

FOR INFORMATION ONLY: Hazardous Discharge Site Remediation Fund - Delegated Authority 3rd Quarter 2017 Approvals

FOR INFORMATION ONLY: Petroleum Underground Storage Tank Program-Delegated Authority 3rd Quarter 2017 Approvals

FOR INFORMATION ONLY: Technology and Life Sciences- Delegated Authority 3rd Quarter 2017 Approvals

FOR INFORMATION ONLY: Real Estate Division Delegated Authority for Leases, CCIT Grants, and Right of Entry (ROE)/ Licenses for Third Quarter 2017

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 legal matter. The minutes will be made public when the need for confidentiality no longer exists.

MOTION TO APPROVE: Commissioner Badolato SECOND: Treasurer Scudder AYES: 14 RESOLUTION ATTACHED AND MARKED EXHIBIT: 25

The Board returned to Public Session.
REAL ESTATE

ITEM: Sale of Property, 2099 Center Square Road, Logan Township
REQUEST To approve the disposition of property in Logan Township.
MOTION TO APPROVE: Mr. Downes    SECOND: Mr. Lutz    AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 26

There being no further business, on a motion by Mr. Stoller, and seconded by Mr. Downes, the meeting was adjourned at 11:21am.

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

Erin Gold, Director, Marketing & Public Affairs
Assistant Secretary
doForms, Inc.
Comments before New Jersey Economic Development Authority Board

A. Background

1. I am David Shipley, a partner with McCarter & English, LLP, and I am appearing on behalf of doForms, Inc. With me is Robert Bothe, the Chief Financial Officer of doForms.

2. My background with the Tax Benefit Certificate Transfer Program goes back to 1998 and 1999 where I worked with the Biotechnology Council, Technology Council and EDA to amend the statute (P.L. 1999, chapter 140) to properly determine the value of Net Operating Losses by applying the Corporation Business Tax allocation factor, to ensure that the Certificate was fully transferrable by making the seller liable for any changes to its prior year tax returns and to determine a method for allocating the statutory amount of benefits among applicants. I subsequently was part of an EDA working group that drafted the initial regulations and initial applications.

3. In my comments this morning, I’d like to address both the application and review process that doForms went through and the substantive reasons that doForms application should be approved.

4. The starting point of my analysis is that the application process should be straightforward and that the EDA should be looking to assist companies in receiving statutory benefits not throwing up obstacles. Further, as the New Jersey Tax Court has held in Lowe's Home Centers, Inc. v. City of Millville, 25 N.J. Tax 591, 602 (Tax 2010), the “proper administration of our tax laws and the successful implementation of statutes designed to encourage economic development demand consistency and fairness” from the implementing authority. As that case points out, the relevant authority is required to turn square corners in administering economic development programs.

5. Under N.J.S.A. 34-1B-7.44 the EDA is required to adopt regulations “to effectuate the purposes of this act.” The purposes of the act are provided in N.J.S.A. 34:1B-7.38(e) which provides that “the State can best stimulate and encourage private investment in emerging technology and biotechnology companies by directing the New Jersey Economic Development Authority to provide financial assistance to emerging technology and biotechnology companies located in the State.”

6. N.J.S.A. 34-1B-7.44 continues by instructing the EDA that “In developing procedures and forms to be used in connection with the application for and approval of financial assistance pursuant to this act, the authority shall consider the special needs and problems of emerging technology and biotechnology companies in the State.”

7. In determining what is required to qualify under the Tax Benefit Certificate Transfer Program, we have the statutes, the regulations and the EDA’s Frequently Asked Questions. The plain language of the statutes is the clearest indication of the legislative intent. Regulations can interpret a statute, but regulations cannot enlarge or restrict the language of a statute. The New Jersey Supreme Court in GE Solid State, Inc. v. Director, Div. of Taxation, 132 N.J. 298, 306,
625 A.2d 468 (1993) held that “an administrative agency may not, under the guise of interpretation, extend a statute to give it greater effect than its language permits”) (citations omitted) and in Fedders Fin. Corp. v. Director, Div. of Taxation, 96 N.J. 376, 392, (1984) the court held that “an administrative interpretation which attempts to add to a statute something which is not there can furnish no sustenance to the enactment.”

8. Administrative pronouncements, such as the EDA’s “Frequently Asked Questions” are not binding on the EDA, an applicant or this Board because those pronouncements have not gone through the process provided for in the Administrative Procedure Act.

B. “Certified Financial Statements”

1. EDA is recommending denial of doForms application because doForms did not provide certified financial statements that included 2016 as part of their June 30, 2017 application.

2. The EDA’s application requires that an applicant provide its “Two most recent years of independent accountant (CPA) prepared consolidated financial statements or annual reports.” doForms submitted their two most recent years of audited financial statements. Those are the same financial statements that would have been submitted for any other financial purposes. Thus, that portion of doForms application was complete.

3. There is no statutory requirement that certified financial statements be submitted by June 30th with the initial application. The statute, N.J.S.A. 54:34:1B-7.32a(b)(5), provides:

No application for a corporation business tax benefit transfer certificate shall be approved in which the new or expanding emerging technology or biotechnology company (1) has demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its financial statements issued according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board.

The statute only requires that “no application shall be approved” if you don’t provide the certified financials demonstrating a lack of positive net operating income. The statute does not require that the certified financials be provided as part of the application or that they be provided by any particular date.

4. The EDA’s regulation, N.J.A.C. 19:31-12.4(c), provides that “a complete application shall include... financial statements for the two most recent full years of operation.” There are several problems with the EDA’s application of this regulation.

5. The first problem is that it discriminates against the small businesses this program is designed to help. The requirement that the audited financial be submitted by June 30th with no ability to submit those financials at a later point in the evaluation process disadvantages the smallest of businesses that are the last to be audited by the accounting firms. Most companies the size of doForms that use the major accounting firms are not audited until after publically held
companies and large businesses. Additionally, small businesses who use the major accounting firms typically wait until August to begin their audit because it saves them a significant amount of money. As a result, those small businesses' certified financials are not competed until late August to mid-September.

6. The second problem with that regulation is that the EDA does not uniformly enforce that provision. In the EDA's FAQs under Financial Statements, Question 7, the EDA provides that a fiscal year company, but not a calendar year company, can provide draft financials and supplement those financials. The EDA's letter recommending the rejection of doForms' application appears to indicate that the "draft financial statement" exception would apply to any taxpayer that doesn't their certified financials completed by June 30th. That exception is not in the regulation, nor in the FAQs and not in the application. In administering economic development programs, there should not be a set of secret rules and exceptions that are not ascertainable by the public.

7. To the extent that the EDA has permitted exceptions to its regulation, the rule should be that any financial information submitted with the application should be permitted to be supplemented.

8. Further, and I think significantly, the EDA officer reviewing doForms' application requested that we provide the 2016 financials as part of her review. In response to that request, doForms provided draft financials to the EDA and doForms subsequently provided certified financials to the hearing officer. The EDA officer reviewing doForms' application also indicated that the certified financials could be provided to the EDA as part of an appeal. Nonetheless, the EDA has recommended denial of doForms application on the basis that the financials were due on June 30th and any subsequent information would be "new" information. If the EDA's own employees charged with reviewing the application requested that doForms provide that information, it would seem that the information is clarifying information that could be considered. Remember, in administering economic development programs, the EDA must turn square corners.

9. Finally, the focus needs to be on the eligibility criteria. The eligibility criteria is whether doForms "has demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its financial statements issued according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board." Based on the certified financial statements for 2015 and 2016, doForms meet that requirement as of June 30, 2017.

C. "Certificate of Incorporation of Predecessor Entity"

1. The EDA is recommending denial of doForms' application because doForms failed to provide the "incorporation/formation documents for its earliest predecessor entity."

2. The EDA's application is on-line and it asks "Was the applicant created by a merger or acquisition?" If you answer "yes", the application form asks for the incorporation or formation date of the earliest predecessor and for the state of incorporation or formation for that entity. The application form then instructs the applicant to provide the predecessor entity's certificate of
formation or incorporation. If you answer “no,” you go on to the next question and the information boxes and instructions as to what to include with your application do not appear. doForms checked the “no” box because it was not created by a merger or acquisition. Rather, doForms was created by the conversion of a Maine LLC into a Maine corporation and a conversion of the Maine corporation into a Delaware corporation. Thus, based on the EDA’s application, a copy of any other entities certificate of incorporation or merger was not required.

3. There is no statutory requirement regarding providing a certificate of incorporation for the applicant or for any predecessor entities. N.J.S.A. 34:1B-7.42b references the date that the company was incorporated in the definition of a “new or expanding” company by using the phrase “if the company has been incorporated for less than” a specified number of years. In addition to not requiring any certificates of incorporation, the statute does not look to the date of incorporation for any predecessor entities.

4. The EDA’s regulation N.J.A.C. 19:31-12.4(c)12, does provide that the certificate of incorporation for the applicant and its earliest predecessor entity be submitted as part of the application, but the term “predecessor entity” is not defined in that regulation. However, the EDA’s application appears to define a predecessor entity as an entity that was merged or acquired by the applicant. There also is a reference to predecessor entity in the EDA’s Frequently Asked Questions but it references “an LLC formed 4 years ago but that entity ceased to exist upon our recent incorporation.” The FAQ is not specific if the LLC ceased to exist as a result of a merger or acquisition or if the EDA considered a conversion result in the existence of a predecessor entity. Under New Jersey corporate law, which I will discuss in a moment, the only way the business of an LLC could transfer its business to a corporation is by a merger or acquisition of assets.

5. Since the term predecessor entity is not mentioned in the statute and not defined in the regulation, we have to look to corporate and tax law to determine what is a predecessor entity. Under New Jersey corporate law, a conversion of a limited liability company into a corporation and the conversion of a foreign corporation into a New Jersey corporation are not permitted. The only actions permitted under New Jersey law are a merger, a consolidation or an acquisition of assets. As a result of a conversion not being authorized under New Jersey law, New Jersey does not recognize conversions that occur in other states. doForms was formed by the conversion of a Maine limited liability company into a Maine corporation and a subsequent conversion of the Maine corporation into a Delaware corporation. For New Jersey corporate law and commercial recording purposes, the Maine corporation was required to withdraw from the state and the Delaware corporation was required to register with the state as a new corporation. Similarly, for tax purposes, the Maine entity had to file a tax return through the date of the conversion and the Delaware entity was required to begin filing tax returns. The tax attributes of the Maine corporation did not carry over to the Delaware corporation, resulting in doForm’s loss of net operating losses valued at approximately $50,000. Thus, for corporate law and tax purposes, the Delaware corporation is a separate and distinct entity from the Maine corporation and the Maine corporation is not a predecessor entity.

6. Further, and again significantly, the EDA officer reviewing doForms’s application requested that we provide the incorporation or formation documents related to the Maine
corporation and Maine limited liability company. In response to that request, doForms provided those documents. However, the EDA has recommended denial of doForms application on the basis that those documents were due on June 30th and any subsequent information would be “new” information. If the EDA’s own employees charged with reviewing the application requested that doForms provide that information, it would seem that the information is clarifying information that could be considered. Remember, in administering economic development programs, the EDA must turn square corners.

7. Finally, the focus needs to be on the eligibility criteria. N.J.S.A. 34:1B-7.42b references the date that the company was incorporated in the definition of a “new or expanding” company by using the phrase “if the company has been incorporated for less than” a specified number of years. As part of its review of doForms application, the EDA had all the information required to determine the company’s date of incorporation.

D. “10 Full Time Employees”

1. The EDA is recommending denial of doForms’ application because doForms failed to have the required number of employees.

2. The statute requires doForms to only have one employee because doForms was incorporated for less than three years. The specific statutory language in N.J.S.A. 34:1B-7.42b provides:

   [O]n June 30 of the year in which the company files such an application, [the company] has at least one full-time employee working in this State if the company has been incorporated for less than three years… and (3) on the date of the exchange of the corporation business tax benefit certificate, the company has the requisite number of full-time employees in New Jersey that were required on June 30 as set forth in part (2) of this definition.”

There is no reference to a predecessor entity. The clear statutory language is evidence that the legislature had a simple test which requires only to looking at the incorporation date of the company applying for the benefits. Regulations cannot add requirements that do not exist in the statute. Had the legislature intended to look to predecessor entities, the statute would have said, “if the company or any predecessor entity had been incorporated…” and the legislature would have defined predecessor entity. Such a definition would have made it clear whether a conversion under another state’s law creates a predecessor entity or whether New Jersey corporate law controls and a predecessor entity only includes entities where there was a merger or acquisition of assets. When we stray from the statutory language we end up with unpublished rules that are ambiguous in scope.

3. Further, there is no basis for looking at a predecessor entity’s date of incorporation or formation in the EDA’s regulations. Effective June 18, 2012, the EDA amended its regulation, N.J.A.C. 19:32-12.2, by adding the words “or formed, irrespective of corporate structure or tax status” to the statutory language. Although there is an issue with adding to the statutory language, what is most relevant here is that the EDA’s intent for that change in its regulations
was to expand the program to cover pass through entities such as limited liability companies and partnerships and NOT to change the statutory test to include predecessor entities. In proposing that amendment to its regulation, the EDA provided the following explanation:

The proposed amendment amend the definition of "new or expanding" to add to the eligibility provisions pertaining to incorporation "or formed, irrespective of corporate structure or tax status" to eliminate any distinction between a company’s incorporation date (for corporations) and its formation date (for LLCs) as both corporations and LLCs are eligible to participate in the program. By utilizing the inception date, regardless of corporate structure or tax status, the Authority may better determine whether an applicant has created the requisite number of jobs since inception for participation in the program.

44 N.J.R. 665(a). Thus, under the language of both the statute and the EDA’s regulation, there is no inquiry into predecessor entities. Under both the language of the statute and the EDA’s regulation, doForms had more than the required one employee based on being incorporated for less than three years.

4. Even if the EDA goes beyond the statute to look at the formation date of the Maine LLC, doForms had 10 employees under the statutory definition. The statutory definition under N.J.S.A. 34:1B-7.42b of a “full-time employee” is:

[A] person employed by a new or expanding emerging technology or biotechnology company 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 employment and whose wages are subject to withholding as provided in the “New Jersey Gross Income Tax Act”

The EDA has questioned whether Justin Slavin qualifies as a full-time employee. Justin was hired in January 2017 and worked full-time in New Jersey during that month. He returned to school and continued to work part-time outside of New Jersey. In May, 2017, Justin resumed working full time in New Jersey. As of June 30, 2017, Justin was a full-time employee, working at least 35 hours a week and his wages were subject to withholding. At the end of August 2017, Justin returned to college but continued to work part-time outside New Jersey. As of early 2017, Justin will have graduated college and will be working full-time in New Jersey.

5. The EDA’s regulation, N.J.A.C. 19:31-12.2, goes beyond the statutory language to provide that a “Full-time employee” “means a person employed by a... company on a permanent or indefinite basis” and “shall not include any person who works as an intern, as a temporary employee, or in a temporary position.” Despite adding requirements that are not in the statute, Justin’s employment meets the expanded criteria of the EDA’s regulation. Justin was employed on “permanent or indefinite basis.” Justin is not a temporary employee and his position is not a temporary position. Justin is not an “intern” insomuch as he is performing significant functions
for doForms and is being paid accordingly rather than merely working at the company to gain experience. The statement that we provided to the EDA characterizing Justin as a “temporary employee who is working for the company over the summer” was unfortunate because it was not based on a complete understanding of Justin’s situation and position.

6. After the EDA’s officer reviewing doForms’ application indicated that there was a problem regarding counting Justin as a full-time employee, I left a detailed voice mail with that officer explaining the basis for our determination that Justin does qualify as a full-time employee of doForms. In a July 27, 2016 telephone conversation, the EDA officer told me that she spoke with her supervisor and they concluded that doForms should submit: 1) A letter from the CEO of doForms providing that Mr. Slavin was employed full-time by doForms as of June 30, 2017 and continues to be employed by doForms; 2) A letter from Mr. Slavin providing that he was employed full-time by doForms as of June 30, 2017 and continues to be employed by doForms; and 3) a healthcare waiver from Mr. Slavin. We submitted that information and the EDA then determined that Justin did not qualify as a full-time employee. Companies are entitled to rely on the representations of the EDA, especially when it is represented to the company that a supervisor had approved a certain course of action to remedy a problem. Again, the EDA must turn square corners.

7. Assuming that you look at the date of formation of predecessor entities and assuming a conversion under another state’s law that is not recognized for New Jersey corporate or tax purposes creates a predecessor entity, doForms is required to have 10 full-time New Jersey based employees under N.J.S.A. 34:1B-7.42b as of June 30, 2017 and “on the date of the exchange of the corporation business tax benefit certificate.” Justin was a full-time, permanent employee based 100% in New Jersey as of June 30, 2017. If doForms is approved to sell its Net Operating Losses, doForms will hire an additional full-time New Jersey based employee by the date of the exchange of that certificate. The only reason that doForms has not hired that employee yet is because of the uncertainty related to their approval to sell their Net Operating Losses. If this Board approves doForms application, in 2017 doForms will have at least 11 employees counting the new hire as well as Justin who will return to full-time employment in New Jersey.

E. Conclusion

1. The EDA’s regulation, N.J.A.C. 19:31-12.6, specifically provides:

   The Authority cannot consider new evidence or information about the project other than evidence or information that would demonstrate that the applicant met all of the application criteria by the June 30 deadline.

The EDA hearing officer has interpreted this as prohibiting ANY new evidence or information. A closer reading proves differently. The regulation provides that you cannot provide new evidence or information UNLESS that evidence or information demonstrates that the applicant met all of the application criteria by June 30th. doForms certified financial statements and doForms predecessor incorporation and formation documents (if they are required) demonstrate
that doForms met the application criteria as of June 30th. Therefore, even if the information is "new" as opposed to "supplemental", that information is permitted to be considered.

2. The relevant statutes provide clear guidance how this program works. doForms meets the statutory criteria. Where things become complicated is where the EDA’s regulations go beyond the statute, where the EDA’s rules and applications are unpublished or unclear and where the EDA staff provides guidance that may or may not contradict the unpublished rules.

3. Based on all of the issues that I’ve addressed, doForms is entitled to be approved to participate in the Tax Benefit Certificate Transfer Program.

Thank you.
MEMORANDUM

TO: Members of the Authority
FROM: Melissa J. Orsen
Chief Executive Officer
DATE: November 14, 2017
RE: Monthly Report to the Board

OCTOBER EVENTS SHOWCASE EDA’S PORTFOLIO OF SUPPORT

Several events last month illustrated the EDA’s ability to support a wide range of projects through its diverse array of incentive and lending programs.

A ribbon cutting marked the completion of Teachers Village, which was supported by the Urban Transit Hub and Economic Redevelopment and Growth (ERG) programs. The project represents hundreds of millions in private and public investment and is a model of holistic community development offering every convenience, including a walkable, accessible location. Staff also attended a groundbreaking for the ERG-supported New Brunswick Performing Arts Center, which will transform the City’s Downtown Cultural Arts District with two new state-of-the-art theaters, as well as office and residential space.

Education and training opportunities for the next generation of healthcare professionals will be offered by the new Joint Health Sciences Center in Camden, where a groundbreaking was held in October. The 65,000-square-foot center, which was approved for up to $55 million in bonds, will be developed by the Rowan University/Rutgers – Camden Board of Governors and operated by a consortium consisting of Rutgers and the Coriell Institute for Medical Research.

EDA also visited Consumer Product Testing Company last month, which established a permanent home in Fairfield with support from the Premier Lender Program. A loan from Premier Lender Bank of America, which included an EDA participation, enabled the company to purchase the 44,000-square-foot facility it had been leasing for 20 years. Founded in 1975 by two individuals, the family-owned and operated company has grown to a staff of 128.

AWARD-WINNING PROJECTS AND INITIATIVES

Last month, the EDA co-hosted the 2017 Governor’s Conference on Housing and Economic Development along with our partners, the New Jersey Department of Community Affairs and the New Jersey Housing & Mortgage Finance Agency. Each year, the conference gathers industry leaders and professionals from around the state to listen and exchange ideas, network, and celebrate the most innovative housing and economic development projects in New Jersey. EDA staff moderated five panel discussions on topics including redevelopment best practices, attracting investment, public/private partnerships, green building standards and the revitalization of Fort Monmouth.

In addition, ERG-supported 220 Rowan Boulevard was presented with the Leading Economic Development Award, which recognizes an alliance between a New Jersey-based business that has teamed up with the state, a community, or local economic development organization to advance the redevelopment of downtowns, and enhance the quality of life for residents. This project features 28,000 square feet of medical space, 20,000 square feet of retail space, and student and market-rate apartments. The new six-
story building occupies formerly dilapidated downtown real estate, and is part of a $425 million project linking the Rowan University campus with Glassboro’s retail district, creating a traditional college town and walkable community, and promoting smart growth.

In late October, New Jersey Community Capital (NJCC) was honored by the Southern New Jersey Development Council (SNJDC) for progress made under its THRIVE South Jersey initiative, which deploys flexible, affordable capital and technical assistance to generate quality jobs and improve economic opportunities across a four-county area in South Jersey. A $1 million EDA loan was used to boost the pool of funding available to support small businesses and workforce development programs in Cumberland, Gloucester, Salem, and Western Atlantic counties. At its Annual Achievement Awards Reception, the SNJDC presented NJCC with its Investment in South Jersey Award, recognizing an investment in the Cumberland County College Arts and Innovation Center in downtown Millville through the THRIVE initiative.

RECOVERY AND RESILIENCE OF BUSINESSES AND MUNICIPALITIES FIVE YEARS POST SANDY

Governor Christie commemorated the fifth anniversary of Superstorm Sandy with a visit to Saint Peter’s University Hospital (SPUH) in downtown New Brunswick to mark the completion of a new combined heat and power system that will enable the not-for-profit, 478-bed teaching hospital to continue providing critical services when electric and gas service is interrupted. This project was supported by the Energy Resilience Bank (ERB) – America’s first public infrastructure bank centered on energy resilience.

The ERB is administered by the EDA and funded with $200 million from New Jersey’s second Community Development Block Grant-Disaster Recovery (CDBG-DR) allocation. The ERB is part of the State’s comprehensive efforts to assist counties, municipalities, and other large power users in taking steps to ensure that critical facilities have power during storms, disasters and other emergency situations.

To date, through programs administered by the EDA, more than 1,300 businesses and municipalities have been supported with nearly $205 million in CDBG-DR funds. An additional $127 million has been preliminarily approved for 10 ERB projects, with the robust pipeline satisfying the additional $73 million of allocated funding to ensure continuity of essential resources during emergencies, and 117 gas stations supported by $3.9 million in grants will now have a reliable power source in the event of future outages.

CLOSED PROJECTS

Through October 2017, EDA closed on more than $277 million in traditional lending assistance to support 140 projects, leveraging more than $387 million in capital investment and the creation of more than 770 new, permanent jobs and 980 construction jobs.

In addition to assistance provided through traditional lending programs, EDA executed agreements pending certification with 46 projects for over $1.2 billion, leveraging $4 billion in capital investment, creation of 22,124 new jobs, 17,676 construction jobs, and retention of 5,130 jobs at risk of leaving New Jersey.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees, or exhibitors at 36 events in October. These included the NRBP Regional Economic Outlook in Newark, the CIANJ 90th Annual Meeting & Luncheon in Woodcliff Lake, and the Tri-County Economic Development Summit in Deptford.
MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
    President and Chief Operating Officer

DATE: November 14, 2017

SUBJECT: Fort Monmouth Economic Revitalization Authority

Request:

Approval is requested for a credit facility for up to $5 million ("loan") to Fort Monmouth Economic Revitalization Authority ("FMERA") for general working capital purposes. The loan will have an interest rate of the greater of the five-year US Treasury or 2% fixed at closing with a 60-month term. There will be a period of up to 12 months for requisition of disbursements under the loan. Monthly payments of interest will be due on the loan with all outstanding principal and interest due upon maturity. Upon FMERA’s receipt of specific property sales proceeds, a portion of the net proceeds will be applied to the repayment of the loan. Property sales by FMERA typically have stipulated sharing arrangements with the US Department of the Army ("Army"), and/or Monmouth County Improvement Authority ("MCIA" which provided approximately $33.5 million in financing which closed in November of 2016, in conjunction with the closing with the Army on Phase 2 properties, secured by Phase 2 properties along with a five-year County guarantee of the debt), sales commission and mandatory contributions to the FMERA Homeless Trust. The loan will have a maximum borrowing of $1.8 million which will be secured by a mortgage on FMERA’s interest in “Phase 1 properties” that are not subject to sale agreements (consisting of approximately 35 acres which are subject to a sharing arrangement with the Army whereby on average approximately 37% of proceeds are retained by FMERA) plus an assignment of net proceeds to FMERA on another 360 acres of phase 1 parcels under contract or out for signature. Any amount borrowed above $1.8 million will have the additional security of a second mortgage on “Phase 2 properties” behind MCIA (amounting to approximately 533 acres of which 39 acres are under contract).
**Background:**

FMERA is a public body corporate and politic constituted as an independent authority and instrumentality of the State of New Jersey. FMERA was created in August of 2010 to provide investment, continuity and economic growth to the communities impacted by the federal government’s decision to close the US Army base. FMERA manages the revitalization of the 1,126 acres of real estate at Fort Monmouth (located in the boroughs of Oceanport, Tinton Falls and Eatontown) following the base closure in September 2011 that displaced more than 5,500 jobs.

FMERA has a multitude of tools available for reuse and redevelopment of the site including: undertaking redevelopment projects; adopting development and design guidelines; adopting land use regulations regarding the provision of utilities, streets, roads or other infrastructure required for the implementation of the revitalization plan. Because FMERA is a governmental entity that undertakes and promotes development and redevelopment that will create jobs and increase the tax base of the three host boroughs and the County of Monmouth, EDA is authorized to make loans to FMERA. Additionally, under the FMERA Act, FMERA is staffed with FDA employees, and FMERA has the power to receive State loans and specifically to obtain a loan from EDA for costs of the FMERA office based on an approved budget.

On September 14, 2017, The Members of the Authority authorized the execution of a purchase and sale agreement between the Authority and FMERA for a 36.3-acre parcel in Tinton Falls including building 2700 (aka the Myers Center) and building 2705 (the former Night Vision Lab), execution of a mortgage on the property, increase of $194,300 to the T & M Associates contract for construction administration and environmental site investigation services and the expenditure to remediate and demolish the Myer Center and other existing improvements up to $7,328,771.

The requested loan will be utilized to fund general working capital needs which will be comprised primarily of salaries, legal fees, architectural costs and engineering expenses. FMERA has been selling properties periodically over the past four years, however, the timing and closing of these sales has taken longer than anticipated and created the demand for the loan. Additionally, as of July 1, 2017 Office of Economic Adjustment grants are no longer available as a source of operating funds which results in salaries etc. to be funded solely by the operations of FMERA. The loan will be available at closing with anticipated first draw in December of 2017. FMERA estimated a total draw of $3.2 million on the loan with the remainder available for emergency purposes.

FMERA requested the flexibility to borrow up to $1.8 million secured only by phase 1 properties as this does not require consent of MCIA. The estimated net proceeds (after deducting amounts due the Army, commissions and Homeless Trust, including $2 million annual set aside for permanent housing requirements) from phase 1 parcel sales proceeds to the Authority of 20% (amounting to $578,018 in 2018 and $1,247,704 in 2019) are expected to be at least equal to the $1.8 million advance amount. Phase 1 properties expected to be sold in 2018 and 2019 have an estimated aggregate value of $46 million with net proceeds to FMERA of $9.128 million. The principal on the proposed loan (once more than $1.8 million has been borrowed) will also have as repayment source net sales proceeds of phase 2 properties on an annual basis based upon FMERA’s agreement with MCIA whereby net proceeds after 12/31/17 have 25% of proceeds placed into escrow (and annually...
paid to MCIA to reduce debt) and annually after net cash flow of $3 million is available to FMERA, an amount equal to 20% of any remaining proceeds would be paid to the Authority (projected figures for 2019 and 2020 are $3.0 million and $0.4 million, respectively).

The cash flow forecast prepared by FMERA (as attached along with projected specific parcel sales deemed confidential) reflects repayment of loan by 2020 if fully drawn.

