MEMORANDUM

TO: Members of the Authority
FROM: Melissa Orsen
Chief Executive Officer
DATE: December 13, 2016
SUBJECT: Agenda for Board Meeting of the Authority December 13, 2016

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

Edison Innovation Fund

Board Memorandums

Public Comment

Adjournment
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

November 17, 2016

MINUTES OF THE MEETING

Members of the Authority present: Al Koepp, Chairman; Peter Simon representing Acting State Treasurer Ford M. Scudder; Jeffrey Stoller representing Acting Commissioner Aaron Fichtner of the Department of Labor and Workforce Development; Commissioner Richard Badolato of the Department of Banking and Insurance; Colleen Kokas representing Commissioner Bob Martin of the Department of Environmental Protection; Public Members: David Huber, Charles Sarlo, Fred B. Dumont, and Harold Imperatore, Third Alternate Public Member.

Absent: Larry Downes Vice Chairman; Public Members Philip Alagia, Massiel Medina Ferrara, and William Layton, Patrick Delle Cava, First Alternate Public Member; and William J. Albanese, Sr., Second Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Also present: Melissa Orsen, Chief Executive Officer of the Authority; Timothy Lizura, President and Chief Operating Officer; Bette Renaud, Deputy Attorney General; and staff.

Chairman Koepp 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 October 14, 2016 meeting minutes. A motion was made to approve the minutes by Mr. Stoller and seconded by Mr. Dumont and was approved by the 8 voting members present.

Mr. Sarlo 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: EDA-BPU Clean Energy Program MOU
REQUEST: Approve and authorize the execution of the attached MOU between the BPU and the Authority’s Chief Executive Officer
MOTION TO APPROVE: Commissioner Badolato SECOND: Mr. Stoller AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

INCENTIVE PROGRAMS

Grow New Jersey Assistance Program

ITEM: LBU Inc.  APPL.#43388
REQUEST: To approve the finding of jobs at risk.
MOTION TO APPROVE: Ms. Kokas SECOND: Mr. Huber AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

ITEM: LBU Inc.  APPL.#43388
REQUEST: To approve the application of LBU 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) and GSGZ Ind. Project w/ Cap. Inv. In Excess of Min. The estimated annual award is $840,000 for a 10-year term.
MOTION TO APPROVE: Mr. Simon SECOND: Mr. Imperatore AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Pepco Manufacturing Co.  APPL.#43369
REQUEST: To approve the finding of jobs at risk.
MOTION TO APPROVE: Mr. Huber SECOND: Commissioner Badolato AYES:9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Pepco Manufacturing Co.  APPL.#43369
REQUEST: To approve the application of Pepco Manufacturing Co. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Somerdale Borough, NJ. Project location of Somerdale Borough, Camden County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program’s rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Capital Investment in Excess of Minimum (non-Mega) and Targeted Industry (Manufacturing). The estimated annual award is $175,850 for a 10-year term.
MOTION TO APPROVE: Mr. Stoller SECOND: Ms. Kokas AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5
ITEM: Superflex Ltd.  APPL.#43366
REQUEST: To approve the application of Superflex Ltd. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Elizabeth City, NJ. Project location of Elizabeth City, Union 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 Deep Poverty Pocket, Capital Investment in Excess of Minimum (non-Mega) and Targeted Industry (Manufacturing). The estimated annual award is $1,000,000 for a 10-year term.
MOTION TO APPROVE: Ms. Kokas  SECOND: Mr. Stoller  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ITEM: Tcry Burch, LLC  APPL.#43388
REQUEST: To approve the application of Tory Burch, LLC. 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 and Jobs with Salary in Excess of County Average. The estimated annual award is $1,077,250 for a 10-year term.
MOTION TO APPROVE: Mr. Stoller  SECOND: Commissioner Badolato  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

**Grow New Jersey Assistance Program – Modifications**

ITEM: Fidessa Corporation  APPL.#43031
REQUEST: To approve the modification request to expand its approved QBF
MOTION TO APPROVE: Mr. Huber  SECOND: Mr. Stoller  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

ITEM: Grocery Delivery E-Services USA Inc. d/b/a HelloFresh  APPL.#41345
REQUEST: To approve the modification request to change its approved QBF
MOTION TO APPROVE: Ms. Kokas  SECOND: Mr. Imperatore  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

**BOND PROJECTS**

**Bond Resolutions**

ITEM: Mastery Schools of Camden, Inc.  APPL.#42262
LOCATION: Camden City, Camden County
PROCEEDS FOR: Renovation of existing building, Original Issue discount, Purchase of Equipment and Machinery
FINANCING: $34,433,654.34
MOTION TO APPROVE: Commissioner Badolato  SECOND: Mr. Kokas  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10
ITEM: Tidewater North LLC
LOCATION: Carteret Borough, Middlesex County
PROCEEDS FOR: Acquisition of existing building, Purchase of Equipment and Machinery, Environmental investigation and remediation
FINANCING: $5,400,000
MOTION TO APPROVE: Mr. Stoller  SECOND: Mr. Huber  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Amended Bond Resolutions

ITEM: The Kintock Group of New Jersey, Inc.
LOCATION: Bridgeton City, Cumberland County
PROCEEDS FOR: Refinancing
FINANCING: $1,631,268
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

ITEM: The Kintock Group of New Jersey, Inc.
LOCATION: Various
PROCEEDS FOR: Acquisition and renovation of properties
FINANCING: $18,573,732
MOTION TO APPROVE: Mr. Huber  SECOND: Ms. Kokas  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

ITEM: The Kintock Group of New Jersey, Inc.
LOCATION: Newark City, Essex County
PROCEEDS FOR: Acquisition of properties
FINANCING: $2,000,000 (LDFF)
MOTION TO APPROVE: Mr. Stoller  SECOND: Mr. Huber  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

ITEM: The Kintock Group of New Jersey, Inc.
LOCATION: Newark City, Essex County
PROCEEDS FOR: Acquisition of properties
FINANCING: $1,000,000 (Direct Loan)
MOTION TO APPROVE: Ms. Kokas  SECOND: Mr. Stoller  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14
ITEM: The Seeing Eye, Inc.  
LOCATION: Morristown Township, Morris County  
PROCEEDS FOR: Principal Amount of Bond to be refunded  
FINANCING: $22,000,000  
MOTION TO APPROVE: Commissioner Badolato SECOND: Mr. Imperatore AYES: 9  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15  
PUBLIC HEARING: Yes  
PUBLIC COMMENT: None

ITEM: The Seeing Eye, Inc.  
LOCATION: Morristown Township, Morris County  
PROCEEDS FOR: Renovation/expansion of existing building, purchase of equipment and machinery  
FINANCING: $5,300,000  
MOTION TO APPROVE: Mr. Stoller SECOND: Ms. Kokas AYES: 9  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16  
PUBLIC HEARING: Yes  
PUBLIC COMMENT: None

ITEM: Services for Children with Hidden Intelligence, Inc.  
LOCATION: Lakewood Township, Ocean County  
PROCEEDS FOR: Refunding  
FINANCING: $11,562,000 Tax-Exempt Bond; $1,988,000 Taxable Bond  
MOTION TO APPROVE: Commissioner Badolato SECOND: Mr. Huber AYES: 9  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17  
PUBLIC HEARING: Yes  
PUBLIC COMMENT: None

ITEM: Services for Children with Hidden Intelligence, Inc.  
LOCATION: Lakewood Township, Ocean County  
PROCEEDS FOR: Mortgage  
FINANCING: $10,450,000  
MOTION TO APPROVE: Ms. Kokas SECOND: Mr. Stoller AYES: 9  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18  
PUBLIC HEARING: Yes  
PUBLIC COMMENT: None

Combination Preliminary and Bond Resolutions

ITEM: Yeshiva Shvilay Hatalmud, Inc.  
LOCATION: Lakewood, Ocean County  
PROCEEDS FOR: Refinancing  
FINANCING: $1,900,000  
MOTION TO APPROVE: Mr. Huber SECOND: Mr. Simon AYES: 9  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19
Preliminary Bond Resolutions

ITEM: Trans-Packers Services Corp.  
LOCATION: Piscataway, Middlesex County  
PROCEEDS FOR: Acquisition/Renovation  
FINANCING: Total costs: $8,920,000  
MOTION TO APPROVE: Mr. Stoller  SECOND: Mr. Imperatore  AYES: 9  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

ITEM: Yeshiva Gedola Na’os Yaakov Inc.  
LOCATION: Lakewood Township, Ocean County  
PROCEEDS FOR: Refinancing  
FINANCING: Total costs: $3,080,000  
MOTION TO APPROVE: Mr. Huber  SECOND: Mr. Stoller  AYES: 9  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21  
PUBLIC HEARING: Yes  
PUBLIC COMMENT: None

LOANS/GRANTS/GUARANTEES

Loan Modification

ITEM: Housing and Neighborhood Development Services, Inc. ("HANDS") and Villita Artes, LLC ("VA")— MODIFICATION  
REQUEST: Subordinate the Authority’s lien position to new financing to refinance the organization’s maturing NMTC debt  
MOTION TO APPROVE: Mr. Huber  SECOND: Mr. Imperatore  AYES: 9  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

New Markets Tax Credits Program

ITEM: New Jersey Community Development Entity-5, LLC ("NJCD-5")  
REQUEST: Consent to the actions needed to unwind NJCD-5’s sub-allocation of NMTC  
MOTION TO APPROVE: Commissioner Badolato  SECOND: Mr. Huber  AYES: 9  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

ITEM: New Jersey Community Development Entity-7, LLC ("NJCD-7")  
REQUEST: Consent to the actions needed to unwind NJCD-7’s sub-allocation of NMTC  
MOTION TO APPROVE: Mr. Simon  SECOND: Mr. Stoller  AYES: 9  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 24
Petroleum Underground Storage Tank Program

ITEM: Summary of NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Kokas      SECOND: Mr. Stoller      AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 25

PROJECT: Leopold L. Otway
LOCATION: South Brunswick, Middlesex County
PROCEEDS FOR: Remediation
FINANCING: $117,648
APPL.#43122

PROJECT: The Presidential Condominium Association
LOCATION: Asbury Park City, Monmouth County
PROCEEDS FOR: Remediation
FINANCING: $156,450
APPL.#42867

PROJECT: Robert Binns
LOCATION: South River Borough, Middlesex County
PROCEEDS FOR: Remediation
FINANCING: $135,614
APPL.#43027

PROJECT: Claudine Galbraith
LOCATION: Medford Township, Burlington County
PROCEEDS FOR: Remediation
FINANCING: $167,309
APPL.#37594

PROJECT: Justin Arno Phoenix
LOCATION: Deptford Township, Gloucester County
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $268,282
APPL.#42844

PROJECT: Maria T. Rivera
LOCATION: Newark City, Essex County
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $134,084
APPL.#43154

Hazardous Discharge Site Remediation Fund Program

ITEM: Summary of NJDEP Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Kokas      SECOND: Mr. Imperatore      AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 26
PROJECT: Township of Bordentown (Proposed Waterfront Comm) LOCATION: Bordentown City, Burlington County PROCEEDS FOR: Remedial Action FINANCING: $881,113

PROJECT: City of Plainfield (BDA Central Business Dist) LOCATION: Plainfield City, Union County PROCEEDS FOR: Remedial Investigation FINANCING: $841,129

PROJECT: City of Plainfield (BDA Central Business Dist) LOCATION: Plainfield City, Union County PROCEEDS FOR: Remedial Action FINANCING: $122,641

EDISON INNOVATION FUND

ITEM: Newark Venture Partners Fund, LP REQUEST: Approval to make a limited partnership investment MOTION TO APPROVE: Mr. Simon SECOND: Mr. Imperatore AYES: 8 RESOLUTION ATTACHED AND MARKED EXHIBIT: 27

Mr. Huber recused himself because Horizon Blue Cross Blue Shield is an investor in the fund.

OFFICE OF RECOVERY

Stronger New Jersey Business Loan Program

PROJECT: LBI Recreation Center, Inc. LOCATION: Beach Haven Borough, Ocean County PROCEEDS FOR: Working Capital FINANCING: $450,000 MOTION TO APPROVE: Commissioner Badolato SECOND: Mr. Dumont AYES: 9 RESOLUTION ATTACHED AND MARKED EXHIBIT: 28

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Projects approved under Delegated Authority

Direct Loan Program: Go Realty LLC & Edison Solutions. LLC (P42970 & P42969), Hope Academy Charter School. Inc. (P43068)

NJ Main Street Program: Persian Area Rugs LLC (P43344), Kovid, Inc. and Tetrus Corp. (P43389)
**Premier Lender Program:** 6 S. Holmdel Rd LLC and Gorsegner Brothers & Company, Inc. (P43403)

**NJ Main Street Program - Modification:** Patella Construction Corporation (P43482)

**Stronger NJ Business Loan Program - Modification:** Sleepable Sofas Ltd. of New Jersey (P41450 & P41623)

**FOR INFORMATION ONLY:** PUST and HDSRF Program Funding Status

**FOR INFORMATION ONLY:** Technology & Life Sciences-Delegated Authority Approvals for 3rd Quarter 2016

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**PUBLIC COMMENT**

There were no public comments.

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**EXECUTIVE SESSION**

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

**MOTION TO APPROVE:** Mr. Dumont  **SECOND:** Mr. Stoller  **AYES:** 9

**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 29

The Board returned to Public Session.

The next item was to approve a confidential matter pertaining to a contract negotiation.

**MOTION TO APPROVE:** Mr. Huber  **SECOND:** Mr. Stoller  **AYES:** 9

**RESOLUTION ATTACHED AND MARKED EXHIBIT:** 30

There being no further business, on a motion by Mr. Huber, and seconded by Commissioner Badolato, the meeting was adjourned at 10:50am.

**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.

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Erin Gold, Director, Governance & Communications
Assistant Secretary
MEMORANDUM

TO: Members of the Authority
FROM: Melissa J. Orsen
Chief Executive Officer
DATE: December 13, 2016
RE: Monthly Report to the Board

EDA-SUPPORTED PROJECTS SHOWCASED AT EVENTS IN NOVEMBER

Several noteworthy EDA-supported projects celebrated significant milestones in November.

EDA representatives were on hand as developers broke ground in Newark at One Theater Square, a 22-story, 245-unit residential complex across the street from the New Jersey Performing Arts Center. One Theater Square is Brick City’s first luxury residential high-rise in more than 50 years. The complex also includes 12,000 square feet of street-level retail space.

Reinforcing New Jersey’s position as a leader in healthcare, Lieutenant Governor Kim Guadagno helped cut the ribbon on Memorial Sloan Kettering’s new 120,000-square-foot outpatient surgery center in Middletown. This is Memorial Sloan Kettering’s second outpatient center in the state, but the first to offer surgical procedures and rehabilitation outside Manhattan.

Later in the month, EDA staff visited Bike Ahead, which recently purchased a 33,000-square-foot warehouse in Passaic County. The company, which sells products and services to bicycling enthusiasts around the world, turned to the EDA and Two River Community Bank earlier this year when it consolidated three locations in New York into a larger, lower-cost warehouse in Totowa. The company expects to create 10 new jobs in the State.

STRATEGIC REDEVELOPMENT INITIATIVES ADVANCE

Steps were taken in November that will allow for redevelopment of the balance of Fort Monmouth and what is considered to be the most valuable piece of real estate in North Camden.

The Fort Monmouth Economic Revitalization Authority (FMERA) announced the acquisition of the remaining 560 acres of the 1,100-acre Fort Monmouth property from the U.S. Army. The formal purchase of the Phase 2 property consisted of a single payment of $33 million, comprised of two series of notes issued by the Monmouth County Improvement Authority. FMERA began marketing parcels within the Phase 2 property prior to finalizing the transfer from the Army, based on strong interest and demand for real estate development opportunities in Monmouth County. Phase 2 redevelopment plans include a mix of residential, retail, office and open space.

Also in November, the EDA released a Request for Qualifications (RFQ) seeking eligible respondents for the purchase and development of the former Riverfront Prison site on the Camden Waterfront. Boasting views of the Philadelphia skyline, the site also will benefit from a newly established public park and
roadway improvements, both expected to be completed by the end of the first quarter of 2017. Responses to the RFQ are due by 2:00 p.m. on March 1, 2017.

**NEW TENANTS ESTABLISH LABS AT CCIT**

The EDA’s Commercialization Center for Innovative Technologies (CCIT) announced the addition of two new tenants in November. The State’s leading life sciences incubator welcomed early-stage drug discovery companies Quixgen and API Pharma Tech, joining nearly two dozen life sciences businesses that currently call CCIT home.

Quixgen’s founders leased an 800-square-foot lab, where they will focus on finding a niche in the drug discovery/infectious diseases market. Among the reasons for choosing CCIT, the founders cited the infrastructure of the lab and the opportunity to engage with founders of other tenant companies.

Research-based pharmaceutical company API Pharma Tech will also occupy an 800-square-foot lab, facilitating its development and delivery of products designed to meet the needs of people suffering from diseases such as iron-dependent Anemia, chronic kidney disease, cystine urea kidney stones, and rheumatoid arthritis. API’s founder sees CCIT as a perfect vantage point as it invests and expands its operations into pharmaceutical manufacturing.

**CLOSED PROJECTS**

Through November 2016, the EDA closed on more than $489 million in traditional lending assistance to support 217 projects, leveraging $840 million in public/private investment and the creation of an estimated 1,121 new permanent jobs and 4,425 construction jobs.

In addition to the assistance provided through traditional lending programs, EDA also executed agreements pending certification with 47 incentive projects for $645.7 million, leveraging $735.2 million in public/private assistance, the creation of 5,850 new jobs, 2,237 construction jobs and the retention of 6,420 jobs at risk of leaving New Jersey.

**EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH**

EDA representatives participated as speakers, attendees, or exhibitors at 26 events in November. These included the 2016 NJ League of Municipalities Conference in Atlantic City, the 2016 PlanSmart NJ Annual Dinner in Princeton, and the NJTC Awards Celebration in Somerset.
AUTHORITY MATTERS
MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
       President and Chief Operating Officer

RE: 2017 Strategic Business Plan

DATE: December 13, 2016

We are pleased to share with the members the 2017 Strategic Business Plan, which was reviewed by the Audit Committee on November 17, 2016.

The 2017 Strategic Business Plan continues the Authority’s focus on leveraging opportunities to support growth in targeted industries and communities, while ensuring a sustainable business platform maintained by financial resources, staff capacity and delivery mechanisms that can best meet the needs of our diverse customer base.

The 2017 Strategic Business Plan includes tangible objectives and goals to:

- Introduce new programs to support business and community development in Garden State Growth Zones and other targeted municipalities;
- Advance real estate development initiatives to support revitalization in Trenton, Camden and Fort Monmouth;
- Initiate greater engagement with stakeholders to generate and leverage entrepreneurial thinking around product and strategic initiatives;
- Increase access to seed and venture capital for emerging stage technology and life sciences businesses;
- Complete implementation of the multi-year Enterprise Resource Planning/Loan Management System project; and,
- Enhance recruitment efforts to attract and retain high quality talent.

As always, the EDA is committed to achieving our objectives and looks forward to another active year as we work to grow and retain jobs and encourage investment in communities across New Jersey.
New Jersey Economic Development Authority
2017 Strategic Business Plan

Introduction

The New Jersey Economic Development Authority (EDA) is an independent State agency that finances small and mid-sized businesses, administers State tax incentives to retain and grow jobs, revitalizes communities through redevelopment initiatives, and supports entrepreneurial development by providing access to training and mentoring programs.

The EDA’s strategic imperatives are to support business development and the creation and retention of jobs for all State citizens, facilitate private investment in communities throughout New Jersey, and demonstrate the highest fiduciary standards, transparency and accountability in the administration of public funds.

These imperatives shape our annual strategic planning process and drive our business forward. The 2017 Strategic Business Plan includes specific measures that are designed to strengthen collaboration with stakeholders to leverage opportunities and identify new initiatives that will allow the EDA to remain impactful in the marketplace. Complementing these measures are the EDA’s enterprise initiatives related to technology and human resources, which will ensure the Authority can meet the needs of its customers in the years ahead.

The EDA is committed to growing New Jersey’s economy and addressing gaps in the market through achievement of the key objectives included in the Strategic Business Plan. The companion Fiscal Plan that is presented alongside the Strategic Business Plan ensures the Authority’s ability to manage and sustain its operations and activities in the future.
Strategic Imperative 1: Grow New Jersey’s economy through financial assistance and partnerships with businesses and municipalities to encourage economic growth and revitalization.

Goal 1: Leverage opportunities presented by the New Jersey Economic Opportunity Act (EOA) for targeted industries and greater urban impact

- Advance projects in targeted communities and industries, as defined by the EOA.
- Leverage opportunities to cross-sell products to help make projects feasible.
- Ensure products are right-sized to maximize impact, in alignment with statutory and regulatory obligations, and continue efforts related to due diligence, oversight and reporting.

  - Measure: 50% of approved Grow NJ projects located in a Garden State Growth Zone or a distressed municipality, as defined in statute.
  - Measure: 50% of approved Grow NJ projects in a targeted industry, as defined in statute.
  - Measure: Initiate business lease incentive grant and façade program in each of the Garden State Growth Zones.
  - Measure: Identify 20 opportunities to utilize additional EDA products to move EOA-supported projects forward.
  - Measure: Provide ongoing assistance to support public policy and performance review of EOA incentives, holding a minimum of one meeting each quarter with an eye toward a final draft report in January 2018.
  - Measure: Completion of three audits related to incentive projects performed by the competitively-selected CPA/Auditor Firms.
  - Create a comprehensive approach with portfolio companies that is cross-organizational and incorporates the Business Action Center to enhance economic development activity.

Goal 2: Align EDA’s financial resources, staff capacity, and delivery mechanisms with the needs of businesses and communities

- Focus resources on active premier lenders/local community banks and increase impact to small businesses through Community Development Financial Institutions.
- Advance efforts to generate and leverage entrepreneurial thinking around product and strategic initiatives to meet our production and revenue goals, as well as the diverse needs of our customer base.

  - Measure: Provide $75 million in assistance to small and mid-sized businesses and not-for-profits through traditional financing.
  - Measure: Establish quarterly product-related focus group meetings by segment.
  - Measure: Host a bi-annual event with EDA Premier Lenders.
- Measure: Manage new loan approvals to more than offset portfolio runoff at a risk reserve no greater than 13.3%.

Goal 3: Advance community development in targeted areas through partnerships with municipalities, state agencies and other stakeholders

- Advance core projects in targeted areas that will provide a service to other State agencies.
- Enhance Real Estate Impact Fund with public component targeting assistance to municipalities in strategic urban locations.
- Enable FMERA to advance identified projects at Fort Monmouth to assist with FMERA’s goal of area revitalization.

- Measure: Advance the Trenton State Office Building project through the predevelopment phase.
- Measure: Implement the enhanced Real Estate Impact Fund.
- Measure: Advance the Myer Center Remediation and Demolition through the predevelopment phase.

