MEMORANDUM

TO: Members of the Authority

FROM: Michele Brown
       Chief Executive Officer

DATE: March 14, 2013

SUBJECT: Agenda for Board Meeting of the Authority March 14, 2013

Notice of Public Meeting

Roll Call

Approval of Previous Month’s Minutes

Chief Executive Officer’s Monthly Report to the Board

Bond Projects

Loans/Grants/Guarantees

Incentive Programs

Board Memorandums

Public Comment

Adjournment
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
February 12, 2013

MINUTES OF THE MEETING

Members of the Authority present: Al Koeppe, Chairman; Matt McDermott representing the Executive Branch; Jim Leonard representing the State Treasurer; Paul Yuen representing the Commissioner of the Department of Labor and Workforce Development; Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Public Members: Joseph McNamara, Vice Chairman; Marjorie Perry, Harold Imperatore, Richard Tolson, Charles Sarlo, and Ray Burke, First Alternate Public Member; Elliot M. Kosoffsky, Second Alternate Public Member; and Brian Nelson, Third Alternate Public Member.

Present via conference call: Nancy Graves representing the Commissioner of the Department of Banking and Insurance.

Also present: Michele Brown, Chief Executive Officer of the Authority; Timothy Lizura, President and Chief Operating Officer; Deputy Attorneys General Bette Renaud and Wayne Martorelli; Brett Tanzman, Governor’s Authorities’ Unit; and staff.

Absent: Public Member Larry Downes, and Rodney Sadler, Non-Voting Member.

Chairman Koeppe called the meeting to order at 10 a.m.

Pursuant to the Internal Revenue Code of 1986, Ms. Brown 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. Brown 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 January 15, 2013 regular and executive session meeting minutes. A motion was made to approve the minutes by Ms. Perry, seconded by Mr. Tolson, and was approved by the 13 voting members present.

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

Ms. Graves joined the meeting via conference call.
**AUTHORITY MATTERS**

The next item was to approve the proposed removal of the closing fee cap on bonds that support multi-jurisdictional projects given their size, complexity and inter-state interaction. In addition, the Members are further requested to authorize staff to submit the attached revised program rules implementing this change, pending review by the Governor’s Policy Office, for publication in the New Jersey Register, subject to final review and approval by the office of the Attorney General and the Office of Administrative Law.

**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. Yuen **AYES:** 14

**RESOLUTION ATTACHED AND MARKED EXHIBIT: 1**

**LOANS/GRANTS/GUARANTEES**

**FUND FOR COMMUNITY ECONOMIC DEVELOPMENT**

**PROJECT:** Cooperative Business Assistance Corporation  
**APPL.#37960**

**LOCATION:** Camden City/Camden

**PROCEEDS FOR:** Refinancing

**FINANCING:** $780,000

**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. Yuen **AYES:** 14

**RESOLUTION ATTACHED AND MARKED EXHIBIT: 2**

**LOAN TO LENDERS PROGRAM**

**PROJECT:** Cooperative Business Assistance Corporation  
**APPL.#38040**

**LOCATION:** Camden City/Camden

**PROCEEDS FOR:** Revolving loan fund

**FINANCING:** $500,000

**MOTION TO APPROVE:** Ms. Perry **SECOND:** Mr. Leonard **AYES:** 14

**RESOLUTION ATTACHED AND MARKED EXHIBIT: 2**

**PETROLEUM UNDERGROUND STORAGE TANK PROGRAM**

**INFORMATION ONLY:** The next item was a summary of Funding Status for the Petroleum Underground Storage Tank and Hazardous Discharge Site Remediation Fund Programs.
The following projects were presented under the Petroleum Underground Storage Tank Program.

PROJECT: Patrick Meyer
LOCATION: Nutley/Essex
PROCEEDS FOR: Remediation, Upgrade, Closure
FINANCING: $95,875 Petroleum UST remediation, Upgrade and Closure Fund Grant
MOTION TO APPROVE: Mr. McNamara SECOND: Mr. Leonard AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

PROJECT: Henry Sibona
LOCATION: Dover Town/Morris
PROCEEDS FOR: Remediation, Upgrade, Closure
FINANCING: $379,677 Petroleum UST remediation, Upgrade and Closure Fund Grant
MOTION TO APPROVE: Ms. Perry SECOND: Mr. Yuen AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

INFORMATION ONLY: The next item was is a summary of the Petroleum Underground Storage Tank Program projects approved by the Delegated Authority.