Upon renewal of MCIA notes on 11/14/17, payments of principal and interest totaling $10,065,800 will occur. Proceeds were generated from FMERA’s sale of three parcels, officer housing (1/17/17 closed $8,559 million gross proceeds with $6.656 million note paydown), Russel Hall (6/23/17 closed, $1.3 million gross proceeds with $1.14 million note paydown) and Fitness Center (9/26/17 closed, $2.3 million gross proceeds with $2.02 million note paydown). Through September 30, 2017 FMERA sold 6 parcels aggregating $14 million with $1.9 million net (as remainder was used to pay MCIA $9.6 million, Army, sales commissions and homeless trust). In 2018 and later, phase 2 parcels sales proceeds will have 25% escrowed which will be applied to MCIA payments annually. In addition, if in any calendar year FMERA has aggregate cash flow in excess of $3 million, 20% of the remainder will be sent to the Authority for payments on the loan. Anticipated MCIA payments in 2018, 2019 and 2020 are $2.2 million, $17.2 million and $6.3 million, respectively to fully retire this debt.

Approximately 198 acres have been transferred or sold to date (comprised of 14 parcels of which 6 are phase 1 equating to 105 acres and 8 are phase 2 equating to 93 acres) and another 10 parcels (399 acres) are currently under contract or out for signature with aggregate estimated proceeds of $51 million with $18 million net to FMERA. The aforementioned figures are included in FMERA’s estimate that aggregate sales proceeds in excess of $90 million will be realized through 2020.

Annual expenses of FMERA is approximately $5.6 million for 2018, $12 million for 2019 and $10 million 2020 comprised of salaries and office expenses ($1.5 million), maintenance of land and unoccupied buildings ($1.5 million), professional services ($750,000), infrastructure requirements ($1.5 million) and demolition ($300,000). Infrastructure requirements are projected to increase to $8 million and $6 million in 2019 and 2020, respectively. In addition, commissions on sales and Homeless Trust obligations reduce cash flow. The Homeless Trust obligation totals $14.5 million per legally binding agreement with HUD over twenty years based on an estimated 723 developable acres (equating to $20,055 per acre) forming the basis for the set aside per parcel sale. FMERA is also reserving $2 million in 2018 and 2019 relative to phase 1 sales for the specific requirement to build 20 units of permanent supportive housing in Tinton Falls and 20 units in Eatontown.

**Recommendation:**

Approval is requested for the $5 million credit facility as proposed due to the strong public purpose of revitalizing the Fort Monmouth site.
Conditions:

1. Satisfactory review of resolution(s) from FMERA’s Board authorizing them to enter into the proposed loan agreements.
2. Satisfactory review of FMERA Board approved budgets showing the need and uses for the proposed loan funds. Prior to the disbursement of each loan, the EDA will review the details surrounding the use of the proceeds to ensure it complies with this approval.
3. The first $1.8 million in borrowings to be secured solely by mortgage on phase 1 parcels with amounts borrowed above to have second mortgage of phase 2 parcels (and MCIA consent). Authority to have assignment of net proceeds to FMERA from any parcels securing the loan which are subject to sales contracts (should any contracts be terminated then mortgages will be taken).
4. All outstanding exposure will be required to be paid in full at maturity or prior based upon FMERA’s share of net proceeds from the sale of phase 1 and phase 2 properties (the former subject to sharing arrangement with the Army and the later which is subject to a reimbursement agreement with MCIA) of which 20% is paid to the Authority.
5. Specific mortgages permitted to be released (with subsequent loan paydowns, if applicable) upon approval by FMERA board of sale of property and closing documentation.

Timothy Lizura
President and Chief Operating Officer

Prepared by: Michael A. Conte, Senior Credit Underwriter
INCENTIVE PROGRAMS
MEMORANDUM

To: Members of the Authority
From: Timothy Lizura
President and Chief Operating Officer
Date: November 14, 2017
RE: Camden Hotel Partners, LLC
Economic Redevelopment and Growth Grant Program
P #44079

Purpose

The purpose of this memo is to request approval from the Members of the EDA Board to modify the following items of the June 13, 2017 approval of CHP, LLC’s application for assistance under the Economic Redevelopment and Growth Grant Program.

- Change in the applicant name and ownership.
- Change in the physical location of the project.

This memo will also provide for the Board’s awareness that (1) a $3 million loan from the Authority’s Real Estate Impact Fund Program approved on June 13, 2017 to partially finance project costs has been withdrawn due to the restrictions of secondary financing per the lender and (2) the project is no longer deemed to be located in a UEZ as the City of Camden’s UEZ designation expired on December 31, 2016.

Modify Applicant Name and Ownership

CHP, LLC was approved on June 13, 2017. The ownership structure of CHP was formerly comprised of:

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

Keystone Hotel LLC, Crimson Hotel LLC and Camden Michaels Hotel, LLC were solely acting as the investors in the prior approval.
The proposed Applicant, Camden Hotel Partners, LLC, is a single purpose entity that will be owned by six separate entities:

- Ensemble Hotel Partners, LLC 6.25% (Kam Babaoff 50% and Louis Cicalesi 50% owner of this entity).
- Molayem Family Trust 6.25% (Daryoosh Molayem, 100% owner of this entity).
- OSHAK, LLC -12.5% (Sam Hakakian, Omid Hakakian, Sahar Hakakian and Khosro Kay Hakakian each own 25% of this entity).
- Maxxam Enterprises II, LP (CA) -12.5% (Amazon Properties 1%, Century Trust 16.5%, Galaxy Trust 16.5%, Miketz Trust 16.5% Genesis Trust 16.5% and Lexington Trust 33%).
- KSLB Holding Company, LLC (DE)-25% (Kam Babaoff, 100% owner of this entity).
- Zarabi Family Trust (CA) 37.5% (Frank Zarabi 100% owner of this entity).

The two applicant entities that will be injecting the capital towards the project is KSLB Holding Company and Zarabi Family Trust. Both entities demonstrate the wherewithal and financial capacity to complete the project.

Change in Project Location

Subsequent to EDA Board approval, an 18-story building comprised of a parking garage of eight floors and ten stories of office space was proposed to be built directly in front of the hotel, which would place a negative impact on room views, in addition to the hotel’s projected performance. As documented in the third amended agreement of sale between Liberty Property Trust and Camden Hotel Partners, LLC, the location of the hotel has moved to a nearby site (within walking distance). The land costs have increased by $500,000 due to the premium location, as it now offers better views of the Delaware River and The City of Philadelphia.

Background

On June 13, 2017, the Members of the Authority approved the application of CHP, LLC for a project located in the City of Camden, Camden County for the issuance of tax credits pursuant to the ERG program set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 (“Act”).

The total costs of the Project in respect to this modification request are estimated to be $55,584,000 and of this amount, $50,421,000 are eligible costs under the ERG program. However, per the original approval, the ERG eligible costs were $49,420,453, therefore, the original award of $18,352,709 will remain the same despite the increase in the revised budget.

Note that in the original approval, the Applicant was eligible for a bonus of an additional 20% (for a total award of 40%) as they met the criteria of the project being in a Garden State Growth Zone (“GSGZ”). However, the maximum award this project received which complies with the 110% net benefit to the State test is the lesser of $18,352,709 or 40% of actual eligible costs.
Project Description

Sources and Uses from Original Approval:

<table>
<thead>
<tr>
<th>Uses (thousands)</th>
<th>Total Amount</th>
<th>ERG Eligible Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$3,575,000</td>
<td>$3,575,000</td>
</tr>
<tr>
<td>Construction &amp; Site</td>
<td>$36,105,714</td>
<td>$35,110,158</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$6,249,225</td>
<td>$6,249,225</td>
</tr>
<tr>
<td>Financing &amp; legal fees</td>
<td>$2,046,069</td>
<td>$1,491,070</td>
</tr>
<tr>
<td>Contingency</td>
<td>$2,995,000</td>
<td>$2,995,000</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$1,831,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$52,802,008</strong></td>
<td><strong>$49,420,453</strong></td>
</tr>
</tbody>
</table>

Sources of Financing

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

Current Sources and Uses:

<table>
<thead>
<tr>
<th>Uses (thousands)</th>
<th>Total Amount</th>
<th>ERG Eligible Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$4,040,000</td>
<td>$4,040,000</td>
</tr>
<tr>
<td>Construction &amp; Site</td>
<td>$37,767,000</td>
<td>$37,767,000</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$3,896,000</td>
<td>$3,251,000</td>
</tr>
<tr>
<td>Financing &amp; legal fees</td>
<td>$1,826,000</td>
<td>$1,376,000</td>
</tr>
<tr>
<td>Lender’s Reserve</td>
<td>$2,675,000</td>
<td>0</td>
</tr>
<tr>
<td>Contingency</td>
<td>$3,987,000</td>
<td>$3,987,000</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$1,393,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$55,584,000</strong></td>
<td><strong>$50,421,000</strong></td>
</tr>
</tbody>
</table>

Sources of Financing

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lender</td>
<td>$36,129,807</td>
</tr>
<tr>
<td><strong>Equity:</strong></td>
<td></td>
</tr>
<tr>
<td>Applicant’s Capital:</td>
<td>$19,454,193</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$55,584,000</strong></td>
</tr>
</tbody>
</table>

The above sources and uses represent the budget that was previously approved in comparison to the refined budget that reflects an increase in the cost of the land, inflation in the contingencies, along with an increase in the financing fees. The ERG ineligible costs of $5,163,000 include: an interest escrow reserve required by the lender ($2,675,000) franchise application fee, ($87,000) development fee, ($1,393,000) pre-opening fee, ($487,000) and owners reserve ($521,000). Although the project costs have increased, the Applicant is aware that the maximum award this project may receive which complies with the 110% net benefit to the State test is the lesser of $18,352,709 or 40% of actual eligible costs. Soft costs remain under 20%.
The site will be located at the waterfront in the City of Camden on approximately 19,110 square feet of vacant land. The applicant proposes to build an eight-story building that will be identified as the Hilton Garden Hotel. The building facade will be a composite metal panel with varying finishes, and will include an aluminum/glass window wall system. Most of the street level façade will incorporate the appearance of an aluminum/glass storefront and have durable finishes such as porcelain, ceramic tile, stone, and masonry. The hotel entrance will include a covered entrance and vestibule for guests. The hotel will be comprised of 180 rooms utilizing approximately 14,000 square feet located on floors two through eight. Within the 180 rooms, seven rooms will be built to comply with ADA requirements. The relocation of this hotel will now offer 65% of the rooms providing views along the Delaware River and the City of Philadelphia. Although the hotel has moved to a superior location, the rates for the room will not increase. The first floor will encompass 17,725 square feet inclusive of meeting spaces, sales offices, loading and storage, a small convenience shop, a bar and restaurant. The restaurant will be comprised of 3,670 square feet located on the opposite side of the hotel facing the Delaware River to provide guests with a better dining experience. Parking arrangements are being negotiated with Liberty Property Trust and the City of Camden, however, surface parking will be available to the employees and guests of the hotel in excess of 75 parking spaces. The Applicant intends to provide free parking.

The Applicant provided an amended purchase and sales agreement dated October 2, 2017. The site will be conveyed to Camden Hotel Partners, LLC from Liberty Property Trust by condominium ownership for a total purchase price of $4 million. This is an arm’s length transaction between both parties and the buyer and seller are acting in their own self-interest. The purchase and sales agreement confirms this transaction is contingent on the award of the ERG request and a 20-year tax abatement.

The Project is estimated to start construction in September of 2018, with an anticipated completion date of March 18, 2020. The Applicant is aware that prevailing wage rates will be paid during term of construction.

Although the Applicant entity has changed, Mr. Babaoff and Mr. Cicalese will assume the same role as the prior approval.

Mr. Babaoff has extensive experience in business development, project financing, managing investor relationships, negotiating debt financing, and reviewing overall business strategies. Mr. Babaoff has a long-standing history in acquiring, developing, and managing hospitality assets. Mr. Babaoff’s company, Ensemble Investments has fostered partnerships with hotel brands including Hilton, Marriott, and Hyatt. Ensemble’s current portfolio consists of seven hotels encompassing nearly 1,300 rooms, equating to hotel real estate value in excess of $375 million, respectively.

Mr. Cicalese will be responsible for the day to day operation of Camden Hotel Partners, coordinating the acquisition, financing, and construction of the project. Mr. Cicalese has over 40-years’ experience in Real Estate development. Ensemble will provide all technical support such as budget preparation, creating financial models, and overseeing the construction activities taking place at the site. Mr. Cicalese has owned and managed acquisition in excess of $1.5 billion. Mr. Cicalese has developed several notable hotels, such as:

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

Camden Hotel Partners, LLC
November 14, 2017
The architect and General Contractor has not changed from the prior approval.

The Applicant received site plan approval in the fall of 2016, in addition, a Waterfront Development Permit from the NJ Department of Environmental Protection was granted on June 30, 2016.

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

The Applicant may pursue a local municipal ERG after approval of this modification.

**Gap Analysis**

EDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this Project. Staff analyzed the pro forma and projections of the project and compared the returns with and without the ERG over 12 years. The Applicant will utilize a 24-month timeframe to build the project and assumes a 10-year cash flow.

**Original Gap Analysis**

<table>
<thead>
<tr>
<th></th>
<th>Return with no incentive</th>
<th>Return with ERG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return with no incentive</td>
<td>2.15%</td>
<td></td>
</tr>
<tr>
<td>Return with ERG</td>
<td>6.42%</td>
<td></td>
</tr>
</tbody>
</table>

**Revised Gap Analysis**

<table>
<thead>
<tr>
<th></th>
<th>Return with no incentive</th>
<th>Return with ERG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return with no incentive</td>
<td>1.67%</td>
<td></td>
</tr>
<tr>
<td>Return with ERG</td>
<td>5.72%</td>
<td></td>
</tr>
</tbody>
</table>

As indicated in the chart above, the project would not otherwise be completed without the benefit of the ERG. With the benefit of the ERG, the Equity IRR is 5.72% which is below the Hurdle Rate Model provided by EDA’s contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 14.61% for a hotel (lodging and entertainment) located in the City of Camden.

**Net Positive Benefit Analysis:**

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

All other aspects of this project as described in the original board approval remain the same.
Recommendation

Authority staff has reviewed the proposed modifications and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to modify the Applicant name, ownership, and physical location of project.

Timothy Lizura

Prepared by: Jenell Johnson Baker
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: Corporate Synergies Group, LLC

PROJECT LOCATION: 2 Aquarium Drive Camden City Camden
Ferry Terminal Building 2nd Floor

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

APPLICANT BACKGROUND:
Corporate Synergies Group, LLC, established in 2004, is a full-service insurance brokerage and consulting firm focused on serving middle market employers. The company sells insurance products and provides services that are focused on group health benefits and property and casualty. The applicant is currently located in Mount Laurel, NJ. The applicant has demonstrated the financial ability to undertake the project.

In 2004, Corporate Synergies Group, LLC was approved for a BEIP grant. The existing BEIP grant agreement must be terminated in order for the Grow NJ award to proceed.

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

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

Staff reviewed the project and finds support for management’s assertion that the award of tax credits is a material factor in the company’s decision to locate in Camden. If Corporate Synergies Group, LLC chooses the Camden option, the company would establish a 26,807 Sq. Ft. operation on the 2nd floor of the Ferry Terminal Building located at 2 Aquarium Drive on the waterfront in Camden. The alternative is to move the same operations to a
This project represents a significant positive step forward for Camden’s redevelopment efforts, bringing Corporate Synergies Group, LLC to the city. The proposed Grow NJ Award for Corporate Synergies Group, LLC is based on a total of 142 new and retained employees. In the recent amendment to the Regulations regarding employees providing professional services, the professional services employees and their direct administrative support staff already working in NJ will not be included in the Net Benefit Test. Corporate Synergies Group, LLC included 117 retained employees for the Grow NJ Award, 17 of which are either licensed professionals or their direct administrative support staff. Those positions have been eliminated from the net benefit calculation, thereby bringing the number of retained employees in the Net Benefit Test to 100. The related salaries for those positions were also removed to calculate the mean salary to use for the Net Benefit Test. When combined with the number of new employees for this project, 25, the total number of employees used in the Net Benefit Test is 125. With these 125 employees, it is estimated that the project would have a net benefit to the State of $6.8 million over the 35 year period required by the Statute.

**FINDING OF JOBS AT RISK:**
The applicant has certified that the 100 New Jersey jobs listed in the application that are not licensed professionals and their direct administrative support staff are at risk of being located outside the State and that the award of the tax credits is a material factor in the relocation of the 17 licensed professionals and their direct administrative support staff to Camden. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the award of the Grow New Jersey tax credits is a material factor in the applicant’s decision to make a capital investment and locate in Camden.

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

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

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

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

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

<table>
<thead>
<tr>
<th>Minimum Full-Time Employment Requirements</th>
<th>(New / Retained Full-time Jobs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tech start ups and manufacturing businesses</td>
<td>10 / 25</td>
</tr>
<tr>
<td><strong>Other targeted Industries</strong></td>
<td><strong>25 / 35</strong></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 Non-Industrial–Rehabilitation Project for an other targeted industry in Camden 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>$714,854</td>
<td>$915,461</td>
</tr>
<tr>
<td>New Jobs</td>
<td>19</td>
<td>25</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>27</td>
<td>117</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>Camden is a Garden State Growth Zone</td>
</tr>
<tr>
<td><strong>Increase(s) Criteria</strong></td>
<td></td>
<td>---------------------------------------------------------------------------------------</td>
</tr>
<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 Aquarium Drive is located in a Deep Poverty Pocket.</td>
</tr>
<tr>
<td>Transit Oriented Development</td>
<td>An increase of $2,000 per job for a project locating in a Transit Oriented Development</td>
<td>2 Aquarium Drive is located in a Transit Oriented Development by virtue of being 1 mile of the midpoint of a New Jersey Transit Corporation rail station.</td>
</tr>
<tr>
<td>Jobs with Salary in Excess of County/GSGZ Average</td>
<td>An increase of $250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500</td>
<td>The proposed median salary of $80,000 exceeds the Garden State Growth Zone median salary by 172.70% resulting in an increase of $1,000 per year.</td>
</tr>
<tr>
<td>Targeted Industry</td>
<td>An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business</td>
<td>The applicant is a Finance business.</td>
</tr>
<tr>
<td>2007 Revit. Index&gt;465 in Atlantic, Burlington, Camden</td>
<td>An increase of $1,000 per job for locating in a municipality</td>
<td>Camden City has a 2007 Revitalization Index of 566</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>- ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $11,000 = $5,500) 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 ($915,461 / 10 / (25 + 117) = $644)</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:**
- Garden State Growth Zone  $ 5,000

**INCREASES:**
- Deep Poverty Pocket:  $ 1,500
- Transit Oriented Development:  $ 2,000
- Jobs with Salary in Excess of GSGZ Average:  $ 1,000
- Targeted Industry (Finance):  $ 500
- 2007 Revit. Index>465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem:  $ 1,000

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

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

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

**AWARD:**
- New Jobs:  25 Jobs $11,000 X 100% =  $ 275,000
- Retained Jobs:  117 Jobs $11,000 X 100% =  $1,287,000
- Total:  $1,562,000

**ANNUAL LIMITS:**
- Garden State Growth Zone and MRERA  $35,000,000

**TOTAL ANNUAL AWARD**  $1,562,000
November 14, 2017 Board Book - Incentives

Corporate Synergies Group, LLC  Grow New Jersey  Page 6

PROJECT IS: (X) Expansion  (X) Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:  $ 915,461
EXPECTED PROJECT COMPLETION:  June 21, 2018
SIZE OF PROJECT LOCATION:  26,807 sq. ft.
NEW BUILDING OR EXISTING LOCATION?  Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?  Non-Industrial
CONSTRUCTION:  (X) Yes  ( ) No

NEW FULL-TIME JOBS:  25
RETAINED FULL-TIME JOBS:  117
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016):  139
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:  Mount Laurel
MEDIAN WAGES:  $ 80,000

NET BENEFIT MODEL:  2017
GROSS BENEFIT TO THE STATE (OVER 35 YEARS, PRIOR TO AWARD):  $ 22,447,908
TOTAL AMOUNT OF AWARD:  $ 15,620,000
NET BENEFIT TO THE STATE (OVER 35 YEARS, NET OF AWARD):  $ 6,827,908
ESTIMATED AWARD PER NEW/RETAINED JOB:  $ 11,000

ELIGIBILITY PERIOD:  10 years

CONDITIONS OF APPROVAL:
1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. The BEIP Award that was granted to Corporate Synergies Group, LLC in 2004 will need to be terminated prior to entering into the Grow incentive agreement.

NOTE: If the number of employees, salaries, capital investment or employees eligible to be counted in the Net Benefit Test (125) falls by more than 25% from the amounts contained herein, the net benefit to the state will need to be recalculated under the then current NBT model, which may reduce the amount of the Grow NJ Award.

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

DEVELOPMENT OFFICER:  C. Fuentes
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: Konica Minolta Business Solutions U.S.A., Inc. P44585

PROJECT LOCATION: 100 & 101 Williams Drive Ramsey Borough Bergen County

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

APPLICANT BACKGROUND:
Konica Minolta Business Solutions U.S.A., Inc., established in 1959, is a technology company focused on delivering solutions to leverage mobility, cloud services, and optimize business processes with workflow automation. The Company offers a range of IT strategy, support, and network security solutions across all industries. The applicant is currently located in Ramsey, NJ. The applicant has demonstrated the financial ability to undertake the project.

The applicant is proposing to include an affiliated company that will be contributing 35 of the retained jobs to the project. The applicant will have to provide evidence that the company meets the definition of an affiliate for the purposes of this program.

Konica Minolta Sensing Americas, Inc., the proposed affiliated company, offers products, software, and services utilizing light control and measurement technology within four main product areas: color measurement, display measurement, 3D measurement and medical measurement.

MATERIAL FACTOR/NET BENEFIT:
Konica Minolta Business Solutions U.S.A., Inc. is seeking to consolidate its NJ and CT operations into one location. The company is considering constructing a 29,400 Sq. Ft. addition and parking garage to its owned facility in Ramsey, NJ resulting in a total of 220,769 Sq. Ft. or leasing a 225,000 Sq. Ft. facility in Pearl River, NY. The project involves the retention of 474 employees and the creation of 391 new positions.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option over the 10 year term of the tax credits but the less expensive option over the 15 year commitment duration. Based on the applicant’s discussion with the Empire State Development Corporation, locating the project in New York will result in $24 to $26 million in incentives, consisting primarily of New York State Excelsior Jobs Program refundable tax credits. The Authority is in receipt of an executed CEO certification by Rick Taylor, the CEO of Konica Minolta Business Solutions U.S.A., 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 $65.4 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 474 New Jersey jobs listed in the application are at risk of being located outside
the State on or before October 1, 2018. This certification coupled with the economic analysis of the potential
locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are
at risk of being located outside of New Jersey.

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

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

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Minimum Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment</td>
<td>$8,830,760</td>
<td>$19,763,624</td>
</tr>
<tr>
<td>New Jobs</td>
<td>25</td>
<td>391</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>35</td>
<td>474</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:
The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>GRANT CALCULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project located in a Garden State Growth Zone</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
<tr>
<td>A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
<tr>
<td>The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
</tbody>
</table>
| All other projects | The Retained Full-Time Jobs will receive the lesser of:  
- ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $4,750 = $2,375) or  
- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($19,763,624 / 10 / (391+ 474) = $2,284)  
In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment |
Grant Calculation

<table>
<thead>
<tr>
<th>BASE GRANT PER EMPLOYEE:</th>
<th>Priority Area</th>
<th>$3,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCREASES PER EMPLOYEE:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Number of New/Retained F/T Jobs:</td>
<td>$1,250</td>
<td></td>
</tr>
<tr>
<td>Targeted Industry (Technology):</td>
<td>$ 500</td>
<td></td>
</tr>
<tr>
<td>INCREASE PER EMPLOYEE:</td>
<td></td>
<td>$1,750</td>
</tr>
<tr>
<td>PER EMPLOYEE LIMIT:</td>
<td>Priority Area</td>
<td>$10,500</td>
</tr>
<tr>
<td>LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:</td>
<td>$4,750</td>
<td></td>
</tr>
<tr>
<td>AWARD:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Jobs: 391 Jobs X $4,750 X 100% =</td>
<td>$1,857,250</td>
<td></td>
</tr>
<tr>
<td>Retained Jobs: 474 Jobs X $2,284 X 100% =</td>
<td>$1,082,616</td>
<td></td>
</tr>
<tr>
<td>Total:  $2,939,866</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ANNUAL LIMITS:</td>
<td>Priority Area</td>
<td>$4,000,000/($2,191,809)</td>
</tr>
<tr>
<td>TOTAL ANNUAL AWARD</td>
<td></td>
<td>$2,939,866</td>
</tr>
</tbody>
</table>
PROJET IS: (X) Expansion  ( ) Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $19,763,624
EXPECTED PROJECT COMPLETION: December 31, 2019
SIZE OF PROJECT LOCATION: 220,769 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CONSTRUCTION: (X) Yes  ( ) No

NEW FULL-TIME JOBS: 391
RETAINED FULL-TIME JOBS: 474
STATEWIDE BASE EMPLOYMENT (AS OF MARCH 31, 2017): 805
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: $ 65,000

NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $ 94,825,204
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS) $ 29,398,660
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $ 65,426,544

ELIGIBILITY PERIOD: 10 years

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

APPROVAL REQUEST:
The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before October 1, 2018; 2) approve the proposed Grow New Jersey grant to encourage Konica Minolta Business Solutions U.S.A., 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: M. Peters
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: Laboratory Corporation of America Holdings dba LabCorp P44555

PROJECT LOCATION: 
69 1st Ave Raritan Borough Somerset County
10 Johnson Dr Raritan Borough Somerset County

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

APPLICANT BACKGROUND:
Laboratory Corporation of America Holdings, doing business as, LabCorp, is an American company headquartered in Burlington, NC. LabCorp operates one of the largest clinical laboratory networks in the world and employs more than 50,000 people, offering a broad range of routine and esoteric/genomic assays. LabCorp maintains more than 1,700 patient service centers and through its integrated network of primary and specialty laboratories, tests more than 500,000 specimens daily for over 220,000 clients nationwide. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Organic growth, new contracts, and recent corporate acquisitions have nearly doubled the number of daily specimen accessions that LabCorp is processing across its Northeast territory. Accommodating this growth requires expansion and/or reconfiguration of their existing operational and laboratory network. One of the options under consideration is a significant renovation and expansion of laboratory space at LabCorp's current regional headquarters in Raritan, NJ. If the New Jersey option is selected, the project would be executed in three phases:

Phase 1: Full renovation of the existing facility at 10 Johnson Drive (57,000 square feet) into which all non-laboratory functions (e.g. G&A, warehouse, distribution, customer service, etc.) would be consolidated.

Phase 2: Demolition of the existing facility at 20 Johnson Drive and expansion of the 69 1st Avenue facility (adding 109,000 square feet to make a total of 285,000 square feet of lab space) in which all core and growing laboratory operations, Microbiology, and Molecular operations would be placed. In addition, the 20 Johnson Drive location would be turned into a parking lot to accommodate the expansion of the 1st Ave facility.

Phase 3: Full laboratory renovations that support the planned growth, improve efficiency/productivity, and address end of life cycle building components and systems, including waste management.
The project involves approximately $150 million in qualifying capital expenditures to renovate and expand the existing space into approximately 342,000 square feet of primarily clinical lab space. This project would retain 1,201 existing jobs and create 175 new jobs. Alternatively, LabCorp is evaluating relocating its New Jersey operations to a build to suit option in Scranton, PA, of 300,000 square feet. Both the NJ and PA sites would be owned by LabCorp.

The employees not included in the project are employees not based at the Raritan, NJ facilities and are not at risk of leaving the state. They are dispersed at locations all around the state and provide a range of services from Manager to Lab Technician.

Construction is estimated to be completed in Summer 2020 and Certification of Costs and Employees by August 2020. The largest differences in project costs for the NJ option are payroll and electrical costs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of LabCorp has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by David P. King, the Chairman and CEO of LabCorp, 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 $67.8 million over the 30-year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 1,201 New Jersey jobs listed in the application are at risk of being located outside the State on or before November 1, 2018. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

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

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

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

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

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

<table>
<thead>
<tr>
<th>Minimum Full-Time Employment Requirements (New / Retained Full-time Jobs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tech start ups and manufacturing businesses</td>
</tr>
<tr>
<td><strong>Other targeted industries</strong></td>
</tr>
<tr>
<td>All other businesses/industries</td>
</tr>
</tbody>
</table>
Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem.