Goal 4: Provide resources to meet the needs of the technology industry by supporting strategic partners and filling the market gap for earlier stage companies

- Increase access to seed funding for emerging stage businesses.
- Collaborate with equity partners to increase awareness of New Jersey businesses and investment opportunities.
- Increase awareness and ultimately utilization of EDA technology initiatives including Angel Tax Credit program, Founders & Funders and CCIT.
- Support FMERA’s efforts to assist the growth of a technology cluster at Fort Monmouth.

- Measure: Launch a NJ Co-Investment equity fund for companies that are too early to qualify for debt financing under the Edison Innovation Fund lending programs.
- Measure: Launch a CCIT co-working space for companies that are too early to qualify for lab space and can benefit from CCIT resources and collaboration.
- Measure: Continue to increase awareness through social media by building out followers on Linkedin and Twitter.
- Measure: Attract two technology companies to the Fort’s Main Post in 2017.

Goal 5: Manage and administer HUD funded programs for Sandy recovery

- Maintain compliance with Federal program requirements.
- Maintain a strong working relationship with partners at DCA, DEP, and BPU.
Measure: Close five Energy Resilience Bank projects (execute all subrecipient agreements) by year end.
Measure: Final close out of Stronger New Jersey Business Grant Program by year end.
Measure: Close all approved Stronger New Jersey Business loans (loan documents executed) by year end.
Measure: Completed construction of all approved Stronger New Jersey Neighborhood and Community Revitalization (NCR) Streetscape projects and 80 percent of approved NCR Development and Improvement projects by year end.

Strategic Imperative 2: Advance a financially sustainable business platform while focusing on mission driven investments

Goal 1: Generate new and increased funding sources and revenues.

- Ensure that fees and asset earnings meet program costs and expenses while maintaining EDA’s mission.
- Continue efforts to seek alternate sources of revenue and capital.
- Evaluate risk and exposure metrics for technology-related investments.

- Measure: Meet finance fee revenue plan.
- Measure: Implement changes to bond, credit financing, and modification fees to better align with staff work.
- Measure: Create more effective graphical representation to illustrate progress against strategic plan as it relates to financial and production goals.
- Measure: Sell one asset monetization parcel.
- Measure: Implement recommendations outlined in the repositioning study of the Technology Centre of New Jersey.
- Measure: Complete analysis of capital allocated to patient investments as well as technology fund concentration.

Goal 2: Minimize increases in operating expenses

- Continue efforts to minimize the increase to unanticipated asset management costs.

- Measure: Control expenses and costs to be within 3% of budgeted amounts for each department and program.
- Measure: Limit increases of controllable asset management costs to 3.5% over 2016 actual, net of asset disposition.
- Measure: Retain cash management consultant.

Goal 3: Ensure FMERA becomes financially self-sufficient

- Support financial management of FMERA.
Measure: Ensure fiduciary compliance related to the Monmouth County Improvement Authority’s guarantee of $35 million in notes and bonds to support FMERAP’s purchase of the Phase 2 EDC property.

Strategic Imperative 3: Support the effectiveness of the EDA through improved resources, infrastructure, and processes.

Goal 1: Strengthen existing staff capacity and leadership effectiveness

- Create an HR strategy to assess organizational competency and performance improvement management.
- Deliver targeted leadership and professional development sessions and maintain a long-term focus on learning agility.
- Continue to attract and retain high quality talent.
- Increase staff effectiveness by appropriately deploying resources against business demands.

- Measure: Continue to execute against leadership and professional training plans throughout 2017, with a focus on technical training, soft skills, and career pathing.
- Measure: Continue implementation of the internship recruitment program; hire a minimum of three high potential candidates.
- Measure: Enhance recruitment efforts through utilization of new marketing tools and collateral, partnerships with higher ed, and new internal tools to better identify needs and fit by division.
- Measure: Identify five instances where targeted enhancements have been implemented to align evolving business functions with staff capacity.

Goal 2: Enhance EDA operations by identifying increased efficiency and effectiveness to benefit employees and customers.

- Continue implementation of the multi-year Enterprise Resource Planning (ERP) / Loan Management System project (“Project Enable”).
- Examine existing internal department operations with an emphasis on process improvement.
- Continued implementation of process for new and revised programs and products.

- Measure: Finalize user testing and training on ERP system by Q2 and go live by end of Q3 2017.
- Measure: Create transition plan for processes and systems identified by the Project Enable initiative that need to be addressed post cutover.
- Measure: Review business requirements and expectations related to disaster recovery action plan.
- Measure: Continue to implement improvements and enhancements to procurement functions.
- Measure: Fully establish documented processes for new and revised programs and products by Q2.
TO: Members of the Authority

FROM: Timothy Lizura, President and Chief Operating Officer

DATE: December 13, 2016

SUBJECT: FY17 Fiscal Plan

Enclosed for your review, discussion and approval is the proposed FY17 Fiscal Plan. It is the result of a collaborative effort by management and staff. Collectively, we believe our planning process has yielded a fiscally responsible plan that supports the proposed FY17 Strategic Business Plan.

The 2017 Strategic Business Plan details imperatives in support of our three key business objectives: 1) to grow New Jersey’s economy, 2) advance a financially sustainable business platform, and 3) support the overall effectiveness of the Authority through improved resources, infrastructure and processes. The first objective is primarily reflected within the Fiscal Plan’s revenue and program cost projections; the second, with fiscally responsible expense and cost constraints; and the third, through targeted investments in infrastructure.

The proposed Fiscal Plan reflects a deliberative approach in the projection of operating revenues, expenses and costs. With the Administration’s prioritized initiatives, such as incentive financing, as well as anticipated distributions on certain of the Authority’s later-stage venture fund investments, we are projecting increased activity in specific programs which, we believe, will result in sustained operating revenue in 2017, while anticipating program costs to be level with prior year Plan. Relative to administrative expenses, the Authority is committed to accomplishing its strategic objectives in the most efficient manner possible. To that end, EDA core headcount will reflect an increase from 153 planned for FY16 to 159 for FY17, including positions related to the Incentives program and its administration. Associated G&A expenses, however, reflect a decrease of 1.6% under FY16 Plan, as needed upgrades in the areas of Office Operations and Building Management, completed in 2016, will not recur in the coming year.
At $7,350,000, FY17 Planned NOE is considerably higher than FY16 Planned, although lower than 2016 Projected activity, which was helped by the success of existing venture fund investments this year. Other significant revenue categories anticipated to increase in 2017 include approval and issuance fees for the Grow NJ program; and annual servicing fees for both Grow NJ and the Economic Redevelopment & Growth (ERG) program. The Plan also reflects a short-term anomaly related to the new timing of approval fee collection in the Grow NJ program that will now occur at Board recommendation, while continuing to collect fees on previously approved projects. Since the Fiscal Plan is a metric of performance, management is pleased to report that the FY17 Plan continues to align with the Authority’s fundamental asset allocation premise that current year revenues will fund current year operational expenses, and will not rely on prior period earnings to do so.

At present, aggregate headcount is expected to be 149 by year-end, against Plan of 153, while the FY 17 Plan provides for 6 new positions above the FY16 Plan, at an average fully-loaded cost of roughly $128,000 each. As noted, many of these vacancies have been tailored to reflect anticipated increases in specific activity.

Also reflected are the following benefit expense items:

- The EDA contribution to PERS reflects an increase of $180,000 over 2016 and is based on billing information received from the Division of Pensions. Any amount that can be attributable to dedicated Office of Recovery staff will be sought as a reimbursable fringe item;
- Estimated post-employment benefit obligation of $1,105,000 is actuarially established;
- Health insurance premiums are generally flat for 2017, depending on plan and level of coverage selected, however, approx 28% of total premiums are expected to be paid by employees, up from 26% in the FY16 Plan, enabling the Authority to recapture approximately $700,000 of this cost.

Program Costs represent expenditures that align with specific programs, projects, and initiatives. At $6,684,000, the FY17 Plan provides for an increase of 1.2% over FY16 Plan, and is attributable largely to the proposed pre-development work associated with the Myer Center at Fort Monmouth, as well as anticipated small business incentive programs. Offsetting this increase is a decrease in asset management costs for 2017, subsequent to the sale of the Camden Waterfront Tech Center earlier this year. Anticipated program outreach expenditures and property & liability insurance premiums are consistent with the prior year Plan.

Consistent with prior years, the Plan also includes cash transactional items that may or may not be reimbursable; do not represent costs and expenses related specifically to current year production, or may not be within the scope of what the Authority typically does. These items are presented for informational purposes. Included here are all reimbursable expenses related to the administration of both Fort Monmouth and Office of Recovery activity. Also reflected here are non-recurring revenue and costs associated with significant asset sales, such as the Camden Waterfront Tech Center in 2016, and the Tech Center Expansion Site, anticipated in 2017; and investments in infrastructure, including replacement of the Authority’s existing loan management system.
In summary, management believes the compilation of the FY17 Fiscal Plan has been a collective process that interrelates with and supports the FY17 Business Plan. At its meeting of November 17th, the Plan was reviewed by the Audit Committee which concurred it is fiscally responsible and aligns with the FY17 Business Plan; accordingly, Board’s approval is requested.

Prepared by:

Richard LoCascio, CPA
Controller
INCENTIVE PROGRAMS
MEMORANDUM

TO: Members of the Authority
FROM: Tim Lizura, President and Chief Operating Officer
RE: NJEDA Economic Impact Model
DATE: December 13, 2016

Request

The purpose of this memo is to (1) request approval to revise certain assumptions and functionalities of the NJEDA’s Economic Impact Model (“Net Benefit Model” or the “Model”) and (2) ratify and approve as Authority policy our current practice of addressing corporate business tax (“CBT”) in the Net Benefit Model. The Net Benefit Model is currently used for both the GROW NJ and Economic Redevelopment and Growth (“ERG”) programs.

Summary Description of Model

The New Jersey Economic Development Authority (the “Authority”) contracted the services of Jones Lange LaSalle (“JLL”) to build an economic impact model to help measure the likely impact of a given development to the State of New Jersey (the “State”) and/or its municipalities. On June 1, 2012, the Members of the EDA Board were provided with a memo which explained the theory and practical application of the Model that had been approved and implanted as of that date. For additional detail about the Net Benefit Model, please refer to the June 1, 2012 NJEDA Economic Impact Model memo attached.

The Model utilizes multipliers from the Regional Input-Output Modeling System (“RIMS II”) data base, published by the US Department of Commerce, and JLL’s econometric analysis and modeling to assess economic outputs, impacts and likely job creation. The Model is updated with new RIMS II data when new information is available. Also, adjustments are made to the Model when deemed necessary. In addition to economic information, the Model estimates the taxes from personal and corporate earnings that result from a certain project.

The Model estimates both direct and indirect impacts on a one-time and ongoing basis. Direct impacts are measurable benefits to the State caused by the capital flows of people and material directly associated with the project. Examples of direct impacts are payroll taxes generated from site workers’ salaries and sales tax generated from the purchase of construction materials used in the project.

Indirect impacts are benefits to the State caused by economic activity by suppliers, employees, and other businesses as a result of the direct impact of the project. Indirect benefits are calculated based on historical statistical information captured in the RIMS II data. Examples of indirect impacts are taxes generated from the sale of local food vending establishments, equipment repair services, and local retail that have increased business due to the project. One-time (or non-recurring) benefits are those associated
with the project’s capital investment. For instance, the sales tax generated from the sale of construction materials is a one-time benefit. Ongoing (or recurring) benefits are attributable to the project’s annual economic activity. An example of an ongoing benefit is annual sales tax generated from a commercial tenant occupying space in a project site comprised of commercial development.

Note that one-time or ongoing benefits to the State may be either direct or indirect. The Model can provide unique analyses for office, retail, industrial, hotel and residential projects (although current incentive program statutes exclude the net benefit test for projects that are primarily residential) in each New Jersey county.

The primary user inputs of the Model include but are not limited to project location, total construction/project costs, property development type, size of project (based on square feet), and job categories. The inputs, and several optional inputs, are described in the “Primary Model User Inputs” section of the attached June 2012 Board memo. Based on these inputs, the Model calculates the likely impact on job creation, spillover economic activity (i.e., indirect economic activity), and earnings. However, whenever actual values are known, Authority staff can override the Model’s estimates to use the known values rather than the formula driven results. Authority staff will choose the lower of the Model generated or applicant provided figure unless the applicant provides documented justification to do otherwise.

The RIMS II multipliers that are used provide a customized value of direct and indirect activity for each location, project type and job category.

State Economy Since the Implementation of The New Jersey Economic Opportunity Act of 2013

In response to the Great Recession, the State acted to reinvigorate New Jersey’s economy and restore its economic health through the introduction of new tax increment financing and tax credit programs designed to spur development and redevelopment, encourage investment, and spur job creation and business growth. Since then, the economic circumstances in the State have changed; statistics and trends over the last year point to a positive economic recovery for New Jersey, which is expected to continue due to gains in the labor and housing markets.

The New Jersey Department of Labor and Workforce Development announced in November 2016 that private sector payroll employment has fully recovered from the last recession with 28,100 more people employed than during the pre-Recession peak. New Jersey has added 279,400 private sector jobs since February 2010, the recessionary low point for private sector employment in the State. While New Jersey’s unemployment rate hit a high of 9.9% in 2010, it dropped to 5.2% in October 2016, according to preliminary estimates by the U.S. Bureau of Labor Statistics.1

Additionally, in July 2016, Lieutenant Governor Kim Guadagno announced the number of new businesses that filed to start operations in New Jersey last year was a record 97,835, the highest level in State history. In 2010, there were 80,773 new filings, according to the New Jersey Department of the Treasury.2

Further, professional services and investment management firm JLL announced in October 2016 that the overall vacancy rate in the Northern and Central New Jersey office markets declined to its lowest level

1 https://lwd.state.nj.us/labor/lpa/pub/emppress/pressrelease/prelease.pdf
since early 2009. JLL also noted that industrial leasing velocity in Northern and Central New Jersey continued at a historic rate, particularly for Class A properties. Year-to-date net absorption reached 8.1 million square feet, putting New Jersey’s industrial market on pace to record 10.0 million square feet of positive net absorption for the first time since 2001.4

Description of Changes to Net Benefit Model

At this time, Authority staff in collaboration with our consultant, JLL recommends certain revisions to the Model assumptions. The revisions as described below are intended to more accurately address scenarios observed over the years by Authority staff on applications seeking assistance under the ERG and GROW programs. Equally as important, Authority and NJ Treasury staff met on several occasions to discuss potential revisions to the Model that would better capture specific scenarios surrounding tax circumstances of individual tax payers and State UEZs. Finally, Authority staff engaged Rutgers University’s Edward J. Bloustein School of Planning and Public Policy to complete a technical review of the Model and provide an opinion on how well it meets the EDA’s goal of measuring the likely impact of a given development to the State of New Jersey and/or its municipalities.

Change in the Rate of Inflation Assumption

Currently the Model assumes a 20-year average inflation rate of 3.00%. This assumption will be updated to reflect the current 20-year average inflation rate of 2.25% per JLL.

Treatment of Direct and Indirect Benefits Beyond Applicant Commitment Period

As stated earlier, indirect impacts are measurable benefits to the State caused by suppliers, employees, and other businesses as a result of the direct impact of the project. Currently, the results of the direct and indirect ongoing annual tax calculation as described in the “State and Local Direct Ongoing” and “State Indirect Ongoing” sections of the attached June 2012 Board memo, are included at full value in the Model. The RIMS II multiplier used in the calculation of indirect annual spending is discounted by 100 basis points to ensure that direct spending is excluded before it is multiplied by the annual corporate spending. The values that are factored into the indirect ongoing taxes are annual corporate spending and annual payroll. As described in the “Total State Ongoing Net Benefits” section of the attached June 2012 Board memo, the direct and indirect ongoing annual tax results are combined and grown at annually at the rate of inflation and then discounted by 6.00% over the period of the net benefit analysis to obtain the net present value. A 6% discount rate is used as it reflects the standard measure for discounting the value of long term projects in economic impact models.

Authority staff recognizes that there is no statutory obligation for an applicant, under the GROW program, to remain in New Jersey beyond the required statutory commitment period. This required period commences at the Authority’s acceptance of the project completion certification and ends after a term equal to 1.5 times the life of the award. Specifically, the maximum award period is 10 years, with a corresponding maximum commitment period of 15 years, yet the GROW statute requires the calculation of ongoing benefits over 20 years (and 30 to 35 for Garden State Growth Zones and Mega Projects). Moreover, the further out in time, particularly for a 30 and 35-year analysis, the less certainty exists with regard to the ongoing benefits.

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As such, and in light of the economic progress detailed above and in an effort to address the uncertainty in
the later years of the net benefit test calculation, commencing in year 16 for the remaining term of the
analysis period, the model will assume zero direct (corporate and employment) and indirect benefits. The
model will continue to include 100% of the incremental property taxes that may have resulted from the
project. If the applicant provides documentation satisfactory to Authority staff that they are committed to
staying in NJ beyond the commitment period at the same employment and salary level, and are willing to
document this commitment through an agreement with the Authority, the direct and indirect benefits will
be included in the total net benefit calculation.

To explain, let’s assume the analysis period of a certain project is 20 years. The Model will calculate
direct and indirect ongoing annual taxes the same as it has historically been done. The Model will then
increase these figures by 2.25% annually reflecting the revised inflation assumption. The direct and
indirect ongoing annual taxes will continue to be discounted by 6.00% commencing in the second year of
the analysis to determine the net present value of the future cash flows. Then, commencing in year 16, all
of the direct (corporate and employment) and indirect benefits, excluding real estate taxes, will be zeroed
out from the Model unless the applicant provides documentation satisfactory to Authority staff illustrating
their commitment to stay in NJ for the remaining analysis period. This final net benefit figure will be
compared to the calculated GROW or ERG award to ensure the 100% or 110% benefit, as the case may
be, to the State threshold is met.

Pursuant to this approach, the Authority may be entitled to a future partial recoupment of a GROW award
when the award would have been limited by the net benefit test, however, the applicant chooses to receive
a higher award as supported by the statute, provided a longer commitment to remain in the State, and then
subsequently violates this extended commitment in the future.

Potential Recoupment of GROW Award for Project Located in Garden State Growth Zone subject to the
Municipal Rehabilitation Act (Camden)

In Camden, per the statute, the net benefit may be calculated based on 35 years and needs to be equal to at
least 100% of the amount of the award. Let’s assume a GROW award for a Camden based project if
calculated on the basis of 15 years of net benefit (plus real estate taxes for 35 years) is limited by the total
net benefit. The applicant has represented and provided documentation satisfactory to the Authority of its
commitment to remain in NJ for a 20-year period. As such, the net benefit to the State and the award are
based on a 20-year period. (plus real estate taxes for the entire 35-year period) and the award is increased.
At this point the net benefit and the amount of the award are equivalent. The applicant, however, decides
to relocate to another state in year 17; before the end of the 20-year analysis period. The Authority will
be entitled to a partial recoupment of the award. The recoupment amount will be calculated at the time of
approval and set forth in the Grow Agreement and equivalent to the amount the Grow award was
increased based on the additional net benefit calculated for years 18-20.

Potential Recoupment of GROW Award for All Other Project Locations

On the same note, outside of Camden, per the statute, the net benefit is calculated 20 years (30 years for
Garden State Growth Zone other than Camden and Mega Projects), and must equal at least 110% of the
award. Let’s assume a GROW award for a project if calculated on the basis of 15 years of net benefit
plus real estate taxes for the statutory period) is limited by the 110% net benefit test. The applicant has
represented that it is committed to stay in the State for 20 years. As such, the net benefit including the
corporate and employment activity are based on the full 20-year period. If the applicant decides to
relocate to another state before the end of the 20-year analysis period, the Authority will be entitled to a
partial recoupment of the award. The amount recouped will be calculated at the time of approval and set
forth in the Grow Agreement and equivalent to the amount the Grow award was increased based on the additional net benefit calculated for years 16-20.

This scenario is only applicable to GROW and not ERG, because the net benefit analysis in ERG is based on the actual number of years of the grant.

**UEZ Impact**

This revision will be more applicable for commercial ERG versus GROW projects.

Sales taxes generated by an ERG project, that is not a destination, and located in a non-UEZ does not produce new incremental tax revenue to the State.

So for instance, if total sales related to an ERG project, non-destination, in a non-UEZ was $1 million, the sales tax of $70,000 is generated. The model, however, does not include this figure in the net benefit because it is assumed these sales could have taken place either at this project location or any other non-UEZ location in the State. Thus, the tax revenues are not incremental.

If that same project were to be located in a UEZ, the sales tax is then based on 3.5% versus 7% and thus the tax revenue becomes $35,000.

Again, this amount is not counted toward the net benefit for the same reason the $70,000 tax revenue was excluded, however, in this case the State is getting $35,000 less in tax revenue since the project is located in a UEZ.

As such, the model will have as an assumption a negative 3.5% tax rate if the ERG project is located in a UEZ.

As recently enacted law has introduced a reduction in the sales tax, the net benefit analysis will be changed to reflect the reductions. Additionally, the Model will be revised to adjust to the various expiration dates of the States UEZs. As such, when a certain UEZ expires, the Model will no longer assume a negative 3.50% tax rate as explained above for projects located in that UEZ. The various sales tax rates will conform to the sales tax law as applicable over time.

**Renovation Costs**

The revised Model now includes two “Renovations Cost” input fields in the assumptions section. Renovation Costs is exclusive of Construction Costs. The title Construction Costs will replace the current input title of “Total Hard Costs”. The first Renovation Cost field will be applicable for renovations deemed by Authority staff to be structural in nature and will result in a higher tax assessed value of a real property. The increased value will be used by the Model to compute the incremental property taxes that result from the improvements. The second Renovation Cost field will be applicable for renovations deemed not to be structural in nature by Authority staff thus having zero impact on the tax assessed value of a real property. Both Renovation Costs fields, however, will be used by the Model to calculate construction jobs and indirect benefits as was previously done for the “Total Hard Costs” input field.

This addition is warranted as the project costs of many applications seeking assistance under the GROW and ERG programs contained renovations that fell into one or both of the above renovation types. Authority staff during the underwriting process will review each project budget and confirm in writing with the applicant the nature of the renovations.
Gross Income Tax Progressive Scale

Currently, the Model calculates gross income tax by taking the salaries for each job classification and multiplying them by 4.00%, which is an approximation of the overall State effective tax rate. Authority staff will choose the lower of the Model generated or applicant provided figure unless the applicant provides documented justification to do otherwise. Refer to page six “Gross Income Tax” of the attached June 2012 board memo. The revised Model will base the gross income tax rate on the State’s actual progressive scale versus 4.00% at all salary levels. This is accomplished by the incorporation of a table within the Model that accounts for the various statutory tax brackets and assumes a blended tax rate equal to the average of the married and single filing tax rates as published by the New Jersey Division of Taxation. The Model further assumes no dependents or deductions. The table is linked to the applicable user input fields of the Model that ultimately drive the final tax calculation. Such input fields will contain a list of all applicant salaries provided by the applicant to Authority staff. This improvement to the Model provides a better estimation of gross income tax.

New Jersey Earned Income Tax Credit (NJ EITC)

NJ EITC is a credit for certain residents who work and have earned income. The credit reduces the amount of New Jersey tax owed and may also provide a refund, even if there is no tax liability to New Jersey.