HAZARDOUS DISCHARGE SITE REMEDIATION FUND PROGRAM

The following municipal projects were presented under the Hazardous Discharge Site Remediation Fund Program

PROJECT: Frank Graafsma
LOCATION: Hawthorne Borough/Passaic
PROCEEDS FOR: Remedial Investigation
FINANCING: $44,658 Hazardous Discharge Site Remediation Fund loan
MOTION TO APPROVE: Mr. Leonard SECOND: Ms. Perry AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

PROJECT: R.C.J., Inc.
LOCATION: South Plainfield/Middlesex
PROCEEDS FOR: Remedial Action
FINANCING: $195,312 Hazardous Discharge Site Remediation Fund loan
MOTION TO APPROVE: Mr. McDermott SECOND: Mr. Tolson AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4
INCENTIVE PROGRAMS

BUSINESS EMPLOYMENT INCENTIVE PROGRAM

PROJECT: Dade Paper & Bag Co.  APPL.#37977
LOCATION: TBD/TBD  BUSINESS: distribution
GRANT AWARD: 30% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. McDermott  SECOND: Mr. McNamara AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

Mr. Kosoffsky recused himself because Dade Paper & Bag Co. is his company’s tenant and they’re currently trying to renew their lease.

PROJECT: Nosco, Inc.  APPL.#37991
LOCATION: Branchburg Twp/Somerset  BUSINESS: Packaging Solutions
GRANT AWARD: 50% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Ms. Perry  SECOND: Mr. Yuen AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

Mr. Leonard recused himself because he is an elected official in Branchburg.

PROJECT: Veolia Water Solutions & Technologies North America, Inc. & Affiliates  APPL.#37842
LOCATION: Pennsauken Twp/Camden  BUSINESS: Water Treatment
GRANT AWARD: 80% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Tolson  SECOND: Ms. Kokas AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

GROW NEW JERSEY ASSISTANCE PROGRAM

ITEM: Siemens Healthcare Diagnostics, Inc.
REQUEST: Not to disqualify Siemens Healthcare Diagnostics, Inc after the review of legal matters.
MOTION TO APPROVE: Mr. Nelson  SECOND: Ms. Perry AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Siemens Healthcare Diagnostics, Inc.
LOCATION: Mount Olive Twp/Morris
REQUEST: To approve the $36,654,000 Grow New Jersey award
MOTION TO APPROVE: Mr. Kosoffsky  SECOND: Mr. McDermott AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7
ITEM: Life Sciences/Healthcare IT Accelerator
REQUEST: To approve the funding and issuance of a competitive solicitation to select a private sector party to operate a Life Sciences/Healthcare IT Accelerator, hosted at the Authority’s Commercialization Center for Innovative Technologies in North Brunswick. The Authority will provide a total of $1,755,000 including in kind of onetime costs. In exchange for the Authority’s cash contribution and in-kind forgone rent and equity investment will be structured as subordinated capital return position.
MOTION TO APPROVE: Ms. Perry  SECOND: Mr. Yuen AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

ITEM: The Freehold Young Men’s Christian Association
REQUEST: To approve the modification of the existing Bond to (i) change the interest rate from the current floating rate to fixed rate; (ii) provide a new principal and interest payment schedule; and (iii) add a prepayment fee calculation
MOTION TO APPROVE: Mr. Tolson  SECOND: Mr. Leonard AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

FOR INFORMATION ONLY: Summary of the projects approved under Delegated Authority in January 2013:

New Jersey Business Growth Fund: 22A-B Hill Road LLC – P37890
Premier Lender Program: Bestwork Industries for the Blind, Inc. – P37835
PNC Growth Fund – Modification: Wisco Promo & Uniform Inc. or Nominee - P37779

REAL ESTATE

ITEM: DPRA Grant Agreement – Former Riverfront State Prison Site Rehabilitation Project
REQUEST: To approve consent to: (i) the execution of a Grant Agreement with the Delaware River Port Authority to accept grant funds in the amount of $4,335,519.47 as outlined above to fund additional work related to the former Riverfront State Prison Site Rehabilitation project and the surrounding area; (ii) spending grant funds to advance the project, and (iii) amend the MOU with Treasury for the redevelopment phase of the Project Site, subject to the approval of the CEO, the President/COO and the Attorney General’s Office.
MOTION TO APPROVE: Mr. Tolson  SECOND: Mr. McNamara AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