As a Non-Industrial – Rehabilitation Project, for a other targeted industry business, in Somerset County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Minimum Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment</td>
<td>$13,664,800</td>
<td>$150,372,005</td>
</tr>
<tr>
<td>New Jobs</td>
<td>25</td>
<td>175</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>35</td>
<td>1,201</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Base Grant</th>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mega Project</td>
<td>Base award of $5,000 per year for projects designated as a Mega Project</td>
<td>A Qualified Business Facility located in an Priority Area that qualifies as a Mega Project by virtue of being in a A Qualified Business Facility used by a business principally engaged in research, development, or manufacture of a drug or device or a Qualified Business Facility used by a business licensed to conduct a clinical laboratory and business facility having either capital investment in excess of $20,000,000 and more than 250 full-time employees created or retained or having more than 1,000 employees created or retained</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase(s) Criteria</th>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Oriented Development</td>
<td>An increase of $2,000 per job for a project locating in a Transit Oriented Development</td>
<td>69 1st Avenue is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station.</td>
</tr>
<tr>
<td>Large Number of New/Retained Full-Time Jobs</td>
<td>An increase of $500 per job for 251-400 new or retained jobs, $750 per job for 401-600 new or retained jobs, $1,000 for 601+ new or retained jobs</td>
<td>The applicant is proposing to create/retain 1,376 Full-Time Jobs at the project location.</td>
</tr>
</tbody>
</table>
The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for Retained Full-Time Jobs. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>GRANT CALCULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project located in a Garden State Growth Zone</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
<tr>
<td>A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
<tr>
<td>The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
</tbody>
</table>
| All other projects | **The Retained Full-Time Jobs will receive the lesser of:**
- \( \frac{1}{2} \) of the Grant Calculation for New Full-Time Jobs \( (1/2 \times $9,000 = $4,500) \) or
- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs \( ($150,372,005 / 10 / (175 + 1,201) = $10,928) \)

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:
- Mega Project: $5,000

### INCREASES PER EMPLOYEE:
- Transit Oriented Development: $2,000
- Large Number of New/Retained F/T Jobs: $1,500
- Targeted Industry (Life Sciences): $500

### INCREASE PER EMPLOYEE:
$4,000

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

### INCREASES OR PER EMPLOYEE LIMIT:
$9,000

### AWARD:

<table>
<thead>
<tr>
<th>Category</th>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jobs</td>
<td>175 Jobs X $9,000 X 100%</td>
<td>$1,575,000</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>1,201 Jobs X $9,000 X 50%</td>
<td>$5,404,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$6,979,500</strong></td>
</tr>
</tbody>
</table>

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

### TOTAL CALCULATED ANNUAL AWARD: $6,979,500*

### TOTAL ANNUAL AWARD AMOUNT TO BE APPROVED; REQUESTED BY THE APPLICANT *

<table>
<thead>
<tr>
<th>Category</th>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jobs</td>
<td>175 Jobs X $5,156 X 100%</td>
<td>$902,300</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>1,201 Jobs X $5,156 X 50%</td>
<td>$3,096,178</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$3,998,478</strong></td>
</tr>
</tbody>
</table>
PROJECT IS:  (X) Expansion  ( ) Relocation

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:  $ 150,372,005
EXPECTED PROJECT COMPLETION:  July 31, 2020
SIZE OF PROJECT LOCATION:  341,620 sq. ft.
NEW BUILDING OR EXISTING LOCATION?  Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?  Non-Industrial
CONSTRUCTION:  (X) Yes  ( ) No

NEW FULL-TIME JOBS:  175
RETAINED FULL-TIME JOBS:  1,201
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016):  2,550
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:  N/A
MEDIAN WAGES:  $ 42,599

NET BENEFIT MODEL:  2017
GROSS BENEFIT TO THE STATE (OVER 30 YEARS, PRIOR TO AWARD):  $ 107,801,719
TOTAL AMOUNT OF AWARD:  $ 39,984,780
NET BENEFIT TO THE STATE (OVER 30 YEARS, NET OF AWARD):  $ 67,816,939

ELIGIBILITY PERIOD:  10 years

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

APPROVAL REQUEST:
The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before November 1, 2018; 2) approve the proposed Grow New Jersey grant to encourage LabCorp 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:  Matthew Sestrich  
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: Lonza America Inc. P44632

PROJECT LOCATION: 412 Mt. Kemble Avenue Morris Township Morris County

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

APPLICANT BACKGROUND:
Lonza America Inc., is a subsidiary of the Lonza Group Ltd. The Lonza Group, headquartered in Basel Switzerland, is a world-wide supplier to the pharmaceutical, healthcare and life science industries. As an integrated solutions provider serving the healthcare continuum, Lonza offers products and services from customer development and manufacturing of active pharmaceutical ingredients to innovative dosage forms for the pharma and consumer health and nutrition industries. In addition to drinking water sanitizers, nutraceuticals, antidandruff agents and other personal care ingredients, the company provides agricultural products, advanced coatings and composites and microbial control solutions that combat dangerous viruses, bacteria and other pathogens. Founded in 1897 in the Swiss Alps, Lonza is a global company with more than 50 manufacturing and research and development facilities and nearly 14,000 fulltime employees worldwide.

Lonza America, Inc. started operations in U.S. in 1969 and currently houses its operations in two NJ facilities with 155 management and research and development employees located in Allendale, NJ and 19 laboratory and scientific employees in South Plainfield, NJ. In July 2017, Lonza Group acquired Capsugel, S.A., a developer and manufacturer of advanced oral dosage delivery technologies primarily in hard capsules. Capsugel currently has operations in Morristown, NJ with 63 employees. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

In 2012, Lonza America, Inc. was approved for a BRRAG for the retention of 148 employees and a BEIP grant to create an additional 40 new jobs. The existing BEIP grant agreement must be terminated in order for the Grow NJ award to proceed. The BRRAG was fully disbursed and the commitment period ends in 2018.

MATERIAL FACTOR/NET BENEFIT:
With the recent acquisition of Capsugel, Lonza is evaluating its footprint and has determined its existing buildings in Allendale and South Plainfield are outdated and no longer satisfy its requirements in terms of space and efficiency. The company is prepared to exercise a termination option in its current Allendale leases and is evaluating relocating its operations in Morris Township, NJ or Pearl River, NY. In Morris Township, the
company would lease 80,000 sq. ft and relocate the Lonza employees from Allendale and South Plainfield to a facility in Morris Twp, where Capsugel currently leases 35,672 sq. ft. To maximize operational costs and efficiency, Lonza will also relocate 63 Capsugel employees into the newly leased Lonza space. The Capsugel employees are not at risk of leaving the State and are not included as part of the Grow NJ Award. However, the 80,000 sq. ft. facility will be recognized as the qualified business facility.

Alternately the company has identified a 45,000 sq. ft. in Blue Hill Plaza, Pearl River NY to relocate the 174 Lonza employees and Capsugel would remain in its current space in Morris Twp., NJ.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Lonza America, 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 Scott Waldman, the CEO of Lonza America 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 $31 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 174 New Jersey jobs listed in the application are at risk of being located outside the State on or before December 31, 2018, when the company could relocate its employees to the alternate site in New York. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

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

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

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

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

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

<table>
<thead>
<tr>
<th>Minimum Full-Time Employment Requirements</th>
<th>(New / Retained Full-time Jobs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tech start ups and manufacturing businesses</td>
<td>10 / 25</td>
</tr>
<tr>
<td><strong>Other targeted industries</strong></td>
<td><strong>25 / 35</strong></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 Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other targeted industry business in Morris 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>$3,200,000</td>
<td>$12,462,500</td>
</tr>
<tr>
<td>New Jobs</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>35</td>
<td>174</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Base Grant</th>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Area</td>
<td>Base award of $3,000 per year for projects located in a designated Priority Area</td>
<td>Morris Township is a designated Priority Area</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>Jobs with Salary in Excess of County/GSGZ Average</td>
<td>An increase of $250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500</td>
<td>The proposed median salary of $250 exceeds the Morris County median salary by 61% resulting in an increase of $250 per year.</td>
</tr>
<tr>
<td>Targeted Industry</td>
<td>An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business</td>
<td>The applicant is a Health 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>- ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $3,750 = $1,875) or</td>
</tr>
<tr>
<td></td>
<td>- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($)12,462,500 / 10 / (0 + 174) = $7,162</td>
</tr>
</tbody>
</table>
### Grant Calculation

**BASE GRANT PER EMPLOYEE:**
Priority Area $3,000

**INCREASES PER EMPLOYEE:**
- Jobs with Salary in Excess of County Average: $250
- Targeted Industry (Health): $500

**INCREASE PER EMPLOYEE:**
$750

**PER EMPLOYEE LIMIT:**
Priority Area $10,500

**LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:**
$3,750

**AWARD:**
- New Jobs: 0 Jobs X $3,750 X 100% = $0,000
- Retained Jobs: 174 Jobs X $3,750 X 50% = $326,250

**Total:** $326,250

**ANNUAL LIMITS:**
Priority Area (Est. 90% Withholding Limit) $4,000,000/($907,644)

**TOTAL ANNUAL AWARD**
$326,250

**PROJECT IS:** (X) Expansion (X) Relocation
**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:** $12,462,500
**EXPECTED PROJECT COMPLETION:** October 1, 2019
**SIZE OF PROJECT LOCATION:** 80,000 sq. ft. Existing
**NEW BUILDING OR EXISTING LOCATION?**
**INDUSTRIAL OR NON-INDUSTRIAL FACILITY?** Non-Industrial
**CONSTRUCTION:** (X) Yes ( ) No

**NEW FULL-TIME JOBS:** 0
**RETAINED FULL-TIME JOBS:** 174
**STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016):** 198
**CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:** Allendale/South Plainfield
**MEDIAN WAGES:** $120,342
NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $34,426,317
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS) $3,262,500
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $31,163,817
ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:
1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within 12 months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. The applicant will maintain the 63 positions that are not at risk and will be located at the project site for the duration of the Grow NJ award. The number of retained positions that are subject to this Grow NJ award will only be counted above and beyond the 63 positions employed by the applicant at the project site.
7. The existing BEIP grant must be terminated prior to the execution of a Grow NJ incentive agreement.
8. The commitment period of the BRRAG must expire prior to the execution of a Grow NJ incentive agreement.

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

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

APPLICANT: Mars Wrigley Confectionery US LLC

PROJECT LOCATION: 110 Edison Place Newark Essex County
800 High Street Hackettstown Warren County

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

APPLICANT BACKGROUND: Mars Wrigley Confectionery US LLC, (“Mars Wrigley”) was created in 2017. To form the US business, Mars Chocolate merged with Wrigley Sales Company (“Wrigley”) and changed the name of the surviving entity, Mars Chocolate North America, LLC, to Mars Wrigley Confectionery US, LLC. Mars Wrigley is evaluating either expanding its presence in New Jersey or Illinois, as both locations are currently home to the existing business entities’ regional headquarters (Mars Chocolate in Hackettstown, NJ and Wrigley in Chicago, IL). If Mars Wrigley selects New Jersey as the regional hub, it will relocate some of its current NJ and Chicago operations to a site to be leased in Newark. A total of 483 roles will be located at the new site - 113 will be new roles, relocated from Chicago, and 370 roles will be relocated from Hackettstown to the Newark location. In addition, 92 more roles would be relocated from the Chicago location to the 500,000-square foot facility in the existing Hacketstown, NJ location, and the company would also shift some of the current R&D staff in Hackettstown, to the office portion part of the facility.

The capital investment in the Newark site is estimated at $42 million. The Newark site will be a 110,000-square foot office leased for 15 years with 1 renewal option of 10 years. In addition, Mars Wrigley will be creating a Regional Operations Hub at its owned and existing facility in Hackettstown, NJ. This Regional Operations Hub will keep 369 roles that currently sit in Hackettstown. Mars Wrigley is also considering investing an additional $52 million in the Hackettstown factory. The investment will upgrade and refurbish existing assets, and increase the site’s packaging capabilities. If Chicago is selected, New Jersey risks losing up to 370 current associate positions that would have relocated from Hackettstown to Newark. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company. The alternate location is a 92,300-square foot facility in Chicago, IL.

The applicant is currently located in Hackettstown, NJ.
MATERIAL FACTOR/NET BENEFIT:
The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Mars Wrigley 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 Berta de Pablos, the President-USA of Mars Wrigley Confectionery US LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a combined net benefit to the State of $219.2 million over the 20-year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 370 New Jersey jobs listed in the application are at risk of being located outside the State on or before April 1, 2019, as that is the date the company would start relocating its employees to the alternate location in Chicago, IL. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

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

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

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

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Minimum Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment - Newark</td>
<td>$ 4,400,000</td>
<td>$25,318,200</td>
</tr>
<tr>
<td>Capital Investment - Hacketstown</td>
<td>$20,000,000</td>
<td>$52,270,000</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>Urban Transit Hub Municipality</td>
<td>Base award of $5,000 per year for projects located in a designated Urban Transit Hub Municipality</td>
<td>Newark City is a designated Urban Transit Hub Municipality</td>
</tr>
<tr>
<td>Other Eligible Area</td>
<td>Base award of $500 per year for projects located in a designated Other Eligible Area</td>
<td>Hackettstown is a designated Other Eligible Area</td>
</tr>
<tr>
<td><strong>Increase(s) Criteria</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deep Poverty Pocket or Choice Neighborhood</td>
<td>An increase of $1,500 per job for a project located in a Deep Poverty Pocket or Choice Neighborhood</td>
<td>110 Edison Place, Newark is located in a Deep Poverty Pocket.</td>
</tr>
<tr>
<td>Transit Oriented Development</td>
<td>An increase of $2,000 per job for a project located in a Transit Oriented Development</td>
<td>110 Edison Place, Newark is located in a Transit Oriented Development by virtue of being within 1⁄2 mile of the midpoint of a New Jersey Transit Corporation rail station.</td>
</tr>
<tr>
<td>Targeted Industry</td>
<td>An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business</td>
<td>The applicant is a Manufacturing business.</td>
</tr>
<tr>
<td>Exceeds LEEDs Silver or Substantial Env. Remed.</td>
<td>An increase of $250 per job for a facility exceeding the Leadership in Energy and Environmental Design’s “Silver” rating standards or for a project that completes substantial environmental remediation</td>
<td>The applicant proposes achieving a LEEDs Goldrating; completing substantial environmental remediation totaling $2,090,000.</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</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>located in a priority area</td>
<td></td>
</tr>
<tr>
<td>The Qualified Business Facility is replacing a facility that has been wholly</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>or substantially damaged as a result of a federally declared disaster</td>
<td></td>
</tr>
<tr>
<td>All other projects – Newark City</td>
<td><strong>The Retained Full-Time Jobs will receive the lesser of:</strong></td>
</tr>
<tr>
<td></td>
<td>- ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $10,750 = $5,375) 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 ($25,318,200 / 10 / (113 + 370) = $5,241)</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>All other projects – Hacketstown</td>
<td><strong>The Retained Full-Time Jobs will receive the lesser of:</strong></td>
</tr>
<tr>
<td></td>
<td>- ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $1,250 = $625) 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 ($52,270,000 / 10 / (92 + 0) = $56,815)</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>
**Grant Calculation - Newark**

**BASE GRANT PER EMPLOYEE:**
- Urban Transit HUB Municipality: $5,000

**INCREASES PER EMPLOYEE:**
- Deep Poverty Pocket: $1,500
- Transit Oriented Development: $2,000
- Jobs with Salary in excess of county average: $750
- Large Number of New and Retained Jobs: $750
- Targeted Industry (Manufacturing): $500
- Exceeds LEEDs Silver or Substantial Env. Remed.: $250

**INCREASE PER EMPLOYEE:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Transit HUB Municipality</td>
<td>$12,000</td>
</tr>
</tbody>
</table>

**PER EMPLOYEE LIMIT:**
- Urban Transit HUB Municipality: $12,000

**LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jobs</td>
<td>$1,214,750</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>$1,939,170</td>
</tr>
</tbody>
</table>

**Total:** $3,153,920

**AWARD:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jobs</td>
<td>113 Jobs X $10,750 X 100% =</td>
<td>$1,214,750</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>370 Jobs X $5,241 X 100% =</td>
<td>$1,939,170</td>
</tr>
</tbody>
</table>

**ANNUAL LIMITS:**
- Urban Transit HUB Municipality: $10,000,000
Grant Calculation - Hackettstown

BASE GRANT PER EMPLOYEE:
    Other Eligible Area $ 500

INCREASES PER EMPLOYEE:
    Jobs with Salary in excess of county average $ 250
    Targeted Industry (Manufacturing): $ 500

INCREASE PER EMPLOYEE: $ 750

PER EMPLOYEE LIMIT:
    Other Eligible Area $ 6,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $ 1,250

AWARD:
    New Jobs: 92 Jobs X $1,250 X 100% = $115,000
    Retained Jobs: 0 Jobs X $1,250 X 50% = $ 0,000

Total: $115,000

ANNUAL LIMITS:
    Other Eligible Area (Est. 90% Withholding Limit) $ 2,500,000/ ($326,747)

TOTAL ANNUAL AWARD $115,000
PROJECT IS:  (X) Expansion    (X) Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT (Newark): $25,318,200
ESTIMATED ELIGIBLE CAPITAL INVESTMENT (Hackettstown): $52,270,000

EXPECTED PROJECT COMPLETION: June 1, 2019
SIZE OF PROJECT LOCATION (Newark): 110,000 sq. ft.
SIZE OF PROJECT LOCATION (Hackettstown): 500,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CONSTRUCTION:  (X) Yes    ( ) No

NEW FULL-TIME JOBS (Newark): 113
RETAINED FULL-TIME JOBS (Newark): 370

NEW FULL-TIME JOBS (Hackettstown): 92
RETAINED FULL-TIME JOBS (Hackettstown): 0

STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016): 1,109
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: Hackettstown
MEDIAN WAGES (Newark): $110,725
MEDIAN WAGES (Hackettstown): $92,891

NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $251,848,185
TOTAL AMOUNT OF AWARD: $32,689,200
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $219,158,985

ELIGIBILITY PERIOD: 10 years

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

APPROVAL REQUEST:
The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before April 1, 2019; 2) approve the proposed Grow New Jersey
grant to encourage Mars Wrigley Confectionary US LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

**DEVELOPMENT OFFICER:** Maggie Peters  
**APPROVAL OFFICER:** Mark Chierici
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM

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

APPLICANT: Quest Diagnostics Incorporated

PROJECT LOCATION: 1153 Bloomfield Avenue Clifton City Passaic County
Block 79.04; Lots 10 & 21

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

APPLICANT BACKGROUND:
Quest Diagnostics Incorporated (Quest) is a provider of diagnostic information services. The Company provides information and insights based on clinical testing, including routine, esoteric, gene-based and anatomic pathology testing, and related services. The company offers the broadest access in the United States to diagnostic information services through its nationwide network of laboratories, patient service centers and phlebotomists in physician offices. Quest has leading positions in the neurology diagnostics market, in advanced cardiovascular diagnostic information services, in cancer diagnostics and in providing testing for the detection of employee use of drugs of abuse. Quest is also a provider of biometric wellness screenings, flu shots and related preventative services that leverage clinical data to improve population health-outcomes and reduce healthcare spend for employers.

Quest, founded in New Jersey, was incorporated in 1990 with its predecessor companies dating back to 1967. The Company conducts business through its current headquarters in Secaucus, New Jersey and its laboratories, patient service centers, offices and other facilities around the United States and in selected locations outside the United States. Presently the company operates four primary labs in NJ region: 323,000 sq. ft. owned facility in Teterboro, NJ with 946 full-time employees; 200,000 sq. ft. owned facility in Baltimore, MD; approximately 121,000 sq. ft. leased facility in Horsham, PA; and approximately 70,000 sq. ft. owned facility in Wallingford, CT. The applicant has demonstrated the financial ability to undertake the project.

Quest was approved in May 2016 for a total Grow NJ Award of $18,593,750 to relocate its headquarters from Madison, NJ (346 employees) and its support services from Lyndhurst, NJ (249 employees) to Secaucus, Hudson County.
MATERIAL FACTOR/NET BENEFIT:
In order to remain competitive in the technology and regulatory intensive industry, Quest commenced a comprehensive analysis of its real estate and logistics strategy for its North-east region with the goal to identify the optimal location strategy for lab capacity within the region and maximize operational efficiencies and process improvements. Based on analysis by internal and external professionals, Quest has narrowed its consideration to two scenarios:

1. A regional consolidated laboratory in NJ by acquiring a 12.28 acre portion of the ON3 Campus in Clifton, NJ and constructing a 250,000 sq. ft. laboratory to which it would relocate and retain 754 positions from Teterboro to Clifton, relocate 269 positions from Pennsylvania and Maryland and add 115 new jobs for a total of 384 new jobs. In addition, the company would also retain and locate 192 jobs not at risk of leaving of State in Clifton that are needed to continue to service business in the NJ area market. Under this scenario the company would reduce its operations in Connecticut, Pennsylvania, and Maryland, including selling owned facilities in Baltimore and Wallingford, reducing its leasehold in Horsham, PA from 121,000 sq. ft. to 35,000 sq. ft. and entering into a new lease of 37,000 sq. ft. in Baltimore, MD to handle testing that requires immediate response in those areas. The estimated amount of eligible capital investment for this project is $230 million.

2. Alternatively, Quest is evaluating expanding existing facilities in Connecticut, Pennsylvania, and Maryland by relocating a majority of its existing Teterboro operation to these expanded facilities. The alternate scenario includes: (i) a 131,000 sq. ft. owned facility in Baltimore MD, (ii) a 70,000 sq. ft. owned facility in Wallingford CT, (iii) a leased facility of 121,236 sq. ft. plus the entering into a new lease for an additional 19,000 sq. ft. in Horsham, PA and (iv) entering into a new lease of 46,292 sq. ft. in Teterboro, NJ to accommodate the 192 NJ jobs that are not at risk.

The Grow New Jersey program calls for projects to be completed and the accompanying tax credits issued within three years of the Authority’s approval of the project. In extenuating circumstances, the Authority may grant two six-month extensions of the deadline, however, in no event shall the tax credit issuance date occur later than four years following the date of approval by the Authority. Due to the complexity involved in constructing and equipping the facility, Quest has requested the Authority grant the two six-month extensions simultaneously with approval of the Grow NJ award.

The company is also seeking a benefit under the Sales & Use Tax Exemption program that would reduce the renovation costs associated with the project.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Quest Diagnostics Incorporated 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 Stephen H. Rusckowski, the CEO of Quest Diagnostics Incorporated, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $76 million over the 30 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 754 New Jersey jobs listed in the application are at risk of being located outside the State on or before January 1, 2019, when all renovations and relocation of the employees will be completed in the alternative locations. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.
ELIGIBILITY AND GRANT CALCULATION:
Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

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

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

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

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

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

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

As a Non-Industrial/Warehouse/Logistics/R&D – New Construction Project for an other targeted industry 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>$30,000,000</td>
<td>$207,882,591</td>
</tr>
<tr>
<td>New Jobs</td>
<td>25</td>
<td>384</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>35</td>
<td>754</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Base Grant</th>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mega Project</td>
<td>Base award of $5,000 per year for projects designated as a Mega Project</td>
<td>A Qualified Business Facility located in an Distressed Municipality that qualifies as a Mega Project by virtue of being in a Qualified Business Facility used by a business principally engaged in</td>
</tr>
<tr>
<td>Quest Diagnostics Incorporated</td>
<td>Grow New Jersey</td>
<td>Page 4</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----------------</td>
<td>-------</td>
</tr>
<tr>
<td></td>
<td>research, develop, or manufacture of a drug or device or a Qualified Business Facility used by a business licensed to conduct a clinical laboratory and business facility having either capital investment in excess of $20,000,000 and more than 250 full-time employees created or retained or having more than 1,000 employees created or retained.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Increase(s) Criteria</strong></th>
<th><strong>Criteria</strong></th>
<th><strong>Grow New Jersey</strong></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 1,138 Full-Time Jobs at the project location resulting in an increase of $1,500.</td>
</tr>
<tr>
<td>Targeted Industry</td>
<td>An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business</td>
<td>The applicant is a Health, business.</td>
</tr>
<tr>
<td>Exceeds LEEDs Silver or Substantial Env. Remed.</td>
<td>An increase of $250 per job for a facility exceeding the Leadership in Energy and Environmental Design's “Silver” rating standards or for a project that completes substantial environmental remediation</td>
<td>The applicant proposes achieving a LEEDs Gold rating.</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>½ of the Grant Calculation for New Full-Time Jobs (1/2 * $7,250 = $3,625) 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 ($207,882,591 / 10 / (384 + 754) = $18,267)</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>
**Grant Calculation**

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

**INCREASES PER EMPLOYEE:**
- Large Number of New/Retained F/T Jobs: \( \$1,500 \)
- Targeted Industry (Health): \( \$500 \)
- Exceeds LEEDs Silver or Substantial Env. Remed.: \( \$250 \)

**INCREASE PER EMPLOYEE:** \( \$2,250 \)

**PER EMPLOYEE LIMIT:**
Mega Project \( \$15,000 \)

**LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:** \( \$7,250 \)

**AWARD:**
- New Jobs: 384 Jobs X \( \$7,250 \) X 100% = \( \$2,784,000 \)
- Retained Jobs: 754 Jobs X \( \$7,250 \) X 50% = \( \$2,733,250 \)

**Total:** \( \$5,517,250 \)

**ANNUAL LIMITS:**
Mega Project \( \$30,000,000 \)

**TOTAL ANNUAL AWARD:** \( \$5,517,250 \)

**MAXIMUM AWARD IN EXCESS OF \( \$4,000,000 \) PER YEAR (\( \$5,517,250 \)):**

**ANNUAL AMOUNT DETERMINED AS NECESSARY TO COMPLETE THE PROJECT = \( \$5,517,250 \)**

---

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

**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:** \( \$207,882,591 \)

**EXPECTED PROJECT COMPLETION:** September 1, 2021

**SIZE OF PROJECT LOCATION:** 250,000 sq. ft. New

**NEW BUILDING OR EXISTING LOCATION?**

**INDUSTRIAL OR NON-INDUSTRIAL FACILITY?** Non-Industrial

**CONSTRUCTION:** (X) Yes ( ) No
NEW FULL-TIME JOBS: 384
RETAINED FULL-TIME JOBS: 754
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016): 1,906
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: Teterboro
MEDIAN WAGES: $54,403

NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 30 YEARS, PRIOR TO AWARD): $137,513,503
TOTAL AMOUNT OF AWARD: $55,172,500
NET BENEFIT TO THE STATE (OVER 30 YEARS, NET OF GROW AWARD & STX AWARD OF $5,862,302): $76,478,701

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:
1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval.
   The Applicant has requested the approval of the two six-month extensions to submit its CPA report simultaneously with the Grow NJ Award, such that in no event can the tax credit be issued more than 4 years from the date of 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.
6. The applicant will maintain the 192 positions that are not at risk and will be located at the project site for the duration of the Grow NJ award. The number of new positions that are subject to this Grow NJ award will only be counted above and beyond the 192 positions employed by the applicant at the project site.

APPROVAL REQUEST:
The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before January 1, 2019; 2) approve the proposed Grow New Jersey grant to encourage Quest Diagnostics Incorporated to increase employment in New Jersey; 3) approve the two six-month extensions to submit its CPA report. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Peters
APPROVAL OFFICER: T. Wells
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – SALES & USE TAX EXEMPTION (STX)

APPLICANT: Quest Diagnostics Incorporated

COMPANY ADDRESS: 1 Malcolm Avenue  Teterboro Borough  Bergen County

PROJECT LOCATION: 1153 Bloomfield Avenue  Block 79.04 Lots 10 &21  Clifton City  Passaic County

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

APPLICANT BACKGROUND:
Quest Diagnostics Incorporated (Quest) is a provider of diagnostic information services. The Company provides information and insights based on clinical testing, including routine, esoteric, gene-based and anatomic pathology testing, and related services. The company offers the broadest access in the United States to diagnostic information services through its nationwide network of laboratories, patient service centers and phlebotomists in physician offices. Quest has leading positions in the neurology diagnostics market, in advanced cardiovascular diagnostic information services, in cancer diagnostics and in providing testing for the detection of employee use of drugs of abuse. Quest is also a provider of biometric wellness screenings, flu shots and related preventative services that leverage clinical data to improve population health-outcomes and reduce healthcare spend for employers.