Most residents who are eligible and file for a Federal earned income credit can also receive a New Jersey earned income tax credit. For 2015, the NJ EITC is 30% of the applicant’s Federal earned income credit.

Incorporating the NJ EITC into the Net Benefit Model provides a better estimation of income tax revenues generated by a certain project whose employees’ salaries meet the income thresholds of the credit. This will be accomplished by the inclusion of a table within the Model that accounts for the various tax brackets, applicable NJ EITC rates, and salaries of full time employees associated with the project. The Model will then calculate the credits based upon this information and deduct that total from income tax revenues.

Corporate Status/Corporate Business Tax Policy

Previously, the Model calculates its own corporate income tax by multiplying the number of jobs created by a profitability figure (pretax income) for the industry sector of the applicant and then multiplying that result by 9.00%. 9.00% was used in the Model to represent the average NJ corporate income tax rate. If the applicant provided a figure for the corporate income tax, Authority staff will choose the lower of the Model generated or applicant provided figure unless the applicant provides documented justification to do otherwise. Refer to page six “Corporate Income Tax” of the attached June 2012 board memo.

The Model has been made more accurate with a separate corporate tax rate of 9.00%, 4.00%, and 0% for “C”, “S”, and non-profit corporations respectively. A LLC would be treated either as a C or S depending on filing status. The tax rate used in the calculation depends upon the corporate status selected by the user via a drop down menu. This improvement to the Model has provided a more accurate estimation of corporate taxes as the figure is based on the applicant’s corporate status versus a flat 9.00% assumption.

CBT is a component of the net benefit calculation. Currently, as described above, the model calculates an estimate CBT, and the Authority staff has the option to input an applicant provided amount. Authority staff has input a value of zero in some circumstances, such as with a non-profit or if the project would not result in incremental taxable income to the State.
The Model will default to zero CBT unless as a result of the project there is incremental taxable income in the State that would result in additional tax revenue.

**Implementation of Model**

This memo has been made available to the public via posting to the Authority’s website. A public comment period will commence effective at the Authority’s December 13th board meeting. The public comment period will end at the close of business on January 6th 2016.

Assuming all comments, if any, have been satisfactorily addressed, the revised Model will become effective on February 16, 2017 which is also the date of the Authority’s February board meeting.

All ERG and GROW applications received on or after February 16, 2017 will be reviewed utilizing the revised Model.

ERG and GROW applications currently in-house or received prior to February 16, 2017 will be reviewed utilizing the current Model provided an approval is granted by the Members of the EDA Board before or on the Authority’s June 13, 2017 board meeting.

**Modifications to Approved Applications**

Until the Authority’s June 13, 2017 board meeting, should any GROW or ERG application approved for an award prior to the effective date of the revised Model require a modification that results in a 25% or more change in the project, the project will be reevaluated using the net benefit model effective at the time of original approval. All modification requests approved after the Authority’s June 13, 2017 board meeting will be reevaluated utilizing the revised Model, as it may be amended from time to time.

Should any GROW or ERG application approved for an award after the effective date of the revised Model require a modification that results in a 25% or more change in the project, the project will be reevaluated using the revised Model, as it may be amended from time to time.

Timothy Lizura  
President and Chief Operating Officer

Prepared by: David A. Lawyer
MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: December 13, 2016

RE: Proposed Rule Amendments
Net Positive Economic Benefit Test – Grow New Jersey Assistance Program

Request:

The members are asked to approve proposed rule amendments (see attached) to revise the net positive economic benefit test, which measures the likely impact of an eligible project on the State of New Jersey and/or its municipalities, by taking into account EDA’s certainty or lack thereof with regard to the business’s location after the commitment period expires under the Grow New Jersey Program.

Background:

Under the Grow NJ Program, an eligible business is required to maintain a project at a location in New Jersey for a commitment period of up to 15 years, but the net positive economic benefit test analysis period is from 20 to 35 years. Upon expiration of the commitment period and without some other commitment, the business may not have an obligation to remain at the qualified business facility. Additionally, EDA reviews and updates the net positive economic benefit test analysis from time to time to improve the analysis and to reflect changes in the State’s economic circumstances, such as the improving economy of the State during the period since the enactment of the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161.

In response to the Great Recession, the State acted to revitalize New Jersey’s economy and restore its economic health through the introduction of new tax increment financing and tax credit programs designed to spur development and redevelopment, encourage investment, and spur job creation and business growth. Statistics and trends over the last year point to a positive economic recovery for New Jersey, which is expected to continue due to gains in the labor and housing markets. The New Jersey Department of Labor and Workforce Development announced in November 2016 that private sector payroll employment has fully recovered from the last recession with 28,100 more people employed than during the pre-Recession peak. New Jersey has added 279,400 private sector jobs since February 2010, the recessionary low point for private sector employment in the state. While New Jersey’s unemployment rate hit a high of 9.9 percent in 2010, it dropped to 5.2 percent in October 2016, as reported in preliminary estimates by the U.S. Bureau of Labor Statistics. Additionally, in July 2016, the number of new businesses that filed to start operations in New Jersey last year was a
record 97,835, the highest level in State history (in 2010, there were 80,773 new filings with the New Jersey Department of the Treasury). Further, professional services and investment management firm JLL announced in October 2016 that the overall vacancy rate in the Northern and Central New Jersey office markets declined from 24.4 percent at mid-year to 24.0 percent in the third quarter – its lowest level since early 2009. JLL also noted that industrial leasing velocity in Northern and Central New Jersey continued at a historic rate, particularly for Class A properties. Year-to-date net absorption reached 8.1 million square feet, putting New Jersey’s industrial market on pace to record 10.0 million square feet of positive net absorption for the first time since 2001.

In recognition of this, and as part of the EDA’s ongoing evaluation of its incentive programs with the goal of making them accurate and responsive to the needs of the New Jersey economy, proposed new N.J.A.C. 19:31-18.3(a)3iii(3) states that the net positive economic benefit shall be discounted to reflect the uncertainty of the business’s location after the commitment period expires. EDA had proposed a similar amendment on January 20, 2015, as part of amendments proposed pursuant to the Economic Opportunity Act of 2014, Part 3 (P.L. 2014, c. 63) for which no comments were received; however, the Authority did not adopt the amendment at the time, in order to have additional time to further review and implement other necessary changes to the net positive economic benefit model.

In addition, proposed new N.J.A.C. 19:31-18.10(b)17 states that the incentive agreement shall include a provision to permit the Authority to recoup, during the period of the net positive economic benefit, all or a portion of the tax credits awarded based on the net positive economic benefit calculated for the years after the commitment period.

**Recommendation:**

The Members are asked to approve the proposed rule amendments and to authorize staff to submit the proposed amendments for promulgation in the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law (OAL). The Authority will operate with the proposed rule amendments upon submission to OAL, with risk to the applicant if changes are not adopted as proposed.

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Timothy Lizura

Attachment

Prepared by: Maureen Hassett/Jacob Genovay
OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Proposed Amendments: N.J.A.C. 19:31-18.3 and 18.10

Authority Assistance Programs

Grow New Jersey Assistance Program

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

Authority: P.L. 2011, c. 149

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

Proposal Number PRN 2017-___.

Submit written comments by ________ _, 2017 to:

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

The agency proposal follows:

Summary

The New Jersey Economic Development Authority ("EDA" or “Authority”) is proposing amendments to the rules implementing the Grow New Jersey Assistance (Grow NJ) Program to revise the net positive economic benefit test, which measures the likely impact of an eligible project on the State of New Jersey and/or its municipalities, by taking into account EDA’s certainty or lack thereof with regard to the business’s location after the commitment period expires.

Under the Grow NJ Program, an eligible business is required to maintain a project at a location in New Jersey for a commitment period of up to 15 years, but the net positive economic benefit test analysis period is from 20 to 35 years. Upon expiration of the commitment period and without some other commitment, the business may not have an obligation to remain at the qualified business facility. Additionally, EDA reviews and updates the net positive economic benefit test analysis from time to time to improve the analysis and to reflect changes in the
State’s economic circumstances, such as the improving economy of the State during the period since the enactment of the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161.

In response to the Great Recession, the State acted to reinvigorate New Jersey’s economy and restore its economic health through the introduction of new tax increment financing and tax credit programs designed to spur development and redevelopment, encourage investment, and spur job creation and business growth. Statistics and trends over the last year point to a positive economic recovery for New Jersey, which is expected to continue due to gains in the labor and housing markets. The New Jersey Department of Labor and Workforce Development announced in November 2016 that private sector payroll employment has fully recovered from the last recession with 28,100 more people employed than during the pre-Recession peak. New Jersey has added 279,400 private sector jobs since February 2010, the recessionary low point for private sector employment in the state. While New Jersey’s unemployment rate hit a high of 9.9 percent in 2010, it dropped to 5.2 percent in October 2016, as reported in preliminary estimates by the U.S. Bureau of Labor Statistics. Additionally, in July 2016, the number of new businesses that filed to start operations in New Jersey last year was a record 97,835, the highest level in State history (in 2010, there were 80,773 new filings with the New Jersey Department of the Treasury). Further, professional services and investment management firm JLL announced in October 2016 that the overall vacancy rate in the Northern and Central New Jersey office markets declined from 24.4 percent at mid-year to 24.0 percent in the third quarter – its lowest level since early 2009. JLL also noted that industrial leasing velocity in Northern and Central New Jersey continued at a historic rate, particularly for Class A properties. Year-to-date net absorption reached 8.1 million square feet, putting New Jersey’s industrial market on pace to record 10.0 million square feet of positive net absorption for the first time since 2001.

In recognition of this, and as part of the EDA’s ongoing evaluation of its incentive programs with the goal of making them accurate and responsive to the needs of the New Jersey economy, proposed new N.J.A.C. 19:31-18.3(a)3ii(3) states that the net positive economic benefit shall be discounted to reflect the uncertainty of the business’s location after the commitment period expires. In recognition of this, EDA had proposed a similar amendment on January 20, 2015, as part of amendments proposed pursuant to the Economic Opportunity Act of 2014, Part 3 (P.L. 2014, c. 63) for which no comments were received; however, the Authority did not adopt the amendment at the time, in order to have additional time to further review and implement other necessary changes to the net positive economic benefit model.

In addition, proposed new N.J.A.C. 19:31-18.10(b)17 states that the incentive agreement shall include a provision to permit the Authority to recoup, during the period of the net positive economic benefit, all or a portion of the tax credits awarded based on the net positive economic benefit calculated for the years after the commitment period.

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

Social Impact
The proposed amendments will have a positive social impact by further ensuring that the capital investment and the resultant creation of eligible projects under the Grow NJ Program yield a net positive economic benefit to the State.

Economic Impact

The proposed amendments will further ensure that the award of tax credits under the Grow NJ Program have a positive economic impact on the State. As required by the Grow New Jersey Assistance Act, N.J.S.A. 34:1B-242 et seq., a project must result in a net positive economic benefit to the State in order to receive an award of tax credits. The proposed amendments will increase the certainty of the net positive economic benefit calculated for each project.

Federal Standards Statement

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

Jobs Impact

The proposed amendments, which revise the parameters of the net positive economic benefit test under the Grow NJ Program are not anticipated to impact jobs in New Jersey.

Agriculture Industry Impact

The proposed amendments will not have any impact on the agriculture industry of the State of New Jersey.

Regulatory Flexibility Statement

The Grow NJ Program provides tax credits to eligible businesses that create a minimum of 10 to 35 new, and 25 to 50 retained full-time jobs. The proposed amendments, which revise certain parameters of the net positive economic benefit test, do not impose any additional compliance requirements on small businesses as outlined in N.J.S.A. 52:14B-16 et seq.

Housing Affordability Impact Analysis

The proposed amendments will not impact affordable housing in New Jersey or evoke a change in the average costs associated with housing units, including multi-family rental housing and for sale housing in the State. The proposed amendments revise certain parameters of the net positive economic benefit test under the Grow NJ Program.

Smart Growth Development Impact Analysis

The proposed amendments will not impact smart growth or evoke a change in the number of housing units or result in any increase or decrease in the average cost of housing or in housing
production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan. The proposed amendments revise certain parameters of the net positive economic benefit test under the Grow NJ Program.

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

N.J.A.C. 19:31-18.3 Eligibility criteria

(a) In order to be considered for a Grow New Jersey tax credit, the chief executive officer of a business shall demonstrate at the time of application that the business, expressly including its landlord or seller, will make, acquire, or lease a capital investment equal to or greater than, the applicable capital investment required in (a)1 below at which it will retain full-time jobs and/or create new full-time jobs in an amount equal to or greater than, the applicable number in (a)2 below.

1.-2. (No change.)

3. The business shall also demonstrate to the Authority that:

i. (No change.)

ii. The proposed capital investment and the resultant retention and creation of full-time jobs will yield a net positive economic benefit, equaling at least 110 percent of the requested tax credit allocation amount, to the State, as calculated pursuant to N.J.A.C. 19:31-18.7(c) prior to taking into account the value of the requested tax credit and shall be based on the benefits generated during the first 20 years following the completion of the project, except that:

(1)-(2) (No change.)

(3) The net positive economic benefit shall be discounted to reflect the uncertainty of the business’s location after the commitment period expires.

iii.-iv. (No change.)

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

N.J.A.C. 19:31-18.10 Incentive agreement

(a) All approved applicants shall execute an approval letter and an incentive agreement with the Authority to establish the terms and the conditions of the grant of tax credits. The approval letter will be subject to conditions subsequent that must be met in order to retain the award of tax credits. Such conditions shall include, but not be limited to, the execution of an incentive agreement.
(b) The incentive agreement shall include, but not be limited to, the following terms or conditions as determined by the Chief Executive Officer of the Authority:

1. (No change.)

15. Default and remedies; [and]

16. Reporting requirements[.]; and

17. A provision to permit the Authority to recoup, during the period of the net positive economic benefit, all or a portion of the tax credits awarded based on the net positive economic benefit calculated for the years after the commitment period.

(c) (No change.)
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: Advisor Group, Inc.

PROJECT LOCATION: 10 Exchange Place Jersey City Hudson County

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

APPLICANT BACKGROUND:
Advisor Group, Inc., established in 1988, through its subsidiaries, is a network of independent broker-dealers with 4,200 affiliated registered representatives and 700 direct employees. Advisor Group, Inc. consists of 5 subsidiaries: Financial Services Corporation, SagePoint Financial Inc., Woodbury Financial Services, Inc., Roya Alliance Associates, Inc. and Vision2020 Wealth Management Corp. Through its subsidiaries, the applicant provides financial services to the US market, including investment products, alternative investments, advisory and asset management services, and an advisory services platform. The applicant also provides clearing, succession planning and support services. In May of 2016, Advisor Group, Inc. was sold by its parent company, AIG, to Lightyear Capital LLC, a private equity firm, and PSP Investments. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
The applicant’s current lease is set to expire in April of 2017, and as part of a real estate optimization and cost savings strategy, Advisor Group, Inc. is looking to relocate outside of Manhattan. As part of its relocation, the applicant will lease office space in either Jersey City or Brooklyn, NY. Of the positions currently located in the Manhattan space, 60 have been identified to stay in the New York Metro area and will be located at the selected project facility, while the remainder will be relocated to its corporate headquarters in Phoenix, AZ. The applicant will lease and renovate 17,840 SF of office space at the Jersey City location, or 18,308 SF of office space at the Brooklyn, NY location.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Advisor Group, 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 Valerie Brown, the CEO of Advisor Group, 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 $12.7 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</th>
<th>(New / Retained Full-time Jobs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tech start ups and manufacturing businesses</td>
<td>10 / 25</td>
</tr>
<tr>
<td>Other targeted industries</td>
<td>25 / 35</td>
</tr>
<tr>
<td>All other businesses/industries</td>
<td>35 / 50</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Minimum Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment</td>
<td>$713,600</td>
<td>$1,786,604</td>
</tr>
<tr>
<td>New Jobs</td>
<td>25</td>
<td>60</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>35</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>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>Jersey City is a designated Urban Transit Hub Municipality</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase(s) Criteria</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Oriented Development</td>
<td>10 Exchange Place is located in a Transit Oriented Development by virtue of being within 1/2 mile of the</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 * $7,750 = $3,875) 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 (S1,786,604 / 10 / (60 + 0) = $2,977)</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:
Urban Transit HUB Municipality $ 5,000

INCREASES PER EMPLOYEE:
Transit Oriented Development: $ 2,000
Jobs with Salary in Excess of County Average: $ 250
Targeted Industry (Finance): $ 500

INCREASE PER EMPLOYEE: $ 2,750

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

LESSE OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $ 7,750

AWARD:
New Jobs: 60 Jobs X $7,750 X 100% = $465,000
Retained Jobs: 0 Jobs X $2,977 X 100% = $ 0
Total: $465,000

ANNUAL LIMITS:
Urban Transit HUB Municipality $10,000,000

TOTAL ANNUAL AWARD $465,000

PROJECT IS: (X) Expansion ( ) Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $ 1,786,604
EXPECTED PROJECT COMPLETION: May 31, 2017
SIZE OF PROJECT LOCATION: 17,840 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
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: $ 79,500

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $ 17,440,824
TOTAL AMOUNT OF AWARD: $ 4,650,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $ 12,790,824

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

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

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

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

APPLICANT: Cascades Holding US Inc.  P43681

PROJECT LOCATION: 700 Kapkowski Road Elizabeth City Union County

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

APPLICANT BACKGROUND:
Cascades Holding US Inc. (d/b/a Cascades Containerboard Packaging) is a manufacturer of containerboard and corrugated paper products. The company was established in 1997 as a result of a merger of the packaging assets of applicant’s parent company, Cascades Inc., and Domtar Industries Inc., resulting in the entity Norampac. In January 2007, Cascades Inc. bought out Domtar’s 50% interest in Norampac, and in August 2016 Norampac changed its name to Cascades Holding US Inc. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Cascades Holding US Inc. is seeking to construct a facility in either Elizabeth, NJ or Newtown, CT, and create 182 full-time positions at the selected location. The applicant would construct a state of the art facility which it would outfit with advanced machinery and custom equipment to be the company’s flagship plant. Should the applicant select the NJ location for its project, it would construct and equip a 481,908 SF manufacturing facility in Elizabeth. If the applicant selects the Newtown location for its project, it would construct and equip a 400,000 SF manufacturing facility.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Cascades Holding US 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 Mario Plourde, CEO of Cascades Holding US 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 $39.2 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>
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<td>$20</td>
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<td>Industrial/Warehouse/Logistics/R&amp;D - New Construction Projects</td>
<td>$60</td>
</tr>
<tr>
<td>Non-Industrial/Warehouse/Logistics/R&amp;D – Rehabilitation Projects</td>
<td>$40</td>
</tr>
<tr>
<td>Non-Industrial/Warehouse/Logistics/R&amp;D – New Construction Projects</td>
<td>$120</td>
</tr>
</tbody>
</table>

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

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

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

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

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

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Minimum Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment</td>
<td>$28,914,480</td>
<td>$116,058,608</td>
</tr>
<tr>
<td>New Jobs</td>
<td>10</td>
<td>182</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>25</td>
<td>0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Base Grant</th>
<th>Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>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>Elizabeth City is a designated Urban Transit Hub Municipality</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase(s) Criteria</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<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>700 Kapkowski Road is located in a Deep Poverty Pocket.</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 \( (1/2 \times \$10,000 = \$5,000) \) or  
  - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs \( ($116,058,608 / 10 / (182 + 0) = \$63,768) \)  

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:
Urban Transit HUB Municipality $ 5,000

INCREASES PER EMPLOYEE:
Deep Poverty Pocket: $ 1,500
Capital Investment in Excess of Minimum (non-Mega): $ 3,000
Targeted Industry (Manufacturing): $ 500

INCREASE PER EMPLOYEE: $ 5,000

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

LESSEE OF BASE + INCREASES OR PER EMPLOYEE LIMIT: $ 10,000

AWARD:
New Jobs: 182 Jobs X $10,000 X 100% = $1,820,000
Retained Jobs: 0 Jobs X $10,000 X 50% = $ 0
Total: $1,820,000

ANNUAL LIMITS:
Urban Transit HUB Municipality $10,000,000

TOTAL ANNUAL AWARD $1,820,000

PROJECT IS: (X) Expansion () Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $116,058,608
EXPECTED PROJECT COMPLETION: March 1, 2020
SIZE OF PROJECT LOCATION: 481,908 sq. ft.
NEW BUILDING OR EXISTING LOCATION? New
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: (X) Yes () No

NEW FULL-TIME JOBS: 182
RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2015): 0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: $ 46,405

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $57,410,391
TOTAL AMOUNT OF AWARD: $18,200,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $39,210,391

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.

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

DEVELOPMENT OFFICER: D. Ubinger

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

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

APPLICANT: Cyalume Specialty Products Inc. P43367

PROJECT LOCATION: 1 Riverview Drive Franklin Township Somerset County

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

APPLICANT BACKGROUND:
Cyalume Specialty Products Inc. established in 2011 and located in Bound Brook, NJ, manufactures specialty chemical products for the pharmaceutical, medical products and cosmetic markets. The products manufactured range from simple raw ingredients to finished product formulations to complex high performance polymers; for example, specialty coatings for circuit boards; additives for cosmetic and skin care products and surgical antiseptics and oral rinses. Manufacturing is performed in accordance with ISO 9001 standards, Current Good Manufacturing Practice ("cGMP") practices and in FDA approved facilities. Cyalume Specialty Products is a wholly owned subsidiary of Cyalume Technologies Holdings, Inc. Headquartered in Fort Lauderdale, Florida for over 40 years, Cyalume Technologies Holdings designs and manufactures chemical light solutions, chemiluminescent ammunition and infra-red devices for the U.S. and NATO military forces and other commercial and law enforcement markets. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:
Cyalume Specialty Products Inc. is seeking to relocate from its current facility in Bound Brook, NJ, where its lease is expiring and the facility is out of date. The two options for the company are to relocate its operation to a 50,065 sq. ft. owned facility in West Springfield, MA or build out a 44,392 sq. ft. facility in Franklin Township, NJ. The relocation project includes the retention of 27 jobs and the creation of 10 jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Cyalume Specialty Products 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 Zivi Nedivi, the CEO of Cyalume Specialty Products Inc. that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $15.9 million over the 20 year period required by the Statute.
FINDING OF JOBS AT RISK:
The applicant has certified that the 27 New Jersey jobs listed in the application are at risk of being located outside the State on or before February 1, 2017, when the company would begin to transfer jobs to the Massachusetts facility. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

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

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

  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 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>$898,640</td>
<td>$4,540,500</td>
</tr>
<tr>
<td>New Jobs</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>25</td>
<td>27</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>
<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 * $6,500 = $3,250) or</td>
</tr>
<tr>
<td></td>
<td>- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($4,540,500 / 10 / (10 + 27) = $12,271)</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...
Grant Calculation

<table>
<thead>
<tr>
<th>BASE GRANT PER EMPLOYEE:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Area</td>
<td>$3,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCREASES PER EMPLOYEE:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment in Excess of Minimum (non-Mega):</td>
<td>$3,000</td>
</tr>
<tr>
<td>Targeted Industry (Manufacturing):</td>
<td>$500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCREASE PER EMPLOYEE:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PER EMPLOYEE LIMIT:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Area</td>
<td>$10,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$6,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AWARD:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jobs:</td>
<td>10 Jobs X $6,500 X 100% = $65,000</td>
</tr>
<tr>
<td>Retained Jobs:</td>
<td>27 Jobs X $6,500 X 50% = $87,750</td>
</tr>
<tr>
<td>Total:</td>
<td>$152,750</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ANNUAL LIMITS:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Area (Est. 90% Withholding Limit)</td>
<td>$4,000,000/$80,430</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL ANNUAL AWARD</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$152,750</td>
</tr>
</tbody>
</table>

PROJECT IS: (X) Expansion (X) Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $4,540,500
EXPECTED PROJECT COMPLETION: June 1, 2017
SIZE OF PROJECT LOCATION: 44,932 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: (X) Yes ( ) No
NEW FULL-TIME JOBS: 10
RETAINED FULL-TIME JOBS: 27
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2015): 26
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: Bound Brook
MEDIAN WAGES: $63,516
Cyalume Specialty Products Inc.  