Mr. Nelson recused himself because his firm does business with the DRPA.
ITEM: Sale of Property – 58 Bayard Street, New Brunswick, NJ

REQUEST: To approve (i) the negotiation and execution of the Authority’s standard form of Agreement of Sale of Property with New Brunswick Cultural Center, Inc. for the sales price of $1,100,000 generally consistent with the Term Sheet; and (ii) the execution of any and all other documents required to effectuate this transaction, on final terms acceptable to the Attorney General’s Office, the CEO and the President/COO.

MOTION TO APPROVE: Ms. Perry SECOND: Mr. Leonard AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

Chairman Koepppe stated that the Members of the Board were available to staff to advise in the creation and implementation of Sandy Recovery programs.

PUBLIC COMMENT

There was no comment from the public.

EXECUTIVE SESSION

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

MOTION TO APPROVE: Mr. Tolson SECOND: Mr. McNamara AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

The Board returned to Public Session.
There being no further business, on a motion Mr. Yuen, and seconded by Mr. Tolson, the meeting was adjourned at 11:30 am.

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

Kim Ehrlich, Assistant Secretary
MEMORANDUM

TO: Members of the Authority
FROM: Michele A. Brown
Chief Executive Officer
DATE: March 14, 2013
RE: Chief Executive Officer’s Report to the Board

SUPERSTORM SANDY RELIEF UPDATE

Authority staff continues to work with our state and federal partners to advance the State of New Jersey’s Superstorm Sandy Action Plan which outlines how the State will administer the first tranche of over $1.8 billion in Community Development Block Grant – Disaster Relief aid provided through the U.S. Department of Housing and Urban Development. As part of that effort, the Authority is advancing a marketing campaign to support tourism in Superstorm Sandy-impacted areas utilizing CDBG-DR funding, pending approval of the Action Plan, as well as the development of programs and processes to provide direct funding to impacted businesses. HUD approval of the Action Plan, anticipated in the coming weeks following public comment period, is required before any programs or campaigns can be launched.

CHRISTIE ADMINISTRATION ANNOUNCES $125 MILLION TO SUPPORT NEW JERSEY CHARTER SCHOOLS

Earlier this month, the State Treasurer announced the allocation of $125 million in Qualified School Construction Bonds (QSCBs) to EDA to support the construction, expansion or enhancement of charter schools in the state. EDA will work jointly with the New Jersey Department of Education (DOE) to administer the funds. QSCBs may be issued to finance the construction, rehabilitation or repair of school facilities or for the acquisition of land where a school will be built. Investors who purchase QSCBs receive federal income tax credits at prescribed tax credit rates in lieu of interest. These tax credit rates essentially allow a school to borrow without incurring interest costs.

Requests for funding through the $125 million allocation will be reviewed on a per project basis, with a maximum allocation of $40 million per project. Applicants must be in good standing with the New Jersey DOE. To be eligible, the project financing must be ready to close no later than December 31, 2013 and the project must commence construction no later than 90 days after closing of the project financing. Applicants must also have site plan approval from the municipality, or evidence of commencement of the site plan approval process, in which the project resides.
CHRISTIE ADMINISTRATION SUPPORT HELPS LOCUS ENERGY FIND NEW HOME IN HOBOKEN

Locus Energy, which develops web-based performance and portfolio management software for renewable energy systems, recently moved from New York to temporary space in Hoboken while its new, permanent location in New Jersey is renovated following damage from Superstorm Sandy.

To encourage Locus Energy to choose New Jersey over locations in New York, the company was approved for an award of up to $456,500 over ten years through the Business Employment Incentive Program. Locus Energy also received a $1.45 million loan through the Edison Innovation Green Growth Fund (EIGGF), a program launched by the Christie Administration in 2011 to help New Jersey clean technology companies advance energy efficient and renewable energy products in the state. The financing will help Locus Energy expand the capabilities of its technology platform and support general growth capital needs, including research and development, hiring and training personnel, and marketing and purchasing inventory.