Quest, founded in New Jersey, was incorporated in 1990 with its predecessor companies dating back to 1967. The Company conducts business through its current headquarters in Secaucus, New Jersey and its laboratories, patient service centers, offices and other facilities around the United States and in selected locations outside the United States. Presently the company operates four primary labs in NJ region: 323,000 sq. ft. owned facility in Teterboro, NJ with 946 full-time employees; 200,000 sq. ft. owned facility in Baltimore, MD; approximately 121,000 sq. ft. leased facility in Horsham, PA; and approximately 70,000 sq. ft. owned facility in Wallingford, CT.

Quest was approved in May 2016 for a total Grow NJ Award of $18,593,750 to relocate its headquarters from Madison, NJ (346 employees) and its support services from Lyndhurst, NJ (249 employees) to Secaucus, Hudson County.

PROJECT DESCRIPTION:
In order to remain competitive in the technology and regulatory intensive industry, Quest commenced a comprehensive analysis of its real estate and logistics strategy for its North-east region with the goal to identify the optimal location strategy for lab capacity within the region and maximize operational efficiencies and process improvements. Based on analysis by internal and external professionals, Quest has narrowed its consideration to two scenarios:

1. A regional consolidated laboratory in NJ by acquiring a 12.28 acre portion of the ON3 Campus in Clifton, NJ and constructing a 250,000 sq. ft. laboratory to which it would relocate and retain 754 positions from Teterboro to Clifton, relocate 269 positions from Pennsylvania and Maryland and add 115 new jobs for a total of 384 new jobs. In addition, the company would also retain and locate 192 jobs not at risk of leaving of State in Clifton that are needed to continue to service business in the NJ area market. Under this scenario the company would reduce its operations in Connecticut, Pennsylvania, and Maryland, including selling owned facilities in Baltimore and Wallingford, reducing its leasehold in Horsham, PA from 121,000 sq. ft. to 35,000 sq. ft. and entering into a new lease of 37,000 sq. ft. in Baltimore, MD to handle testing that requires immediate response in those areas. The estimated amount of eligible capital investment for this project is $230 million.
2. Alternatively, Quest is evaluating expanding existing facilities in Connecticut, Pennsylvania, and Maryland by relocating a majority of its existing Teterboro operation to these expanded facilities. The alternate scenario includes: (i) a 131,000 sq. ft. owned facility in Baltimore MD, (ii) a 70,000 sq. ft. owned facility in Wallingford CT, (iii) a leased facility of 121,236 sq. ft. plus the entering into a new lease for an additional 19,000 sq. ft. in Horsham, PA and (iv) entering into a new lease of 46,292 sq. ft. in Teterboro, NJ to accommodate the 192 NJ jobs that are not at risk.

The company is seeking approval of a Grow New Jersey award as an incentive to locate the project in NJ and is also seeking a benefit under the Sales & Use Tax Exemption program that would reduce the renovation costs associated with the project. The company is eligible for the Sales Tax Exemption because the company has 1,000 or more full-time employees in the State and the project involves relocating 500 or more full-time employees into a new business location.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Quest Diagnostics Incorporated has indicated that the incentives are a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Stephen H. Rusckowski, the CEO of Quest Diagnostics Incorporated that states that the application has been reviewed and the information submitted and representations contained therein are accurate.

SCOPE OF STX BENEFITS:
Authority assistance will induce the applicant to purchase 12.28 acres of land and construct a 250,000 sq. ft. laboratory in Clifton. The business will be exempt from sales and use tax for eligible property located or placed at the eligible business location(s) for the renovation project pursuant to the terms and conditions of a project agreement. The sales tax exemption certificate applies only to property purchased for installation at the approved project site(s) and will allow the business to purchase machinery, equipment, furniture and furnishings, fixtures, and building materials, other than tools and supplies, without the imposition of sales and use tax. The sales tax exemption (STX) is administered pro rata to reflect the eligible scope of the project, based on the number of retained STX eligible full-time jobs, increased no more than 20 percent, relative to the sum of all of jobs/employees located at the approved project site(s) during the commitment duration period, subject to the Act, Regulations, and the terms of the Project Agreement. The recommended benefit is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended benefit amount. If the criteria met by the company differs from that shown herein, the benefit amount will be lowered to reflect the benefit amount that corresponds to the actual criteria that have been met.

APPROVAL REQUEST: STX COMMITMENT DURATION: 5 years
The Applicant has represented that the availability of this financial assistance will be an important inducement to undertake this project and to relocate full-time jobs within the State. The Authority staff recommends the award of the proposed Sales and Use Tax Exemption benefit.

ESTIMATED ELIGIBLE EXPENSES: $106,587,315
ESTIMATED VALUE OF STX: $ 5,862,302
STX ELIGIBLE EMPLOYEES: 754
TOTAL JOBS TO BE LOCATED AT THE PROJECT SITE: 1,138
MEDIAN WAGES: $ 54,403
PROJECT LOCATION IN PLANNING AREA 1 OR 2: PA-1
OPERATED IN NEW JERSEY SINCE: 1967
PROJECT IS: (X) Expansion (X) Relocation
CONSTRUCTION/RENOVATION: (X) Yes ( ) No
DEVELOPMENT OFFICER: M. Peters APPROVAL OFFICER: T. Wells
STX benefit calculation formula:

<table>
<thead>
<tr>
<th>Description</th>
<th>Formula/Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Eligible Property x Sales Tax Rate = Estimated Gross Sales Tax</td>
<td>$106,587,315 x 0.06875 = $7,327,878</td>
</tr>
<tr>
<td>Liability</td>
<td></td>
</tr>
<tr>
<td>(Retained Full-Time Jobs (STX Eligible Jobs) / Estimated Total Occupants of</td>
<td>754 / 1,138 = 0.66 x 1.2 = 0.80 (max = 1.00)</td>
</tr>
<tr>
<td>the Facility) x Regulatory 20% Automatic Increase for All STX Projects =</td>
<td></td>
</tr>
<tr>
<td>Proportionate Value (Pro Rata Eligible Scope) with 20% Increase</td>
<td></td>
</tr>
<tr>
<td>Adjusted Proportionate Value x Estimated Gross Sales Tax Liability =</td>
<td>0.80 x $7,327,878 = $5,862,302</td>
</tr>
<tr>
<td>Estimated Amount of the Sales and Use Tax Exemption Certificate</td>
<td></td>
</tr>
</tbody>
</table>
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: Ralph Lauren Corporation P44618

PROJECT LOCATION: 340 Kingsland Street Nutley Township Essex County
100 Metro Boulevard

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

APPLICANT BACKGROUND:
Ralph Lauren Corporation, established in 1967, designs, markets and distributes premium lifestyle products, including apparel, accessories and home furnishings. The company’s merchandise is available through wholesale distribution channels and directly to customers throughout the world via 466 retail stores and 619 concession-based shop-within-shops, as well as through various e-commerce sites. In addition to directly-operated stores and shops, the company’s international licensing partners currently operate 105 Ralph Lauren stores, 22 Ralph Lauren concession shops, and 136 Club Monaco stores and shops. The applicant has demonstrated the financial ability to undertake the project. The applicant is currently located in Lyndhurst, NJ.

MATERIAL FACTOR/NET BENEFIT:
Ralph Lauren Corporation is seeking to move to a larger facility to accommodate the growth needs of its back-office support operations. The company is considering leasing a 255,018 Sq. Ft. facility in Nutley, NJ or relocating its operations to a 177,600 Sq. Ft. facility in High Point, NC. The project involves the retention of 518 employees and the creation of 250 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 Ralph Lauren Corporation has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Patrice Louvet, the CEO of Ralph Lauren Corporation, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $95.5 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 518 New Jersey jobs listed in the application are at risk of being located outside the State on or before December 31, 2019. This certification coupled with the economic analysis of the potential
locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

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

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

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Minimum Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment</td>
<td>$10,200,720</td>
<td>$28,581,555</td>
</tr>
<tr>
<td>New Jobs</td>
<td>35</td>
<td>250</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>50</td>
<td>518</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>Nutley Township is a designated Distressed Municipality</td>
</tr>
</tbody>
</table>

<p>| Increase(s) Criteria | |
|----------------------|</p>
<table>
<thead>
<tr>
<th>Ralph Lauren Corporation</th>
<th>Grow New Jersey</th>
<th>Page 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs with Salary in Excess of County/GSGZ Average</td>
<td>An increase of $250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500</td>
<td>The proposed median salary of $90,000 exceeds the County median salary by 86.2% resulting in an increase of $500 per year.</td>
</tr>
<tr>
<td>Large Number of New/Retained Full-Time Jobs</td>
<td>An increase of $500 per job for 251-400 new or retained jobs, $750 per job for 401-600 new or retained jobs, $1,000 for 601-800 new or retained jobs, $1,250 for 801-1,000 new or retained jobs and $1,500 for more than 1,000 new or retained jobs</td>
<td>The applicant is proposing to create/retain 768 Full-Time Jobs at the project location resulting in an increase of $1000.</td>
</tr>
<tr>
<td>Vacant Commercial Building in excess of 1,000,000 sq. ft.</td>
<td>An increase of $1,000 per job for a project that includes a vacant commercial building having in excess of 1,000,000 sq. ft. of office or laboratory space available for more than 1 year.</td>
<td>340 Kingsland Street is a commercial building qualifying for this bonus as listed on the NJEDA website.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>GRANT CALCULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project located in a Garden State Growth Zone</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
<tr>
<td>A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
<tr>
<td>The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
</tbody>
</table>
| All other projects | The Retained Full-Time Jobs will receive the lesser of:  
- ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $6,500 = $3,250) or  
- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($28,581,555 / 10 / (250 + 518) = $3,721)  

In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment
Grant Calculation

**BASE GRANT PER EMPLOYEE:**
Distressed Municipality $ 4,000

**INCREASES PER EMPLOYEE:**
- Jobs with Salary in Excess of County Average: $ 500
- Large Number of New/Retained F/T Jobs: $ 1,000
- Vacant Commercial Building in excess of 1,000,000 sq. ft: $ 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: 250 Jobs X $6,500 X 100% = $1,625,000
- Retained Jobs: 518 Jobs X $6,500 X 50% = $1,683,500

  **Total:** $3,308,500

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

**TOTAL ANNUAL AWARD** $3,308,500
Ralph Lauren Corporation \hspace{1cm} Grow New Jersey

**PROJECT IS:** (X) Expansion \hspace{1cm} (X) Relocation

**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:** $28,581,555

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

**SIZE OF PROJECT LOCATION:** 255,018 sq. ft.

**NEW BUILDING OR EXISTING LOCATION?** Existing

**INDUSTRIAL OR NON-INDUSTRIAL FACILITY?** Non-Industrial

**CONSTRUCTION:** (X) Yes \hspace{1cm} ( ) No

**NEW FULL-TIME JOBS:** 250

**RETAINED FULL-TIME JOBS:** 518

**STATEWIDE BASE EMPLOYMENT (AS OF APRIL 1, 2017):** 579

**CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:** Lyndhurst

**MEDIAN WAGES:** $90,000

**NET BENEFIT MODEL:** 2017

**GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):** $128,611,090

**TOTAL AMOUNT OF AWARD:** $33,085,000

**NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):** $95,526,090

**ELIGIBILITY PERIOD:** 10 years

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

**APPROVAL REQUEST:**
The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before December 31, 2019; 2) approve the proposed Grow New Jersey grant to encourage Ralph Lauren Corporation to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

**DEVELOPMENT OFFICER:** M. Peters \hspace{1cm} **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: RSM US LLP P44615

PROJECT LOCATION: 399 Thornall Street Edison Township Middlesex County

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

APPLICANT BACKGROUND:
RSM US LLP (RSM) has been in the Middle Market Accounting Business for over 50 years providing assurance, tax, and consulting services. In 2015 McGladrey LLP changed its name to RSM US LLP with the name change creating a global brand with its existing RSM International network. With RSM having 9,000 employees across 86 cities, RSM International brings together more than 41,000 additional professionals from 760 offices located in more than 120 countries. Through RSM US Alliance it brings further affiliations of 75 independent accounting firms with 215 locations in 38 states and Puerto Rico. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Headquartered in Chicago and with offices across the country RSM is contemplating relocating 60 existing positions from its Manhattan office in conjunction with a significant space reduction to lower future occupancy costs and payroll. RSM is considering consolidating these positions into a new office in Edison, New Jersey where it would also accommodate 33 positions to be relocated from its current Edison office without room to accommodate the new bodies. Alternatively, RSM would consolidate the 60 positions into additional available space at an office in Blue Bell, PA currently being built out to house the consolidation of several existing Pennsylvania locations. The 33 existing New Jersey positions are not at risk of leaving the State and are not included in this award. In both instances RSM would occupy 16,716 sq. ft. and spend $2.4 million in building out the space.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of RSM US LLP has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Joseph M. Adams the Managing Partner of RSM US LLP and its highest ranking U.S. employee, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $13.6 million over the 20 year period required by the Statute.
ELIGIBILITY AND GRANT CALCULATION:
Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

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

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Minimum Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment</td>
<td>$668,640</td>
<td>$2,414,875</td>
</tr>
<tr>
<td>New Jobs</td>
<td>35</td>
<td>60</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>50</td>
<td>0</td>
</tr>
</tbody>
</table>
The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

<table>
<thead>
<tr>
<th>Priority Area</th>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Grant</td>
<td>Base award of $3,000 per year for projects located in a designated Priority Area</td>
<td>Edison Township is a designated Priority Area.</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>Jobs with Salary in Excess of County/GSGZ Average</td>
<td>An increase of $250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500</td>
<td>The proposed median salary of $101,000 exceeds the Middlesex County median salary by 74.1% resulting in an increase of $500 per year.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>GRANT CALCULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project located in a Garden State Growth Zone</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
<tr>
<td>A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
<tr>
<td>The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
</tbody>
</table>
| All other projects | The Retained Full-Time Jobs will receive the lesser of:  
  - $\frac{1}{2}$ of the Grant Calculation for New Full-Time Jobs \( (1/2 \times 3,500 = 1,750) \) or  
  - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs \( (2,450,000/ (60 + 0) = 40,83) \)  

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

**BASE GRANT PER EMPLOYEE:**
- Priority Area: $3,000

**INCREASES PER EMPLOYEE:**
- Jobs with Salary in Excess of County Average: $500

**INCREASE PER EMPLOYEE:**
- $500

**PER EMPLOYEE LIMIT:**
- Priority Area: $10,500

**LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:**
- $3,500

**AWARD:**
- New Jobs: 60 Jobs X $3,500 X 100% = $210,000
- Retained Jobs: 0 Jobs X $3,500 X 50% = $0
- Total: $210,000

**ANNUAL LIMITS:**
- Priority Area (Est. 90% Withholding Limit): $4,000,000/($306,888)

**TOTAL ANNUAL AWARD:**
- $210,000

---

**PROJECT IS:** ( ) Expansion (X) Relocation
**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:** $2,414,875
**EXPECTED PROJECT COMPLETION:** May 1, 2018
**SIZE OF PROJECT LOCATION:** 16,716 sq. ft.
**NEW BUILDING OR EXISTING LOCATION?** Existing
**INDUSTRIAL OR NON-INDUSTRIAL FACILITY?** Non-Industrial
**CONSTRUCTION:** (X) Yes ( ) No

**NEW FULL-TIME JOBS:** 60
**RETAINED FULL-TIME JOBS:** 0
**STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016):** 33
**CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:** N/A
**MEDIAN WAGES:** $101,000
NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $15,073,953
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS) $1,470,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $13,603,953

ELIGIBILITY PERIOD: 7 years

CONDITIONS OF APPROVAL:
1. Applicant has not entered into a lease or purchase contract without a valid Grow NJ incentive contingency or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. The applicant will maintain the 33 current positions it has in the State at the project site for the duration of the Grow NJ award. The number of new positions that are subject to this Grow NJ award will only be counted above and beyond the first 33 positions employed by the applicant at the project site.

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

DEVELOPMENT OFFICER: D. Ubinger
APPROVAL OFFICER: K. DeSmedt
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM

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

APPLICANT: Vineland Poultry, LLC

PROJECT LOCATION: 1018 & 1100 South Mill Road

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

APPLICANT BACKGROUND:
Vineland Poultry, LLC (“Vineland”) is a newly formed company which slaughters, processes and packages poultry specifically following the Halal method. The principal products are wholes chickens and chicken parts. The six owners of the company all have previous experience in this business, one of which has 100% ownership of two similar companies operating in Jamaica, NY. The applicant has demonstrated the financial ability to undertake the project.

The applicant is to be located in Vineland.

MATERIAL FACTOR/NET BENEFIT:
The applicant intends to acquire an 18-acre parcel that includes a 55,000-sq. ft. former poultry processing facility, which has been dormant for four years. Part of the acquisition includes some on-site equipment. The Company will continue to operate the facility as a poultry processing facility. Poultry will be processed observing the Halal method of processing. The building acquisition cost is $500,000. The Company is going to invest approximately $715,000 to rehab the facility and purchase new equipment. Future plans may include expanding the facility to accommodate a larger processing facility however this is not part of the current scope of the project. The alternate location is an 80,000-square foot facility to be purchased in Frackville, PA.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Vineland Poultry, LLC has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Samd Mohamed, the Managing Member of Vineland Poultry, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $346,643 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 Cumberland 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>$733,334</td>
<td>$751,463</td>
</tr>
<tr>
<td>New Jobs</td>
<td>8</td>
<td>40</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>Distressed Municipality</td>
<td>Base award of $4,000 per year for projects located in a designated Distressed Municipality</td>
<td>Vineland City 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>Targeted Industry</td>
<td>An increase of $500 per job for a business in a Targeted Industry of Transportation,</td>
<td>The applicant is a Manufacturing business.</td>
</tr>
</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><strong>The Retained Full-Time Jobs will receive the lesser of:</strong></td>
</tr>
<tr>
<td></td>
<td>- ½ of the Grant Calculation for New Full-Time Jobs ((1/2 * $5,500 = $2,750)) or</td>
</tr>
<tr>
<td></td>
<td>- The estimated eligible Capital Investment divided by 10 (($751,463 / 10 / (40 + 0) = $1,878))</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:**
- Targeted Industry (Manufacturing): $500
- 2007 Revit. Index>465 in Cumberland: $1,000

**INCREASE PER EMPLOYEE:**
- $1,500

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

**LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:**
- $5,500

**AWARD:**
- New Jobs: $220,000
- Retained Jobs: $0

**Total:** $220,000

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

**TOTAL ANNUAL AWARD:**
- $220,000
Vineland Poultry, LLC

Grow New Jersey

Page 5

PROJECT IS: (X) Expansion ( ) Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $ 751,463
EXPECTED PROJECT COMPLETION: June 30, 2018
SIZE OF PROJECT LOCATION: 55,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: (X) Yes ( ) No

NEW FULL-TIME JOBS: 40
RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2016): 0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: $ 24,000

NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $ 2,546,643
TOTAL AMOUNT OF AWARD: $ 2,200,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $ 346,643

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:
1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within 12 months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. If the number of employees, salaries or capital investment to be counted in the Net Benefit Test (NBT) falls by more than 10% from the amounts contained herein, the net benefit to the state will need to be recalculated under the then current NBT model, which may reduce the amount of the Grow NJ Award.

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

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

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

APPLICANT: Yoland Corporation P44623

PROJECT LOCATION: 35-49 Kentucky Avenue/52-66 Iowa Avenue Paterson City Passaic County

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

APPLICANT BACKGROUND:
Yoland Corporation, a subsidiary of D. Yoland Ltd, an Israeli corporation, is a contract manufacturer of illumination parachutes in various sizes for the US Defense Department. The company also manufactures textiles articles for the military such as bag charges for artillery and mortar and body armor. Established in the U.S. in 1999, the company is currently located in Brooklyn, NY with 48 employees. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Yoland Corporation is evaluating sites to relocate its company to house 50 full-time employees as its lease agreement in New York is set to expire in August 2018. Under consideration is the purchase of a 66,994 sq. ft. facility in the City of Paterson by a related entity, which in-turn, the applicant would lease 18,395 sq. ft. of the facility for its operations. Alternatively, the applicant would purchase a 22,747 sq. ft. facility in Philadelphia, PA. The Grow NJ Award includes approximately $2.2 million in capital investment together with the creation of 50 jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Yoland Corporation has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Tal Ginat, the CEO of Yoland Corporation, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $387,256 million over the 30 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>$245,267</td>
<td>$2,260,618</td>
</tr>
<tr>
<td>New Jobs</td>
<td>8</td>
<td>50</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>35-49 Kentucky Avenue/52-66 Iowa Avenue is located in a Deep Poverty Pocket.</td>
</tr>
<tr>
<td>Yoland Corporation</td>
<td>Grow New Jersey</td>
<td>Page 3</td>
</tr>
<tr>
<td>--------------------</td>
<td>----------------</td>
<td>--------</td>
</tr>
<tr>
<td>Targeted Industry</td>
<td>An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business</td>
<td>The applicant is a Manufacturing business.</td>
</tr>
<tr>
<td>Mega/GSGZ Ind. Project w/ Cap. Inv. In Excess of Min</td>
<td>An increase of $1,000 per job for a Mega Project or a project located in a Garden State Growth Zone for each additional amount of capital investment in an industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of $5,000</td>
<td>The proposed project is in a Garden State Growth Zone. The proposed capital investment of $2,260,618 is 822% above the minimum capital investment resulting in an increase of $5,000 per year.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>GRANT CALCULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project located in a Garden State Growth Zone</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
<tr>
<td>A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
<tr>
<td>The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
</tbody>
</table>
| All other projects | The Retained Full-Time Jobs will receive the lesser of:  
- ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $12,000 = $6,000) or  
- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (2,260,618 / 10 / (50 + 0) = $4,521)  
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:
Garden State Growth Zone $5,000

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

INCREASE PER EMPLOYEE: $7,000

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

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $12,000

AWARD:
New Jobs: 50 Jobs X $12,000 X 100% = $600,000
Retained Jobs: 0 Jobs X $12,000 X 100% = $0,000
Total: $600,000

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

TOTAL ANNUAL AWARD $600,000

TOTAL ANNUAL AWARD BASED ON THE BENEFIT TO THE STATE OVER 30 YEARS, PRIOR TO THE AWARD BEING 110% OF THE AWARD WITH A COMMITMENT TO REMAIN IN THE QUALIFIED BUSINESS FACILITY FOR 30 YEARS:

New Jobs: 50 Jobs X $7,738 X 100% = $386,900
Retained Jobs: 0 Jobs X $7,738 X 100% = $0,000

TOTAL ANNUAL AWARD $386,900 *

* PLEASE SEE RECOUPMENT SCHEDULE BELOW
RECOUPMENT SCHEDULE

<table>
<thead>
<tr>
<th>YEAR</th>
<th>RECOUPMENT AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>$1,387,279.00</td>
</tr>
<tr>
<td>17</td>
<td>$1,269,674.01</td>
</tr>
<tr>
<td>18</td>
<td>$1,156,229.57</td>
</tr>
<tr>
<td>19</td>
<td>$1,046,798.49</td>
</tr>
<tr>
<td>20</td>
<td>$ 941,238.80</td>
</tr>
<tr>
<td>21</td>
<td>$ 839,413.53</td>
</tr>
<tr>
<td>22</td>
<td>$ 741,190.57</td>
</tr>
<tr>
<td>23</td>
<td>$ 646,442.47</td>
</tr>
<tr>
<td>24</td>
<td>$ 555,046.32</td>
</tr>
<tr>
<td>25</td>
<td>$ 466,883.52</td>
</tr>
<tr>
<td>26</td>
<td>$ 381,839.68</td>
</tr>
<tr>
<td>27</td>
<td>$ 299,804.48</td>
</tr>
<tr>
<td>28</td>
<td>$ 220,671.46</td>
</tr>
<tr>
<td>29</td>
<td>$ 144,337.96</td>
</tr>
<tr>
<td>30</td>
<td>$  70,704.93</td>
</tr>
</tbody>
</table>

PROJECT IS: (X) Expansion ( ) Relocation

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $2,260,618
EXPECTED PROJECT COMPLETION: September 30, 2018
SIZE OF PROJECT LOCATION: 18,395 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: (X) Yes ( ) No

NEW FULL-TIME JOBS: 50
RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF MAY 31, 2017): 0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: $22,880

NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 30 YEARS, PRIOR TO AWARD): $4,256,256
TOTAL AMOUNT OF AWARD: $3,869,000
NET BENEFIT TO THE STATE (OVER 30 YEARS, NET OF AWARD): $387,256

ELIGIBILITY PERIOD: 10 years
CONDITIONS OF APPROVAL:
1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within 12 months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. If the number of employees, salaries or capital investment to be counted in the Net Benefit Test (NBT) falls by more than 10% from the amounts contained herein, the net benefit to the state will need to be recalculated under the then current NBT model, which may reduce the amount of the Grow NJ Award.
7. The applicant will be required to produce a site control document prior to closing that demonstrates control of the site for the entire 30 year period it has committed to remain in the Qualified Business Facility or its award will revert back to the standard award $2,481,721 for a 15 year commitment based on the actual length of the site control document.

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

DEVELOPMENT OFFICER: C. Fuentes  APPROVAL OFFICER: T. Wells
BOND PROJECTS
BOND RESOLUTIONS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM  

APPLICANT: UMM Energy Partners, LLC  
PROJECT USER(S): Same as applicant  
PROJECT LOCATION: 1 Yogi Berra Drive  
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison (X) Core ( ) Clean Energy  
P44560  

APPLICANT BACKGROUND:  
UMM Energy Partners, LLC is a special purpose entity formed to design, develop, construct, own, operate and maintain the Montclair State University Energy Project. In September of 2013, UMM Energy Partners, LLC (UMM) under a 30 year public private partnership arrangement, funded, designed, built, commissioned and now operates a 15,000 sq. ft. Central Energy Center (CEC) and associated 1.6 mile Thermal Distribution Loop (TDL), which provides Montclair State University (MSU) the majority of its campus energy, the CEC steam, chilled water and electricity for campus power consumption, heating and air conditioning needs. UMM Energy Partners is wholly owned by DCO Energy, LLC.  
In 2012, the Authority issued a $51,265,000 Tax-exempt Series A Bond and a $28,140,000 Series B Taxable Bond (Appl. P36870) to fund the CEC project described above. The 2012 Bonds were underwritten by Raymond James & Associates, Inc. The Series A Bonds are serial bonds ranging in interest rates from 4.75% to 5.12% with a final maturity in 2043; Series B Bonds are also serial bonds ranging in interest rates from 5% to 7% with a final maturity in 2030. The CEC project also received a Large Scale Fuel Cell Energy Grant of $2,380,000, closed in June 2013 (Appl. P37739).  

APPROVAL REQUEST:  
Authority assistance will enable the Applicant to fund the construction of the Microgrid Expansion Project which will integrate the following three additional projects into the established Central Energy Center (CEC) and Thermal Distribution Loop (TDL) footprint to provide the additional energy needs of the growing Montclair State College Campus: 1) a Peak Shaving Generation Facility of 28,000 sq. ft. directly adjacent to the current CEC and Load Management System providing on demand power significantly lowering MSU’s energy charges during critical periods; 2) TDL expansion to provide chilled water and steam services to the campus student recreation center; 3) the construction of a pedestrian utility bridge enabling utilities and student campus access; and 4) purchase of machinery and equipment. In addition, bond proceeds will fund a debt service fund, interest during construction and payment of costs of issuance.  
The 2017 Bonds are expected to be rated investment grade by Moody’s.  