GROW NEW JERSEY 

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $17,419,240
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS) $1,527,500
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $15,891,740
ELIGIBILITY PERIOD: 10 years

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

APPROVAL REQUEST:
The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before February 1, 2017; 2) approve the proposed Grow New Jersey grant to encourage Cyalume Specialty Products 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: J. Kenyon  
APPROVAL OFFICER: T. Wells

DEVELOPMENT OFFICER: J. Kenyon  
APPROVAL OFFICER: T. Wells
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM

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

APPLICANT: Noven Pharmaceuticals, Inc. P43639

PROJECT LOCATION: 100 Town Square Place Jersey City Hudson County

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

APPLICANT BACKGROUND:
Noven Pharmaceuticals, Inc. is a specialty pharmaceutical company engaged in the research development, manufacturing, marketing and sale of prescription pharmaceutical products. Noven’s history began in 1987 in Miami, Florida with the mission to develop differentiated prescription transdermal drug delivery systems (patches) to benefit patients across a range of therapeutic conditions in areas of hormone therapy and attention deficit hyperactivity disorder. Noven is the U.S. platform for its Japanese parent, Hisamitsu Pharmaceutical Co. Inc., a patch manufacturer, with fully-integrated research and development, manufacturing and sales function offering prescription products in the areas of women’s health and central nervous system disorders. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Noven Pharmaceuticals’ management is evaluating locations to relocate its regulatory and clinical research team located in New York City, where the space it currently occupies is inefficient and is larger than it needs at present. The company seeks to consolidate the positions located in NY into a reconfigured smaller workplace, substantially enhancing functionality and efficiency in a lower cost environment. Noven has identified a 16,000 sq. ft. facility in Jersey City, NJ, which space includes growth or to relocate the positions within 8,446 sq. ft. of approximately 200,000 sq. ft. the company leases for its headquarters and manufacturing operations in Miami, Florida. The Grow NJ project includes the creation of 30 jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Noven Pharmaceuticals, 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 Jeff Mihm, the CEO of Noven Pharmaceuticals, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $13 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</th>
<th>(New / Retained Full-time Jobs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tech start ups and manufacturing businesses</td>
<td>10 / 25</td>
</tr>
<tr>
<td>Other targeted industries</td>
<td>25 / 35</td>
</tr>
<tr>
<td>All other businesses/industries</td>
<td>35 / 50</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Minimum Requirement</th>
<th>Proposed by Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment</td>
<td>$640,000</td>
<td>$1,900,000</td>
</tr>
<tr>
<td>New Jobs</td>
<td>25</td>
<td>30</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>35</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>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>Jersey City is a designated Urban Transit Hub Municipality</td>
</tr>
</tbody>
</table>

| Increase(s) Criteria | |
|----------------------| |
An increase of $2,000 per job for a project locating in a Transit Oriented Development.

100 Town Square Place is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station.

The proposed median salary of $157,194 exceeds the Hudson County median salary by 210% resulting in an increase of $1,500 per year.

The applicant is a Life Sciences business.

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>GRANT CALCULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project located in a Garden State Growth Zone</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
<tr>
<td>A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
<tr>
<td>The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster</td>
<td>The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.</td>
</tr>
</tbody>
</table>
| All other projects | The Retained Full-Time Jobs will receive the lesser of:  
- ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $9,000 = $4,500) or  
- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($1,900,000 / 10 / (30 + 0) = $6,333) |

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

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:
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:**
Urban Transit HUB Municipality  $5,000

**INCREASES PER EMPLOYEE:**
- Transit Oriented Development:  $2,000
- Jobs with Salary in Excess of County Average:  $1,500
- Targeted Industry (Life Sciences):  $500

**INCREASE PER EMPLOYEE:**  $4,000

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

**LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:**  $9,000

**AWARD:**
New Jobs:  30 Jobs X $9,000 X 100% =  $270,000
Retained Jobs:  0 Jobs X $9,000 X 50% =  $0,000
Total:  $270,000

**ANNUAL LIMITS:**
Urban Transit HUB Municipality  $10,000,000

**TOTAL ANNUAL AWARD**  $270,000

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

**ESTIMATED ELIGIBLE CAPITAL INVESTMENT:**  $1,900,000

**EXPECTED PROJECT COMPLETION:**  June 30, 2017

**SIZE OF PROJECT LOCATION:**  16,000 sq. ft.

**NEW BUILDING OR EXISTING LOCATION?**  Existing

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

**CONSTRUCTION:**  (X) Yes  ( ) No

**NEW FULL-TIME JOBS:**  30
**RETAINED FULL-TIME JOBS:**  0

**STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2015):**  0

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

**MEDIAN WAGES:**  $157,194
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): $15,646,618
TOTAL AMOUNT OF AWARD: $2,700,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): $12,946,618

ELIGIBILITY PERIOD: 10 years

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

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

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

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

APPLICANT: Vitaquest International LLC

PROJECT LOCATION: 99 5th Avenue Paterson City Passaic County

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

APPLICANT BACKGROUND:
Vitaquest International LLC, a subsidiary of CK Life Sciences Int’l., (Holdings) Inc., established in 1977, is a custom contract manufacturer of nutritional supplements. The company develops and manufactures products marketed in various distribution channels, including retail, direct selling, branded, direct-to-consumer (Internet and catalog), professional lines, television shopping, and direct response TV and radio. Vitaquest International LLC develops and produces more than 2,000 new products every year for clients in more than 40 countries around the world. The company’s manufacturing and packaging facility produces more than 500 million doses per month. The company is headquartered in West Caldwell, NJ. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Vitaquest International LLC is implementing an aggressive growth strategy and is focused on expanding its assembly and packaging capabilities. To accomplish this, the company will move its manufacturing operations and 110 employees from West Caldwell, NJ to a 79,650 sq. ft. facility in Paterson, NJ or an 80,000 sq. ft. facility Rochester, NY. It plans to create 100 new full-time jobs at the selected project facility.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Vitaquest International 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 Keith Frankel, the CEO of Vitaquest International 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 $19.5 million over the 30 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 110 New Jersey jobs listed in the application are at risk of being located outside the State on or before June 1, 2017, the date the applicant anticipates relocating to the Rochester, NY location. This certification coupled with the economic analysis of the potential locations submitted to the Authority has
allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

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

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

  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 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>$1,062,000</td>
<td>$4,100,000</td>
</tr>
<tr>
<td>New Jobs</td>
<td>8</td>
<td>100</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>19</td>
<td>110</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>

Increase(s) Criteria
<table>
<thead>
<tr>
<th>Vитаquest International LLC</th>
<th>Grow New Jersey</th>
<th>Page 3</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>99 5th Avenue 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>99 5th Avenue is located in a Transit Oriented Development by virtue of being within 1 mile of the midpoint of a New Jersey Transit Corporation rail station.</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 $4,100,000 is 286% 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</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>
Vitaquest International LLC | Grow New Jersey
---|---
or substantially damaged as a result of a federally declared disaster | The Retained Full-Time Jobs will receive the lesser of:

- ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $14,000 = $7,000) or
- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($4,100,000 / 10 / (100 + 110) = $1,952)

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

<table>
<thead>
<tr>
<th>Grant Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASE GRANT PER EMPLOYEE:</strong></td>
</tr>
<tr>
<td>Garden State Growth Zone</td>
</tr>
<tr>
<td><strong>INCREASES PER EMPLOYEE:</strong></td>
</tr>
<tr>
<td>Deep Poverty Pocket:</td>
</tr>
<tr>
<td>Transit Oriented Development:</td>
</tr>
<tr>
<td>Targeted Industry (Manufacturing)</td>
</tr>
<tr>
<td>GSGZ Ind. Project w/ Cap. Inv. In Excess of Min:</td>
</tr>
<tr>
<td><strong>INCREASE PER EMPLOYEE:</strong></td>
</tr>
<tr>
<td><strong>PER EMPLOYEE LIMIT:</strong></td>
</tr>
<tr>
<td>Garden State Growth Zone</td>
</tr>
<tr>
<td><strong>LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:</strong></td>
</tr>
<tr>
<td><strong>AWARD:</strong></td>
</tr>
<tr>
<td>New Jobs: 100 Jobs X $14,000 X 100% = $1,400,000</td>
</tr>
<tr>
<td>Retained Jobs: 110 Jobs X $14,000 X 100% = $1,540,000</td>
</tr>
<tr>
<td><strong>Total:</strong> $2,940,000</td>
</tr>
<tr>
<td><strong>ANNUAL LIMITS:</strong></td>
</tr>
<tr>
<td>Garden State Growth Zone</td>
</tr>
<tr>
<td><strong>TOTAL ANNUAL AWARD:</strong></td>
</tr>
</tbody>
</table>
## CONDITIONS OF APPROVAL:

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

## APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before June 1, 2017; 2) approve the proposed Grow New Jersey grant to encourage Vitaquest International 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.

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**DEVELOPMENT OFFICER:** C. Fuentes  
**APPROVAL OFFICER:** S. Novak
GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)
MODIFICATIONS
MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: December 13, 2016

SUBJECT: EMR Eastern LLC and Affiliates (“EMR”) – Modification
Grow New Jersey Assistance Program (“Grow NJ”) – P41233

Request:
Consent to the changes to the original Grow approval which included 7 new construction buildings
including a waste-to-energy facility and 7 existing buildings (collectively 14 buildings for 688,360 sf and
$252,750,000 in capital investment) to:

2 new buildings, 10 existing buildings (collectively now 12 buildings for 714,560 sf) and the elimination
of the waste-to-energy facility.

These changes result in a 41% reduction in capital investment from $252,750,000 to $148,589,900 and
because this is a Camden Alternative project with an award set by the amount of capital investment, a
corresponding reduction in the Grow NJ award from $252,750,000 to $148,589,900. There will be no
overall reduction in the number of originally projected new jobs (285) or retained jobs (62), a total of 347.

Board action is required because the existing delegated authority to modify a QBF does not encompass
the proposed changes and the 41% reduction in capital investment exceeds the 25% staff delegation to
approve such a change.

Background:
EMR Eastern LLC is a wholly owned subsidiary of EMR (USA Holdings) Inc., a scrap metal recycler in
Camden.

In September, 2015, the Members approved a $252,750,000, 10 year Grow NJ tax credit to incent the
creation of 285 new jobs and the retention of 62 jobs in Camden. This project is a Camden alternative
project under the EOA law which receives a per employee tax credit obtained by dividing the eligible
capital investment contributed to the project by the number of Grow employees.

As stated above, the originally approved QBF complex consisted of 7 new and 7 existing buildings, and
contemplated construction of a 103,000 sf, $166,000,000 onsite waste-to-energy facility to support the
company’s operations. After discussions with the city and utility providers, EMR learned that the
required utilities to support the infrastructure will not be available in time for the company to build the
facility and certify its costs within the 4-year period from approval timeline of the Grow award, and has
therefore elected to postpone the construction of the facility.
The impact of the removal of the waste-to-energy facility from the QBF would have resulted in a reduction of 58 new jobs and $166,000,000 in capital investment. However, EMR is now planning an expansion of its remaining QBF, which will provide sufficient jobs to replace the jobs that had been anticipated at the waste-to-energy facility.

First, EMR plans to repurpose the parcel that would have been used for the waste-to-energy facility as an auto recovery staging area. Second, EMR will build a 267,000 sf facility, which will serve as the headquarters of its US operations, and provide additional warehouse space, as opposed to the 25,000 sf building that was original proposed. Third, because EMR has experienced organic growth in its scrap handling business since approval of the Grow, the company is also seeking approval to add 42,400 sf of additional leased industrial warehouse space on Thorne St. This space will be used to continue EMR’s metals recovery activities performed on the main campus. 25 new jobs and $3,000,000 of capital investment are planned for the expanded site.

The expansion request is consistent with the September 9, 2016, board approved policy as it has the same characteristics as the original approved QBF as they are industrial buildings, would have been considered as part of the complex of buildings if it had been contemplated at the original approval, is within the same municipality, is directly related to business growth, and the company’s proposed eligible capital investment is sufficient to meet the increased minimum capital investment eligibility requirement. While no additional jobs over and above the original 347, growth in the scrap metal activity coupled with the plan to build the waste-to-energy facility in the future may result in future job growth over time.

The site that was to house the waste-to-energy facility will be repurposed to support EMR’s scrap metal business. With removal of the facility square footage, and the addition of the warehouses, the change in the space results in a net 3.8% expansion of the 688,360 sf QBF to 714,560 sf. The net effect of these changes entails a 41% reduction in capital investment from $252,750,000 to $148,589,900. The decrease in capital investment reduces the Grow NJ award by a like amount due to the Camden Alternative award structure. However, the proposed reduced capital spend still greatly exceeds the new minimum capital investment of $28,582,400 requirement for the project. No changes to payroll are expected. Based on the applicant’s re-affirmation that it will continue to create 285 and retain 62 jobs at the site, the net effect of the changes to the maximum award per new/retained job new to Camden to $428,213.

Because the reduction in the capital investment is greater than the 10% threshold approved by the Board for this project, staff re-ran the net economic benefit analysis. Using the salary level of the employees and the adjusted estimated capital investment provided by the applicant, the net benefit over 35 years (net of the award) is expected to be $58,798,483.

### Summary of Project Changes

<table>
<thead>
<tr>
<th></th>
<th>At Original Approval</th>
<th>As Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maximum Award:</strong></td>
<td>$252,750,000</td>
<td>$148,589,900</td>
</tr>
<tr>
<td><strong>QBF Address:</strong></td>
<td>5 S. Front St. &amp; Kaighn Ave. 1251 S. Front St. 1423,1466 and 1484 Ferry Ave. W.S.S. 3rd 246 No. Ferry Ave. SW 3rd &amp; Ferry Ave.</td>
<td>5 S. Front St. &amp; Kaighn Ave 1251 S. Front St. 1423,1466 and 1484 Ferry Ave. W.S.S. 3rd 246 No. Ferry Ave. SW 3rd &amp; Ferry Ave.</td>
</tr>
</tbody>
</table>
Consent to the changes to the original Grow approval which included 7 new construction buildings including a waste-to-energy facility and 7 existing buildings (collectively 14 buildings for 688,360 sf and $252,750,000 in capital investment) to:

2 new buildings, 10 existing buildings (collectively now 12 buildings for 714,560 sf) and the elimination of the waste-to-energy facility.

These changes result in a 41% reduction in capital investment from $252,750,000 to $148,589,900 and because this is a Camden Alternative project with an award set by the amount of capital investment, a corresponding reduction in the Grow NJ award from $252,750,000 to $148,589,900. There will be no overall reduction in the number of originally projected new jobs (285) or retained jobs (62), a total of 347.

All other terms of the original approval, including the creation of 285 new and retention of 62 jobs will remain unchanged.

Prepared by: John Shanley
MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: December 13, 2016

SUBJECT: Mane USA Inc. (“Mane”) – Modification Grow New Jersey Assistance Program (“Grow NJ”) - P42299

Request:
Consent to the following changes to the original Grow NJ approval:

1. Exclude the 162,876 sf manufacturing facility from the Qualified Business Facility (“QBF”);

2. Change the location and size of the Creative Center component of the QBF from a 71,000 sf site in Morris Plains to a 58,000 sf site in Parsippany-Troy Hills, and reduce the proposed capital investment at the Creative Center from $16,556,000 to $7,440,000; and

3. Reduce the total number of Grow jobs from 44 New/146 at-risk retained jobs to 29 New/98 at-risk retained jobs.

These changes will reduce the original Grow NJ award from $7,605,000 to $2,730,000.

Board action is required because the existing delegated authority to modify QBF locations does not encompass the proposed changes and the aggregate change in capital investment and jobs exceeds the 25% staff delegation.

Background:
Mane is a manufacturer and distributor of flavors, fragrances, and seasonings. Mane has six locations in the US with its corporate office and fragrance manufacturing facility located in Wayne, NJ, sales offices located in Fairfield, NJ and NYC, and seasoning and flavor manufacturing facilities located in Milford, OH, Lebanon, OH and Woodlawn, OH.

In April, 2016, the Members approved a $7,605,000, 10 year Grow NJ to incent the creation of 44 new jobs and the retention of 146 at-risk jobs from relocating out of New Jersey to Ohio where the company maintains other operations.

The originally approved QBF consisted of two buildings: a 162,876 sf manufacturing facility (new construction) and a 71,000 sf Creative Center (renovation), both located at 1000 The American Road, Morris Plains. The two sites were deemed a “complex of buildings” as the buildings were part of the
same financing and operational plans to expand in Morris Plains, and were the basis of one location
decision by the business. Under the program regulations, the company had to meet the capital investment
eligibility requirement separately for each site but could aggregate the jobs for purposes of the job
eligibility requirement. The combined capital investment estimated to be spent by the applicant for the
original project was $55,074,000.

Mane is requesting EDA approval to exclude the manufacturing facility that was part of the original QBF
and requesting a change in location and the size of the Creative Center component of the QBF from a
71,000 sf facility in Morris Plains to a 58,000 sf facility in Parsippany-Troy Hills. The decision for a
change in location is being made because it was not able to obtain the necessary approvals to build it in
Morris Plains and it is cost prohibitive to construct the manufacturing facility in Parsippany-Troy Hills
due to the loss of the transit oriented bonus and other factors. These requested changes will reduce the
number of jobs from 44 new/146 at-risk retained jobs to 29 new/98 at-risk retained jobs and the amount of
capital investment from $55,074,000 to $7,440,000.

On July 14, 2016, the Board delegated approval to staff to address changes to QBF locations for
applicants under narrowly defined guidelines when an applicant loses its site before executing an
incentive agreement, including changes to the size of the QBF if the change (greater or smaller)
represented a change of less than 25% from the original approval. The proposed change is not within the
scope of the delegated authority because it includes the removal of one building. Moreover, this request
proposes an 86% change in the combined amount of capital investment proposed by the applicant and a
75% change in the aggregate size of the QBF, both of which require Board approval.

The relocation of the Creative Center from the Morris Plain location to the Parsippany-Troy Hills location
changes the grant calculation for the jobs at the Creative Center. The base grant remains the same (at
$3,000) because Parsippany-Troy Hills and Morris Plains are both Priority Areas, and the project retains
the Targeted Industry (Manufacturing) bonus. However, the Parsippany-Troy Hills location is not within
½ mile of the midpoint of a NJ Transit Corporation rail station, so the project no longer qualifies for the
Transit Oriented Development. Thus, the total bonus amount per employee is $500 (rather than $2,500),
and the sum of the base and bonus is $3,500 (rather than $5,500).

As the total estimated eligible capital investment at the proposed QBF has decreased to $7,440,000, the
cap on the amount per retained job has been recalculated to determine if it is lower. In the original
approval, the cap was set at half the original amount of the credit per new job (½ of $8,500, or $4,250)
because it was less than the amount obtained by dividing the eligible capital investment by the total Grow
jobs ($61,139). Based on the reduced eligible capital investment and the lower credit per new job, the
award per retained job would be capped at the lesser of ½ of the grant calculation for new full-time jobs
(½ of $3,500, or $1,750) or the estimated capital investment divided by the 10 years of the grant and the
total new and retained full-time jobs (29 + 98) which in this case is $5,858. Accordingly, the maximum
amount per retained jobs is now set at the cap based on the modified project ($1,750) because that amount
is lower than the cap in the original approval. As set forth in the program regulations, if upon completion,
the 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 amount per retained job will be capped
at the lesser amount resulting from the actual amounts.
Moreover, because the project remains in a Priority Area, the award is still limited by 90% of the withholdings from the business’s employees at the QBF. Based on the exclusion of the manufacturing facility, the estimated 90% withholding limit is $407,293.

Staff has reviewed a cost benefit analysis to ensure with the changes contemplated herein, the company will continue to demonstrate that it will create a net benefit to the State.

Although this is a significant change to the scope of the project, staff has determined that New Jersey is still the more expensive option for the Creative Center than the alternative of Ohio and, thus, that the award of grant of tax credits continues to be a material factor in the company’s location decision.