Founded in 2007, Locus Energy offers a technology platform providing automated monitoring support and data analytics for distributed generation systems in the residential, commercial, utility and industrial markets. The company, which relocated its New York City-based staff of 15 to Hoboken in December, plans to create as many as 20 new, high paying jobs in the state over the next two years.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY (FMERA) UPDATE

The FMERA Board approved the lease and sublease of three areas of the former Post at their February meeting. The Board approved the lease from the Army to FMERA of the Teen Center and Pool, the former Provost Marshall’s Office, and Buildings 400 and 418. The Teen Center and Pool will be subleased to Monmouth County for use as a recreational facility. The former Provost Marshall’s Office will be subleased to the New Jersey State Police, who currently patrol the former Fort property, and Buildings 410 and 418 will be subleased to Monmouth County for use as a Homeless Shelter. The existing Homeless Shelter on the former Fort Monmouth was deemed uninhabitable due to floodwaters from Hurricane Sandy. The leases and subleases will each be for a term of one year with an optional six month extension.

FMERA is in process of executing the Purchase-Sale Agreement for the 16-acre Clinic Parcel with AcuteCare Management Services L.L.C. (AcuteCare) in counterparts. AcuteCare plans to reuse the property as a medical facility, serving the elderly, veterans and other patients. They will make a minimum of a $5 million investment in the Clinic Building and create a minimum of 50 jobs in its first 3 years. The sale of the Clinic Parcel is expected to occur this summer and will be FMERA’s second closing. FMERA’s first closing was with CommVault Systems, Inc.

On January 28, 2013 FMERA received six proposals, with some firms submitting multiple scenarios for development, in response to the Howard Commons Request for Offers to Purchase (RFOTP). The approximately 64-acre parcel is intended to be developed into housing, as shown in the Fort Monmouth Reuse and Redevelopment Plan. FMERA expects to have a recommendation for the Board of Directors’ consideration at the June or July meeting of the Authority. In addition to the Howard Commons RFOTP, FMERA issued an RFOTP for the Officers Housing in the Historic District of the former Post. Proposals for the Officers Housing are due on April 1, 2013. Lastly, FMERA intends to issue RFOTPs for Parcels B, C and Cl in the coming weeks, as well as an Request for Proposals for the lease of the Marina.

CLOSED PROJECTS IN FEBRUARY 2013

In February, the EDA has closed financing and incentives totaling over $95 million for 18 projects that are expected to support the creation of over 890 new jobs, the support of over 2,300 existing jobs, including 928 jobs at risk of leaving New Jersey, and involve total public/private investment of over $189 million in New Jersey’s economy. Among the businesses assisted in January:

Port Imperial South L.L.C., which closed on an $8.8 million reimbursement of costs associated with a Weehawken-based redevelopment project under the Economic Redevelopment and Growth (ERG) Program. This project involves the development of a mixed-use, master-planned waterfront development which spans two and half miles directly across the Hudson River from Midtown Manhattan. This assistance, which was instrumental in moving this project forward, will result in the creation of an estimated 437 construction jobs, 42 permanent, full-time jobs and leverage $58.5 million in capital investment.

Phone.com, Inc., which closed on a $600,000 loan under the Edison Innovation VC Growth Fund. Phone.com is a Livingston-based provider of voice-over-intemet ("VOIP") services with a focus on small office and home office businesses. Phone.com’s VOIP service is built on a proprietary software platform that is robust, scalable and cloud-based. As a result of this assistance, the company expects to create 18 new jobs.

Wisco Promo & Uniform Inc., which closed on a $232,500 guarantee of a PNC Bank loan under the New Jersey Business Growth Fund. Wisco is Saddle Brook-based business specializing in uniform wholesale, custom screen printing and embroidery services. As a result of this assistance, the company expects to create six new jobs within two years.
EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees or exhibitors at 18 events in February. These included a mobile cabinet meeting in Union Beach related to Superstorm Sandy recovery, a free workshop in Jersey City hosted by the Federal Reserve Bank of New York on accessing capital for small businesses affected by Superstorm Sandy, and the NJBIA Meet the Decision Makers event in Monroe Twp.
AMENDED BOND RESOLUTIONS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: AZ Holdings, LLC

PROJECT USER(S): Metaline Products Co., Inc.*
                 Kids Kastle Inc. (d/b/a Kastle Kreations)

PROJECT LOCATION: 241 Raritan Street, South Amboy City (N), Middlesex

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

APPLICANT BACKGROUND:
Established in 1923 and based in South Amboy, New Jersey, Metaline Products Co., Inc. is a display designer and manufacturer. The company creates and manufactures captivating and cost-effective in-store, point-of-purchase displays. In addition to the point-of-purchase displays found next to checkout counters, the company offers comprehensive graphic design services, and also manufactures a creative line of modular storage bins called Mobos®. AZ Holdings, LLC, a recently formed affiliate of Metaline, will hold the title to the project location.