FINANCING SUMMARY:  
BOND PURCHASER: Piper Jaffray & Co. (Underwriter)  
AMOUNT OF BOND: $19,840,000 (Federally Taxable Bond)  
TERMS OF BOND: 30 years (maximum); Fixed interest rate not to exceed 8.0% (Estimated rate as of 11/8/17 is 5.85%).  
ENHANCEMENT: N/A  

PROJECT COSTS:  
Construction of new building or addition $7,515,215  
Construction of roads, utilities, etc. $6,604,115  
Engineering & architectural fees $3,791,204
<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of equipment &amp; machinery</td>
<td>$3,614,155</td>
</tr>
<tr>
<td>Contingency</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Interest during construction</td>
<td>$992,000</td>
</tr>
<tr>
<td>Debt service reserve fund</td>
<td>$708,813</td>
</tr>
<tr>
<td>Finance fees</td>
<td>$391,998</td>
</tr>
<tr>
<td>Legal fees</td>
<td>$105,000</td>
</tr>
<tr>
<td>Working capital</td>
<td>$77,500</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$24,800,000</strong></td>
</tr>
</tbody>
</table>

**JOBS:**

- At Application: 72
- Within 2 years: 2
- Maintained: 0
- Construction: 114

**PUBLIC HEARING:** N/A

**DEVELOPMENT OFFICER:** M. Athwal

**BOND COUNSEL:** Obermayer, Rebmann, Maxwell &

**APPROVAL OFFICER:** T. Wells
COMBINATION PRELIMINARY AND BOND RESOLUTIONS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: Masonic Charity Foundation of New Jersey
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 902 Jacksonville Road Burlington City (T) Burlington
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Masonic Charity Foundation of New Jersey, established in 1898, is a 501(c)(3) not-for-profit organization that owns and operates a facility for the aging. The Foundation currently operates 85 retirement living rental apartments, 75 licensed comprehensive personal care (assisted living) units and 264 licensed skilled nursing beds for seniors as well as a hospice program. Known as the Masonic Village at Burlington, the facilities are located on over 450 acres in Burlington Township, NJ. The Foundation is in process of converting its units to 66 retirement cottages, 167 retirement rental apartments, 77 comprehensive personal care (assisted living) residences and 143 skilled nursing beds to comprise an entire continuing care retirement community. Leonard Weiser is the Executive Director of the Masonic Village.

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 (i) refinance the outstanding balance of the $40,575,000 Revenue Refunding Bonds issued in 2014 by the Public Finance Authority ("2014 Bonds"); (ii) refinance a 2014 bank loan in the original principal amount of $10,460,000 ("2014 Bank Loan"); (iii) fund a debt service reserve fund and (iv) pay costs of issuance of the bonds.

The 2014 Bonds financed (i) various capital improvements to the buildings; (ii) the acquisition of furnishings, fixtures and equipment; (iii) the refunding of the Authority's 2001 Series tax-exempt bonds in the original principal amount of $40,000,000, proceeds of which financed the construction of a four building complex and the renovation of two existing buildings to be used as a skilled nursing facility; and (iv) refunding of the Authority's 2002 Series tax-exempt bonds in the original principal amount of $13,000,000, proceeds of which financed additional costs related to the renovation of the skilled nursing facility. The proceeds of the 2014 Bank Loan financed various renovations at the Project.

FINANCING SUMMARY:

BOND PURCHASER: Cross Point Capital, LLC (Underwriter)
AMOUNT OF BOND: $55,000,000 (Tax-exempt bond)
TERMS OF BOND: 30 years (max.); Fixed interest rate initially not to exceed 5% for 5 years;
(Adjusted rate as of 11/7/17 is 3.35%); subject to call option and rate reset based on market conditions on 5th anniversary.
ENHANCEMENT: N/A

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refinancing</td>
<td>$47,170,000</td>
</tr>
<tr>
<td>Debt service reserve fund</td>
<td>$1,460,000</td>
</tr>
<tr>
<td>Finance fees</td>
<td>$762,800</td>
</tr>
</tbody>
</table>
**APPLICANT:** Masonic Charity Foundation of New Jersey

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Redemption Premium</td>
<td>$752,200</td>
</tr>
<tr>
<td>Legal fees</td>
<td>$225,000</td>
</tr>
<tr>
<td>Accounting fees</td>
<td>$20,000</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$50,390,000</strong></td>
</tr>
</tbody>
</table>

**JOBS:**
- At Application: 350
- Within 2 years: 5
- Maintained: 0
- Construction: 0

**PUBLIC HEARING:** 11/14/17 (Published 10/31/17)  
**BOND COUNSEL:** McManimon, Scotland & Bauman  
**DEVELOPMENT OFFICER:** K. Durand  
**APPROVAL OFFICER:** T. Wells
HAZARDOUS DISCHARGE SITE REMEDIATION FUND
MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: November 14, 2017

SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

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

**HDSRF Municipal Grants:**

<table>
<thead>
<tr>
<th>Project Code</th>
<th>Location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>P44516</td>
<td>Township of Montclair (Southern Pyramid)</td>
<td>$41,022</td>
</tr>
<tr>
<td>P44542</td>
<td>City of Perth Amboy (2nd Street Park)</td>
<td>$718,869</td>
</tr>
</tbody>
</table>

**Total HDSRF Funding – November 2017**  

$759,891

Prepared by: Renée M. Krug
APPLICANT: Township of Montclair (Southend Pyramid)  
P44516

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

PROJECT LOCATION: 397 399 Orange Road Montclair Township (T/UA) Essex

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

APPLICANT BACKGROUND:
Between November 2008 and April 2017, the Township of Montclair received an initial grant in the amount of $111,612 under P20903 and supplemental grants totaling $74,760 under P41724 and P44100 to perform Preliminary Assessment (PA), Site Investigation (SI) and Remedial Investigation (RI). The project site, identified as Block 3904, Lot 57, is an abandoned building historically used as an auto repair facility which has potential environmental areas of concern (AOCs). The Township of Montclair currently owns 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 recreational use.

NJDEP has approved this supplemental 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.

APPROVAL REQUEST:
The Township of Montclair is requesting aggregate supplemental grant funding to perform RA in the amount of $41,022 at the former Southend Pyramid Station project site. Because the aggregate supplemental funding including this request is $115,782, it exceeds the maximum aggregate staff delegation approval of $100,000, and therefore requires EDA’s board approved. Total grant funding including this approval is $227,394.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $41,022
TERMS OF GRANT: No Interest: No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remedial Action</td>
<td>$41,022</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$500</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$41,522</strong></td>
</tr>
</tbody>
</table>

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

APPLICANT: City of Perth Amboy (Second Street Park) P44542
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 25 S. Second St. & Lewis St. Perth Amboy City (T/UA) Middlesex
GOVERNOR'S INITIATIVES: (X) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
In December 2016, City of Perth Amboy, was approved for a grant in the amount of $1,799,986 under P43881 for the project site identified as Blocks 10, 11, and 16, Lots 1.01, 1.02, 1-12; 1.01; and 1.01, 1-14 and 15.01, which is a former park and has potential environmental areas of concern (AOCs). The City 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 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 25% matching costs ($239,623) are being provided by public funding including Natural Resources Damages (NRD).

APPROVAL REQUEST:
City of Perth Amboy is requesting supplemental grant funding to perform RA in the amount of $718,869 at the Second Street Park project site. Total grant funding including this approval is $2,518,855.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $718,869
TERMS OF GRANT: No Interest: No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remedial Action</td>
<td>$958,492</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$500</td>
</tr>
<tr>
<td>TOTAL COSTS</td>
<td>$958,992</td>
</tr>
</tbody>
</table>

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

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

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

**UST Commercial Grants:**
- P41900 John R. Johnson (Johnson’s Service Center) $ 53,684
- P44422 T&J Service Center Inc. $ 191,240
- $ 244,924

**UST Residential Grants:**
- P43596 Antionette Iorio $ 116,086
- P43774 Gladys Moreira $ 129,577
- P43620 Herman & Anna Conklin $ 125,870
- $ 371,533

**Total UST Funding – November 2017** $ 616,457

Prepared by: Reneé M. Krug

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

APPLICANT: John R. Johnson  
PROJECT USER(S): Johnson’s Service Center *  
PROJECT LOCATION: 112 Passaic Street Hackensack City (T/UA) Bergen  
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Between June 2008 and April 2013, John R. Johnson, owner of Johnson’s Service Center, received an initial grant in the amount of $35,145 under P21306 and a supplemental grant in the amount of $80,581 under P36934 to perform soil and groundwater investigation associated with the underground storage tanks (USTs) at the project site. The tanks were decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

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

APPROVAL REQUEST:
The applicant is requesting aggregate grant funding in the amount of $53,684 to perform the approved scope of work at the project site. Because the aggregate supplemental grant funding including this request is $134,265, 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 $169,410.

The NJDEP oversight fee of $5,368 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: $53,684
TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remediation</td>
<td>$53,684</td>
</tr>
<tr>
<td>NJDEP oversight cost</td>
<td>$5,368</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$500</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$59,552</strong></td>
</tr>
</tbody>
</table>

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

APPLICANT: T&J Service Center Inc.

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 31 Kings Road Madison Borough (N) Morris

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

APPLICANT BACKGROUND:
Between March 2011 and July 2013, T&J Service Center Inc., owned by Thomas Granato, received an initial grant in the amount of $290,086 under P33058 and a supplemental grant in the amount of $180,709 under P38121 to perform groundwater investigation and hot-spot remediation for the closure of the former underground storage tank (UST) at the project site. The tank was decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional groundwater remediation.

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

APPROVAL REQUEST:
The applicant is requesting aggregate supplemental grant funding in the amount of $191,240 to perform the approved scope of work at the project site. Because the aggregate supplemental grant funding including this request is $371,949, it exceeds the maximum aggregate staff delegation approval of $100,000 and therefore requires the EDA's board approval. Total grant funding including this approval is $662,035.

The NJDEP oversight fee of $19,124 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: $191,240
TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act.

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remediation</td>
<td>$191,240</td>
</tr>
<tr>
<td>NJDEP oversight cost</td>
<td>$19,124</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$500</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$210,864</strong></td>
</tr>
</tbody>
</table>

APPROVAL OFFICER: K. Junghans
APPLICANT: Antionette Iorio

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 566 Palisade Avenue Jersey City (T/UA) Hudson

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

APPLICANT BACKGROUND:
Antionette Iorio is a homeowner seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $116,086 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $11,609 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: $116,086

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrade, Closure, Remediation</td>
<td>$116,086</td>
</tr>
<tr>
<td>NJDEP oversight cost</td>
<td>$11,609</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$250</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$127,945</strong></td>
</tr>
</tbody>
</table>

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

APPLICANT: Gladys Moreira

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 35 Liberty Place  Weehawken Township (T/UA) Hudson

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

APPLICANT BACKGROUND:
Gladys Moreira is a homeowner seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $129,577 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $12,958 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: $129,577
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrade, Closure, Remediation</td>
<td>$129,577</td>
</tr>
<tr>
<td>NJDEP oversight cost</td>
<td>$12,958</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$250</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$142,785</strong></td>
</tr>
</tbody>
</table>

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

APPLICANT: Herman Conklin and Anna Conklin
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 262 Davis Road, Franklin Borough (N), Sussex
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Herman and Anna Conklin are homeowners seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

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

APPROVAL REQUEST:
The applicants are requesting grant funding in the amount of $125,870 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $12,587 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: $125,870
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:
- Upgrade, Closure, Remediation: $125,870
- NJDEP oversight cost: $12,587
- EDA administrative cost: $250

TOTAL COSTS: $138,707

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

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: November 14, 2017

RE: Energy Resilience Bank – University Hospital-Newark Power Plant Repowering Project Funding Recommendation

Request:

The Members are requested to: (1) deem the University Hospital-Newark Power Plant Repowering Project preliminarily eligible for Energy Resilience Bank (ERB) funding; (2) approve moving the project forward to the next phase of the ERB program review and approval process; (3) reserve $36,267,500 of ERB funds for the project; and, (4) authorize the execution of ERB program funding documents with University Hospital consistent with the terms set forth herein, with the understanding that any material changes to project scope or budget will be brought back to the board for reconsideration.

ERB Program:

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

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

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

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

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

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

University Hospital-Newark Power Plant Repowering Project

Applicant: University Hospital is an independent, state-owned medical center in Newark. University Hospital evolved out of Newark City Hospital, which was established in Newark in 1882. In 1968, the College of Medicine and Dentistry of New Jersey assumed operation of the hospital from the City of Newark. The Medical and Dental Education Act of 1970 created the College of Medicine and Dentistry of New Jersey (CMDNJ) by merging the hospital with the medical school of Rutgers University. In 1981, university status was legislatively awarded to the College of Medicine and Dentistry of New Jersey and the name of the hospital was officially changed to University Hospital. In July 2013 UMDNJ was restructured per the New Jersey Medical and Health Sciences Education Restructuring Act, P.L. 2012, c. 45, N.J.S.A. 18A:64M-1 et seq., and University Hospital in Newark was established as an independent public healthcare institution, serving as a statewide healthcare asset and home to Northern New Jersey's Level I Trauma Center, as well as specialty programs. University Hospital today consists of a 7-story main hospital building, the Medical Science Building, an Ambulatory Care Center, a Cancer Center, and several buildings to support the hospital higher education programs and administration. University Hospital has 519 beds, 526 regular and 138 adjunct medical staff, 603 residents, and 3,521 total employees. For the year ending June 30, 2016, it had 16,522 admissions, 1,402 births, 90,760 emergency room visits, and 172,455 outpatient visits. Its primary service area includes 10 municipalities in Essex and Hudson Counties.

Project Partner: Since the 2013 New Jersey Medical and Health Sciences Education Restructuring Act, University Hospital and Rutgers University have shared the former UMDNJ campus in Newark and coordinate joint operations and responsibilities under a Continuing Services Agreement. University Hospital maintains a close working relationship with Rutgers University as
the primary teaching hospital for many of the schools being transferred to Rutgers as a result of the legislation, but has an independent reporting structure. The campus land is owned by the State of New Jersey while Rutgers owns several buildings on the campus and operates the campus Central Utility Plant (CUP), which provides steam, high-temperature hot water, chilled water and electricity to Rutgers and University Hospital buildings. University Hospital and Rutgers University will enter into a Sublease Agreement, including an Operations and Services Agreement, for this project, which have been reviewed by the Attorney General’s Office. Rutgers University will be a project partner and will provide expertise and assistance with project development and management. University Hospital will own the new ERB System as part of its leasehold interest in the real property.

**Project Location:** University Hospital, 150 Bergen Street, Newark; Rutgers Central Utility Plant, 295 Norfolk Street, Newark, NJ; and the combined University Hospital - Rutgers University Health Sciences Campus, Newark NJ.

**Project Summary:** Consistent with ERB and HUD CDBG-DR program requirements, University Hospital (in conjunction with Rutgers University) will develop a new combined heat and power system at Rutgers’ Central Utility Plant in Newark. The project will be constructed above minimum base flood elevations and will include three new single fuel natural gas CHP combustion turbine generators, each able to continuously deliver approximately 4.5 MW electricity (or a total output of approximately 13.5 MW) that will be interconnected within the facility with the necessary blackstart and islanding system controls to be able to operate independently from the grid in case of a power outage or other emergency.

**National Objective:**
- Benefit to Low Moderate Income Persons or Households – Low Mod Area Benefit: University Hospital’s primary service area includes 20 zip codes spanning 10 municipalities within Essex and Hudson Counties. The LMI analysis of these zip codes calculated the Low/Moderate income residents compared to the entire population within the primary service area to determine that 51.04% of the population served is Low/Moderate. Thus, the service area does qualify as meeting the LMI national objective because more than 51% of the service area is Low/Moderate income and the project would benefit all residents.
- Tie to the Storm - Located in Newark in Essex County – one of the 9 most impacted counties. The facility had substantial roof damage because of Superstorm Sandy and required a roof replacement as well as small repairs such as new ceiling tiles and fixed fences.

**Project Review:** University Hospital-Newark Power Plant Repowering Project is an eligible project at a critical facility which is to be developed within a two-year period by an eligible non-profit applicant, and which meets all ERB program eligibility requirements. EDA reviewed documentation from the applicant to determine there would be no Duplication of Benefits. The New Jersey Board of Public Utilities (BPU) has evaluated the project to determine it meets technical and feasibility requirements as defined in the MOU between the EDA and BPU. Per the standard, publicly available Rutgers CEEEP comprehensive cost benefit analysis, the project and reliability benefits yield a result of 2.7, when taking into account the full project costs, which factored in the economic, emission and resilience costs and the economic and emissions benefits of the project. When complete, the project will allow the hospital to start-up and isolate from the electrical grid and continue operating and providing needed community services and benefits in the event of future storms, disasters, or emergency situations.
Project Scoring: The project received a project score of 90 as outlined below and exceeds the minimum score of 50 required for program eligibility.

Project Funding and ERB Funds: The estimated Total Project Cost is $44,500,000. Based on information provided by University Hospital, EDA has determined that approximately 81.5% of the campus served by the central utility plant and the new CHP will be used by or for the benefit of University Hospital operations and therefore ERB will finance $36,267,500 (81.5% of the total project cost). It is estimated that $13,294,015 are resilient related costs per ERB program guidelines. All preliminary costs and technologies have been reviewed by BPU identifying them as cost reasonable and necessary. There is expected $750,000 of funding from PSEG’s Hospital Efficiency Program, a program authorized by BPU, which will be provided as a loan (0%, 10-year term). The University is responsible for providing the balance of project funds, $7,482,500. Consistent with the ERB’s Financing and Program Guide, the University Hospital-Newark Power Plant Repowering project will be provided with the following, subject to cost reasonableness analysis and review of final project costs:

   ERB Grant: $22,483,409
   ERB Loan Funding: $13,784,091 (2% interest rate, 20-year term)

Loan Repayment: The financing will be a general obligation to the hospital with the projected annual cost of $836,777. Through the established feasibility and technical review, the annual net energy cost savings combined with estimated annual operating and maintenance costs/savings projected from development of the CHP project is approximately $2,969,484, which is sufficient to repay the project loan within the loan terms. The 2012 Restructuring Act provides state funds through the annual state budget appropriations to sufficiently maintain University Hospital. University Hospital received a BBB rating in its most recent rating from Fitch (2015), which is considered investment grade.

ERB Program Fund Balance: After program administrative costs, the Energy Resilience Bank has a $170 million CDBG-DR allocation from HUD to reserve for ERB projects. After today’s actions, there will be $7,823,332 remaining to reserve for additional projects.

Recommendation:

The Members are requested to: (1) deem the University Hospital-Newark Power Plant Repowering Project preliminarily eligible for Energy Resilience Bank (ERB) funding; (2) approve moving the project forward to the next phase of the ERB program review and approval process; (3) reserve $36,267,500 of ERB funds for the project; and, (4) authorize the execution of ERB program funding documents with University Hospital consistent with the terms set forth herein, with the understanding that any material changes to project scope or budget will be brought back to the board for reconsideration.

[Signature]

Attached: Project Funding and ERB Financing and Scoring Sheet
Prepared by: Russel Like
**University Hospital-Newark Power Plant Repowering Project - Nov. 2017**

<table>
<thead>
<tr>
<th>Project Funding and ERB Financing (Public Applicant)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Project Costs:</strong></td>
<td>$ 44,500,000</td>
</tr>
<tr>
<td><strong>Project Funding Sources:</strong></td>
<td></td>
</tr>
<tr>
<td>Resilient Costs</td>
<td>$ 13,294,015</td>
</tr>
<tr>
<td>40% Grant on Remaining Costs</td>
<td>$ 9,189,394</td>
</tr>
<tr>
<td><strong>Total ERB Grant Funding:</strong></td>
<td>$ 22,483,409</td>
</tr>
<tr>
<td><strong>ERB Loan Funding:</strong></td>
<td>$ 13,784,091</td>
</tr>
<tr>
<td><strong>Other Project Funding:</strong></td>
<td></td>
</tr>
<tr>
<td>PSEG Hospital Efficiency Program</td>
<td>$ 8,232,500</td>
</tr>
<tr>
<td>University Hospital Capital</td>
<td>$ 750,000</td>
</tr>
<tr>
<td></td>
<td>$ 7,482,500</td>
</tr>
</tbody>
</table>

---

**UNIVERSITY HOSPITAL – NEWARK PROJECT**

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

Minimum Score of 50 Needed | TOTAL PROJECT SCORE: | 100 | 90 |
ENERGY RESILIENCE BANK (ERB) PROGRAM MODIFICATIONS
MEMORANDUM

TO:       Members of the Authority
FROM:   Timothy Lizura
             President and Chief Operating Officer
DATE:    November 14, 2017
RE:       Energy Resilience Bank – Hunterdon Medical Center Project Funding Modification Recommendation

Request:

The Members are requested to modify the March 24, 2017 Board action for the Hunterdon Medical Center CHP Project under the Energy Resilience Bank (ERB) program by changing the reservation of ERB funding from $10,930,000 to $9,527,715 for the project due to a reconfiguration in preliminary project design.

Background:

In March 2017, the Hunterdon Medical Center (HMC) CHP Project was presented to the EDA Board for review and funding consideration under the Energy Resilience Bank (ERB) program.

Hunterdon Medical Center is a New Jersey not-for-profit, acute care hospital located in Flemington. HMC is a community hospital with 178 beds that provides inpatient and outpatient hospital care with a full range of community health preventive, diagnostic and therapeutic services conducted by the medical staff and is the only hospital located in Hunterdon County. Consistent with ERB and HUD CDBG-DR program requirements, Hunterdon Medical Center will install a new combined heat and power system on their campus in Flemington, NJ. HMC suffered direct physical damage from Superstorm Sandy and will undertake an eligible project at a critical facility which is to be developed within a two-year period by an eligible non-profit applicant, and which meets all ERB program eligibility requirements.

The original project design was to include a nominal 1.98 MW internal combustion cogeneration unit with heat recovery steam generator and jacket water utilization with an estimated total project cost of $10,930,000, to be fully funded by ERB funds (ERB Grant of $5,137,014 and ERB Loan of $5,792,986).
HMC undertook an analysis of the original project scope and determined that cost savings were overstated; to make the project more economically feasible the cost of the project would have to be reduced and therefore HMC redesigned the project with a smaller engine. The revised preliminary design will now include a 1.5 MW engine. The revised estimated total project cost is $9,527,715.

It is estimated that $3,787,892 are cost reasonable resilient related costs per ERB program guidelines. Consistent with the ERB’s Financing and Program Guide, the HMC project will be provided with the following, subject to cost reasonableness analysis and review of final project costs:

- **ERB Grant:** $6,083,341
- **ERB Loan Funding:** $3,444,374 (2% interest rate, 20-year term)

The financing will be a general obligation to the hospital with a reduced projected annual cost of $209,094.16. Through the established feasibility and technical review the annual net energy cost savings combined with estimated annual operating and maintenance costs/savings projected from development of the CHP project is approximately $230,638, which is sufficient to repay the project loan within the loan terms.

**ERB Program Fund Balance:** After program administrative costs, the Energy Resilience Bank has a $170 million CDBG-DR allocation from HUD to reserve for ERB projects. After today’s actions, there will be $7,823,332 remaining to reserve for additional projects.

**Recommendation:**

The Members are requested to modify the March 24, 2017 Board action for the Hunterdon Medical Center CHP Project under the Energy Resilience Bank (ERB) program by changing the reservation of ERB funding from $10,930,000 to $9,527,715 for the project due to a reconfiguration in preliminary project design.

Prepared by: Russel Like
MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

RE: FMER A Purchase and Sale & Redevelopment Agreement and Ground Lease with Fort Monmouth B.E.C., LLC for the Bowling Center Parcel in Eatontown

DATE: November 14, 2017

Request
I am requesting that the Board consent to the Fort Monmouth Economic Revitalization Authority ("FMERA") entering into the redevelopment agreement that is contained within FMER A’s Purchase and Sale & Redevelopment Agreement ("PSARA") with Fort Monmouth B.E.C., LLC ("FMBEC") for the sale of the Bowling Center (the “Project”) and the lease of its underlying land in the Eatontown Reuse Area.

Background
FMERA issued a Request for Sealed Bids ("RFB") on June 7, 2017 in connection with the sale of the 2.9± acre Bowling Center Parcel in Eatontown. The Bowling Center, also known as Building 689, is an approximately 17,599 sf structure located at the corner of Saltzman and Wilson Avenues. The parcel also includes Building 682, a 4,720 sf wood frame building constructed in 1941, which must be demolished by FMBEC. The RFB gave bidders the option of proposing to purchase Building 689 and ground lease the entire 2.9 acres of land, rather than purchasing both the land and the building. Ground leasing the land from FMERA would make the lessee potentially eligible to obtain a special concessionnaire permit from the State of New Jersey, Division of Alcoholic Beverage Control to serve alcohol on the premises. However, the PSARA and ground lease are not contingent on FMBEC’s ability to obtain a special concessionnaire permit, which is at FMBEC’s sole risk, cost and expense.

Responses to the RFOTP were due on July 10, 2017 and FMBEC submitted the sole response. The bidder proposed to purchase the improvements on the property and ground lease the underlying land. An evaluation committee scored the proposal and deemed it compliant. As the winning proposal, the evaluation committee recommended proceeding with negotiations for a PSARA and ground lease. FMER A’s Board approved the sale of the Bowling Center and the ground lease of the land to FMBEC at its August 24, 2017 meeting.

FMBEC is owned by Keith Dougherty, who also owns Circle Bowl & Entertainment in Roxbury, New Jersey. It is affiliated with Holiday Bowl located in Oakland, New Jersey owned by Edward Dougherty. The Dougherty family has been in the bowling business since 1959. Circle Lanes was completely renovated in 2015 and is a successful entertainment venue, with 25 lanes for bowling, an arcade, laser tag, a restaurant and a bar.
The Dougherty family plans to renovate the Fort Monmouth Bowling Center into an expanded entertainment destination, with 20 renovated lanes, a full kitchen, sports bar lounge, arcade game room, two-story laser tag arena, and an outdoor beer garden with a fire pit and bocce courts. The Purchaser is obligated to demolish Building 682 and install necessary site improvements at its sole cost and expense. FMBEC intends to finance the project through its own funds as well as through a loan secured by a leasehold mortgage on the property. After Building 682 is demolished, FMBEC will be allowed under FMERAs Land Use Rules (based on the maximum floor area ratio) to expand Building 689 by 10,000± sf.

Purchase and Sale & Redevelopment Agreement and Ground Lease
Pursuant to the terms of the PSARA, FMBEC will pay $1,300,000 for Building 689, which exceeds the $1,130,000 minimum bid specified in the RFB, and ground lease the entire 2.9 acre Bowling Center Parcel for ninety-nine (99) years for $1 per year. Closing will occur upon the earlier of: (i) thirty (30) days after satisfaction of the conditions precedent to closing, which include FMBEC’s completion of due diligence and receipt of a final remediation document; or (ii) December 1, 2017. FMERAs will convey title to the improvements and ground lease the land to FMBEC in as-is condition, but with clear title and subject to the Army’s on-going obligations under CERCLA to address any pre-existing contamination that may be present on the property.

The project will consist of the renovation and expansion of Building 689 as a bowling entertainment center, the installation of necessary site improvements, and the demolition of Building 682. FMBEC will be obligated to demolish Building 682 and obtain a Certificate of Occupancy for Building 689 within twelve (12) months of closing. Provided the Purchaser is diligently pursuing the issuance of the Certificate of Occupancy and completion of the project, FMBEC shall have the right to extend the time period for completing the project for an additional six (6) months. FMERAs will have the right to repurchase the property if construction is not timely completed. FMBEC represents that it will invest approximately $3,700,000 to complete the project. The Purchaser also covenants to create eight (8) permanent, full-time equivalent jobs and fifty-two (52) part-time jobs at the property within eighteen (18) months of completing renovations and receiving a certificate of occupancy.

Pursuant to the FERA Act, all purchasers of real estate on Fort Monmouth must enter into a redevelopment agreement containing the following provisions, which will be covenants running with the land until the redeveloper completes the project: (i) a provision limiting the use of the property to the uses permitted by the Reuse Plan or an amendment to the Reuse Plan as approved by the FERA Board and uses permitted by FERA’s Land Use Rules; (ii) a provision requiring the redeveloper to commence and complete the project within a period of time that FERA deems reasonable; and (iii) a provision restricting the transfer of the property or the redeveloper’s rights under the PSARA prior to completion of the project. Based on the redevelopment provisions of the PSARA between FERA and FMBEC, staff concludes that the essential elements of a redevelopment agreement between FERA and FMBEC are sufficiently addressed and that it is not necessary for FERA to enter into a separate redevelopment agreement with FMBEC for its redevelopment of the Bowling Center Parcel.
Attached is a substantially final form of the PSARA between FMER and FMBEC. The final terms of the PSARA are subject to the approval of FMER’s Executive Director and the Attorney General’s Office.