### Summary of Project Changes:

<table>
<thead>
<tr>
<th></th>
<th>At Original Approval</th>
<th>As Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Grant:</strong></td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
<tr>
<td><strong>Increases:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targeted Industry (Mfg.):</td>
<td>$500</td>
<td>$500</td>
</tr>
<tr>
<td>Transit Oriented Development:</td>
<td>$2,000</td>
<td>-----</td>
</tr>
<tr>
<td><strong>Base + Increases:</strong></td>
<td>$5,500</td>
<td>$3,500</td>
</tr>
<tr>
<td><strong>Annual Award:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Jobs:</td>
<td>29 Jobs x $5,500 x 100% =</td>
<td>29 Jobs x $3,500 x 100% =</td>
</tr>
<tr>
<td></td>
<td>$159,500</td>
<td>$101,500</td>
</tr>
<tr>
<td>Retained Jobs:</td>
<td>98 Jobs x $5,500 x 50% =</td>
<td>98 Jobs x $3,500 x 50% =</td>
</tr>
<tr>
<td></td>
<td>$269,500</td>
<td>$171,500</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>$429,000</td>
<td>$273,000</td>
</tr>
<tr>
<td><strong>Annual Limit:</strong></td>
<td>$4,000,000 ($491,945 est. 90% withholding limit)</td>
<td>$4,000,000 ($407,293.50 est. 90% withholding limit)</td>
</tr>
<tr>
<td><strong>Total Award:</strong></td>
<td>$7,605,000</td>
<td>$2,730,000</td>
</tr>
<tr>
<td><strong>Project Location:</strong></td>
<td>100 The American Road, Morris Plains</td>
<td>339 Jefferson Road, Parsippany-Troy Hills</td>
</tr>
<tr>
<td><strong>Size of Project Location:</strong></td>
<td>162,876 sf (Mfg.)</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>71,000 sf (Creative Ctr)</td>
<td>58,000 sf (Creative Ctr)</td>
</tr>
<tr>
<td></td>
<td>233,876 sf</td>
<td>58,000 sf</td>
</tr>
<tr>
<td><strong>Minimum Capital Investment Eligibility Requirement:</strong></td>
<td>$9,772,560 (Mfg.)</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>$2,840,000 (Creative Ctr)</td>
<td>$2,320,000 (Creative Ctr)</td>
</tr>
<tr>
<td><strong>Total Requirement:</strong></td>
<td>$12,612,560</td>
<td>$2,320,000</td>
</tr>
<tr>
<td>Estimated Eligible Capital</td>
<td>$38,518,000 (Mfg.)</td>
<td>N/A</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------------------</td>
<td>-----</td>
</tr>
<tr>
<td>Investment:</td>
<td>$16,556,000 (Creative Ctr)</td>
<td>$7,440,000 (Creative Ctr)</td>
</tr>
<tr>
<td>Total:</td>
<td>$55,074,000</td>
<td>$7,440,000</td>
</tr>
<tr>
<td>Jobs:</td>
<td>15 New/48 Retained (Mfg.)</td>
<td>N/A</td>
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<tr>
<td></td>
<td>29 New/98</td>
<td>29 New /98 Retained (Creative Ctr)</td>
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<tr>
<td>Gross Benefit to the State (Prior to Award):</td>
<td>$66,494,404 over 20 years</td>
<td>$42,455,515 over 20 years</td>
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<tr>
<td>Net Benefit Test:</td>
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<td>$39,725,515 over 20 years</td>
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<td>Median Wages:</td>
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<tr>
<td></td>
<td>$64,019 (Creative Ctr)</td>
<td>$64,019 (Creative Ctr)</td>
</tr>
</tbody>
</table>

**Recommendation:**

Consent to the following actions:

1. Exclude the 162,876 sf manufacturing facility from the Qualified Business Facility ("QBF");

2. Change the location and size of the Creative Center component of the QBF from a 71,000 sf site in Morris Plains to a 58,000 sf site in Parsippany-Troy Hills and reduce the proposed capital investment at the Creative Center from $16,556,000 to $7,440,000; and

3. Reduce the total number of Grow jobs from 44 New/146 at-risk retained jobs to 29 New/98 at-risk retained jobs.

Although the resultant changes will result in the reduction of the number of jobs proposed by the applicant the company will continue to create a positive net benefit to the state and will keep the at-risk jobs from relocating to Ohio where the company has other operations.

Prepared by: John Shanley
BOND PROJECTS
BOND RESOLUTIONS
MEMORANDUM

TO:        Members of the Authority

FROM:    Timothy J. Lizura
        President and Chief Operating Officer

DATE: December 13, 2016

RE:        Health/Agriculture and Treasury Taxation Buildings (Trenton)
Predevelopment Services Bond Reimbursement Resolution

Summary
I ask the Members to approve a bond reimbursement resolution for an amount not to exceed $4 million to permit the use of bond proceeds to reimburse the predevelopment service expenses for the new construction of replacement Health/Agriculture and Treasury Taxation buildings, the demolition of the existing Health and Agriculture buildings, and either the demolition, rehabilitation, or sale of the existing Treasury Taxation building ("Project").

Background
On October 7, 2016, the Department of Treasury, Division of Property Management and Construction and the Authority executed Memoranda of Understanding ("MOUs"), which were agreed and consented to by the Treasurer, which authorizes the Authority to fund and to provide predevelopment services to complete the design development phase for the Project, which will include: architectural/engineering design development drawings and specifications, a construction cost estimate, a project schedule, the comprehensive development budget, and site due diligence tasks, i.e., title and the required environmental reports (collectively "Plans").

The Authority is currently procuring professionals to provide the predevelopment services. Staff anticipates presenting the architectural/engineering and construction management firm selections to the Members in early 2017.

The MOUs authorize the Authority to spend, up to $3,602,940 of Authority unrestricted funds to provide the predevelopment services. DPMC will need to authorize the issuance of bonds and execute the leases or terminate the Project’s development. The resolution, which is attached as Exhibit A to this memo, authorizes the reimbursement of the predevelopment service expenses from bond proceeds.

The attached reimbursement resolution is in substantially final form. The final form of resolution may be subject to revision, although the basic terms and conditions will remain consistent with the attachment. The final terms of the reimbursement resolution will be subject to the approval of the
Chief Executive Officer, Chief Operating Officer/President, the Attorney General’s Office, and bond counsel.

**Recommendation**
In summary, I ask that the Members approve the reimbursement resolution.

Timothy J. Lizura
President and Chief Operating Officer

Attachment: Exhibit A
Prepared by: Juan Burgos
EXHIBIT A

RESOLUTION OF INTENT BY THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY PURSUANT TO TREASURY REGULATION 1.150-2 TO USE PROCEEDS OF TAX-EXEMPT BONDS FOR THE REIMBURSEMENT OF EXPENDITURES

Adopted December 13, 2016

WHEREAS, the New Jersey Economic Development Authority (the “Authority”) is a public body corporate and politic, constituting a political subdivision and instrumentality of the State of New Jersey (the “State”), exercising public and essential governmental functions, and organized and existing under the New Jersey Economic Development Authority Law, L. 1974, c. 80, as amended and supplemented (N.J.S.A. 34:1B-1, et seq., as amended and supplemented) (the “Act”); and

WHEREAS, pursuant to a Memorandum of Understanding dated July 22, 2014, the Division of Property Management and Construction (“DPMC”) within the Department of Treasury, of the State of New Jersey engaged the Authority to complete a feasibility study (the “Study”) regarding the Health/Agriculture and Taxation Buildings in the City of Trenton, which Study considered the alternatives of new construction replacement buildings, rehabilitation of existing buildings, and/or leasing new space in the open market; and

WHEREAS, the Study concluded that the best alternative would be to replace the Health/Agriculture and Taxation Buildings with two new buildings and demolish the existing Health/Agriculture Building and either demolish, rehabilitate at a later date, or sell the existing Taxation Building (collectively, the “Projects”); and

WHEREAS, pursuant to separate memoranda of understanding (the “MOUs”) among the New Jersey Department of the Treasury, DPMC and the Authority, the Authority has agreed, among other things, to finance certain predevelopment services costs of the Projects as set forth in the MOUs (the “Predevelopment Costs”); and

WHEREAS, if DPMC decides to proceed with the final design and specifications and construction of the Projects, DPMC may request the Authority to authorize and issue one or more series of tax-exempt bonds to be secured with a lease or leases with the State, in an aggregate principal amount to be determined for the purpose of financing, inter alia, the costs constructing one of more of the Projects (the “Bonds”); and

WHEREAS, a portion of the costs of the Projects, including without limitation the Predevelopment Costs, will be incurred or expended for the Projects prior to the issuance of the Bonds from funds of the State or the Authority; and

WHEREAS, the Authority intends that the Projects will ultimately be financed with tax-exempt financing.
EXHIBIT A

NOW, THEREFORE, BE IT RESOLVED BY THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY AS FOLLOWS:

1. The Authority declares that (i) the Authority intends to refinance any interim financings or loans incurred by the State or the Authority in order to initially finance the Projects with the proceeds from the issuance of the Bonds, and (ii) the Authority intends to reimburse the State and the Authority a portion of costs of the Projects expended prior to the issuance of the Bonds with the proceeds of the Bonds.

2. The Project costs to be reimbursed with the proceeds of the Bonds will be “capital expenditures” as defined in Treasury Regulations Section 1.150-1(b), a cost of issuance for the Bonds or an expenditure described in Treasury Regulation Section 1.148-6(d)(3)(ii)(B).

3. The maximum principal amount of Bonds expected to be issued for the purposes of the Projects (exclusive of issuance costs, capitalized interest and reserve funds, if any) is to be determined. The maximum principal amount expected to be allocated from the foregoing obligations for reimbursement purposes is $4,000,000.

4. This Resolution is intended to be and hereby is a declaration of the Authority’s official intent to reimburse any expenditure for costs of the Projects or to refinance any interim financings or loans incurred by the State or the Authority incurred and/or paid prior to the issuance of the Bonds in accordance with Treasury Regulation Section 1.150-2(e), and no reimbursement allocation will employ an abusive arbitrage device under Treasury Regulations Section 1.148-10 to avoid the arbitrage restrictions.

5. This Resolution shall take effect ten (10) days, exclusive of Saturdays, Sundays and public holidays, after delivery (and not including the day of delivery) to the Governor of the minutes of the meeting of the Authority at which this Resolution is adopted or such earlier time as the Governor signs a statement of approval in accordance with the Act.
MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

SUBJECT: NJEDA/Transportation Project Sublease Revenue Bonds and Revenue Refunding Bonds (New Jersey Transit Corporation Projects) 2017 Series

DATE: December 13, 2016

SUMMARY OF PROPOSED FINANCING
The Authority is currently being asked to approve the issuance of one or more series of the 2017 Transportation Project Sublease Revenue Bonds (New Jersey Transit Corporation Projects) (the “2017 New Money Bonds”), one or more series of 2017 Transportation Project Sublease Revenue Refunding Bonds (New Jersey Transit Corporation Projects) (the “2017 Refunding Bonds,” and together with the 2017 New Money Bonds, the “2017 Series Bonds”) and various related actions described below. The 2017 New Money Bonds will be issued in an amount sufficient to produce approximately $60 million for capital projects. The 2017 Refunding Bonds (to be issued in an amount not to exceed $1,350,000,000), will be used to: (i) restructure all or a portion of the Series 2004A, Series 2008A and Series 2009A State of New Jersey Certificates of Participation in Basic Lease Payments by the State of New Jersey as Lessee Pursuant to an Equipment Lease Purchase Agreement (collectively, the “COPs”), the Authority’s Transportation Project Sublease Revenue Refunding Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2008 Series A (“2008 NJEDA Bonds”) and NJ Transit’s Grant Anticipation Notes, Series 2014A (Federal Transit Administration Section 5307 Urbanized Area Formula Funds) (“GANs”); (ii) fund capitalized interest for a portion of the 2017 Refunding Bonds; and (iii) pay the costs of issuance of the 2017 Refunding Bonds.

BACKGROUND
Between 2004 and 2009, the COPs were issued in an approximate amount of $950 million for the benefit of NJ Transit’s capital program for the purpose of financing the acquisition of bus and rail rolling stock. Repayment of these COPs came in part from pay-as-you-go (“paygo”) appropriations from the New Jersey Transportation Trust Fund Authority (“TTFA”) to fund NJ Transit’s annual capital program and from NJ Transit's annual operating budget. In 2008, the Authority issued
approximately $342 million of the 2008 NJEDA Bonds for the benefit of NJ Transit’s capital program to refinance outstanding obligations issued for the purpose of financing the South Jersey Light Rail Project. In 2014, NJ Transit issued approximately $483 million of GANs to refinance outstanding obligations issued for the purpose of financing the acquisition of bus and rail rolling stock. The COPs, the 2008 NJEDA Bonds and the GANs are currently outstanding in the aggregate principal amount of $1,006,730,000.

**APPROVAL REQUEST**

The Authority is being requested to approve the adoption of the Transportation Project Sublease Revenue Bond Resolution (New Jersey Transit Corporation Projects) (the “Resolution”) and the issuance of one or more series of 2017 New Money Bonds in an amount sufficient to produce approximately $60 million for capital projects, and the issuance of one or more series of 2017 Refunding Bonds in an amount not to exceed $1,350,000,000. The 2017 New Money Bonds and 2017 Refunding Bonds will be issued for the purposes described above. NJ Transit will enter into one or more lease agreements, sublease agreements and any other document necessary to effectuate the issuance of the 2017 Series Bonds (collectively, the “Lease Financing Documents”) pursuant to which, among other things, NJ Transit will agree to make lease rental payments to the Authority in an amount sufficient to pay, inter alia, debt service on the 2017 Series Bonds. NJ Transit will also enter into one or more Funding Agreements, with the consent of the Commissioner of the New Jersey Department of Transportation (“Commissioner”) (the “Funding Agreements”) in favor of the Authority pursuant to which NJ Transit will pledge a portion of the paygo appropriations from the TTFA to secure NJ Transit’s payment obligations under the Lease Financing Documents.

The 2017 New Money Bonds are expected to be issued as fixed rate tax-exempt bonds, and subject to the following parameters, all as determined by an Authorized Authority Representative, in consultation with the Treasurer, Office of Public Finance, Attorney General’s Office and Bond Counsel:

1. The final maturity of any 2017 New Money Bonds will not exceed thirty (30) years from the date of issuance;
2. The true interest cost of the 2017 New Money Bonds will not exceed 8%; and
3. The redemption price of the 2017 New Money Bonds will not exceed 103% of the principal amount of such 2017 New Money Bonds, if and when redeemed.

The 2017 Refunding Bonds are expected to be issued as fixed rate tax-exempt and fixed rate taxable bonds, and subject to the following parameters, all as determined by an Authorized Authority Representative, in consultation with the Treasurer, Office of Public Finance, Attorney General’s Office and Bond Counsel:

1. The final maturity of any 2017 Refunding Bonds will not exceed thirty (30) years from the date of issuance;
2. The true interest cost of the 2017 Refunding Bonds issued as tax-exempt Bonds will not exceed 8%; and
3. The redemption price of the 2017 Refunding Bonds will not exceed 103% of the principal amount of such 2017 Refunding Bonds, if and when redeemed.
3. The true interest cost of the 2017 Refunding Bonds issued as taxable Bonds will not exceed 10%;
4. The redemption price of the 2017 Refunding Bonds issued on a tax-exempt basis will not exceed 103% of the principal amount of such 2017 Refunding Bonds, if and when redeemed;
5. The redemption price of the 2017 Refunding Bonds issued on a taxable basis will not exceed 103% of the principal amount of such 2017 Refunding Bonds if and when redeemed; provided, however, that the redemption price of any 2017 Refunding Bonds issued on a taxable basis subject to optional redemption by the Authority pursuant to a “make-whole” provision may exceed 103% of the principal amount of such 2017 Refunding Bonds if so determined by an Authorized Authority Representative in a Series Certificate to be entered into in connection with the issuance of the 2017 Series Bonds.

The Authority is also being asked to approve certain actions of, and delegation of actions to, an Authorized Authority Representative with information provided by the Treasurer, Bond Counsel, and the Attorney General and in consultation with, the Office of Public Finance, Bond Counsel and the Attorney General’s Office, as applicable, and as approved by the Treasurer, which actions are more fully set forth in the Resolution, which is incorporated herein by reference, and will be memorialized in one or more Series Certificates, and may include, without limitation:

1. To determine the date of issuance, sale and delivery, the maturity dates, the principal amount and the redemption provisions of each series of 2017 New Money Bonds and 2017 Refunding Bonds in accordance with the parameters set forth above;
2. To determine whether each series of the 2017 Refunding Bonds shall be issued as tax-exempt or taxable bonds;
3. To select and appoint any additional co-managers and/or underwriters upon recommendation of the Treasurer, utilizing the Department of the Treasury’s competitive RFP process and in accordance with Executive Order No. 26 (Whitman 1994) (“EO 26”) and Executive Order No. 37 (Corzine 2006) (“EO 37”); 
4. To select and appoint a firm to serve as bidding agent, upon recommendation of the Treasurer based on the Department of the Treasury’s competitive RFP process, to solicit bids and to enter into or purchase (1) defeasance securities as defined in the resolutions authorizing the 2008 NJEDA Bonds, the COPs, and the GANs to be refunded with proceeds of any 2017 Refunding Bonds, in the event that such Authorized Authority Representative determines that it is advantageous to the Authority to invest any such proceeds in such defeasance securities;
5. To select and appoint a firm to serve as Trustee based on the Department of the Treasury’s competitive RFP process.

In exercising the Authority’s discretion to approve specific transactions authorized under the Resolution, it is anticipated that the Authorized Authority Representatives will make decisions on behalf of the Authority in consultation with the Treasurer. The Board will be updated upon completion of the transaction.

Professionals for the transaction were selected in compliance with EO 26. Chiesa Shahinian & Giantomasi PC was selected as Bond Counsel through a competitive RFP process performed by the Attorney General’s Office on behalf of the Department of the Treasury for State appropriation-backed transactions. Through Treasury’s competitive RFP process, Bank of America Merrill Lynch was chosen as senior managing underwriter. The Resolution will also authorize Authority staff to take all necessary actions incidental to the issuance of the 2017 New Money Bonds and 2017 Refunding Bonds, including without limitation, the selection of additional professionals, if any, pursuant to a competitive process utilizing the Department of the Treasury’s RFP process in accordance with EO 26 and EO 37.

RECOMMENDATION
Based upon the above description, and subject to the criteria set forth above, the Authority is requested to: (i) approve the adoption of the Resolution authorizing the issuance of the 2017 New Money Bonds in an amount sufficient to produce approximately $60 million for capital projects, the issuance of the 2017 Refunding Bonds in the total aggregate principal amount not to exceed $1,350,000,000 as well as other matters in connection with the issuance and sale thereof and otherwise as described above; (ii) approve the several actions and delegation of actions to an Authorized Authority Representative as may be necessary or advisable in order to issue the 2017 New Money Bonds and 2017 Refunding Bonds and to undertake the other transactions described in (i) above on terms which are in the best interest of the State; (iii) authorize the use of the aforementioned professionals; and (iv) authorize Authority staff to take all necessary actions incidental to the issuance of the 2017 New Money Bonds and 2017 Refunding Bonds; subject to final review and approval of all terms and documentation by Bond Counsel and the Attorney General’s Office.

Prepared by: Teresa Wells
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: Yeshiva Gedola Na’os Yaakov Inc
P43332

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 911 Somerset Avenue Lakewood Township (T/UA) Ocean

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

APPLICANT BACKGROUND:
Yeshiva Gedola Na’os Yaakov Inc is a post-high school educational institution founded by Rabbi Shlomo Felvel Schustal in August 2014. The school offers a four-year undergraduate program in Talmudic Studies. The students of the program graduate with a Bachelor of Talmudic Studies degree. Enrollment for the 2016/2017 school year is 130 students.

The project has been reviewed and approved by the Attorney General’s Office relating to the First Amendment’s Establishment Clause.

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

APPROVAL REQUEST:
Authority assistance will enable the applicant to reduce its interest expense by refinancing the balance of an outstanding conventional loan.

FINANCING SUMMARY:

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

AMOUNT OF BOND: $3,000,000 Tax-Exempt Bond

TERMS OF BOND: 24 years, 6 months; Variable interest rate equal to 70% of the 1 month LIBOR plus 225 basis points. The applicant may enter into a swap to a fixed rate for 9 1/2 years. The estimated rate for the 9 1/2 year swap is 2.76%, as of November 15, 2016. Subject to a call option every 10 years until maturity.

ENHANCEMENT: N/A

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refinancing</td>
<td>$3,000,000</td>
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<tr>
<td>Legal fees</td>
<td>$50,000</td>
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<tr>
<td>Finance fees</td>
<td>$30,000</td>
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</tbody>
</table>

TOTAL COSTS: $3,080,000

JOBS: At Application 21 Within 2 years 35 Maintained 0 Construction 0

PUBLIC HEARING: 11/17/16 (Published 11/03/16) BOND COUNSEL: Chiesa, Shahinian & Ciantomasi,
DEVELOPMENT OFFICER: M. Athwal APPROVAL OFFICER: S. Novak
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: The Peddle School
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 201 S. Main St. Hightstown Borough (N) Mercer
GOVERNOR'S INITIATIVES: () Urban () Edison (X) Core () Clean Energy

APPLICANT BACKGROUND:
The Peddle School founded in 1864, is a not-for-profit independent college preparatory high school with 564 students enrolled in grades 9-12, including 17 postgraduate students. The student body represents 25 states and the District of Columbia, as well as 38 foreign countries. Average class size is 12 students, with a 6:1 student-to-faculty ratio. The campus includes 55 buildings that overlook approximately 230 acres. The applicant is accredited by the Middle States Association of Colleges and Schools. Peter Quinn is the Headmaster and Elizabeth Silverman is the Chair of the Board of Trustees.

The Authority has provided assistance to The Peddle School with tax-exempt bond financing on a number of occasions including:

- **P41168** 8/05/2015 $11,125,000 Refunding portions of 2008 Bond Issues
- **P22637** 12/19/2008 $15,140,000 Renovate athletic facility, construct pool, turf field, and parking
- **P22801** 12/19/2008 $10,005,000 Refunding portions of 1994, 1996, 1999, and 2004 Bond Issues
- **P15551** 3/31/2004 $4,400,000 Refunding 1994 Bond Issue
- **P15392** 3/31/2004 $15,865,000 Construct 41,000 sq.ft. science building
- **P10840** 8/21/1999 $8,700,000 Renovations to the student center & athletic facility
- **P08750** 3/07/1996 $4,350,000 Construct new building
- **P07553** 6/27/1994 $7,000,000 Renovations to the student center & athletic facility
- **P07602** 6/27/1994 $8,165,000 Refund 1990 Bond Issue
- **P06239** 9/07/1990 $8,650,000 Construct 28,000 sq. ft. dormitories

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 as amended, and is not subject to the State Volume Cap limitation, pursuant to Section 146(g) of the Code.

REFUNDING REQUEST:
Authority assistance will enable the Applicant to refund $15,150,000 in outstanding principal associated with 1994 Bond Issuance (P07602), 1996 Bond Issuance (P08750), 1999 Bond Issuance (P10840), and 2004 Bond Issuance (P15392).

FINANCING SUMMARY:
- **BOND PURCHASER:** TD Bank, N.A. (Direct Purchase)
- **AMOUNT OF BOND:** $15,300,000 Tax-Exempt Bond
- **TERMS OF BOND:** 13 years and 2 months; floating rate at the tax-exempt equivalent of (One-Month LIBOR plus 0.90%).
APPLICANT: The Peddie School

ENHANCEMENT: N/A

PROJECT COSTS:

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<tr>
<td>Principal amount of bond(s) to be refund</td>
<td>$15,150,000</td>
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<tr>
<td>Finance fees</td>
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<td>Legal fees</td>
<td>$50,000</td>
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<td><strong>TOTAL COSTS</strong></td>
<td><strong>$15,300,000</strong></td>
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PUBLIC HEARING: 12/13/16 (Published 11/29/16)  
BOND COUNSEL: Chiesa, Shahinian & Giantomasi.

DEVELOPMENT OFFICER: K. Durand  
APPROVAL OFFICER: K. DeSmedt
COMBINATION PRELIMINARY AND BOND RESOLUTIONS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: Uncommon CP Properties III, LLC
PROJECT USER(S): Camden Prep, Inc. *
PROJECT LOCATION: 1575 Mount Ephraim Avenue Camden City (T/UA) Camden
GOVERNOR'S INITIATIVES: (X) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Uncommon CP Properties III, LLC, a wholly owned subsidiary of Uncommon Schools, Inc. ("USI"), was recently formed to provide real estate services and hold title to real estate projects for the benefit of the schools within the USI network, including North Star Academy Charter School of Newark, Inc. and Camden Prep, Inc. USI is a not-for-profit entity that starts and manages public charter schools, and through its subsidiaries, owns real estate that is leased to the school for use as public school facilities. USI currently manages 44 public charter schools across NJ, NY and MA. Brett Peiser is the Chief Executive Officer and Norman Atkins is the Board Chair of USI.

In the Fall of 2014, USI launched its first charter school in Camden, Camden Prep, Inc. Currently located at 1575 Mt. Ephraim Ave., the 128,000 sq. ft. facility, which is over 100 years old (known as the Bonsall School), currently serves approximately 415 students in grades K-5. Camden Prep is a renaissance school project, approved and defined under the educational initiatives of the NJ Urban Hope Act. Bob Howitt is the President of Camden Prep. USI and Camden Prep are in good standing with the NJ Dept. of Education.

Uncommon CP Properties I, LLC closed on a $47.5 million Qualified School Construction Bond (QSCB) (Appl. P40716) on November 30, 2016, to acquire several existing buildings in Camden located at 1675-1677 Haddon Avenue, 1683 Haddon Avenue, 1687-1689 Haddon Avenue and 370 W. Haddon Avenue - SL Copwood, demolish the buildings and construct a new 80,000 sq. ft. school, for up to 700 students in grades K-8.

In addition, Uncommon CP Properties II, LLC received preliminary bond approval in 2016 for the issuance of $29,833,634.33 QSCB (Appl. P42263) to finance substantial renovations to the Bonsall School.

Uncommon Properties and its affiliates have closed on several bond financings with the Authority for the benefit of North Star Academy Charter School of Newark, Inc., currently a network of ten public charter schools ("NSA Charter Schools"). In 2009, the Authority issued a $16.48 million QSCB to build a new high school at 13-25 Central Ave., Newark (Appl. P29061). Proceeds of a $35.7 million QSCB (Appl. P38413 & P38415) which closed in 2013, are being used to acquire NSA Valisburg Elementary & Middle School located on Hazelwood Ave. and for renovations at NSA Downtown Middle School and High School, located at 2 Washington Place, all in Newark. In April 2016, Uncommon Schools closed on a $41.3 million QSCB (Appl. P42143) for the construction of a new North Star Academy for grades K-12 on Washington Street, Newark.

In addition, Qualified Zone Academy Bonds were issued in the principal amounts of $7,806,000 in 2012 (Appl. P37823), $7,132,000 in 2013 (Appl. P38814), $7,145,000 in 2014 (Appl. P40207) and $7,145,000 in 2015 (Appl. P41792) proceeds of which were utilized for various renovation projects at several NSA Charter Schools in Newark.

The project will be occupied by Camden Prep, Inc., a 501(c)(3) not-for-profit entity. The Bonds are expected to be issued as Qualified Zone Academy Bonds pursuant to Section 54E of the Internal Revenue Code of 1986.
APPLICANT: Uncommon CP Properties III, LLC

APPROVAL REQUEST:
Authority assistance will enable the Applicant to support renovations at the Bonsall School which, when completed, is expected to house 750 students in grades K-8 at full capacity. Other renovations include replacement or major repair of building systems (HVAC, electrical, plumbing), safety upgrades and reconfiguration and upgrades to classrooms and gathering spaces.

Other sources of funds include the $29.8 million QSCB allocation previously approved for this school which is expected to receive final approval and close in Spring 2017, plus the applicant's equity.

FINANCING SUMMARY:
BOND PURCHASER: Uncommon CP Lender III, LLC (Direct Purchase)
AMOUNT OF BOND: $7,876,000 Taxable Qualified Zone Academy Bond - 2014 Allocation
TERMS OF BOND: The tax credit rate and the term will be determined prior to issuance of the QZAB based on the tax credit rate and term published by U.S. Treasury; as of 11/30/16, the rate is 4.55% for maximum of 42 years.
ENHANCEMENT: N/A

PROJECT COSTS:

<table>
<thead>
<tr>
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<th>Amount</th>
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<tbody>
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<td>Original Issue Discount 2017 QSCB</td>
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<td>Interest during construction</td>
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<td>Renovation of existing equipment &amp; machi</td>
<td>$200,000</td>
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TOTAL COSTS $40,702,000

JOBS: At Application 42 Within 2 years 210 Maintained 0 Construction 209

PUBLIC HEARING: N/A

BOND COUNSEL: Chiesa, Shahinian & Giantomasi,

DEVELOPMENT OFFICER: J. Balsama

APPROVAL OFFICER: T. Wells
LOANS/GRANTS/GUARANTEES
HAZARDOUS DISCHARGE SITE REMEDIATION FUND
MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: December 13, 2016

SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

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

**HDSRF Municipal Grants:**
- Borough of Freehold (Colaner Property) $144,059
- Camden Redevelopment Agency (BDA-N Camden Waterfront) $1,800,791
- City of Newark (Rise Field Project) $643,201
- City of Perth Amboy (Second Street Park) $1,799,986
- Township of Berkeley (S. Brunswick Asphalt Comp.) $712,380
- Township of Scotch Plains (Raritan Rd Recreation Facility) $32,528
- Township of West Windsor (West Windsor Sanitary Landfill) $299,383

**Total HDSRF Funding – December 2016** $5,432,328

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

APPLICANT: Borough of Freehold (Colaner Property) P42863
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 15-17 Throckmorton St. Freehold Borough (T) Monmouth
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND:
In June 2010, the Borough of Freehold received a grant in the amount of $45,025 under P29841 at the former Freehold Radiator facility identified as Block 71, Lot 27, which has potential environmental areas of concern (AOCs). The Borough of Freehold currently holds a tax sale certificate on the project site and has satisfied proof of site control. It is the Borough's intent, upon completion of the environmental investigation activities to redevelop the project site for mixed use.

NJDEP has approved this request for Remedial Investigation (RI) and 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 remaining 25% of the costs ($33,171) of the RA are being funded by the Borough of Freehold.

APPROVAL REQUEST:
The Borough of Freehold is requesting grant funding to perform RI and RA in the amount of $144,059 at the Colaner Property project site.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $144,059
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
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<tbody>
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</tr>
</tbody>
</table>

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

APPLICANT: Camden Redevelopment Agency (BDA-N Camden Waterfront) P43778
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: North Camden Waterfront Park Camden City (T/UA) Camden
GOVERNOR'S INITIATIVES: (X) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
In October 2015, Camden Redevelopment Agency (CRA) received a grant in the amount of $92,715 under P40754 at the former waterfront park which has potential environmental areas of concern (AOCs). The project site, identified as Blocks 4; 746 and 747, Lots 54; 17,18,24,25,33 is located in a Brownfield Development Area (BDA). CRA currently owns the project site and has satisfied proof of site control. It is CRA's intent, upon completion of the environmental investigation activities to redevelop the project site for open park and 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 grant has been calculated off 75% of the RA costs ($2,401,054). The matching 25% ($600,263) grant funds are being provided through a New Jersey Environmental Infrastructure Trust loan to CRA.

APPROVAL REQUEST:
Camden Redevelopment Agency is requesting grant funding to perform RA in the amount of $1,800,791 at the North Camden Waterfront Park project site.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $1,800,791
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
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<th>Description</th>
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APPROVAL OFFICER: K. Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT

APPLICANT: City of Newark (Rise Field Project) * - indicates relation to applicant
PROJECT USER(S): Same as applicant
PROJECT LOCATION: Orange Ave & Ashland St. & 14th Newark City (T/UA) Essex
GOVERNOR'S INITIATIVES: (X) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
City of Newark, identified as Block 317, Lots 1-7, 11, 13-15, 56, 58 and a portion of 21 is the former Rise Field Project which has potential environmental areas of concern (AOCs). The City of Newark currently owns the project site and has satisfied proof of site control. It is the City's intent, upon completion of the environmental investigation activities to redevelop the project site for recreational use.

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

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of remedial action for projects involving the redevelopment of contaminated property for recreation and conservation purposes, provided that the use of the property for recreation and conservation purposes is included in the redevelopment plan and is conveyed by a development easement, deed restriction for development or conservation easement for recreation and conservation purposes. The matching 25% ($214,400) grant funds are being provided by the Ashland School.

APPROVAL REQUEST:
City of Newark is requesting grant funding to perform RA in the amount of $643,201 at the Rise Field project site.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $643,201
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:
Remedial Action $857,601
EDA administrative cost $500

TOTAL COSTS $858,101

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

APPLICANT: City of Perth Amboy (Second Street Park)  P43881
PROJECT USER(S): Same as applicant  * - indicates relation to applicant
PROJECT LOCATION: 25 South Second Str & Lewis St  Perth Amboy City (T/UA)  Middlesex
GOVERNOR'S INITIATIVES: (X) Urban  () Edison  () Core  () Clean Energy

APPLICANT BACKGROUND:
City of Perth Amboy, identified as Blocks 10, 11, and 16, Lots 1.01, 1.02, 1-12; 1.01; and 1.01, 1-14 and 15.01, is a former park which has potential environmental areas of concern (AOCs). The City currently owns the project site and has satisfied proof of site control. It is the City's intent, upon completion of the environmental investigation activities to redevelop the project site for 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 ($599,995) are being provided by public funding.

APPROVAL REQUEST:
City of Perth Amboy is requesting grant funding to perform RA in the amount of $1,799,986 at the Second Street Park project site.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $1,799,986
TERMS OF GRANT: No Interest; No repayment

PROJECT COSTS:

<table>
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<th>Description</th>
<th>Cost</th>
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</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$2,400,481</strong></td>
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APPROVAL OFFICER: K. Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT

APPLICANT:  City of Perth Amboy (Second Street Park)  
PROJECT USER(S):  Same as applicant  
PROJECT LOCATION:  25 South Second Str & Lewis Str  
City of Perth Amboy City (T/UA)  
GOVERNOR'S INITIATIVES:  (X) Urban  
Edison  
Core  
Clean Energy

APPLICANT BACKGROUND:
City of Perth Amboy, identified as Blocks 10, 11, and 16, Lots 1.01, 1.02, 1-12; 1.01; and 1.01, 1-14 and 15.01, is a former park which has potential environmental areas of concern (AOCs). The City currently owns the project site and has satisfied proof of site control. It is the City's intent, upon completion of the environmental investigation activities to redevelop the project site for 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 ($599,995) are being provided by Natural Resources Damages (NRD).

APPROVAL REQUEST:
City of Perth Amboy is requesting grant funding to perform RA in the amount of $1,799,986 at the Second Street Park project site.

FINANCING SUMMARY:
GRANTOR:  Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT:  $1,799,986
TERMS OF GRANT:  No Interest; No repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Remedial Action</td>
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<td>TOTAL COSTS</td>
<td>$2,400,481</td>
</tr>
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</table>

APPROVAL OFFICER: K. Junghans
APPLICANT: Township of Scotch Plains (Raritan Rd Recreation)  P42345

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 1451 Raritan Road  Scotch Plains Township (N) Union

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

APPLICANT BACKGROUND:
Between April 2002 and April 2011, Township of Scotch Plains received an initial grant in the amount of $64,424 under P13570 and a supplemental grant in the amount of $24,008 under P34205 to perform a Preliminary Assessment (PA) and Site Investigation (SI) and Remedial Investigation (RI) at the Raritan Recreational Project Site. The project site, identified as block 14802, lot 1, is approximately 5.87 acres and was formerly utilized as a zoo and agricultural facility and is currently vacant. This site is included on the NJDEP known contaminated site list. The Township 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 a grant for the Remedial Action (RA) on the above-referenced project site and finds this request technically eligible for funds under the HDSRF program, Category 2, Series A.

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of remedial action for projects involving the redevelopment of contaminated property for recreation and conservation purposes, provided that the use of the property for recreation and conservation purposes is included in the redevelopment plan and is conveyed by a development easement, deed restriction for development or conservation easement for recreation and conservation purposes. The matching 25% ($10,842) grant funding are being provided by Capital Budget Expenditures.

APPROVAL REQUEST:
Township of Scotch Plains is requesting aggregate supplemental grant funding for RA in the amount of $32,528 at the Raritan Road Recreational Facility. The Township is requesting a $44,919 grant on a related application P42343 for Remedial Investigation (RI) activities supported by a recreational and conservation end use. Total grant funding including this project under board approval is $165,879.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: $32,528

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

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<th>Item</th>
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<td><strong>$43,870</strong></td>
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</table>

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

APPLICANT: Township of Scotch Plains (Raritan Rd Recreation) P42345
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 1451 Raritan Road Scotch Plains Township (N) Union
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Between April 2002 and April 2011, Township of Scotch Plains received an initial grant in the amount of $64,424 under P13570 and a supplemental grant in the amount of $24,008 under P34205 to perform a Preliminary Assessment (PA) and Site Investigation (SI) and Remedial Investigation (RI) at the Raritan Recreational Project Site. The project site, identified as block 14802, lot 1, is approximately 5.87 acres and was formerly utilized as a zoo and agricultural facility and is currently vacant. This site is included on the NJDEP known contaminated site list. The Township 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 a grant for the Remedial Action (RA) on the above-referenced project site and finds this request technically eligible for funds under the HDSRF program, Category 2, Series A.

APPROVAL REQUEST:
Township of Scotch Plains is requesting aggregate supplemental grant funding for RA in the amount of $32,528 at the Raritan Road Recreational Facility. The Township is requesting a $44,919 grant on a related application P42343 for Remedial Investigation (RI) activities supported by a recreational and conservation end use. Total grant funding including this project under board approval is $165,879.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $32,528
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Remedial Action</td>
<td>$43,370</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$500</td>
</tr>
<tr>
<td>TOTAL COSTS</td>
<td>$43,870</td>
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APPROVAL OFFICER: K. Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT

APPLICANT: Township of West Windsor (West Windsor Sanitary Landfill)  P42511
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: Alexander Road West Windsor Township (N) Mercer
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND:
The project site, identified as Block 6, Lot 17.01 is a former landfill which has potential environmental areas of concern (AOCs). The Township of West Windsor 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 continued use as a parking facility.

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

APPROVAL REQUEST:
The Township of West Windsor is requesting grant funding to perform RI in the amount of $299,383 at the West Windsor Sanitary Landfill project site.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $299,383
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

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<th>Description</th>
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<tr>
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APPROVAL OFFICER: K. Junghans
EDISON INNOVATION FUND
APPLICANT: Wylei, Inc.  
PROJECT USER(S): Wylei, Inc.  * - indicates relation to applicant  
PROJECT LOCATION: 190 Christopher Columbus Dr  Jersey City (T/UA)  Hudson  
GOVERNOR'S INITIATIVES: (X) Urban  (X) Edison  ( ) Core  ( ) Clean Energy  

APPLICANT BACKGROUND:  
Wylei is a venture backed, next generation cloud-based machine learning company that uses advanced predictive algorithms to take the guesswork out of digital web, email, mobile, and video campaigns. By analyzing customer profile and real-time contextual data for meaningful patterns Wylei makes predictive custom content decisions about what content will be most impactful to individual audience members. Wylei also analyzes "in-flight" performance of the campaign to spot non-obvious variables that have led to some of the highest conversion rates in the industry.  

APPROVAL REQUEST:  
Approval is recommended for a $650,000 loan from the Edison Innovation VC Growth Fund as proposed.  

FINANCING SUMMARY:  
LENDER: NJEDA  
AMOUNT OF LOAN: $650,000  
TERMS OF LOAN: 5 Year Term. The proposed loan will have a rate of 6.35% with no payments for the first 18 months. Interest during this period will accrue and will be capitalized. Interest only payments from months 19 to 24. Beginning month 25 principal plus interest payments will begin for the remaining three year term to fully amortize the loan.  

PROJECT COSTS:  
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</table>

JOBS:  
At Application 10  Within 2 years 24  Maintained 0  Construction 0  

DEVELOPMENT OFFICER: T. Rollender  
APPROVAL OFFICER: M. Bhatia
REAL ESTATE
MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: December 13, 2016

RE: Real Estate Impact Fund Revisions

Summary

The Members are asked to approve:

1. the expansion of the Real Estate Impact Fund ("the Fund") to include a public component to support and foster redevelopment in underutilized properties owned by a municipality qualified to receive assistance under P.L. 1978, c.14 (N.J.S.A. 52:27D-178 et seq.) ("urban aid municipalities"), or a local redevelopment agency or county improvement authority operating and owning land within the urban aid municipalities.

2. revisions to the existing Real Estate Impact Fund, as outlined below, which will be known as the private component of the Fund under this proposed expansion;

3. increase of NJEDA Economic Recovery Fund utilization to $15 million to capitalize both components of the Fund

4. the attached proposed rule amendments and to authorize staff to submit the proposed amendments to the program rules for promulgation in the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law.

Background

On September 11, 2014, the Members approved $10 million of NJEDA funds to establish a new pilot loan fund, the Real Estate Impact Fund, in response to a need in the marketplace for a loan product to provide early capital on flexible terms to stimulate real estate development projects, which otherwise would not occur, within urban aid municipalities, Fort Monmouth, or to assist New
Jersey university/college sponsored projects that are public-private partnerships that promote emerging technologies or industries ("Targeted Areas").

Under the Fund, for profit and non-profit developers and business entities with demonstrated experience in successfully completing real estate development projects may be eligible for financing of up to $3 million in a development project within Targeted Areas.

At the January 13, 2015 Board meeting, Members approved revisions to repayment structure of the Fund to allow the Fund’s loan to be repaid in a percentage equal to the percentage of Fund loan’s contribution to the project in relation to the total equity contributed by the applicant, determined at the completion of the project. Finally, the definition of project cash flow was revised to mean the net cash flow after payment of all project debt instead of only senior lender debt.

To date, under the Real Estate Impact Fund, NJEDA has provided $1.27 million in financing to East Grand Associates Urban Renewal Entity, LLC to support a 55,463 sf commercial development in Elizabeth in an area characterized as a “food desert.” Currently under construction, this development will include a Foodtown and Dollar General, among other operators.

1. Real Estate Impact Fund – Public Component

As the Fund seeks to meet the needs of assisting real estate developers and not-for-profit organizations in supporting and fostering redevelopment in strategic urban and other significant locations that would not otherwise occur, staff identified a need for a similar type of flexible, loan product to support properties in urban aid areas that are owned by the municipality, local development agency or county improvement authority ("Applicants"). To ensure viability of such a program, staff consulted with and incorporated feedback from the Department of Community Affairs, Department of Environmental Protection, and several local government entities.

Under the proposed public component of the Fund, Applicants would be eligible for financing of up to $750,000 for eligible project costs to meet the public purpose of supporting and fostering redevelopment in strategic locations that would not otherwise occur. Consistent with the private component of the Fund, the public component will also seek to advance economic development by supporting projects consistent with local redevelopment plans or strategies, attract private investment, and by creating or retaining jobs.

Attached as Exhibit B to this memo is the Program Specifications which outlines general guidelines of the public component of the Fund which include:

- The property must be owned by the Applicant
- The property must be zoned for commercial, or mixed use by a municipality in the State of New Jersey, or a permitted use within an approved redevelopment plan
- The property must be viable for mixed-use or commercial development.
- The property, in a remediated condition, must have an appraised value equal to or greater than 120% of the requested loan amount
- The property must be contiguous lots
- The property must be lien free (municipal, county, state, federal or other liens)
Applicants will be required to provide a plan for the end-use of site including an estimate of the number of jobs expected to be generated.

Loan proceeds may be used for eligible project costs including: title, survey, environmental studies and remediation, market and development impact analysis, demolition and debris removal, site boundary security, and marketing the site for sale. Applicants cannot propose a project use of funds that is duplicative of other approved State or Federal grants previously awarded that would pay for proposed use of funds.

The maximum loan amount is $750,000 and a minimum of $100,000 per project. An applicant’s maximum loan amount shall be determined as follows: the lesser of 100% of total project costs, or the property’s appraised value, in its remediated state, divided by 120%, rounded to the nearest one-hundred dollars. An applicant will be limited to two loans each calendar year.

The Loan term will be up to a maximum of ten years, commencing upon loan closing and the loan shall be due at the earlier of refinancing, sale of property, lease to a third party for more than one year, ownership change/transfer (together, "Liquidity Event"), or the end of the loan term. The loan will have an annual interest rate of 3%. Interest will accrue and defer annually and will be added to principal, until the earlier of a Liquidity Event or the end of loan term. The loan must be in first mortgage lien position, [including any federal, county, and municipal liens (i.e., a property will not be eligible if there is any outstanding governmental lien)].

Applicants will be funded on a first come, first served basis through the standard online application process. The application fee will be $2,500 and other fees for the program will be consistent with NJEDA's standard loan program fees. The applicant will also be responsible for reimbursement for any third-party fees that NJEDA staff deems necessary and incurs during application review and prior to Board approval. The Members will approve each project.

Upon closing, funds will be made available through an approved monthly requisition process and disbursed for a period not to exceed 24 months. If the full loan amount is not disbursed, the loan will be recalculated to reflect the actual amount disbursed.

Unless otherwise noted, all other program procedures and guidelines will be consistent with the private component of the Fund.

2. Real Estate Impact Fund – Private Component Revisions

In response to market feedback, staff is also requesting the Members to approve a reduction of the owner equity requirement on the private component of the Fund from 20% to 10%, excluding grants or developer fees. Owner equity must continue to match Fund investment on a 1:1 basis. Attached, as Exhibit C are the Program Specifications for the private component of the Fund that reflect this revision in the Investment Match and other Funding section.
3. Program Capitalization

The Members are also requested to approve an increase in Economic Recovery Fund utilization from $10 million to $15 million to sufficiently capitalize both components of the Fund. The Real Estate Impact Fund was initially established as a pilot program, but under this proposed increase in capitalization and program expansion with clearly defined components, NJEDA Finance & Development and Real Estate staff will seek to actively market this program to eligible Targeted Areas, including Garden State Growth Zones. It is anticipated that under the proposed expansion, the Fund could support up to four projects in 2017 through both components of the program.

Recommendation

The Members are requested to approve:

1. the expansion of the Real Estate Impact Fund to include a public component to support and foster redevelopment in underutilized properties owned by a municipality qualified to receive assistance under P.L. 1978, c.14 (N.J.S.A. 52:27D-178 et seq.) (“urban aid municipalities”), or a local redevelopment agency or county improvement authority operating and owning land within the urban aid municipalities.

2. the revisions to the existing private component of the Real Estate Impact Fund to reduce the owner equity requirement from 20% to 10%, excluding grants or developer fees;

3. the increase of NJEDA Economic Recovery Fund utilization to $15 million from $10 million to capitalize both components of the Fund

4. the attached proposed rule amendments and to authorize staff to submit the proposed amendments to the program rules for promulgation in the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law.

Timothy J. Lizura
President/Chief Operating Officer

Prepared by: Pat Rose

Attachments

- Exhibit B - Public Component – Program Specifications
- Exhibit C – Private Component – Revised Program Specifications
OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Authority Assistance Programs; Direct Loan Program

Proposed Amendments: N.J.A.C. 19:31-3.1

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

Authority: N.J.S.A. 34:1B-1 et seq.

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

Proposal Number PRN 2016-___.

Submit written comments by ________ __, 2017 to:

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

The agency proposal follows:

Summary

The New Jersey Economic Development Authority (“EDA” or “Authority”) is proposing amendments to establish certain terms and eligibility requirements for certain municipalities, local redevelopment agencies and county improvement authorities under the Real Estate Impact Fund, to support and foster redevelopment of underutilized properties owned or operated in strategic urban locations.