**Recommendation**
In summary, I am requesting that the Members consent to FMER entering into the redevelopment agreement contained within the Purchase and Sale & Redevelopment Agreement with Fort Monmouth B.E.C., LLC for the Bowling Center Parcel in Eatontown.

Timothy J. Lizura  
President/Chief Operating Officer

Attachments:  Purchase and Sale & Redevelopment Agreement  
Parcel Map

Prepared by:  Donna T. Sullivan & David E. Nuse
PURCHASE AND SALE AGREEMENT AND REDEVELOPMENT AGREEMENT

BETWEEN

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY

As Seller,

AND

FORT MONMOUTH B.E.C., LLC

As Purchaser

As of _____________, 2017
TABLE OF CONTENTS

1. Definitions
2. Purchase and Sale Agreement
3. The Property
4. The Purchase Price
5. Payment of the Purchase Price
6. Use and Occupancy and Job Creation
7. [Intentionally Omitted]
8. Seller's Repurchase Option
9. Prevailing Wage
10. Purchaser Financially Able to Close
11. Deposit Monies
12. Title and Survey Investigation
13. Due Diligence Period
14. Conditions Precedent to Closing
15. Time and Place of Closing
16. Transfer of Ownership
17. Personal Property and Fixtures
18. Physical Condition of the Property
19. Acknowledgment and Covenants Regarding FOST
20. Risk of Loss
21. Environmental Matters
22. Infrastructure District
23. Termination of Agreement
24. Default by Seller
25. Default by Purchaser
26. Assessments for Municipal Improvements
27. Possession
28. Liens
29. [Intentionally Omitted]
30. Parties Liable
31. Assignment
32. Successors and Assigns
33. Entire Agreement
34. Governing Law
35. Partial Invalidity
36. Headings
37. No Partnership or Joint Venture
38. No Third Party Rights or Benefits
39. No Waiver
40. Time Periods
41. Publication
42. Recording or Notice of Pendency
43. Authority Representations of Purchaser and Seller
44. Lis Pendens
45. Political Campaign Contributions
46. Notices
47. Brokerage Commissions
48. Counterparts
49. Exhibits
50. Recitals
51. Right of Entry
52. Utilities
53. Cooperation
54. Miscellaneous
EXHIBIT LIST

A. Quitclaim Deed from Army to FMERA (Army Quitclaim Deed) [Previously provided by Seller and incorporated herein by reference]

B. Conceptual Plan [To be attached]

C. Survey & Description of Property [To be delivered by Seller at a later date as set forth herein]

D. Title Insurance Policy [To be delivered by Purchaser at a later date as set forth herein]

E. Certificate of Completion [Attached]
PURCHASE AND SALE AGREEMENT AND REDEVELOPMENT AGREEMENT

This PURCHASE AND SALE AGREEMENT AND REDEVELOPMENT AGREEMENT ("Agreement") is made as of ____________, 2017 ("Effective Date") between Fort Monmouth Economic Revitalization Authority, ("FMERA" or "Authority" or "Seller") a public body corporate and political constituted as an independent authority and instrumentality of the State of New Jersey, pursuant to P.L. 2010, c. 51, N.J.S.A. 52:271-18 et seq., whose address is 502 Brewer Avenue, Oceanport, NJ 07757 referred to as the Seller, and, Fort Monmouth B.E.C., LLC ("Purchaser"), a New Jersey limited liability company, whose address is 1113 Route 46 West, Ledgewood, NJ 07852. Seller and Purchaser are collectively referred to herein as the "Parties".

WITNESSETH:

WHEREAS, on behalf of the United States Secretary of Defense, the Office of Economic Adjustment recognizes the Seller as the local redevelopment authority for Fort Monmouth, located in the Boroughs of Tinton Falls, Eatontown and Oceanport, New Jersey; and

WHEREAS, FMERA has publicly advertised a Request for Sealed Bids ("RFB") for the sale of Building 689, an approximately 17,599 square foot building known as the Bowling Center, and a ground leasehold interest in an approximately 2.9 acre parcel of land located on the former Fort Monmouth, in the Borough of Eatontown, New Jersey (the "Property" as further identified, described and defined herein) in accordance with FMERA’s Rules for the Sale of Real and Personal Property, N.J.A.C. 19:31C-2.1 et seq.; and

WHEREAS, Purchaser acknowledges that Seller entered into a Phase 2 Economic Development Conveyance Agreement ("EDC Agreement") with the United States Department of the Army ("Army") on October 25, 2016, which addresses the terms by which the Army transferred to Seller a portion of Fort Monmouth, which includes the Property; and

WHEREAS, Seller is subject to the terms and conditions of the EDC Agreement; and

WHEREAS, Purchaser acknowledges that the Army conveyed the Property to FMERA by way of a quitclaim deed dated November 17, 2016, a copy of which has been provided to the Seller by the Purchaser (the "Army Quitclaim Deed"); and

WHEREAS, FMERA has adopted the Fort Monmouth Reuse and Redevelopment Plan, last amended August 2016, as same may be amended from time to time (the "Reuse Plan"); and
WHEREAS, Seller acknowledges that the Purchaser proposes to utilize the Property as a bowling entertainment facility and related and ancillary uses; and

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, the Property subject to the terms and conditions set forth herein.

NOW THEREFORE, for good and valuable consideration, the mutual receipt and legal sufficiency of which the Parties hereby acknowledge, Seller and Purchaser hereby agree as follows:

DEFINITIONS

For all purposes of this Agreement, the following terms shall have the respective meanings set forth below:

1. Definitions:
   a. **Affiliate** means with respect to Purchaser, any other Person directly or indirectly controlling or controlled by, or under direct common Control with Purchaser. For purposes of this definition the term “Control” (including the correlative meanings of the term “controlled by” and “under common control with” as used with respect to Purchaser), shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management, operations and policies of the Purchaser, whether through the ownership of voting securities or by contract or otherwise.
   b. **Agreement** means this Purchase and Sale Agreement dated above, as same may be amended, modified or supplemented from time to time by written instrument signed by the Parties.
   c. **Army** means the United States of America, acting by and through the Secretary of the Army and any division, department or agency thereof.
   e. **CERCLA Covenants** shall have the meaning ascribed in Section 21.
   f. **Certificate of Occupancy** shall mean a temporary or permanent Certificate of Occupancy, as such term is defined in the New Jersey Administrative Code, issued by the Municipality for the Improvements to be occupied for Purchaser’s intended use of the Property as set forth in Paragraph 6(a) of this Agreement.
g. "Closing" shall mean the transfer of the Property from the Seller to the Purchaser and the transfer of the Purchase Price from the Purchaser to the Seller which shall occur upon the satisfaction of the Conditions Precedent to Closing set forth in Section 14.

h. "Conditions Precedent to Closing" shall mean the obligations of the Purchaser and Seller which are set forth in Section 14.

i. "Deposit" shall mean collectively the Deposit described in Section 5 herein.

j. "Discharge" pursuant to N.J.S.A. 58:10-23.11b, as same may be amended, means any intentional or unintentional action or omission resulting in the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of Hazardous Substances into the waters or onto the lands of the State, or into waters outside the jurisdiction of the State when damage may result to the lands, waters or natural resources within the jurisdiction of the State.

k. "Due Diligence Period" means the period commencing on the Effective Date of this Agreement and ending at Closing as contemplated herein, during which the Purchaser upon prior written notice to Seller, at its sole cost and expense, may investigate the Property to determine whether the as-is condition of the Property is satisfactory to the Purchaser. Seller shall grant Purchaser immediate access to the Property in order to perform the environmental assessment.

l. "EDC Agreement" shall mean the agreement between the Army and FMERA which sets forth the terms by which the Army conveyed portions of Fort Monmouth (including the Property) to FMERA and the terms under which FMERA acquired same from the Army.

m. "Effective Date" shall mean the date set forth in the introductory paragraph of this Agreement.

n. "Environmental Laws" or "Environmental Law," shall mean each and every applicable federal, state, county or municipal environmental and/or health and safety statute, ordinance, rule, regulation, order, code, directive or requirement.

o. "Final Remediation Document" pursuant to N.J.S.A. 58:10-23.11b, as it may be amended, means a no further action letter ("NFA") issued by the NJDEP pursuant to N.J.S.A. 58:10B-1 et al., or a response action outcome ("RAO") issued by a licensed site remediation professional pursuant to N.J.S.A. 58:10C-14.
p. **"Finding of Suitability to Transfer"** or **"FOST"** means the document issued by the Army confirming the environmental suitability of certain parcels located on Fort Monmouth's Main Post for transfer to FERA consistent with CERCLA Section 120(h) and Department of Defense Policy. In addition, the FOST includes CERCLA Notice, Covenant and Access Provisions and other Deed Provisions and the Environmental Protection Provisions necessary to protect human health or the environment after transfer of certain parcels from the Army to FERA.

q. **"Force Majeure"** shall mean the failure or delay of performance by Seller or Purchaser of any provision of this Agreement by reason of the following: labor disputes, strikes, picket lines, boycott efforts, war (whether or not declared), riots, moratorium regarding sewer, water or any other utilities, litigation filed against either Seller or Purchaser affecting the Property, acts of God, or materially adverse conditions affecting the real estate market and the Project or any individual phase of the Project as demonstrated by an independent market study prepared by a qualified economist or financial consultant selected by the Party seeking a delay in performance based upon materially adverse real estate market conditions and approved by the non-benefitting party which approval shall not be unreasonably withheld or delayed. In such cases, neither the Seller nor Purchaser shall be in default of this Agreement if the delay or failure to perform is by reason of the aforementioned events or conditions. Any extension of the timeframes for performance of obligations set forth in this Agreement for Force Majeure shall be contingent upon the Party claiming a Force Majeure notifying the other Party in writing within thirty (30) days of the occurrence of the event resulting in the failure or delay of performance. The time of performance shall be extended for the period of the delay occurring as a result of the Force Majeure event; provided, however, that in no event shall the extension of the timeframe exceed twelve (12) months in the aggregate for all Force Majeure or Tolling events.

r. **"Ground Lease"** means the long-term lease from Seller to Purchaser of an approximately 2.9 acre parcel of land comprising a portion of the Property located in the former Fort Monmouth, Eatontown, New Jersey.
s. "Hazardous Substances" means all substances set forth in N.J.A.C. 7:1E-1.7 as same may be amended from time to time.

t. "Improvements" shall mean the building, fixtures and structures located on Property.

u. "Infrastructure District" shall mean the districts created pursuant to the state statute creating FMERA, P.L. 2010, c. 10 (N.J.S.A. 52:271-18 et seq.), which permits FMERA to create these districts in order to support the redevelopment of the Fort.

v. "Interested Parties" means Purchaser’s Mortgagee, Purchaser's Lender, and/or Purchaser’s Tax Credit Investor.

w. "Municipality" shall mean the Borough of Eatontown, in the County of Monmouth, State of New Jersey.

x. "No Further Action Letter" ("NFA") has the same meaning as set forth at N.J.S.A. 58:10B-1.

y. "Person" means an individual, partnership, Limited Liability Company, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, government authority, or other entity of whatever nature.

z. "Property" The Property consists of Building 689, an approximately 17,599 square foot building known as the Bowling Center, and a ground leasehold interest in an approximately 2.9 acre parcel of land located on the former Fort Monmouth, in the Borough of Eatontown, New Jersey (the “Property” as further identified, described and defined herein). The Property also includes Building 682, a two-story, 4,720 sf wood frame building that the Purchaser shall demolish at its sole cost and expense. The Property is further described in Section 3 and will also be depicted in the boundary survey and the metes and bounds description that Seller will provide to Purchaser within 30 days of the Effective Date of this Agreement.

"Purchaser" shall mean Fort Monmouth B.E.C., LLC, ("FMBEC") and its authorized assignees or successors.

"Purchase Price" is the price that the Purchaser shall pay the Seller for the Property. The Purchase Price shall be paid as described in Sections 4 and 5.

"Tolling" shall mean a period of time during which all time frames and obligations of Purchaser or Seller as set forth in this Agreement are suspended in accordance with
the terms of this Agreement and which suspension of time frames and obligations shall continue until the event causing the Tolling is resolved to the satisfaction of the Party seeking the benefit of a Tolling period. The Party seeking the benefit of a Tolling period must provide the other Party with notice of the happening of the Tolling event within thirty (30) days after the occurrence of the Tolling event.

2. **Purchase and Sale Agreement.** Subject to the terms and conditions set forth in this Agreement and the performance by the Parties of all of the obligations hereunder, the Seller agrees to sell and convey to Purchaser, and the Purchaser agrees to purchase and acquire from Seller, the Property. The Seller will sell and convey to the Purchaser the Property in its as-is condition, which consists of: (a) the buildings, other improvements and fixtures on the land; (b) all personal property specifically included in this Agreement; and (c) a ground leasehold interest in the land.

3. **The Property.** The Property consists of Building 689, an approximately 17,599 square foot building known as the Bowling Center, and a ground leasehold interest in an approximately 2.9 acre parcel of land located on the former Fort Monmouth, in the Borough of Eatontown, New Jersey (the “Property” as further identified, described and defined herein). The Property also includes Building 682, a two-story, 4,720 sf wood frame building that the Purchaser shall demolish at its sole cost and expense.

4. **The Purchase Price.** Subject to adjustments as called for in Section 26, the price that the Purchaser will pay the Seller for the Property is One Million Three Hundred Thousand ($1,300,000.00) dollars.

5. **Payment of the Purchase Price.** Subject to adjustments as called for in Section 26, the Purchaser will pay the purchase price as follows:

   A deposit of One Hundred Thirty Thousand
   ($130,000.00) dollars.                                       $130,000.00
Balance to be paid at closing of title, by wire transfer, in cash or by certified check (subject to adjustment at closing).

$1,170,000.00

Total purchase price $1,300,000.00

6. **Use and Occupancy, Capital Investment, and Job Creation.**

a. **Use and Occupancy:** Purchaser covenants to demolish Building 682, install site improvements, construct an addition of approximately 10,000 SF to the existing bowling center and obtain a Certificate of Occupancy and use and occupy the Property for bowling entertainment facility use consistent with the Fort Monmouth Reuse and Redevelopment Plan within twelve (12) months after Closing. In the event that Purchaser has not demolished Building 682, installed site improvements, construct an addition of approximately 10,000 SF to the existing bowling center and obtained a Certificate of Occupancy and commenced to use and occupy the Property within twelve (12) months from Closing as contemplated above by reason of force-majeure or such reasons as agreed between the Parties and provided Purchaser’s efforts to demolish Building 682, install site improvements and obtain a Certificate of Occupancy and commence using and occupying the Property are ongoing and proceeding in good faith toward the completion of the Project, then in such event, Purchaser shall be entitled to a six (6) month extension of the completion date.

b. **Capital Investment:** Purchaser will demolish Building 682, install site improvements and renovate Building 689’s interior and exterior and construct an addition of approximately 10,000 SF to the existing bowling center (“the “Project”) at an estimated cost of Three Million Seven Hundred Thousand ($3,700,000.00) dollars.

c. **Job Creation:** Purchaser covenants that Purchaser will relocate or create a total of sixty (60) jobs: a minimum of eight (8) full-time equivalent jobs and fifty-two (52) part-time jobs, within eighteen (18) months of the completion of renovation and obtaining the initial certificate of occupancy.
7. [Intentionally omitted]

8. **Seller's Repurchase Option.** The quitclaim deed from Seller to Purchaser shall provide that if the timeframes set forth herein have not been met, then Seller shall have the right to repurchase the Property, at Seller's sole option, if Purchaser has not demolished Building 682 and obtained a Certificate of Occupancy and commenced to use and occupy the Property within twelve (12) months from Closing. In the event Purchaser's efforts to obtain a Certificate of Occupancy is ongoing and Purchaser is proceeding in good faith toward the use and occupancy of the Property, then in such event, Purchaser shall be entitled to a six (6) month extension of the twelve (12) month completion date without penalty. Such repurchase right shall be, by its terms as set forth in the quitclaim deed, subordinate to any and all land, construction, permanent or other lender whose lien shall have superiority over any such rights.

   a. Should Seller exercise this repurchase option, Seller shall pay Purchaser One Million Three Hundred Thousand ($1,300,000.00) dollars. Any repurchase purchase price paid by Seller shall be applied first to reduce any outstanding balance of any mortgage or lien imposed on the Property by Purchaser.

   b. Seller's repurchase right shall always be subject to and shall not defeat, render invalid or limit in any way (i) the lien of any mortgage in favor of any Interested Parties or (ii) any rights or interests for the protection of Interested Parties. Notwithstanding anything herein to the contrary, Seller agrees to provide Purchaser with ninety (90) days advance written notice of Seller's intent to exercise its right of repurchase and the Purchaser shall have the opportunity to cure within said notice period. The ninety (90) day period referred to is known as the "Repurchase Cure Period." During the Repurchase Cure Period, any of the Interested Parties may either (a) cure the default identified by the Seller in their default notice or (b) agree with Seller on a proposal which must be acceptable to both parties in both parties' reasonable discretion, for one or more of the Interested Parties to cure Purchaser's default beyond the Repurchase Cure Period. If following the Repurchase Cure Period, the default is neither cured nor have the parties agreed upon a proposal to cure the default, then Seller may move forward with its right of repurchase.
c. The Seller’s right of repurchase shall survive the Closing and/or termination of this Agreement, and shall run with the land on any portion of the Property that is subject to the Seller’s right of repurchase pursuant to Section 8(a).

d. Seller shall release its right of repurchase by issuing a Certificate of Completion on any portion of the Property for which the improvements as set forth in Exhibit B have been completed upon the presentation of proof of completion, upon which Purchaser shall be entitled to record the Certificate of Completion.

9. **Prevailing Wage.** Prevailing wage will only apply to the extent that a project includes “public work” as that term is defined in the State Prevailing Wage Act, N.J.S.A. 34:11-56.25 et seq., or if the applicant receives financial assistance from FMERA, the State or any other State entity. Notwithstanding the foregoing, if FMERA retains ownership of any portion of the Property and ground leases it to the Purchaser, the Purchaser will be obligated to pay workers employed to install, construct, renovate, refurbish or maintain any improvements on that portion of the Property not less than the prevailing wage rate for the particular trade, as required by N.J.S.A. 34:11-56.25 et seq. This requirement will continue for the duration of the Ground Lease.

10. **Purchaser Financially Able to Close.** The Purchaser represents that it has or will have sufficient cash available at Closing to complete the purchase. The Closing shall not be contingent upon the Purchaser or any other Person obtaining financing to pay the Purchase Price. Notwithstanding Purchaser’s representation that it has or will have sufficient cash available at Closing to complete the purchase, Purchaser may in Purchaser’s sole discretion choose to seek and obtain financing to complete the purchase.

11. **Deposit Monies.**

   a. All deposit monies (and interest accrued thereon) will be held by FMERA as escrow agent (“Escrow Agent”) in an interest-bearing account until the date of Closing or as otherwise provided in this Agreement. At Closing, Purchaser shall receive a credit against the Purchase Price in the amount of the Deposit and all interest accrued thereon. If Purchaser terminates this Agreement in accordance with its terms, the Escrow Agent shall refund the Deposit to Purchaser within ten business days of receipt of Purchaser’s notice. The Deposit shall be refundable upon termination of this Agreement pursuant to Sections 11, 12, 13, 14, 21, 23 and 24.
b. In the event that this Agreement is terminated by the Seller because Purchaser defaults and said default is not cured within the time frames established herein, then the Escrow Agent shall pay the Seller the One Hundred Thirty Thousand ($130,000.00) dollar Deposit and all accrued interest as liquidated damages.

12. Title and Survey Investigation.
   a. Seller agrees that prior to and as a Condition Precedent to Closing, Seller shall:
      i. Deliver title to the Property that is good, marketable, fee simple title, valid of record and insurable at regular rates; and
      ii. Satisfy, remove, discharge and/or cure to the reasonable satisfaction of Purchaser and its Title Company the following requirements and exceptions that are identified in the Title Commitment:
          [List any title objections identified by Purchaser]
   b. Within thirty (30) days of the Effective Date of this Agreement, Seller will provide Purchaser a boundary survey and metes and bounds description of the Property. If Purchaser elects to obtain a survey, then no later than the end of the Due Diligence Period, Purchaser shall deliver to Seller a copy of Purchaser’s survey together with a list of survey objections. Not later than ten (10) days after Seller receives Purchaser’s survey objections, Seller shall notify Purchaser which of the objections, if any, Seller shall cure prior to or at the Closing, including when and in what manner said items are to be cured. If Purchaser is dissatisfied with Seller’s response or lack of response, Purchaser may either terminate this Agreement within thirty (30) days of receipt of Seller’s response (or within thirty (30) days of Seller’s failure to respond) or proceed under this Agreement. If Purchaser elects to proceed under this Agreement after Purchaser supplies an unsatisfactory response or no response, then Purchaser’s election is deemed an acceptance of the survey objections by the Purchaser and Seller shall have no further obligation to cure the Purchaser’s survey objections either prior to or at Closing.
   c. Purchaser shall have the further right to order a run-down title examination(s) at any time prior to Closing, at Purchaser’s cost and expense, and to submit to Seller any title and/or survey objections which may have arisen since the initial title and survey examination.
d. If Seller fails to meet the requirements of Section 12(a), or if Seller has agreed to cure a survey objection pursuant to Section 12(b) and fails to do so, or if Purchaser has additional title and/or survey objections as a result of its run-down title examination pursuant to Section 12(c) and Seller fails to cure such objections, then Purchaser may: (i) delay Closing to a date mutually agreed upon by Seller and Purchaser so that Seller or Purchaser removes or cures such non-permitted exception at Seller’s expense; or (ii) terminate this Agreement and receive a full refund of the Deposit.

e. From the date of this Agreement, Seller shall not permit any further encumbrance on the Property without Purchaser’s prior written consent, which consent may be withheld for any reason.

13. Due Diligence Period.

a. Purchaser, its agents and Purchaser’s prospective assignees, shall have the right, during the Due Diligence Period, and at all times during the term of this Agreement, to access the Property, to inspect the Property and to investigate all matters relating thereto, including, but not limited to, existing zoning requirements, the physical condition of the Property, the environmental condition of the Property and its environs, and any other matters Purchaser deems relevant to its decision to purchase the Property.

b. Purchaser may terminate this Agreement in its sole, absolute and unfettered discretion prior to Closing as contemplated herein. Upon termination of this Agreement during the Due Diligence Period, the Deposit shall be promptly returned to Purchaser.

c. Purchaser, its agents and Purchaser’s prospective assignees, shall provide Seller with proof of the following insurances prior to being provided access to the Property:

i. Comprehensive General Liability policy (including insurance with respect to owned or operated motor vehicles which may be provided under a separate policy) as broad as the standard coverage form currently in use in the State of New Jersey, which shall not be circumscribed by any endorsements limiting the breadth of coverage. The policy shall include an additional insured endorsement (broad form) for contractual liability. Limits of liability and property damage in the minimum amounts of one million ($1,000,000.00) dollars per occurrence and
three million ($3,000,000.00) dollars aggregate. Seller shall be named an additional insured on this policy;

ii. Worker’s Compensation applicable to the Laws of the State of New Jersey and Employer’s Liability Insurance with limits of not less than one hundred thousand ($100,000.00) dollars per occurrence for bodily injury liability and one hundred thousand ($100,000.00) dollars occupational disease per employee with an aggregate limit of five hundred thousand ($500,000.00) dollars occupational disease;

d. Purchaser shall repair any damage caused by its investigations and shall restore the Property to substantially the same condition as existed immediately prior to such investigations. Purchaser hereby indemnifies and holds Seller harmless from any liability to the extent related to any negligent act or omission of Purchaser or Purchaser’s agents or representatives in the performance of any and all activities conducted on the Property by Purchaser until Closing, unless such liability is the result of Seller’s negligence or intentional acts or omissions.

14. Conditions Precedent to Closing. The Closing is subject to and conditioned upon the following:

a. Receipt by Purchaser of a Final Remediation Document that demonstrates that any area of concern or Hazardous Substance at the Property has been remediated in accordance with all applicable Environmental Laws which document includes a covenant not to sue pursuant to either N.J.S.A. 58:10B-13.1 or N.J.S.A. 58:10B-13.2;

b. Seller shall have performed all covenants, agreements and conditions required by this Agreement to be performed by Seller prior to or as of Closing and shall have cured all defaults;

c. Seller shall have satisfied all conditions relating to the conveyance of fee simple marketable title insurable at regular rates in accordance with Section 12;

d. Purchaser has not terminated this Agreement in accordance with the terms set forth in this Agreement; and

e. Seller and Purchaser shall have entered into a Ground Lease as of the date of Closing.

f. The Seller and Purchaser mutually agree as follows concerning the Conditions Precedent to Closing:
i. Purchaser shall conduct standard due diligence prior to closing;

ii. Each Party shall use its best efforts to perform all conditions required by this Agreement diligently prior to or as of Closing and each Party shall have cured any of its respective defaults prior to Closing or at Closing; and

iii. Either Party may waive the performance of a covenant or a condition by the other Party, or may waive the cure of the other Party’s default at any time prior to Closing or at Closing.

15. **Time and Place of Closing.**

   a. The Closing shall take place on the earlier of: (i) the date which is thirty (30) days after satisfaction of the Conditions Precedent to Closing detailed in Section 14; or (ii) December 1, 2017. The Closing will be held at the offices of Purchaser’s counsel.

   b. If any event constituting a Force Majeure is in effect at the time of the Closing, then the date for the Closing shall be Tolled and suspended for an equal number of days not to exceed twelve (12) months in the aggregate for all Force Majeure or Tolling events.

   c. Seller shall deliver the following documents at Closing in form and substance satisfactory to Purchaser and to Purchaser’s Title Company: (1) entity resolution; (2) paid receipt of commission to the Real Estate Broker; (3) tax and utility bills, if any; (4) Certificate of Compliance with Section 1445 of the Internal Revenue code (FIRPTA), (5) Bill of Sale for improvements and any Personalty; (6) IRS Form 1099; (7) partial release of mortgage in favor of the County of Monmouth; (8) a post-Closing adjustments letter whereby the Parties agree to readjust the pro-rations should any error or mistake be discovered within twelve (12) months of Closing; and (10) Memorandum of Ground Lease. Purchaser shall deliver the Purchase Price and a Title Closing Statement at Closing.

   d. At Closing, Purchaser shall pay the balance of the Purchase Price (after application of a credit for the Deposit and all accrued interest) to the Seller. Purchaser shall make payment at Purchaser’s option by either certified check or attorney trust account check or with the consent of Seller by wire transfer.

16. **Transfer of Ownership.** At Closing, the Seller shall transfer ownership of the Property to the Purchaser via a properly executed quitclaim deed. The quitclaim deed shall be in a form
reasonably acceptable to Purchaser and the Title Company. The quitclaim deed between the Parties shall include a metes and bounds description of the Property that, at Purchaser’s election, shall be based upon the boundary survey supplied and paid for by FMERA and which may also recite the survey to be prepared by the Purchaser, at Purchaser’s sole cost and expense. The quitclaim deed between the Purchaser and Seller shall be subject to all notices, CERCLA Covenants, covenants, access provisions, deed provisions and environmental protection provisions recorded upon the Property as set forth in the Army Quitclaim Deed and any covenants and restrictions that must be recorded pursuant to the requirements of N.J.A.C. 19:31C-3.24.

17. Personal Property and Fixtures. Many items of property become so attached to a building or other real property that they become a part of it. These items are called fixtures. They include such items as fireplaces, patios and built-in shelving. All personal property and fixtures are INCLUDED in this sale unless they are listed below as being EXCLUDED.

a. The following fixtures are EXCLUDED from this sale: none.

b. The following personal property is EXCLUDED from this sale: none.