Currently, the Real Estate Impact Fund provides financing of up to $3 million to eligible for profit and non-profit developers and businesses for projects in certain targeted areas that would not otherwise occur in the near term and to strengthen existing and catalyze future development opportunities and private investment.

The proposed amendments, which revise existing provisions to include certain municipalities as eligible for assistance under the Real Estate Impact Fund, are summarized as follows:
N.J.A.C. 19:31-3.1(b)8 is revised to differentiate the existing maximum loan amount for a developer or business in new i. and, establish under, new ii., the maximum loan amount for a municipality of $750,000 which shall be the lesser of 100 percent of the total project costs or the property’s appraised value, in its remediated state, divided by 120 percent, rounded to the nearest one-hundred dollars; and

N.J.A.C. 19:31-3.1(h) is revised to provide that proceeds of Real Estate Impact Fund loans may be used by a developer, business, municipality, local redevelopment agency, or county improvement authority for eligible project development costs within municipalities qualified to receive assistance under P.L. 1978, c. 14 (N.J.S.A. 52:27D-178 et seq.), i.e., Urban Aid municipalities, or by a developer or business within Fort Monmouth or as part of New Jersey university/college sponsored projects that include public-private partnerships that promote emerging technologies or industries.

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

**Social Impact**

The proposed amendments will have a positive social impact by expanding the Real Estate Impact Fund to support redevelopment of properties owned by a municipality qualified to receive assistance under P.L. 1978, c. 14 (N.J.S.A. 52:27D-178 et seq.), or by a local redevelopment agency or county improvement authority owning land or operating within an urban aid municipality.

**Economic Impact**

In 2014, the EDA approved utilization of $10 million in Authority funds for the establishment of the Real Estate Impact Fund, to address a need in the marketplace for a loan product to provide early capital on flexible terms to stimulate certain real estate projects, which otherwise would not occur. In order to support additional redevelopment projects on properties owned by certain municipalities, local redevelopment agencies and county improvement authorities and expand the positive economic impact of the Fund, the EDA has increased funding to $15 million to capitalize both private and public components.

**Federal Standards Statement**

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

**Jobs Impact**

The proposed amendments, which establish certain terms and eligibility requirements for municipalities qualified to receive assistance under P.L. 1978, c. 14 (N.J.S.A. 52:27D-178 et seq.), may result in an indeterminate number of construction jobs and new or retained full-time
jobs derived through eligible development and redevelopment projects under the Real Estate Impact Fund.

**Agriculture Industry Impact**

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

**Regulatory Flexibility Analysis**

The proposed amendments do not impose reporting, recordkeeping, or other compliance requirements on small business, as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., because the Real Estate Impact Fund is intended to support development and redevelopment projects, which are invariably advanced by large- and medium-sized developers, business entities and municipalities. In addition, the fees under the program are based on standard EDA fees, and will not require eligible developers, businesses or municipalities to utilize professional services for compliance purposes.

**Housing Affordability Impact Analysis**

The proposed amendments may increase an indeterminate number of housing units, particularly multi-family rental housing and for-sale housing, in qualified real estate development projects that are mixed use projects including residential space. The number of housing units, as well as any increase or decrease in the average cost of housing affected by the proposed amendments, cannot be estimated, because the actual development and redevelopment projects that may be eligible is not known.

**Smart Growth Development Impact Analysis**

The proposed amendments are intended to further development and redevelopment projects on properties owned by a municipality qualified to receive assistance under P.L. 1978, c. 14 (N.J.S.A. 52:27D-178 et seq.), or by a local redevelopment agency or county improvement authority owning land or operating within an Urban Aid municipality. The number of housing units, as well as any increase or decrease in the average cost of housing affected by the amendments, may not be estimated, because the actual development which may be eligible and proposed as eligible development and redevelopment projects is not known.

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

SUBCHAPTER 3. DIRECT LOAN PROGRAM

19:31-3.1 Program description

(a) The Authority is empowered to make direct loans to applicants which are unable to obtain funding from conventional sources even with the help of an Authority guarantee.
(b) Except as otherwise provided in this subsection, direct loans are available in a maximum amount of $2,000,000 for fixed asset financing and $750,000 for working capital.

1.-7. (No change.)

8. For the Real Estate Impact Fund[.]:

i. the maximum loan amount for a developer or business will be $3 million, not to exceed 25 percent of the total project costs; and the total amount of public assistance that a developer or business may receive shall not exceed 50 percent of the total project costs[.]; and

ii. the maximum loan amount for a municipality will be $750,000; the loan amount for a municipality shall be the lesser of 100 percent of the total project costs or the property’s appraised value in its remediated state, divided by 120 percent, rounded to the nearest one-hundred dollars.

(c)-(g) (No change.)

(h) Proceeds of Real Estate Impact Fund loans may be used by a developer, business, municipality, local redevelopment agency, or county improvement authority for eligible project development costs within municipalities qualified to receive assistance under P.L. 1978, c. 14 (N.J.S.A. 52:27D-178 et seq.) or by a developer or business within Fort Monmouth or as part of New Jersey university/college sponsored projects that include public-private partnerships that promote emerging technologies or industries.

(i)-(k) (No change.)
### Exhibit B - Real Estate Impact Fund (RIF)
Public Component - Program Specifications
December 2016

| Program Purpose | • To support and foster redevelopment of underutilized properties owned by municipalities, local development agencies or county improvement authorities in strategic urban locations. |
| Eligible Applicants | • State of New Jersey municipalities qualified to receive assistance under P.L. 1978, c.14 (N.J.S.A. 52:27D-178 et seq.) (also known as Urban Aid municipalities)  
• Local redevelopment agencies and county improvement authorities in ownership of properties within Urban Aid Municipalities |
| Targeted Areas | • Projects must be located within municipalities qualified to receive assistance under P.L. 1978, c.14 (N.J.S.A. 52:27D-178 et seq.) (also known as Urban Aid municipalities) |
| Eligible Property | • The property must be owned by the Applicant  
• The property must be zoned for commercial, or mixed use; or commercial or mixed use as a permitted use within an approved redevelopment plan  
• The property must be viable for mixed-use or commercial development  
• The property, in a remediated condition, must have an appraised value equal to or greater than 120% of the requested loan amount.  
• The property must be contiguous lots  
• The property must be lien free (municipal, county, state, federal or other liens) |
| Eligible Uses | • Eligible Uses of loan proceeds include:  
  o Title  
  o Survey  
  o Environmental studies (e.g., preliminary site assessment and site investigation  
  o Environmental remediation  
  o Market analysis  
  o Development impact analysis (zoning, traffic, infrastructure)  
  o Demolition, debris removal  
  o Securing the site boundary (temporary fencing)  
  o Marketing the site for sale |
| Exhibit B - Real Estate Impact Fund (RIF)  
Public Component - Program Specifications  
December 2016 |
<table>
<thead>
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<tbody>
<tr>
<td><strong>Eligible Uses (cont.)</strong></td>
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</table>
| **Application Process** | • Applications will be reviewed on a rolling basis until all funds are committed.  
• Applicants must submit all required documentation in a timely fashion.  
• After submission and review of a complete application, the Authority will order an appraisal of the property. |
| **Application Limitations** | • An applicant will be limited to two loans each calendar year. |
| **Loan Amounts** | • Minimum loan amount of $100,000  
• Maximum loan amount of $750,000  
• The loan will be the lesser of:  
  o 100% of total project costs  
  o The property’s appraised value, in its remediated condition, divided by 120%, rounded to the nearest one-hundred dollars |
| **Loan Term** | • 10-year term, commencing upon loan closing, due the earlier of:  
  o end of the term  
  o a “Liquidity Event,” which means: refinancing, property sale, lease to a third party (longer than one year), any ownership change/transfer of the property |
| **Rates and Repayment** | • Interest Rate during term shall be 3%.  
• During the term of the loan, interest shall accrue and be added to principal annually at the stated interest rate until the earlier of the Liquidity Event or the end of the term.  
• All unpaid or deferred interest payments and principal shall be due in full at the end of the loan term, or at a Liquidity Event. |
<p>| ** Applicant Investment Match** | • None |
| <strong>Lien</strong> | • Mortgage first lien position |</p>
<table>
<thead>
<tr>
<th><strong>Exhibit B - Real Estate Impact Fund (RIF) Public Component - Program Specifications December 2016</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding Disbursement</strong></td>
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</table>
- Funds will be made available upon loan closing through an approved monthly requisition process.  
- Funds will be disbursed for a period not to exceed 24 months; if the full loan amount is not disbursed, the loan will be recalculated to reflect the actual amount disbursed.  
- Extensions may be granted in EDA’s sole discretion on a case by case basis. |
| **Job Creation and Tax Ratable Requirement** |  
- Job creation will be measured by the project developed on the site and the return of the property to the real estate tax roll.  
- Applicant must provide an estimate of the number of jobs expected to be created based on the anticipated build-out of the property and the current zoning.  
- Applicant must make a good faith effort to require the subsequent owner/developer to submit annual job tracking reports for the duration of the loan term. |
| **Readiness to Proceed** |  
- The Application shall include a letter from the municipality’s Business Administrator in support of the project.  
- The loan closing will be conditioned upon:  
  - Applicant’s resolution approving the loan  
  - Local Finance Board approval, if required  
  - Receipt of all applicable fees and costs  
  - Acceptable title policy for the property  
  - Approved project plan, budget and schedule |
| **Fees** |  
- Application Fee: $2,500  
- Commitment Fee: 0.875% of loan amount  
- Closing Fee: 0.875% of loan amount  
- Applicant will reimburse the Authority for any third party fees (e.g., appraisal) as necessary, prior to Board approval  
- Loan modification fees apply |
| **Board Approval** |  
- Board approval required |
| **Loan Administration** |  
- The Authority will review and approve:  
  - The project plan  
  - The project schedule  
  - The project budget |
<table>
<thead>
<tr>
<th>Loan Administration (cont.)</th>
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<tbody>
<tr>
<td></td>
<td>All contracts</td>
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<tr>
<td></td>
<td>All requisitions</td>
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<tr>
<td></td>
<td>Interim reports (during requisition period)</td>
</tr>
<tr>
<td></td>
<td>Job reports</td>
</tr>
<tr>
<td></td>
<td>Semi-annual project update (e.g., to include marketing report, property disposition plan, and request for proposals and qualifications to sell/develop the site)</td>
</tr>
<tr>
<td><strong>Eligible Projects</strong></td>
<td>Real estate development projects, including mixed-use (residential and minimum 20% commercial); retail; office; industrial; entertainment venues; associated parking garage structures, and/or land acquisition/assemblages for development. Residential only projects are ineligible. Small and mid-size development projects, typically not exceeding total project cost of $15 million. Projects can be either new construction or substantial rehabilitation (defined as rehabilitation costs equaling not less than 50% of the value of the property as improved after rehabilitation (excluding land value).</td>
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<tr>
<td><strong>Eligible Uses</strong></td>
<td>Loan proceeds can be used for eligible project development costs, which include: property acquisition and assembly; demolition and site clearance; environmental investigation and remediation; pre-development costs; on-site infrastructure; general construction and/or rehabilitation; and associated soft development expenses</td>
</tr>
<tr>
<td><strong>Eligible Applicants</strong></td>
<td>For profit and non-profit developers and business entities with demonstrated experience in successfully completing similar projects</td>
</tr>
<tr>
<td><strong>Targeted Areas</strong></td>
<td>Projects must be located within municipalities qualified to receive assistance under P.L. 1978, c.14 (N.J.S.A. 52:27D-178 et seq.) (known as Urban Aid municipalities); or within Fort Monmouth or be New Jersey university/college sponsored projects that are public-private partnerships that promote emerging technologies or industries</td>
</tr>
<tr>
<td><strong>Loan Amounts</strong></td>
<td></td>
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<tr>
<td>• Minimum loan amount of $250,000</td>
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<tr>
<td>• Maximum loan amount of $3,000,000</td>
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<tr>
<td>• Loan shall not exceed 25% of total project costs</td>
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<tr>
<td>• Total public (federal, state and/or local government) funding, including all Authority funding, cannot exceed 50% of total project costs</td>
<td></td>
</tr>
<tr>
<td>• If the project’s returns are in excess of the JLL model without the Impact Fund loan then the project will not qualify for an Impact Fund loan</td>
<td></td>
</tr>
<tr>
<td><strong>Loan Term</strong></td>
<td>Maximum 10 years, commencing upon construction completion; loan due at earlier of refinancing, sale of property, ownership change/transfer (together, “Liquidity Event”), or end of loan term</td>
</tr>
<tr>
<td><strong>Rates, Repayment, and Participating Mortgage Loan Structure</strong></td>
<td></td>
</tr>
<tr>
<td>• Loan Interest Rate during term shall be 3%</td>
<td></td>
</tr>
<tr>
<td>• During the term of the loan, interest shall accrue at the stated interest rate and payments shall be made from the project’s net cash flow, after payment of all project debt, based on the percentage of the Fund loan in relation to the percentage of</td>
<td></td>
</tr>
<tr>
<td>Participating Mortgage Loan Structure (cont.)</td>
<td>the actual total equity contributed by the applicant to the project determined at the time of completion of the project, issuance of a permanent certificate of occupancy and submission of the final project budget including final sources and uses of funds. However, in no event shall the actual total equity contributed by the applicant to the project be less than what was presented at the time of approval of the Fund loan. In the event net cash flow is insufficient to pay interest only, then any unpaid interest shall accrue and be added to the outstanding principal balance. In the event the percentage 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 amount equal to effective rate per below shall be due in full at the end of the loan term or at a Liquidity Event. At approval, the Board shall determine the effective Rate of the loan, which shall range between 3% and 10%, determined by the economic feasibility and the need of the Impact Fund loan to the viability of the project, the economics pertaining to the return on investment, and the ability to attract the required Investment, and shall be due and payable at the earlier of the end of the loan term or at a Liquidity Event, on terms and conditions mutually agreed upon based on the structure and merits of the project.</td>
</tr>
<tr>
<td>Investment Match and Other Funding</td>
<td>Applicant must provide Owner Equity equal to a minimum of 10% of total project costs and must match Impact Fund investment 1:1; Owner Equity shall not include grants or developer fee. Total public (federal, state and/or local government) funding, including all Authority funding, cannot exceed 50% of total project costs.</td>
</tr>
<tr>
<td>Lien/Collateral/Security</td>
<td>Generally subordinate to all project debt, secured by a mortgage and assignment of all leases. No personal guarantees required.</td>
</tr>
<tr>
<td>Funding Disbursement</td>
<td>Funding will be made available at start of construction, proportionate to other construction funds, with standard 10% retainage.</td>
</tr>
<tr>
<td>Job Creation</td>
<td>Minimum of 1 full time equivalent (FTE) job to be</td>
</tr>
</tbody>
</table>
Exhibit C - Real Estate Impact Fund (RIF)  
Private Component – Program Specifications  
December 2016

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
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<tbody>
<tr>
<td>Readiness to Proceed</td>
<td>Projects shall evidence other funding commitments, design and construction documents, and generally be ready to commence construction within six months of loan approval</td>
</tr>
</tbody>
</table>
| Fees                     | • Application fee: $2,500  
                           • Commitment fee: 0.875% of loan amount  
                           • Closing fee: 0.875% of loan amount  
                           • Applicants will reimburse NJEDA for any third party fees (e.g. appraisals, market studies, etc.) that the Authority deems necessary and incurs during application review and prior to Board approval |
| Board Approval           | Required for each project                                                                                                                  |
| Loan Administration      | Authority review and approval of annual project operating budgets, annual audits or reviewed financial statements, and cash flow statements from operations to confirm annual net cash flow payments |
MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: December 13, 2016

RE: Memorandum of Understanding
Former Riverfront State Prison Site, Camden, NJ

Summary
I am requesting the Members to approve execution of (i) a Memorandum of Understanding (“MOU”), between the Authority, the Department of Treasury, Division of Property Management and Construction (“DPMC”), and the City of Camden (“City”) regarding construction, maintenance, and operation of the park and roadway improvements that are being constructed on the former Riverfront State Prison site (“Site”) prior to the sale of the Site to the selected highest bidder as required under P.L. 2013, c.22, and the Procedures for Disposition of Riverfront State Prison Property (“Disposition Procedures”); and (ii) a Site License Agreement, utilizing EDA’s standard form, between EDA and the City.

Background
In 2009, DPMC and EDA entered into a memorandum of understanding in which the EDA would assist the State to demolish the Riverfront State Prison and dispose of the remaining parcel for redevelopment purposes. The State House Commission approved the disposition of the Site and Disposition Procedures were finalized in 2010. In November 2013, the City adopted a Redevelopment Plan for North Camden which includes the Site and incorporates the North Camden Waterfront Park Plan and roadway improvements.

In September 2010, EDA partially completed the environmental remediation and demolition of the Riverfront State Prison improvements using ±$1.664 million of the Delaware River Port Authority (“DRPA”) grant funds. The balance remaining of the original $6 million allocation was $4.336 million.

In June of 2013, DPMC and EDA executed a subsequent MOU to: i) establish criteria for the selection of a qualified purchaser/redeveloper for the Site; ii) facilitate the rezoning and/or subdivision of the Property to allow for redevelopment of the Site; and iii) allow EDA to manage the disposition of the Property to procure a developer.
In July of 2013, DRPA and EDA entered into a Grant Agreement permitting EDA to use the remaining ±$4.336 million to fund additional environmental due diligence and remediation, and various site improvements to enhance the value of the Site and assist in attracting private sector developers.

The design of the Cooper’s Poynt Park and Road Project was presented for courtesy review to the City of Camden Planning, and no objections were received from the Board Members or the public. The design includes creation of four (4) new lots. Lots 1 and 2 as development parcels, Lot 3 as a park, and Lot 4 as a public roadway right of way. The public park and infrastructure improvements are consistent with the approved and adopted Redevelopment Plan, the NJDEP requirements and the DRPA funding requirements.

Because P.L. 2013, c.22 only permits transfer of the Site to a selected developer, EDA requested, at the June 2016 meeting, that the State House Commission (“SHC”) approve the conveyance, for nominal consideration, of the completed park and road improvements on Lots 3 and 4 requiring the developer to immediately transfer Lots 3 and 4 to the City of Camden to be used exclusively as a park and public right of ways. The SHC approved the request. The construction of the public park and road improvements is currently underway and is expected to be complete the end of March 2017.

The City has agreed: (i) to assume responsibility for the operation and maintenance of the public improvements upon completion of construction, and (ii) to take title after a developer has been selected and a Purchase and Sale Agreement has been executed.

Attached as Exhibit A to this memo is the proposed MOU outlining the roles and responsibilities of EDA, DPMC and the City. The MOU is in substantially final form and the final document may be subject to revision, although the basic terms will remain consistent with the attachment. The final terms of the MOU will be subject to the approval of the President/Chief Operating Officer, the Attorney General’s Office, DPMC and the City.

At a future date, EDA and the City will enter into a Site License Agreement, in EDA’s standard form, outlining the roles and responsibilities of the City of Camden to operate and maintain Lots 3 and 4 after construction and until conveyance by the developer. The final terms of the Site License Agreement will be subject to the approval of the Chief Executive Officer, President/Chief Operating Officer, the Attorney General’s Office, and the City.

Staff recommends that the Members approve EDA entering into the Site License Agreement and permitting the Chief Executive Officer, President and Chief Operating Officer, or the Senior Vice President of Governance, Communications and Strategic Initiatives to execute the Site License Agreement.
Recommendation
In summary, I request that the Members approve:

- Entering into a MOU with DPMC and the City of Camden, generally consistent with the form attached, subject to the approval of the President/Chief Operating Officer, the Attorney General’s Office, DPMC and the City of Camden.

- Entering into a Site License Agreement, using EDA’s standard form, with final terms subject to the approval of the President/Chief Operating Officer, the Attorney General’s Office, and the City of Camden.

Timothy J. Lizura
President and Chief Operating Officer

Attachment: Exhibit A
Prepared by: Donna T. Sullivan
MEMORANDUM OF UNDERSTANDING FOR FORMER RIVERFRONT PRISON SITE PARK AND RIGHT OF WAY CONSTRUCTION, INTERIM MAINTENANCE AND OPERATION, AND CONDITIONS OF SALE OF PARK AND RIGHT OF WAY IMPROVEMENTS TO THE CITY OF CAMDEN

This Memorandum of Understanding ("MOU"), dated the ____ day of ____________, 2016, between the City of Camden, Camden County, New Jersey ("City"), the Division of Property Management and Construction within the Department of Treasury, State of New Jersey ("DPMC"), and the New Jersey Economic Development Authority ("NJEDA"), collectively referred to as the “Parties”, will confirm the mutual understanding and intention between the Parties regarding construction, maintenance, and operation of the park and roadway improvements that will be constructed on the former Riverfront State Prison site ("Site"), Block 79, Lot 13, within the City, prior to the sale of the Site to the selected highest bidder as required under P.L. 2013, c.22, and the Procedures for Disposition of Riverfront State Prison Property ("Disposition Procedures").

1. BACKGROUND

1.1. Prison Demolition

1.1.1. In 2009, DPMC and NJEDA entered into a memorandum of understanding in which the NJEDA would assist DPMC in demolishing the Riverfront State Prison ("Prison") and disposing of the remaining parcel for redevelopment purposes.

1.1.2. In 2010, NJEDA obtained a grant from the Delaware River Port Authority ("DRPA") of approximately $6 million for the environmental remediation and demolition of the Riverfront State Prison.

1.1.3. In 2010, NJEDA partially completed the environmental remediation and fully demolished the Prison.

1.1.4. The partial environmental remediation of the Site and demolition of the Prison cost approximately $1,664,480.53, leaving a balance of $4,335,519.47 in DRPA grant funds.

1.2. Park and Right of Way Improvements ("Improvements") on the Site

1.2.1. In 2013, the City Council approved the North Camden Waterfront Study Area Redevelopment Plan which permits mixed use development, a public park and right of ways on the Site.
1.2.2. In 2015, DRPA agreed to reprogram the balance of prison demolition funding, $4,335,519.47, for the construction of the Improvements on the Site.

1.2.3. In 2015, NJEDA presented the Improvements plans and specifications prepared by Pennoni Associates, Inc. (also known as RWD Consultants, LLC, a Division of Pennoni Associates, Inc.) ("Pennoni"), to the City Planning Board and the City Public Works Department for comments. The plans and specifications were modified to account for the City Planning Board and City Public Works Department’s comments.

1.2.4. Prior to the disposition of the Site, NJEDA will engage contractors and consultants and have the Improvements constructed on the Site.

1.3. Site Disposition

1.3.1. In 2010, the State House Commission approved the Disposition Procedures that would permit NJEDA, on behalf of DPMC, to issue a Request for Qualifications to qualify bidders for the Site, and sell the Site to the highest qualified bidder.

1.3.2. In 2013, P.L. 2013, c.22 ("Act") was enacted, which declared the Site surplus property under the Surplus Property Act and authorized the disposition of the Site according to the requirements of the Act and the Disposition Procedures.

1.3.3. In 2016, the State House Commission also approved the sale of the Site in two transactions:

1.3.3.1. For nominal consideration, the parcels of land where the Improvements are located, Lots Three and Four of the Site, as depicted on the Property Disposition Plan prepared by Pennoni, which is attached as Exhibit A, will be deeded by NJEDA to the selected highest bidder, and the selected highest bidder will then immediately transfer Lots Three and Four to the City for use as park and public roadways.