18. Physical Condition of the Property. This Property is being sold “as is”. The Seller does not make any claims or promises about the condition or value of any of the Property included in this sale. The Purchaser has inspected the Property and relies on this inspection and any rights, if any, which may be provided for elsewhere in this Agreement. Until Closing, the Seller agrees to maintain the grounds and secure, but not maintain, the building and improvements; provided, however, that the Purchaser will be responsible for utility costs and property maintenance expenses beginning three (3) months after execution of this Agreement, whether or not the Purchaser has closed on the Property.

19. Acknowledgment and Covenants Regarding FOST. Purchaser and Seller agree and acknowledge that the Army is responsible for the environmental investigation and remediation of the Property, as required by applicable law. The Purchaser further acknowledges that Seller has previously provided a copy of the FOST. The Purchaser and Seller agree that to the extent that the notices, covenants, access provisions, deed provisions and environmental protection provisions concerning the Property found in the FOST are contained in the Army Quitclaim Deed, then such terms shall run with the land. Purchaser, its affiliates, assignees, corporate successors, heirs, devisees and personal representatives
covenant and hold harmless the Seller, and shall make no claim against the Seller, its successors and assigns, whether based upon strict liability, negligence or otherwise, concerning noise, environmental, land use, pollution, vibrations, or any similar problems, for any damage, direct or consequential, to any person or persons, or to property or otherwise, or for any other relief, which may arise from the condition of the Property or the fact that the Property is subject to the FOST and the Army Quitclaim Deed. This covenant shall survive Closing and/or termination of this Agreement and if the terms are included in the Army Quitclaim Deed, then such terms shall also run with the land and be binding upon the Purchaser and its successors and assigns.

20. **Risk of Loss.** Seller shall be responsible for all losses and damages to the Property by fire, windstorm, casualty or other cause, and for all damages or injuries to persons or property occurring thereon or relating thereto (except as may be caused by acts of the Purchaser or its officers, employees, agents, contractors, licensees or sub lessees) prior to Closing. Notwithstanding the foregoing, Seller shall have no obligation to repair, replace or demolish any portion of the Property that is damaged or destroyed prior to Closing, but Seller shall take reasonably appropriate measures to ensure that the Property is secured against vandalism. Seller represents that it has insured Building 689 against casualty loss and its insured value is One Million Two Hundred Seventy Thousand ($1,270,000.00) dollars. Seller agrees that in the event Building 689 suffers a casualty loss, Seller will assign all insurance proceeds to the Purchaser.

21. **Environmental Matters.**

   a. Purchaser and Seller acknowledge that pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Army will retain responsibility for any Army caused environmental contamination (other than mold, asbestos containing materials, lead-based paint, petroleum products and their derivatives, PAHs and commercially-applied pesticides and termiteicides) that may be present on the Property as of the date of the Army Quitclaim Deed and as otherwise set forth in the RFB. The Parties acknowledge that the quitclaim deed between Seller and the Purchaser shall contain certain covenants required by CERCLA (the “CERCLA Covenants”) which covenants are contained in the Army Quitclaim Deed.
The Seller shall not bear any responsibility or liability to the Purchaser or its successors or assigns for the presence of mold, asbestos containing materials, lead-based paint, petroleum products and their derivatives, PAHs or commercially applied pesticides and termicides on the Property as of or after the Closing. Purchaser shall be solely responsible for the proper disposal of any mold, asbestos containing materials, lead-based paint, petroleum products and their derivatives, PAHs or commercially applied pesticides encountered during the renovation or demolition of any improvements on the Property.

b. If Seller receives notice from any Person at any time prior to the Closing that any Discharge of a Hazardous Substance has occurred on the Property which has not already been documented in the FOST, then Seller shall provide Purchaser with notice of the Discharge on the Property within three (3) days of receiving notice. Seller shall advise Purchaser within thirty (30) days of receiving the notice of Discharge whether Seller or the Army or other responsible third party shall remediate such Discharge and obtain a Final Remediation Document. If Seller advises Purchaser that neither the Seller nor the Army nor the other responsible third party shall remediate the Discharge and obtain a Final Remediation Document, then Purchaser shall have thirty (30) days from the receipt of this notice from the Seller to terminate this Agreement and receive a full refund of all Deposits. If Purchaser fails to terminate this Agreement within thirty (30) days of receipt of notice from the Seller that neither the Seller nor the Army nor the other responsible third party shall remediate the Discharge, then the Purchaser shall have waived the right to terminate the Agreement due to the Discharge. If Purchaser waives the right to terminate the Agreement after receiving notice from the Seller that neither the Seller nor the Army nor the other responsible third party shall remediate the Discharge of a Hazardous Substance on the Property, then Purchaser shall not be entitled to a set off or reduction in Purchase Price at Closing.

c. If Seller or the Army or the other responsible third party agree to remediate the Property by delivering a Final Remediation Document and Seller or the Army or the other responsible third party subsequently fails to provide the Final Remediation Document prior to the date set for the Closing, then Purchaser may (1) terminate this
Agreement and recover all Deposits, or (2) delay Closing to a date reasonably specified by Purchaser to allow sufficient time for Seller or the Army or the other responsible third party to obtain the Final Remediation Document.

22. **Infrastructure District.** Retail sales within an Infrastructure District on the Fort will be exempt to the extent of fifty (50) percent of the retail sales taxes (except taxes generated from the retail sale of motor vehicles, alcoholic beverages, cigarettes or energy) normally collected by the State of New Jersey, and FMERA may collect a franchise assessment not to exceed the remaining fifty (50) percent of retail sales taxes normally collected, to be used by FMERA toward on-site or off-site infrastructure improvements, or parking or transportation facilities, or work that reduces, abates, or prevents environmental pollution, or other improvements that provide a public benefit within or to an Infrastructure District. FMERA may, at its Board’s discretion, opt to collect less than fifty (50) percent of normal sales tax through the franchise agreement, effectively allowing retailers to charge less than the current sales tax imposed under the New Jersey Sales and Use Tax Act. In the event that FMERA creates an Infrastructure District that includes the Property within its boundaries, Purchaser and any tenants operating a retail business on the Property shall apply to become a certified retail vendor.

23. **Termination of Agreement.** If this Agreement is legally terminated, the Purchaser and the Seller shall be free of liability to each other, except (subject to the terms of Section 11 herein) for the return of the Deposit with all accrued interest that may be owed and any obligations that specifically survive termination of the Agreement.

24. **Default by Seller.** If Seller shall be unable or fail to convey the Property in accordance with the terms of this Agreement, then Purchaser shall have the right to terminate this Agreement and upon return of the Deposit (together with all interest accrued thereon), this Agreement shall be terminated and neither party shall have any further rights or obligations hereunder, except for any rights or obligations that specifically survive the termination of this Agreement.

   a. Purchaser acknowledges that the remedies set forth in this Section 24 are Purchaser’s exclusive remedies in the event of any breach of or default under this Agreement by Seller or the inability or unwillingness of Seller to consummate the Closing as provided in this Agreement. In no event shall Purchaser have any claim for any
damages against Seller, except as set forth in this Section 24. The terms of this Section 24 shall survive the Closing and/or any termination of this Agreement.

b. The Purchaser agrees that prior to declaring the Seller in default hereunder, Purchaser shall provide Seller with thirty (30) days advance written notice of such default and Seller shall have the right to cure such default within said thirty (30) day period.

25. Default by Purchaser.

a. The following occurrences shall be a default by Purchaser of the terms of this Agreement:

i. Failure of Purchaser to observe and perform any covenant, condition, representation, warranty or agreement hereunder, and continuance of such failure for a period of ninety (90) days (if such default cannot be reasonably cured within ninety (90) days, then such obligation to cure shall be extended for such time as is minimally necessary to undertake such cure), after receipt of written notice from the Seller specifying the nature of such failure and requesting that such failure be remedied.

ii. Purchaser shall have (a) applied for or consented to the appointment of a custodian, receiver, trustee or liquidator of all or a substantial part of its assets; or (b) a custodian shall have been legally appointed with or without consent of Purchaser; or (c) Purchaser has (1) has made a general assignment for the benefit of creditors, or (2) has filed a voluntary petition in bankruptcy or a petition or an answer seeking an arrangement with creditors or has taken advantage of any insolvency law; or (d) Purchaser has filed an answer admitting the material allegations of a petition in any bankruptcy or insolvency proceeding; or (e) a petition in bankruptcy shall have been filed against Purchaser, and shall not have been dismissed for a period of ninety (90) consecutive days; or (f) an Order for Relief shall have been entered with respect to or for the benefit of Purchaser, under the Bankruptcy Code; or (g) an Order, judgment or decree shall have been entered, without the application, approval or consent of Purchaser, by any court of competent jurisdiction appointing a receiver, trustee, custodian or liquidator of Purchaser, or a substantial part of its assets and such order, judgment or decree shall have
continued unstayed and in effect for any period of ninety (90) consecutive days; or (b) Purchaser shall have suspended the transaction of its usual business.

iii. Purchaser has abandoned or substantially suspended any work on the Certificate of Occupancy such abandonment or suspension of work shall not be cured, ended or remedied within ninety (90) days after written demand by the Seller.

iv. The Purchaser shall place on the Property any unauthorized encumbrance or lien on the Property prior to Closing, or shall suffer any levy or attachment to be made on the Property prior to Closing, or any materialmen's or mechanics' lien, or any other unauthorized encumbrance or lien to attach to the Property prior to Closing and the encumbrance or lien shall not have been removed or discharged satisfactorily to the Seller at the sole cost and expense of the Purchaser within ninety (90) days after written demand by the Seller to do so.

b. If an occurrence of default by Purchaser occurs or Purchaser fails or refuses to consummate the Closing (where no default by Seller has occurred under the Agreement and all Conditions Precedent to Closing have been satisfied), then Seller, as its sole and exclusive remedy, may terminate this Agreement by giving notice thereof to Purchaser. Upon any such termination, Seller shall retain as liquidated damages the portion of the Deposit stated in Section 11(b) above and all accrued interest and neither party shall have any further rights or obligations hereunder, except any rights or obligations that specifically survive the termination of this Agreement.

c. Seller agrees that prior to declaring the Purchaser in default, Seller shall provide Purchaser with ninety (90) days advance written notice of such default and Purchaser shall have the right to cure such default within ninety (90) of receipt of written notice of the default.

26. Adjustments at Closing/Assessments for Municipal Improvements.

a. Subject to the provisions of Section 18 above, the Purchaser and Seller agree to adjust the following expenses as of the closing date: water charges, sewer charges, and
taxes. The Purchaser or the Seller may require that any person with a valid claim or right affecting the Property be paid from the proceeds of this sale.

b. Certain municipal improvements, including, but not limited to, sidewalks and sewers, may result in the Municipality charging property owners to pay for the improvement. All unpaid charges (assessments) against the Property for work completed before the date of Closing will be paid by the Seller at or before Closing, unless such assessments resulted from action taken by the Municipality in connection with Purchaser’s Project, then the Purchaser shall pay such assessments. If the improvement is not completed before the date of Closing then only the Purchaser will be responsible. If the improvement is completed at or before Closing, but the amount of the charge (assessment) has not been determined by the Municipality, the Seller will pay an estimated amount at Closing (unless such assessments resulted from action taken by the Municipality in connection with Purchaser’s Project, then the Purchaser shall pay such assessments). When the amount of the charge is finally determined by the Municipality, the Seller will pay any deficiency to the Purchaser (if the estimate proves to have been too low), or the Purchaser will return any excess to the Seller (if the estimate proves to have been too high).

27. Possession. At Closing, the Purchaser will be given possession of the Property subject to the Army’s right of access to the Property pursuant to the Army Quitclaim Deed. The delivery of the Ground Lease for the Property by Seller to Purchaser and possession of the Property from Seller to Purchaser and the acceptance of possession of the Property by Purchaser shall be deemed full performance by Seller of its obligations under this Agreement, except for any duties that expressly survive Closing as provided herein.

28. Liens. In the event that an objection to title consists of an unpaid lien of a defined amount attributable to Seller, Seller has the right to satisfy the lien from the sales proceeds.

29. [Intentionally omitted]

30. Parties Liable. This Agreement is binding upon the Parties and all who succeed to their rights and responsibilities.

31. Assignment.

a. Seller shall have the right to assign this Agreement without the consent of Purchaser to the State of New Jersey or any division thereof.
b. Purchaser shall not have the right to assign this Agreement without first obtaining the express written consent of the Seller, which consent shall not be unreasonably withheld provided that:
   i. the assignee is an Affiliate of the Purchaser;
   ii. the assignee is approved by the State of New Jersey’s Department of the Treasury Chapter 51 Review Unit for compliance with the State of New Jersey's laws governing political contributions;
   iii. the assignee has demonstrated to the satisfaction of FMERA that the potential assignee has the financial ability to meet the funding requirements of this Agreement and the Project;
   iv. the assignee provides the Seller with an unqualified and unconditional acceptance of the terms and conditions of this Agreement; and
   v. the assignment will not delay the Closing or the Completion of the Project.

c. The Parties agree that if Seller authorizes an assignment in accordance with the terms herein, then Seller shall enforce this Agreement against the assignee and Seller shall release Purchaser from any and all duties, obligations, claims and damages arising under this Agreement, provided that the assignee has unconditionally accepted the assignment of this Agreement.

32. Successors and Assigns. This Agreement shall inure to the benefit of and shall bind the Parties, their successors and assigns.

33. Entire Agreement. It is understood and agreed that all understandings and agreements between the Parties regarding purchase, sale and conveyance of the Property are merged in this Agreement which alone fully and completely expresses their agreement. This Agreement replaces and supersedes any previous agreements between the Purchaser and the Seller regarding the purchase, sale and conveyance of the Property. This Agreement can only be changed by an agreement in writing signed by both Purchaser and Seller. The Seller states that the Seller has not made any other Agreement to sell the Property to anyone else.

34. Governing Law.
   a. This Agreement shall be governed, interpreted, construed and enforced in accordance with, the laws of the State of New Jersey without respect to any principles of conflict of law, both as to interpretation and performance. Seller and Purchaser waive any
statutory or common law presumption which would serve to have this Agreement construed in favor and against either party as the drafter.

b. The Seller and the Purchaser agree that any and all claims made or to be made against the Seller based in contract law arising from or in connection with this Agreement shall be governed by and subject to the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

35. **Partial Invalidity.** If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by Law.

36. **Headings.** The headings of the various Sections and Exhibits of this Agreement have been inserted only for the purposes of convenience, and are not part of this Agreement and shall not be deemed in any manner to modify, explain or restrict any of the provisions of this Agreement.

37. **No Partnership or Joint Venture.** Nothing contained in this Agreement will make or will be construed to make the Parties hereto joint venture partners with each other, it being understood and agreed that the only relationship between Purchaser and Seller hereunder is that of seller and purchaser. Nor should anything in this Agreement render or be construed to render either of the Parties hereto liable to the other for any third-party debts or obligations due the other party.

38. **No Third-Party Rights or Benefits.** Nothing in this Agreement shall be construed as creating any rights of enforcement against any person or entity that is not a party to this Agreement, nor any rights, interest or third-party beneficiary status for any entity or person other than Purchaser and Seller. This Agreement is not an obligation of the State of New Jersey or any political subdivision thereof (other than FMRSA) nor shall the State or any political subdivision thereof (other than FMRSA) be liable for any of the obligations under this Agreement. Nothing contained in this Agreement shall be deemed to pledge the general credit or taxing power of the state or any political subdivision thereof (other than FMRSA).
39. **No Waiver.** No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other documents furnished in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege, or the exercise of any other right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

40. **Time Periods.** All time periods contained in this Agreement shall expire at five o’clock (5:00) p.m. Eastern Time on the date performance is due and any performance after such time and any Notice received after such time shall be deemed to have occurred on the next business day. In the event that any date falls on a weekend or any other day which commercial banks in the State of New Jersey are closed or permitted to be closed, the date shall be deemed to extend to the next weekday.

41. **Publication.** Purchaser and Seller agree to consult with and cooperate with each other on the content and timing of all press releases and other public announcements relating to the transactions contemplated by this Agreement and that Purchaser shall not issue any announcement or statement without the express written approval of Seller as to the text of the announcement.

42. **Recording or Notice of Pendency.** Purchaser shall not record nor attempt to record this Agreement; however, Purchaser may record the following: a) a memorandum or “short form” of this Agreement, b) a Notice of Settlement or c) other reporting requirements under the Federal Securities Laws or other securities laws applicable to the Purchaser, provided that the documents that Purchaser proposes to record are provided to the Seller for review and approval, which shall not be unreasonably delayed or withheld, prior to recording. In the event Purchaser records this Agreement, without having obtained the prior written consent of Seller thereto, then Purchaser shall be deemed in material incurable default under this Agreement and Seller shall be authorized without any notice whatsoever: (i) to terminate this Agreement and (ii) to take the Deposit set forth in Section 5, including interest as liquidated damages, such damages being difficult, if not impossible to ascertain. This Section shall survive the termination of the Agreement.
43. **Authority Representations of Purchaser and Seller.** Purchaser and Seller hereby represent to each other on and as of the date of this Agreement and on and as of the transfer(s) provided for herein, that each have full capacity, right, power and authority to execute, deliver and perform this Agreement, and all required action and approvals therefore have been duly taken and obtained. The individual(s) signing this Agreement and all other documents executed or to be executed pursuant hereto on behalf of Seller and Purchaser shall be duly authorized to sign the same on Purchaser’s and Seller’s behalf and to bind Seller and Purchaser thereto. This Agreement and all documents to be executed pursuant to Seller and Purchaser are and shall be binding upon and enforceable against Seller and Purchaser in accordance with their respective terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulations or ruling of any court or governmental authority, or conflict with, result in a breach of, or constitute a default under any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Purchase or Seller is bound.

44. **Lis Pendens.** Unless Seller defaults, Purchaser hereby waives any right or privilege to place a lis pendens upon the Property or any property owned or controlled by FMERA and, accordingly, notwithstanding anything contained herein to the contrary, Purchaser shall be liable for all damages, including, but not limited to Seller’s costs of removing the lis pendens for Purchaser’s failure to comply with the terms hereof. This Section shall survive the termination of this Agreement.

45. **Political Campaign Contributions.**

a. For the purpose of this Section, these terms shall be defined as follows:

i. “**Contribution**” means a contribution reportable by a recipient under “The New Jersey Campaign Contributions and Expenditures Reporting Act” P.L. 1973, c. 83 (C.19:44A-1 et seq.), a contribution made to a legislative leadership committee, a contribution made to a municipal political party committee or a contribution made to a candidate committee or election fund of any candidate for or holder of the office of Lieutenant Governor. Currently, contributions in excess of three hundred ($300.00) dollars during a reporting period are deemed “reportable” under these laws.
ii. **“Business Entity”** means:

1. A for-profit entity as follows:
   a. In the case of a corporation: the corporation, any officer of the corporation, and any person or business entity that owns or controls ten (10%) percent or more of the stock of corporation;
   b. In the case of a general partnership: the partnership and any partner;
   c. In the case of a limited partnership: the limited partner and any partner;
   d. In the case of a professional corporation: the professional corporation and any shareholder or officer;
   e. In the case of any limited liability company: the limited liability company and any member;
   f. In the case of a limited liability partnership: the limited liability partnership and any partner;
   g. In the case of a sole proprietorship: the proprietor; and
   h. In the case of any other form of entity organized under the laws of this State or other state or foreign jurisdiction: the entity and any principal, officer, or partner thereof;

2. Any subsidiary directly or indirectly controlled by the Business Entity;

3. Any political organization organized under Section 527 of the Internal Revenue Code that is directly or indirectly controlled by the Business Entity, other than a candidate committee, election fund, or political committee;

4. Principals who own or control more than ten (10%) percent of the profits or assets of a Business Entity or ten (10%) percent of the stock in the case of a Business Entity that is a corporation for profit ("Principals"); and

5. With respect to an individual who is included within the definition of Business Entity, the individual’s spouse or civil union partner, and any child residing with the individual, provided, however, that, P.L. 2005,
c. 51 shall not apply to a contribution made by such spouse, civil union partner, or child to a candidate for whom the contributor is entitled to vote or to a political party committee within whose jurisdiction the contributor resides unless such contribution is in violation of Section 9 of P.L. 2005, c. 51 (C.19:44A-20.1 et. seq.) ("Chapter 51")


b. The terms, restrictions, requirements and prohibits set forth in P.L. 2005, c. 51 are incorporated into this Agreement by reference as material terms of this Agreement with the same force and effect as if P.L. 2005, c. 51 were stated herein its entirety. Compliance with P.L. 2005, c. 51 by Purchaser shall be a material term of this Agreement.

c. Purchaser hereby certifies to FMERA that commencing on and after October 15, 2004, Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) has not solicited or made any Contribution of money, pledge of Contribution, including in-kind Contributions, that would bar a contract agreement between Purchaser and Seller pursuant to P.L. 2005, c. 51. Purchaser hereby further certifies to the Seller that any and all certifications and disclosures delivered to the Seller by Purchaser (and each of its Principals, subsidiaries and political organization included within the definition of Business Entity) are accurate, complete and reliable. The certifications made herein are intended to and shall be a material term of this Agreement and if the Treasurer of the State of New Jersey determines that any Contribution has been made in violation of P.L. 2005, c. 51, the Seller shall have the right to declare this Agreement to be in default.

d. Purchaser hereby covenants that Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) shall not knowingly solicit or make any Contributions of money, or pledge of a Contribution, including in-kind Contributions, to a candidate, committee or election fund of any candidate or holder of the public office of Governor of New Jersey or to any New
Jersey state or county political party committee prior to the expiration or earlier termination of this Agreement. The provisions of this Section 44 are intended to and shall be a material term of this Agreement and if the Treasurer of the State of New Jersey determines that any Contribution has been made by Purchaser (and each of its Principals, subsidiaries and political organizations included within the definition of Business Entity) in violation of P.L., c. 51, the Seller shall have the right to declare this Agreement to be in default.

e. In addition to any other Event of Default specified in this Agreement, the Seller shall have the right to declare an event of default under this Agreement if: (i) Purchaser (or any of its Principals, subsidiaries and political organization included within the definition of Business Entity) makes or solicits a Contribution in violation of P.L. 2005, c. 51, (ii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the Definition of Entity) knowingly conceals or misrepresents a Contribution given or received; (iii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits Contributions through intermediaries for the purpose of concealing or misrepresenting the source of the Contribution; (iv) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits any Contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or County party committee; (v) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) engages or employs a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any Contribution, which if made or solicits by Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) directly would violate the restrictions of P.L. 2005, c. 51; (vi) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) funds Contributions made by third parties, including consultants, attorneys, family members, and employees; (vii) Purchaser (or any of its Principals, subsidiaries and political organizations included
within the definition of Business Entity) engages in any exchange of Contributions to circumvent the intent of P.L. 2005, c. 51; (viii) Purchaser (or any of its Principals, subsidiaries and political organizations included within the definition of Business Entity) directly or indirectly through or by any other person or means, does any act which would violate the restrictions of P.L. 2005, c. 51 or (ix) any material misrepresentations exists in any Political Campaign Contribution Certification and Disclosure which was delivered by Purchaser to the Seller in connection with this Agreement.

f. The Parties agree that on August 21, 2017 FMERA received confirmation from the Department of Treasury’s Chapter 51 Review Unit that Purchaser was approved for 2 year Chapter 51/EO117 certification. Purchaser hereby acknowledges and agrees that pursuant to P.L.2005, c. 51, Purchaser shall have a continuing obligation to report to the Office of the State Treasurer, Political Campaign Contribution Review Unit of any Contributions it makes during the term of this Agreement. If after the effective date of this Agreement and before the entire Purchase Price is paid to FMERA, any Contribution is made by Purchaser and the Treasurer of the State of New Jersey determines such Contribution to be a conflict of interest in violation of P.L. 2005, c. 51, FMERA shall have the right to declare this Agreement to be in default.

46. Notices: Any notices required to be given under this Agreement must be in writing and shall be addressed as follows:

TO: Fort Monmouth Economic Revitalization Authority
    502 Brewer Avenue
    Oceanport, New Jersey 07757
    Attention: Bruce Steadman, Executive Director

CC: Riker, Danzig, Scherer, Hyland & Perretti
    Headquarters Plaza
    One Speedwell Avenue
    Morristown, New Jersey 07962-1981
    Attention: Scott G. Collins, Esq.

AND

TO: Fort Monmouth B.E.C., LLC
    1113 Route 46 West
    Ledgewood, New Jersey 07852
Attention: Keith W. Dougherty

CC: Nusbaum, Stein, Goldstein, Bronstein & Kron
    66 Sunset Strip, Suite 206
    Succasunna, New Jersey 07876
    Attention: Patrick J. Dwyer, Esq.

a. All notices which must be given under this Agreement are to be given either by:
   i. personal service,
   ii. certified mail, return receipt requested, addressed to the other party at their
       address specified above, or
   iii. overnight delivery service, addressed to the other party at their address
        specified above (e.g. Federal Express, United Parcel Service, DHL, United
        State Postal Service Next Day Mail).

b. Either party may change the address to which notice must be provided pursuant to
   this Agreement by providing notice, in accordance with this provision, to the other
   party at that party's last-identified address, provided that such change of address shall
   not take effect until five (5) days following the date of such notice.

c. Each party authorizes the other to rely in connection with their respective rights and
   obligations under this Agreement upon approval by the parties named above or any
   person designated in substitution or addition hereto by notice, in writing, to the party
   so relying.

47. Brokerage Commissions. FMRSA's broker is Cushman & Wakefield of New Jersey, Inc.

Seller and Purchaser represent to each other that each has had no dealings with any other
broker, salesperson or agent in connection with the sale of the Property. In no event shall
Seller be responsible for any commission to a broker other than Cushman & Wakefield
arising from this transaction. The provisions of this Section shall survive Closing and/or any
termination of this Agreement.

48. Counterparts. This Agreement may be simultaneously executed in several counterparts, or
with counterpart signature pages, and may be delivered by facsimile or electronic mail, it
being understood that all such counterparts or counterpart signature pages, taken together,
shall constitute one and the same instrument.
49. **Exhibits.** By execution of this Agreement, Purchaser acknowledges receipt of all Exhibits described in this Agreement, which have been delivered previously to Purchaser in a package separate from this Agreement.

50. **Recitals.** The Recitals are incorporated herein as if restated at length.

51. **Right of Entry.**

   a. Provided that Purchaser has not terminated this Agreement or is in default hereunder, Seller hereby grants Purchaser a license to use and enter the Property prior to Closing for the purposes of initiating interior demolition or renovation of the Improvements. The license will be for one ($1.00) dollar and will be on an absolutely triple net basis.

   b. The parties agree that the license for right of entry is not intended and will not create a leasehold interest in the Property, and that Purchaser will be precluded from sub-licensing or sub-leasing the Property during the license term. The license will terminate upon Closing or earlier termination of this Agreement.

   c. Seller will not, under any circumstance, reimburse the Purchaser for undertaking any improvements to the Property and Seller will own any fixtures that the Purchaser installs until title closing occurs.

   d. Purchaser agrees that any work undertaken by Purchaser and its consultants and/or contractors will comply with all applicable permits, approvals, ordinances, statutes, regulations, building codes and other applicable laws.

   e. Purchaser covenants and agrees to, at all times, indemnify, protect and save harmless FMEFA and the Army from and against all cost or expense resulting from any and all losses, damages, detriments, suits, claims, demands, costs and charges, which FMEFA or the Improvements may directly or indirectly suffer, sustain or be subject to by reason or on account of Purchasers entry upon the Property or the conduction of the Activities by Purchaser, its contractors, subcontractors, agents, officers, employees or invitees. In addition, Purchaser shall require its respective contractors, consultants, agents, and representatives to defend, indemnify, and hold harmless FMEFA from and against any and all claims, actions, suits, complaints, and proceedings, including but not limited to any attorney's fees, costs of defense,
judgments and damages which arise from or are in any way connected with the contractors', consultants', agents', or representatives' entrance upon the Property.

f. All consultants, agents, assignees, contractors, subcontractors, officers, or employees of Purchaser shall be covered by adequate Workers' Compensation.

g. Purchaser agrees that any claims asserted against FMER A based in contract law in connection with this permit shall be subject to the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq. and that any claims asserted against FMER A based in tort law in connection with this permit shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq.

h. Purchaser agrees that it:

i. will not create any condition during its entry upon the Property, which violates any municipal, state or other regulatory agency or is dangerous.

ii. will not permit the creation of any liens affecting the Property during the pendency of this Agreement and shall promptly pay and discharge any claims or liabilities which may become a lien against the Property.

iii. will maintain in force and effect, insurance for liability and property damage in the minimum amounts of one million ($1,000,000.00) dollars per occurrence and three million ($3,000,000.00) dollar aggregate naming the FMER A and the Army as additional insureds and provide proof of same to the FMER A prior to entry on the Property.