1.3.3.2. The balance of the Site (Lots One and Two), which also are depicted on Exhibit A, will be utilized by the selected highest bidder for development according to the terms of the Purchase and Sale and Development Agreement upon delivery of title to this bidder.

2. CONSTRUCTION OF THE IMPROVEMENTS ON THE SITE

2.1. NJEDA, according to the requirements of the plans and specifications prepared by Pennoni, will engage the required contractors and consultants to have the Improvements constructed on the Site.
2.2. The anticipated completion date for the construction of the Improvements is on or before March 31, 2017. Completion of the Improvements will be documented by a Certificate of Completion (or Approval) issued by City.

2.3. DPMC will allow NJEDA to construct the Improvements on the Site.

2.4. NJEDA will obtain all necessary permits and approvals for the construction of the Improvements.

2.5. DPMC will assist NJEDA with obtaining any required permits or approvals to effectuate the construction of the Improvements in DPMC’s capacity as owner of the site.

2.6. NJEDA will complete construction of the Improvements and obtain the Certificate of Completion (Approval) and any other required approvals and permits prior to the disposition of any portion of the Site.

2.7. NJEDA will use the DRPA funds to pay for the construction of the Improvements.

2.8. The State, DPMC and the City will not have any responsibility to perform or pay for the construction of the Improvements or to obtain any required permits and approvals. NJEDA shall be responsible for all construction and any other costs in excess of the available DRPA funds as set forth in Section 1.1.4 hereof.

3. OPERATION AND MAINTENANCE OF THE IMPROVEMENTS PRIOR TO THE SALE OF THE SITE

3.1. After the completion of construction of the Improvements and until the sale of the Site according to P.L. 2013, c.22 and the Disposition Procedures, the City will operate and maintain the Improvements for public use pursuant to a site license agreement to be agreed to and executed by the City and NJEDA.

3.2. DPMC will allow the City to operate and maintain the Improvements on the Site.

3.3. After the completion of construction of the Improvements and until the sale of the Site to the selected highest bidder according to P.L. 2013, c.22 and the Disposition Procedures, the State, DPMC and NJEDA will not have any responsibility to operate and maintain the Improvements for public and/or private use.

3.4. DPMC grants the City a right of entry to the Improvements in order to carry out the operation and maintenance of the Improvements.

3.5. DPMC grants the public a right of entry to the Improvements in order to enable the public’s use and enjoyment of the Improvements.
3.6. The City agrees to assume all risks and liability associated with the use, maintenance and operation of the Improvements during the period of time after completion of construction of the Improvements and until the sale of the Site and DPMC, NJEDA, and the State of New Jersey shall have no responsibility in this regard.

3.7. During the period of time that the City is responsible for the operation and maintenance of the Improvements, the City agrees to indemnify, save, defend, and hold harmless DPMC, NJEDA, the State of New Jersey and its officers, members, and employees from and against all liabilities, penalties, damages, judgments, claims, costs, charges, and expenses, including without limitation, court costs and reasonable attorney’s fees resulting from any and all losses, damages, judgments, detriments, suits, claims, demands, costs and charges, which DPMC, NJEDA or the State of New Jersey may directly or indirectly suffer, sustain or be subject to by reason or on account of the City’s operation and maintenance of the Improvements and Lots Three and Four of the Site.

4. TERMS AND CONDITIONS OF CONVEYANCE OF THE IMPROVEMENTS TO THE CITY

4.1. DPMC will transfer the Site to NJEDA in accordance with to P.L. 2013, c.22 and the Disposition Procedures.

4.2. NJEDA will include in the Purchase and Sale and Development Agreement with the selected highest bidder for the Site the requirement that the selected highest bidder, upon receiving title to Lots Three and Four of the Site for nominal consideration, shall immediately convey Lots Three and Four of the Site to the City for $1.00, with the deed restriction that the Improvements will be dedicated to public use.

4.3. Prior to receiving title to Lots Three and Four, the City will pass the required ordinance and/or resolution accepting and dedicating the Improvements to public use.

5. ADDITIONAL PROVISIONS

5.1. Amendments. This MOU may be amended in a writing executed by the Parties.

5.2. Commencement and Duration. This MOU will commence immediately upon execution by the Parties. Unless terminated earlier, this MOU shall remain in effect until the City receives title to the Improvements.

5.3. Notices. All notices required to be served or given hereunder shall be in writing and will be deemed given when received by personal delivery, by an overnight delivery service which issues a receipt from delivery, or three business days after having been mailed by certified mail, return receipt requested, and addressed as follows:

If to NJEDA:
New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, New Jersey 08625-0990
Attention: Director, Real Estate Division

If to DPMC:
Department of Treasury
Division of Property Management & Construction
33 W. State Street
Trenton, New Jersey 08625-0990
Attention: Director, Division of Property Management & Construction

If to the City:
Department:
City of Camden
520 Market Street
Suite ###
Camden, New Jersey 08101-***
Attention:

5.4 Open Public Records Act. The Parties will not on their own volition publish or distribute to the public information received under this MOU; however, the Parties are subject to and will fully comply with the provisions of the New Jersey Open Public Meetings Act and the New Jersey Open Public Records Act and are bound by the requirements of both and relevant case law.

5.5 No Interpretative Presumptions. The Parties waive any statutory or common law presumption that would serve to have this document construed in favor and against either party as the drafter.

5.6 Titles and Headings. Titles and headings are included for convenience only and shall not be used to interpret this MOU.

The foregoing correctly reflects the Parties’ understanding and intent.

[INTENTIONALLY LEFT BLANK]
IN WITNESS WHEREOF, the Parties have caused this MOU to be duly executed and delivered as of the date and year first above written and by so executing, represent and warrant they have the authority to do so.

Attest                      CITY OF CAMDEN

Dana Redd
Mayor

Attest                      NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY

Donna T. Sullivan
Director, Real Estate Development Division

Timothy J. Lizura
Chief Operating Officer and President

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

The foregoing document has been reviewed and approved as to form.
Christopher S. Porrino, Attorney General

By:
George E. Loeser
Deputy Attorney General
Exhibit A

MEMORANDUM OF UNDERSTANDING FOR FORMER RIVERFRONT PRISON SITE PARK AND RIGHT OF WAY CONSTRUCTION, INTERIM MAINTENANCE AND OPERATION, AND CONDITIONS OF SALE OF PARK AND RIGHT OF WAY IMPROVEMENTS TO THE CITY OF CAMDEN

This Memorandum of Understanding ("MOU"), dated the ____ day of ________, 2016, between the City of Camden, Camden County, New Jersey ("City"), the Division of Property Management and Construction within the Department of Treasury, State of New Jersey ("DPMC"), and the New Jersey Economic Development Authority ("NJEDA"), collectively referred to as the "Parties", will confirm the mutual understanding and intention between the Parties regarding construction, maintenance, and operation of the park and roadway improvements that will be constructed on the former Riverfront State Prison site ("Site"), Block 79, Lot 13, within the City, prior to the sale of the Site to the selected highest bidder as required under P.L. 2013, c.22, and the Procedures for Disposition of Riverfront State Prison Property ("Disposition Procedures").

1. BACKGROUND

1.1. Prison Demolition

1.1.1. In 2009, DPMC and NJEDA entered into a memorandum of understanding in which the NJEDA would assist DPMC in demolishing the Riverfront State Prison ("Prison") and disposing of the remaining parcel for redevelopment purposes.

1.1.2. In 2010, NJEDA obtained a grant from the Delaware River Port Authority ("DRPA") of approximately $6 million for the environmental remediation and demolition of the Riverfront State Prison.

1.1.3. In 2010, NJEDA partially completed the environmental remediation and fully demolished the Prison.

1.1.4. The partial environmental remediation of the Site and demolition of the Prison cost approximately $1,664,480.53, leaving a balance of $4,335,519.47 in DRPA grant funds.

1.2. Park and Right of Way Improvements ("Improvements") on the Site

1.2.1. In 2013, the City Council approved the North Camden Waterfront Study Area Redevelopment Plan which permits mixed use development, a public park and right of ways on the Site.
1.2.2. In 2015, DRPA agreed to reprogram the balance of prison demolition funding, $4,335,519.47, for the construction of the Improvements on the Site.

1.2.3. In 2015, NJEDA presented the Improvements plans and specifications prepared by Pennoni Associates, Inc. (also known as RWD Consultants, LLC, a Division of Pennoni Associates, Inc.) (“PENNONI”), to the City Planning Board and the City Public Works Department for comments. The plans and specifications were modified to account for the City Planning Board and City Public Works Department’s comments.

1.2.4. Prior to the disposition of the Site, NJEDA will engage contractors and consultants and have the Improvements constructed on the Site.

1.3. Site Disposition

1.3.1. In 2010, the State House Commission approved the Disposition Procedures that would permit NJEDA, on behalf of DPMC, to issue a Request for Qualifications to qualify bidders for the Site, and sell the Site to the highest qualified bidder.

1.3.2. In 2013, P.L. 2013, c.22 (“Act”) was enacted, which declared the Site surplus property under the Surplus Property Act and authorized the disposition of the Site according to the requirements of the Act and the Disposition Procedures.

1.3.3. In 2016, the State House Commission also approved the sale of the Site in two transactions:

1.3.3.1. For nominal consideration, the parcels of land where the Improvements are located, Lots Three and Four of the Site, as depicted on the Property Disposition Plan prepared by Pennoni, which is attached as Exhibit A, will be deeded by NJEDA to the selected highest bidder, and the selected highest bidder will then immediately transfer Lots Three and Four to the City for use as park and public roadways.

1.3.3.2. The balance of the Site (Lots One and Two), which also are depicted on Exhibit A, will be utilized by the selected highest bidder for development according to the terms of the Purchase and Sale and Development Agreement upon delivery of title to this bidder.

2. CONSTRUCTION OF THE IMPROVEMENTS ON THE SITE

2.1. NJEDA, according to the requirements of the plans and specifications prepared by Pennoni, will engage the required contractors and consultants to have the Improvements constructed on the Site.
2.2. The anticipated completion date for the construction of the Improvements is on or before March 31, 2017. Completion of the Improvements will be documented by a Certificate of Completion (or Approval) issued by City.

2.3. DPMC will allow NJEDA to construct the Improvements on the Site.

2.4. NJEDA will obtain all necessary permits and approvals for the construction of the Improvements.

2.5. DPMC will assist NJEDA with obtaining any required permits or approvals to effectuate the construction of the Improvements in DPMC’s capacity as owner of the site.

2.6. NJEDA will complete construction of the Improvements and obtain the Certificate of Completion (Approval) and any other required approvals and permits prior to the disposition of any portion of the Site.

2.7. NJEDA will use the DRPA funds to pay for the construction of the Improvements.

2.8. The State, DPMC and the City will not have any responsibility to perform or pay for the construction of the Improvements or to obtain any required permits and approvals. NJEDA shall be responsible for all construction and any other costs in excess of the available DRPA funds as set forth in Section 1.1.4 hereof.

3. OPERATION AND MAINTENANCE OF THE IMPROVEMENTS PRIOR TO THE SALE OF THE SITE

3.1. After the completion of construction of the Improvements and until the sale of the Site according to P.L. 2013, c.22 and the Disposition Procedures, the City will operate and maintain the Improvements for public use pursuant to a site license agreement to be agreed to and executed by the City and NJEDA.

3.2. DPMC will allow the City to operate and maintain the Improvements on the Site.

3.3. After the completion of construction of the Improvements and until the sale of the Site to the selected highest bidder according to P.L. 2013, c.22 and the Disposition Procedures, the State, DPMC and NJEDA will not have any responsibility to operate and maintain the Improvements for public and/or private use.

3.4. DPMC grants the City a right of entry to the Improvements in order to carry out the operation and maintenance of the Improvements.

3.5. DPMC grants the public a right of entry to the Improvements in order to enable the public’s use and enjoyment of the Improvements.
3.6. The City agrees to assume all risks and liability associated with the use, maintenance and operation of the Improvements during the period of time after completion of construction of the Improvements and until the sale of the Site and DPMC, NJEDA, and the State of New Jersey shall have no responsibility in this regard.

3.7. During the period of time that the City is responsible for the operation and maintenance of the Improvements, the City agrees to indemnify, save, defend, and hold harmless DPMC, NJEDA, the State of New Jersey and its officers, members, and employees from and against all liabilities, penalties, damages, judgments, claims, costs, charges, and expenses, including without limitation, court costs and reasonable attorney’s fees resulting from any and all losses, damages, judgments, detriments, suits, claims, demands, costs and charges, which DPMC, NJEDA or the State of New Jersey may directly or indirectly suffer, sustain or be subject to by reason or on account of the City’s operation and maintenance of the Improvements and Lots Three and Four of the Site.

4. TERMS AND CONDITIONS OF CONVEYANCE OF THE IMPROVEMENTS TO THE CITY

4.1. DPMC will transfer the Site to NJEDA in accordance with to P.L. 2013, c.22 and the Disposition Procedures.

4.2. NJEDA will include in the Purchase and Sale and Development Agreement with the selected highest bidder for the Site the requirement that the selected highest bidder, upon receiving title to Lots Three and Four of the Site for nominal consideration, shall immediately convey Lots Three and Four of the Site to the City for $1.00, with the deed restriction that the Improvements will be dedicated to public use.

4.3. Prior to receiving title to Lots Three and Four, the City will pass the required ordinance and/or resolution accepting and dedicating the Improvements to public use.

5. ADDITIONAL PROVISIONS

5.1. Amendments. This MOU may be amended in a writing executed by the Parties.

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Department of Treasury  
Division of Property Management & Construction  
33 W. State Street  
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Attention: Director, Division of Property Management & Construction

If to the City:  
Department:  
City of Camden  
520 Market Street  
Suite ###  
Camden, New Jersey 08101-###  
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Attest

CITY OF CAMDEN

______________________________

Dana Redd
Mayor

NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY

Attest

Donna T. Sullivan
Director, Real Estate Development Division

Timothy J. Lizura
Chief Operating Officer and President

Attest

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

The foregoing document has been reviewed and approved as to form.
Christopher S. Porrino, Attorney General

By:

George E. Loeser
Deputy Attorney General
MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: December 13, 2016

RE: NJ Unmanned Aircraft Systems Test Sites (NJ UASTS) Consortium FY2017 Budget

Summary

The Members are asked to approve the fiscal year 2017 budget and funding in the amount of $401,356 for the NJ Unmanned Aircraft System Test Site (NJ UASTS) as required by the Grant Agreement between the NJ Innovation Institute (NJII) and the Authority dated March 30, 2016. The funding will be provided from Business Employment Incentive Program bond proceeds, as approved by the NJ Legislature’s Joint Budget Oversight Committee (JBOC).

Background

A. Program Information

The Federal Aviation Administration (FAA), in accordance with the FAA Modernization and Reform Act of 2012, was directed by Congress to establish six UASTS to integrate UAS into the National Airspace System. The main role of the UASTS is to perform research and development and provide data to the FAA to support the validation of standards and regulations.

In December 2013, the Mid-Atlantic Aviation Partnership (MAAP) was formed in support of a UASTS designation. The states of Virginia, Maryland and New Jersey provided initial funding support which ended in the Spring of this year. At the time of the UASTS designation, Rutgers was the academic lead institution for New Jersey, however in the fall of 2015 at the concurrence of the MAAP advisory board, NJII became the academic and operational lead.

The national program is designed to ensure a safe operating environment and efficient integration of unmanned aircraft into the national airspace. In so doing, the Test Sites are expected to advance its technical capabilities overseeing the scale and scope of services delivered by unmanned aircraft, support the development of new air platforms and payloads, and promote the development of standards. Given the dominance of emerging, high tech companies, the presence of a physical Test Site in New Jersey is expected to be a significant contributor to regional development. The goal is to create a positive impact on private sector UAS researchers and operators that will increase the
economic impact within the State of New Jersey. For such companies, physical proximity to a Test Site becomes mission critical to cost-effective operations.

B. The Members’ Prior Action
At the January 2016 meeting, the Members approved:

- The termination of the Memorandum of Understanding with Rutgers University (Rutgers) in conjunction with the implementation of the NJ Unmanned Aircraft Systems (UAS) Consortium led by NJII.

- The execution of a Grant Agreement with the NJII, which permitted the NJEDA to reimburse up to $700,000 of expenses related to the implementation of the NJ UAS Consortium through June 30, 2017.

- The NJ UASTS budget of $298,644 for fiscal year 2016.

C. Activities to Date
Following the Board’s action in January of 2016, NJII formalized the organizational and operational structure of the NJ UASTS by engaging a fulltime NJII Executive Director. Pentagon Performance Inc. was also retained to support daily operations including business development, business operations, engineering and technical support services, coordination with the FAA and NJ stakeholders, and flight campaigns. PPI was also assigned the responsibility of establishing test offices, a web presence, and an outreach program.

The NJ UASTS has successfully facilitated six separate flight campaigns ranging in size from a small ten pound quadcopter to a large four hundred pound fixed-wing UAS. Among them were NJ UASTS flights supported humanitarian relief in the form of an Unmanned Aerial Vehicle (UAV) shore-to-ship-to-shore with simulated pharmaceutical delivery. Also, UAS Flights for airborne geospatial flight data analysis for discrepancies against flight data generated by FAA radars and a large UAV with high resolution imaging payload integration which served to support the analysis of storm damage assessments to Cape May County and Delaware River and Bay Authority. The NJ UAS Test Site also provided UAS technical support to several academic institutions in NJ, including Rowan, Rutgers and Stockton Universities. This support consisted of technical and operational services that enabled the institutions to conduct flight operations.

D. FY 2016 Budget Reconciliation
The FY2016 budget in the amount of $298,644 reflected a partial year beginning in January 2016. As required by the Grant Agreement, NJEDA staff reviewed and reconciled the FY2016 budget to actual expenditures resulting in an unexpended carry forward of $41,628.

E. FY 2017 Budget and Funding Request
The initial Planning and Implementation Phase of FY2016 focused on activities required to implement the NJUASTS as a functioning support organization enabling UAS technical research and flight operations. The JBOC approved up to $700,000 of funding to support the NJ UASTS through June of 2017 in accordance with its business plan. Per the JBOC approval the Members will approve the NJ UASTS annual budget, and NJEDA staff will administer the funding.
Disbursements will be made quarterly on the first day of each fiscal quarter of FY2017 upon review of the management prepared financial statements together with all relevant documents relating to income and expenses for each fiscal quarter.

The FY17 budget request, in the amount of $401,356, is attached as Exhibit A. Funding for the budget request will be provided from bond proceeds as stated in the Grant Agreement.

The Planned flight campaigns that will be supported by the FY2017 budget include:

- Providing full lifecycle support services to John Hopkins University Medical School in Baltimore using a small UAS. This will entail safe and efficient transport of biological samples between two facilities approximately 2.1 nautical miles (nm) apart with both facilities standing at approximately 130’ above ground level (AGL).
- Simultaneously flying two quadcopters at 2000’AGL within a 0.5km square in varying surface topography.
- The implementation of a small UAS training facility in NJ.

**Recommendation**

In summary, the Board Members are asked to approve the FY2017 budget and funding for NJ UASTS under the terms of the Grant Agreement between NJII and NJEDA.

\[Signature\]

Timothy J. Lizura  
President and Chief Operating Officer

Attachment: Exhibit A  
Prepared by: Elke C. Born
NEW JERSEY INNOVATION INSTITUTE  
UNMANNED AIRCRAFT SYSTEMS TEST SITES  
FISCAL YEAR 2017 BUDGET

**Exhibit A**

<table>
<thead>
<tr>
<th>NJEDA Support</th>
<th>FY16* Budget</th>
<th>FY16* Actual</th>
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<tbody>
<tr>
<td>REVENUE</td>
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<td>$298,644</td>
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<td>Staffing</td>
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<td>NJII</td>
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<td>Subcontractor</td>
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<td>133,097</td>
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<td>Travel</td>
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<td>Office Expenses</td>
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<td>NJ UAS Equipment</td>
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<td>Marketing</td>
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<td>TOTAL COSTS</td>
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<td>$41,628</td>
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<tr>
<td>FY16 CARRYOVER</td>
<td>$41,628</td>
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**FY 17 Budget Sources**

<table>
<thead>
<tr>
<th>FY17 TOTAL BUDGET</th>
<th>NJEDA Support</th>
<th>Membership</th>
<th>Earned Revenue</th>
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<tbody>
<tr>
<td>$753,856</td>
<td>$401,356</td>
<td>$225,500</td>
<td>$127,000</td>
</tr>
</tbody>
</table>

**FY17 TOTAL BUDGET**

| $41,628          | $41,628      | 178,265     | 127,000        |

*FY16 represents only partial year (Jan 1 - June 30, 2016)
BOARD MEMORANDUM
MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: December 13, 2016

SUBJECT: Credit Underwriting Projects Approved Under Delegated Authority – For Informational Purposes Only

The following projects were approved under Delegated Authority in November 2016:

Small Business Fund Program:

1) Bossen Real Estate Holdings, LLC (P43345), located in Cinnaminson Township, Burlington County, is a real estate holding company formed to purchase the project property. The building will be occupied by Bossen Architectural Millwork, Inc., which is related to the borrower via common ownership. Founded in 1992, Bossen Architectural Millwork is a specialty woodworking and molding company that operates out of a leased space in Cinnaminson. The Company was approved for a $451,250 direct loan to purchase the project property and commercial real estate. The Company currently has ten employees and plans to create five over the next two years.

Premier Lender Program:

1) Crystalware Limited Liability Company (P43527), located in Lakewood Township, Ocean County, is a real estate holding company formed to purchase the project property. The operating company, CW International Sales, LLC, is an importer and distributor of disposable gloves, paper and plastic products within the sanitary food and medical markets. TD Bank, N.A. approved a $5,450,000 bank loan contingent upon a 36.7% ($2,000,000) Authority participation. Proceeds will be used to refinance existing debt. The Company currently has 27 employees and plans to create twelve new jobs over the next two years.
2) Snack Innovations, Inc. or Nominee (P43522), located in Piscataway Township, Middlesex County, was formed in 2009 under the name Teva Foods, Inc. to manufacture, distribute and wholesale healthy snack foods such as chips, popcorn and smart fries to Trader Joe’s, Wakefern, Weight Watchers and Amazon. A Nominee real estate holding company will be formed under identical ownership to purchase the project property to relocate staff from their current leased space in Brooklyn to Piscataway. The Provident Bank approved a $3,480,000 bank loan contingent upon a 39.66% ($1,380,000) Authority participation. The Company currently has 25 employees. SSBCI funds will be utilized for this project.

Camden ERB:

1) Tyrone Miles (P38996) is a real estate investor in Camden City, Camden County, who owns a 3,969 sq. ft. mixed use property. Mr. Miles was approved for a $15,000 Business Improvement Incentive Grant to reimburse a portion of the improvement costs on the subject property to fit-up the first floor retail space and second and third floor residential apartment space. The renovations were completed in 2016.

Prepared by: G. Robins
/gvr