52. Utilities.

a. Seller shall provide interim access to the water, sewer and electric service over the existing systems at cost.

b. Purchaser is responsible for reconnection to new water and sewer mains following their installation.

c. Purchaser shall be responsible for replacement, repair, maintenance and/or relocation of all utilities within the Property, subject to Seller’s review and approval, which approval shall not be unreasonably withheld.

53. Cooperation.

a. Purchaser and Seller agree to cooperate with each other in Purchaser’s efforts to obtain a Certificate of Occupancy and to that end agree, when necessary, to consent to the
filing of applications and to execute other documents, declarations and or maps required to be signed by either of the parties and returned within seven (7) calendar days of delivery to the other Party. This time period is deemed to be a reasonable opportunity to review any document required in connection with this Agreement. Where required by law, FNERA will sign as owner or applicant on applications made by the Purchaser.

b. Seller shall join Purchaser in filing and recording a subdivision plat or plats in the County Clerk’s office, which facilitates the dedication of streets, rights-of-way, and any easements, to the extent reasonably necessary, prior to the Closing provided that the cost and expense for same is paid solely by the Purchaser.

54. Miscellaneous.

a. Purchaser acknowledges that the Seller may dedicate the existing cartway of Messenger Avenue as a public roadway and agrees to convey and dedicate any land necessary to establish a right-of-way width conforming to county and/or municipal standards at a later date to the County of Monmouth and/or Boroughs of Eatontown or Oceanport without the payment of any price or other consideration to the Purchaser.

Wherefore the Seller and Purchaser have signed this Agreement as of the date first written above.

ATTEST: FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY, Seller

By: ____________________________
    Bruce Steadman
    Executive Director

ATTEST: FORT MONMOUTH B.E.C., LLC, Purchaser

By: ____________________________
    Keith W. Dougherty

32
STATE OF NEW JERSEY

COUNTY OF MONMOUTH

The foregoing instrument was acknowledged before me this ___ day of _____, 2017, by Fort Monmouth B.E.C., LLC, (the “Purchaser”), by Keith W. Dougherty, the ____________ of Purchaser on behalf of the Purchaser.

__________________________
Attorney

STATE OF NEW JERSEY

COUNTY OF MONMOUTH

The foregoing instrument was acknowledged before me this ____ day of _____ 2017, by Fort Monmouth Economic Revitalization Authority, a public body corporate and political constituted as an independent authority and instrumentality of the State of New Jersey, pursuant to P.L. 2010, c. 51, by Bruce Steadman, its Executive Director, on behalf of Seller.

__________________________
4889963v1
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REAL ESTATE IMPACT FUND PROGRAM

APPLICANT: 609 Commercial Master Tenant LLC
PROJECT USER(S): Launch Pad Hahne LLC
PROJECT LOCATION: 625 Broad Street Suite 230 Newark City (T/UA) Essex
GOVERNOR'S INITIATIVES: (X) Urban  ( ) Edison  ( ) Core  ( ) Clean Energy

APPLICANT BACKGROUND:
Applicant is a single purpose entity which is the landlord of leasehold interest in Condominium A within an aggregate development project known as “Hahnes” (a 455,000-gross square foot facility with 160 residential units, 220 underground parking spaces, 80,000 square feet of retail and 80,000 square feet of commercial, community and/or office space).

The proposed co-working space is essentially the renovation of approximately 14,463 square foot portion within the Hahnes building from a “Grey Shell” to a build to suit co-working and shared office space. The scope includes construction of approximately 30 private offices of various sizes, three conference rooms, several private phone booths, two bathrooms, a kitchen/cafe space and other common spaces as well as desks, chairs, couches, conference room tables etc.

The sole tenant of the 14,463-square foot Project is Launch Pad Hahne, LLC. ("LPH") which offers collaborative co-working space with reliable business services and a virtual office address for startups, small businesses, freelancers, and entrepreneurs. The proposed LPH space will nurture new businesses, and include them in the mix of positive uses at the Hahne’s project. As new businesses grow locally and in this location of high visibility, it is anticipated that the goal of additional locally sourced employment opportunities can be achieved. LPH is expected to impact economic development in Newark by indirectly creating approximately 100 jobs at companies that start and develop at the facility.

APPROVAL REQUEST:
The Members are asked to approve the application of 609 Commercial Master Tenant LLC for a Real Estate Impact Fund loan in the amount of $1 million.

FINANCING SUMMARY:
LENDER: NJEDA Real Estate Impact Fund
AMOUNT OF LOAN: $1,000,000
TERMS OF LOAN: 3% interest commencing at completion and certificate of occupancy. 50% of annual cash flows pays interest and, if available principal payments. Ten year term.

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renovation of existing building</td>
<td>$1,576,490</td>
</tr>
<tr>
<td>FFE, tech&amp;net, softcos</td>
<td>$180,900</td>
</tr>
<tr>
<td>Engineering &amp; architectural fees</td>
<td>$104,150</td>
</tr>
<tr>
<td>Contingency</td>
<td>$61,400</td>
</tr>
<tr>
<td>Purchase of equipment &amp; machinery</td>
<td>$51,710</td>
</tr>
<tr>
<td>Finance fees</td>
<td>$25,350</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$2,000,000</strong></td>
</tr>
</tbody>
</table>

JOBS: At Application 0 Within 2 years 100 Maintained 0 Construction 12

DEVELOPMENT OFFICER: M. Peters
APPROVAL OFFICER: M. Conte
MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: November 14, 2017

RE: 609 Commercial Master Tenant, LLC
P 44579

Request

The Members are asked to approve the application of 609 Commercial Master Tenant, LLC (“609 CMT” or the “Applicant”) for a Real Estate Impact Fund Loan (“IF”) in the amount of $1,000,000.

Project Description

609 CMT is a single purpose entity which is the landlord of leasehold interest in Condominium A within an aggregate development project known as “Hahnes” (a $175 million, 448,000 gross square-foot project at 609-633 Broad Street in downtown Newark which includes 160 residential units, 220 underground parking spaces, 80,000 square feet of retail and 80,000 square feet of commercial, community and/or office space). Condominium A is comprised of the Whole Foods Market store (28,947 square feet) second floor office space including the proposed project space. Condominium B is comprised of the Rutgers University’s Express Newark, the new home of the Department of Arts, Culture and Media (57,970 square feet) and Condominium C includes the residential, the parking garage plus several retail/service tenants (City National Bank, Barnes and Nobel, Petco, Kite & Key, NJ Citizen Action, Next Cleaners, Cool Vines and a Marcus Samuelsson restaurant).

609 CMT is related to and partially owned by L & M Development Partners, Inc. (“L & M”) the developer of Hahnes, which also includes affiliates of Prudential Insurance Company and Goldman Sachs which are both owners and financers of this property. The Hahnes project was essentially completed in May of 2017 (date cost certification was submitted to the Authority) and presently there is 35% (28,000 square feet) of vacant office and 20% (16,000 square feet) of vacant retail space. Approximately 6,000 square feet of space for several tenants is currently under renovations, subject to leases or in lease negotiations. L & M reported that 100% of the residential units have been leased.
The Hahnes project was approved for a $40 million RES ERG by the Members of the Authority on December 9, 2014 under P 38767 with recipients 609 Holdco, LLC, 609 Broad Street, LLC and Commercial Broad Street LLC. The Hahnes project has submitted their cost certification to the Authority which was deemed satisfactory and in July of 2017 received their $40 million tax credit certificate (with the first year’s $4 million tax credit certificate to be issued in the first quarter of 2018 for tax year 2017).

The proposed co-working space (referred to as the “Project”) is essentially the construction of approximately 14,463 square foot (also known as 625 Broad Street, Suite 230) within the Hahnes building (and Condominium A) from a "Grey Shell" to a build to suit co-working and shared office space. The scope of work includes construction of approximately 30 private offices of various sizes, three conference rooms, several private phone booths, two bathrooms, a kitchen/cafe space and other common spaces for co-working. The fit out includes full architectural plans with mechanical, electrical and plumbing design and the budget is inclusive of desks, chairs, couches, conference room tables etc.

The sole tenant of the 14,463-square foot Project is Launch Pad Hahne, LLC. (“LPH”) which offers collaborative co-working space with reliable business services and a virtual office address for startups, small businesses, freelancers, and entrepreneurs. The proposed LPH space will nurture new businesses, and include them in the mix of positive uses at the Hahne’s project. As new businesses grow locally and in this location of high visibility, it is anticipated that the goal of additional locally sourced employment opportunities can be achieved. LPH is expected to directly create two jobs in Newark by hiring members of the Launch Pad team. More importantly, LPH is expected to indirectly create approximately 100 jobs at companies that start and develop at the LPH facility. By creating an environment for small businesses and startups to start and grow, LPH impacts economic development in cities like Newark.

This Project meets the requirements of the IF in terms of project description, area and loan amount (including loan not to exceed 25% of total project costs and total public funding not to exceed 50% of total project costs).

The City of Newark is currently reviewing the construction plans with issuance of permits anticipated by November 30th along with the guarantee minimum price contract followed by commencement of construction in December and Project completion by February 28, 2018.

Upon completion of this Project there is expected to be approximately 100 new, full time, jobs created by the users/renters of the LPH space as well as an estimated ten construction jobs. LPH indirectly creates jobs at the numerous small businesses and startups which impacts economic development in cities like Newark by their support of surrounding restaurants, coffee shops and a variety of local businesses. The IF has a requirement for a minimum of one new job be created/maintained per $65,000 of loan funds and this Project has a ratio of assistance to new jobs of $10,000 thereby meeting the requirement. The Project is expected to utilize NJHMFA’s Energy Star to meet the Green Building requirements.
Project Ownership

The Applicant and recipient of the IF loan from the Authority is a single purpose entity owned by Commercial Broad Street LLC which in turn is owned by 609 HoldCo LLC. 609 Holdco LLC (one of the RES ERG recipients) is owned by Prudential Insurance Company of America, GSG 609 Direct Investor and 609 Broad Street Investors, LLC. The latter is wholly owned by 609 Broad Street Managers, LLC which in term is wholly owned by L & M Development Partners, Inc. Attached to this memo are: 1] confidential analysis on the financial statements of the owners and 2] organization charts detailing the ownership which is complicated due to the financial arrangements for the Hahnes project which includes new market tax credits, historic tax credits, low income housing tax credits, NJHMFA bonds all within a condominium structure.

LPH is a subsidiary of Launch Pad Partners, LLC (“LP”), a community for entrepreneurs that provides workspace, a network of mentors, and educational programming and events. LP started in downtown New Orleans in the Central Business District and hosts over 250 events annually from the majority of the New Orleans meetups to their annual entrepreneurship conference, Launch Fest. LP has become the hub of the New Orleans startup community.

LP originated from a simple post on New Orleans Craigslist in 2008 (3 years after Hurricane Katrina) as the City of New Orleans was vibrant with entrepreneurial spirit and dedicated to making the city even better than it was before. Fueled by this energy and trying to make use of his excess office space, Chris Schultz posted an ad for other New Orleanians to rent “voodoo pods”. These pods included office space and access to free utilities – resources that quickly proved to be in demand. As the pods were filling, Mr. Schultz and his colleagues became acutely aware of a huge opportunity – shared working space – an unfamiliar concept in 2008. This group of passionate New Orleanians committed to this idea and drove it forward until June 1st, 2009 when they opened New Orleans first co-working space – Launch Pad. LP and LPH are 80% owned by Voodoo Ventures LLC, a Louisiana based investment entity which in turn is owned by Chris Schultz.

LP has a successful track record of operating shared work spaces. LP New Orleans grew from 2,500 square feet to 22,000 square feet today and is currently at full occupancy in its office with approximately 500 members. A second location of 15,000 square feet was opened in January of 2016 in Charleston, South Carolina and third of 2,000 square feet in Nashville, Tennessee is expected to open by January of 2018. LP’s physical space is conducive to collaboration and productivity while engendering a burgeoning tech community based upon ambition, creativity and optimism. The LP community motivates its members to work together towards their goals, whether that is launching a startup, growing their non-profit organization or expanding their business impact in their city. A specific example is Lucid, a market research tech firm in New Orleans that started at a co-working desk and now employs a staff of 220 in New Orleans and recently raised $60 million in funding.

LP’s belief is having the right product at the right price point. Workspace products to fit any business size and needs – always flexible, all with awesome community, educational programming and fun events. Spaces have fast internet, free coffee, 24/7 access and conference rooms. Anticipated offerings and price levels include: co-working (floating desk) at $250 a month, permanent desk at $450 a month and private office (with door and fits up to six people) at $900 a month.
Chris Schultz is the CEO of Launch Pad Partners LLC whose mission is to help people across the country be successful building their businesses and careers while working in a community where they feel like they belong. Mr. Schultz is an active angel investor through Voodoo Ventures, investing in several rapidly growing companies in New Orleans and elsewhere including Lucid, 86co, Neighborland, and Niko. He co-founded Flatstack, a software development company with offices in Kazan, Russia and New Orleans that builds applications for clients worldwide.

Mr. Schultz has a particular interest in mentoring young entrepreneurs and is passionate about connecting the startup ecosystem around the world from Nigeria to Silicon Valley. Mr. Schultz received an MBA from the Marshall School of Business at the University of Southern California in 2002, and a Bachelors of Science degree in Mechanical Engineering from the University of Virginia in 1996.

Mr. Schultz co-founded Flatstack with partners in 2005, after working with them as developers since 2001. Flatstack is a global software development company with 50+ engineers and designers in our Kazan, Russia office and business development operations in New Orleans and San Francisco. Mr. Schultz founded Voodoo Ventures as the platform to launch technology companies. The portfolio consists of companies funded as angel investors and companies where Voodoo prototyped and built products ourselves. The business model’s core philosophy revolves around matching talented partners with great ideas to build businesses. By providing resources and expertise, Voodoo works with people to make ideas into reality. Voodoo’s investment thesis is to seek products and platforms that intersect where web meets world. Mr. Schultz lead the first investment round in Federated Sample (“FED”) through Voodoo Ventures in 2010 and remains as a board member. FED is a market research technology firm based in New Orleans. The firm creates technologies that maximize the efficiency and effectiveness of gathering data and intelligence from consumer markets.

In November of 2013, Mr. Schultz co-founded and incubated Niko Niko (“NN”) through Voodoo Ventures with Dilyara Serazutdinova. NN is a mood tracking and analytics platform. NN gives managers a real-time pulse on how their employees feel, helping them maximize productivity, retention, and communication (especially with Gen Y). Team leaders layer NN data with metrics that drive their business (e.g. sales, retention, customer satisfaction). They use this information to lead better meetings, spot early warning signs, and run experiments within their company. NN also provides benchmarking metrics and best practices across fields.

Mr. Schultz was Director of Interactive Marketing for VegasHotSpots (the leading entertainment and nightlife company in Las Vegas operating a network of seven websites focusing on the sale of entertainment oriented destination services) for one year. The prior four years Mr. Schultz was President of Destination VIP (a destination management company that sold group travel packages for weekend excursions to Las Vegas, New Orleans, Miami, Los Angeles & Reykjavik, Iceland. Mr. Schultz founded the company in 2001 while at business school at USC, and the company was acquired in 2005 by VegasHotSpots.

Anne Driscoll, Chief Operating Officer at LP since January of 2017. Mrs. Driscoll has more than 15 years as an executive in various Silicon Valley based businesses. Currently serves as Senior Advisor of Flutterwave (entity which is rebuilding Africa’s payment infrastructure, solving problems of moving money and making payments for banks, merchants and other systems/solutions providers) a
role which commenced in September of 2016. From 2010 to 2016, Mrs. Driscoll was a founder and Managing Partner in Winston Wolfe & Co. (consulting firm which assists technology startups find product market fit, build go to market strategy and shape growth strategy). Mrs. Driscoll was Chief Marketing Officer of Startup Genome (formerly known as Compass Research to assist cities grow their startup ecosystem and capture their fair share of the new economy) for one year, Marketing Officer handling brand development at GoDaddy for one year and Vice President of Sales and Marketing for Dwolla (payment platform company that integrates bank transfers into applications in real time) for two years. From January of 2005 to January of 2010 Mrs. Driscoll worked at Google reaching the title of Head of Marketing & Brand and from 2000 to 2005 Mrs. Driscoll served as Director, Product Management at GlobalNetXchange (a global B2B exchange for retailers). Mrs. Driscoll graduated from Queens University (Canada) with a Bachelors in Commerce.

**Project Uses**

<table>
<thead>
<tr>
<th>Uses (thousands)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Building Renovations/Construction</td>
<td>$1,576,490</td>
</tr>
<tr>
<td>New Equipment/Machinery</td>
<td>$51,710</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$104,150</td>
</tr>
<tr>
<td>Financing &amp; Soft Costs</td>
<td>$25,350</td>
</tr>
<tr>
<td>Contingency</td>
<td>$61,400</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>$180,900</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$2,000,000</strong></td>
</tr>
</tbody>
</table>

**Project Sources**

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

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NJEDA Impact Fund</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Developer Equity</td>
<td>$1,000,000</td>
</tr>
<tr>
<td><strong>TOTAL SOURCES</strong></td>
<td><strong>$2,000,000</strong></td>
</tr>
</tbody>
</table>

Note that developer equity is $1 million which represents 50% of the Project costs, thereby satisfying the Impact Fund program requirement of at least 20% equity contribution and that owner equity must at least match the Impact Fund investment 1:1.

The Applicant has provided a bank statement from an affiliated entity, 609 Broad Street, LLC, dated 8/31/17 evidencing sufficient funds to contribute as the required equity into the Project.

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

EDA staff has reviewed the application to determine if there is a shortfall in the Project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this Project. Staff analyzed the pro forma and projections of the Project and compared the returns with and without the Impact Fund Loan over 11 years (one year to build and 10 years of cash flow).

<table>
<thead>
<tr>
<th>Without Impact Fund Loan</th>
<th>With Impact Fund Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity IRR 12.13%</td>
<td>Equity IRR 15.14%</td>
</tr>
</tbody>
</table>

As indicated in the chart above, the Project would not otherwise be completed without the benefit of the Impact Fund Loan. **With the benefit of the Impact Fund, the Equity IRR is 15.14% which is below the Hurdle Rate Model provided by EDA’s contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 15.35% for an office project located in Newark.**

**Real Estate Impact Fund Terms**

The interest rate of the loan shall be 3%, with a beginning principal balance of $1 million, and loan term of 10 years. Interest shall be paid from 50% of the Project’s net cash flow (as there is no debt on the Project). This percentage is based on the $1 million Impact Fund loan divided into the total equity contribution of $2 million (Applicant equity plus the IF) based upon the budget submitted (should the actual costs increase at time of CPA certification the percentage of cash flow may be revised downward accordingly). In the event 50% of the net cash flow is insufficient to pay interest only, then unpaid interest shall accrue and be added the outstanding balance. In the event 50% of net cash flow is in excess of the current interest, then the payment shall first be applied to accrued interest, if any, and then to reduce outstanding principal. All unpaid or deferred interest payments and principal plus an additional payment for the NJEDA to earn an agreed upon effective rate shall be due and payable at the earlier of the end of the loan term or a liquidity event. The IF proceeds will be disbursed to the Applicant upon project completion.

The projected cash flow upon project stabilization shows that the Project will be able to pay the proposed annual interest obligation and reduce principal outstanding of the Impact Fund. The principal outstanding of the Impact Fund at the end of year 10 is estimated to be $40,587. Upon a presumed sale at the end of year 10, this balance can be fully repaid plus a payment of approximately $488,000 will be recouped by the EDA in order to achieve an effective rate of 7% over this ten-year period of the loan.
Collateral

<table>
<thead>
<tr>
<th>Description</th>
<th>Collateral Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold interest in 625 Broad Street, Suite 230, Newark, NJ (part of</td>
<td>$ 0</td>
</tr>
<tr>
<td>condominium A). No value appropriated to the interest in the Project space.</td>
<td></td>
</tr>
<tr>
<td>Assignment of rents and leases.</td>
<td></td>
</tr>
</tbody>
</table>

Loan to Value                        N/A

Recommendation

$1,000,000 loan from the Impact Fund loan is recommended.

Closing of the loan is contingent upon 609 Commercial Master Tenant, LLC meeting the following conditions regarding the Project:

1. Financing commitments for all Project funding sources are consistent with the information provided by the Applicant in its application to the Authority for the loan;
2. Evidence of site control and site plan approval for all properties within the Project;
3. Satisfactory review by NJEDA real estate division of project cost reasonableness;
4. Applicant to provide annually a statement of projected revenues and expenses for the upcoming year;
5. Actual operating results to be reviewed by NJEDA Real Estate division on annual basis;
6. Executed lease with Launch Pad Hahne, LLC satisfactory to the Authority;
7. Evidence of $2 million in project costs have been spent and temporary certificate of occupancy for the Project space has been issued.

_______________________________
Timothy Lizura
President and Chief Operating Officer

Prepared by: Michael A. Conte
MEMORANDUM

TO: Members of the Authority

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

RE: Second Amendment to Lease Agreement with Ascendia Pharmaceuticals, Inc.
The Technology Centre of New Jersey
661 South Route I, North Brunswick, NJ (Tech II)

DATE: November 14, 2017

Summary
I request the Members’ approve entering into a Second Amendment to the Lease Agreement with Ascendia Pharmaceuticals, Inc. (“Ascendia”) for occupancy of approximately 825 rsf. in the Phase II Premises (“Storage Premises”) for storage use and to place a storage container in the rear of the Tech Centre property.

Background
At the March 2017 meeting, the Members approved the Lease Agreement between NJEDA and Ascendia for approximately 15,290 square feet of laboratory and office space in the Tech II building. The approval for Years 1 and 2 included 10,541 sf (Phase I) and the approval for Years 3 through the end of the term included the remaining 4,749 square feet (Phase II). Subsequently, on July 25, 2017, the Senior Vice President of Governance, Communications, and Strategic Initiatives, pursuant to the Real State Division’s Operating Authority, executed the First Amendment to the Lease increasing Ascendia’s early occupancy of 2,348 square feet of the Phase II space.

Ascendia has requested to lease the Storage Premises for storage only and to place a storage container in the rear of the property on terms generally outlined in the attached Letter of Intent until the Phase II commencement date.

The base rent for the Storage Premises is $7.00 sf. with a 3% annual escalation, as well as, applicable CAM, PILOT, and proportionate share of utilities. The Second Amendment will provide that if Ascendia uses the Storage Premises or any portion thereof for business purposes, Ascendia will pay full rent for the entire Phase II Premises for the balance of the Storage Premises Term. All other terms of the Second Amendment will remain consistent with the original Lease, as amended.
The Members’ approval is required for this Second Amendment because the rent that will be charged for the Storage Premises is based on warehouse rent and not the current market rental package rate as outlined in the Real Estate Division’s Operating Authority.

**Recommendation**

In summary, I request the Members’ approve the execution of a Second Amendment to the Lease Agreement with Ascendia on final terms consistent with the attached Letter of Intent, subject to approval by the Authority’s Chief Executive Officer, President & Chief Operating Officer and the Attorney General’s Office.

Timothy J. Lizura  
President & Chief Operating Officer

Att: Letter of Intent  
Prepared by: Donna Sullivan
November 8, 2017

Mr. James Medenbach  
Managing Director  
Jones Lang LaSalle Brokerage, Inc.  
8 Campus Drive, Suite 305  
Parsippany, NJ 07054

RE: Expansion LOI for Ascendia Pharmaceuticals  
661 US Highway 1, North Brunswick

Dear Jim:

We have been authorized by Ascendia Pharmaceuticals to request to lease a portion of the space allotted for their Phase II Premises and also request to place a storage container behind the building to store all equipment/materials that will eventually go into the “clean room” after they complete A&E plans and construct part of the existing Premises. All other terms shall be consistent with the existing lease and amendment in place.

**LANDLORD:**

New Jersey Economic Development Authority.

**STORAGE PREMISES:**

Approximately 825 rsf. Tenant will provide a floorplan with proposed area and Landlord will provide measurement.

**USE OF STORAGE PREMISES:**

Tenant wishes to use this space for storage purposes only. In the event Tenant uses the Premises or a portion of the Premises for business operations, Tenant will pay full rent for the entire Storage Premises for the balance of the Storage Premises Term.

**GOVERNMENT APPROVALS:**

Tenant shall hire an architect and submit any required permits to DCA. All improvements to meet code will be at Tenant’s expense.

**TERM:**

11/15/17- 7/31/19.

**RENTAL RATE:**

<table>
<thead>
<tr>
<th>Net Rent</th>
<th>Annual Base Rent Increase</th>
<th>CAM</th>
<th>PILOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7.00</td>
<td>3%</td>
<td>$4.24</td>
<td>$5.78</td>
</tr>
</tbody>
</table>

CAM and PILOT (payment in lieu of taxes are 2016 estimates).

**UTILITIES:**

The formula contained in the Existing Lease shall apply for the additional 825 SF.
Mr. Jim Medenbach
Jones Lang LaSalle

November 8, 2017

Security Deposit:
Security Deposit shall be increased equivalent to three (3) months Net Rent for the Storage Premises.

AS IS:
Premises will be delivered in “AS IS” condition.

Parking:
3/1,000 SF. No reserved parking spaces.

Storage Container:
Tenant shall have right to place a Storage Container (20’x8’x 8’x 6”) in a mutually agreed area at the rear of the property for the Storage Premises Term. Tenant shall maintain insurance for the container which shall be acceptable to Landlord.

Brokerage Disclosure:
Landlord acknowledges that Chilmark Real Estate Services, LLC (“Broker”) is the broker representing the Tenant. Broker’s commission will be payable by Landlord’s broker, JLL, in accordance with a separate agreement between JLL and Broker.

Your response to this request for this LOI is an outline of the major contemplated lease provisions only, and is not to be construed as a binding legal agreement to lease. THE PARTIES AGREE THAT NO CONTRACTUAL OBLIGATION WILL BE CREATED BY THE ACCEPTANCE OF A PROPOSAL.

If this LOI is acceptable, please arrange for execution and return to the undersigned.

Sincerely,

Michael P. Witko, Jr.
Founding Member

Tenant:
Ascendia Pharmaceuticals

By: ______________________

Date: ______________________

Landlord:
New Jersey Economic Development Authority

By: ______________________
Donna Sullivan
Vice President, Real Estate Development
Division

Date: ______________________

36 Cattano Avenue, suite 300 • Morristown, New Jersey 07960
Brokerage • Consulting • Financial Services • Project Management • Property Management
MEMORANDUM

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

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

Premier Lender Program:

1) 78 Apple Associates, L.L.C. et al (P44602), located in Tinton Falls Borough, Monmouth County, is a real estate holding company formed to purchase the project property. The operating company, EPS Corporation d/b/a EPS Corporation of Delaware provides systems integration and logistic support, field training, engineering, voice and data networks, and construction management services for all divisions of the Department of Defense, civilian agencies and commercial clients. OceanFirst Bank approved a $2,500,000 loan with a 40% ($1,000,000) Authority participation. Proceeds will be used to refinance existing debt. Currently, the Company has 205 employees and plans to create 25 new positions over the next two years.

Prepared by: G. Robins
/gvr
MEMORANDUM

TO: Members of the Authority

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

DATE: November 14, 2017

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

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

Below is the funding availability as of the third quarter ending on September 30, 2017:

**PUST:**
As of September 30th, remaining cash and unfunded appropriations net of commitments was $7.2 million available to support an estimated $22.6 million pipeline of projects, of which approximately $8.2 million are under review at EDA.

**HDSRF:**
As of September 30th, remaining cash and unfunded appropriations net of commitments was $20.8 million available to support an estimated $30.8 million pipeline of projects, of which approximately $2.7 million are under review at EDA.

Prepared by: Wendy Wisniewski