Metaline is currently located in a building it owns on North Feltus Street in South Amboy, which will continue to be utilized as the headquarters, and as a design and showroom facility. The company is growing fast and is in need of additional space. To that end, through its affiliate, Metaline is proposing to purchase a 40,000 sf existing facility on a 3.18 acre parcel of land, less than 2 miles away, to relocate the manufacturing portion of its operations. Less than half of the new facility will be shared with Kids Kastle Inc. (d/b/a Kastle Kreations), an unrelated non-manufacturer. The proceeds of the Bond will only be used to fund that portion of the facility to be occupied by Metaline.

APPROVAL REQUEST:
Authority assistance will enable the acquisition and renovation of an existing building to be primarily used as a manufacturing facility plus paying for the cost of issuance.

Approximately $450,000 in EDA Direct Loan funds (P37821), and Applicant's equity will complement this project's Sources of Funds.

While originally approved on January 15, 2013, this project is being presented at the March 14, 2013 Board meeting to modify the rate structure and to provide the borrower and bank with additional time in which to close the bond transaction.

FINANCING SUMMARY:
BOND PURCHASER: The Provident Bank (Direct Purchase)

AMOUNT OF BOND: $1,350,000 Tax-Exempt Bond

TERMS OF BOND: 25 years; fixed rate of 3.76% for the first 10 years; rate resets after Year 10 at the tax-exempt equivalent of the 10-Year US Treasury plus 300 bps and after Year 20 at the tax-exempt equivalent of the 5-Year US Treasury plus 300 bps both with a floor equal to the tax-exempt equivalent of 4.50%; call options at the end of Years 10 and 20.

ENHANCEMENT: N/A

PROJECT COSTS:
Acquisition of existing building $2,400,000
Renovation of existing building $150,000
APPLICANT: AZ Holdings, LLC

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<tr>
<th>Cost of Issuance</th>
<th>$60,000</th>
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<tbody>
<tr>
<td>TOTAL COSTS</td>
<td>$2,610,000</td>
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</table>

JOBS: At Application 20 Within 2 years 10 Maintained 0 Construction 1

PUBLIC HEARING: 01/15/13 (Published 12/31/12)  
BOND COUNSEL: Wolff & Samson

DEVELOPMENT OFFICER: D. Johnson  
APPROVAL OFFICER: D. Sucsus
PETROLEUM UNDERGROUND STORAGE TANK PROGRAM
MEMORANDUM

TO: Members of the Authority

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

DATE: March 14, 2013

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

In December, 2012, the members approved a change in the administration of the subject programs as a result of new Treasury guidance for fund transfers. Below is the summary of actions taken for approvals in February (board and delegations) and the net funding available at 2/28/13 for March, 2013 approvals. Treasury has also been notified of the February approvals and will encumber the funds for those approvals.

PUST:
In February, the members approved 2 projects for $475,552. 38 projects for $810,573 were approved by staff under delegation for a combined total of 40 projects for $1,286,125.

As of 2/28/13, the UST fund held by EDA had approximately $4.4 million cash and $29.5 million unfunded appropriations, which combined totaled $33.9 million against $25.6 million of commitments, leaving $8.3 million as available cash* and unfunded appropriations for new future commitments.

HDSRF:
In February, the members approved 2 projects for $239,970. There were no delegated authority approvals.

As of 2/28/13, the HD fund held by EDA had approximately $65 million cash and $20.9 million unfunded appropriations, which combined totaled $85.9 million against $47.7 million of commitments, leaving $38.2 million as available cash* and unfunded appropriations for new future commitments.

*subject to month end Accounting adjustments

Prepared by: Lisa Petrizzi
MEMORANDUM

TO: Members of the Authority

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

DATE: March 14, 2013

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

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

**Residential Grants:**

Susan Castano $145,259
Robert Savary and Karin Savary $132,244
Total UST Residential Grants $277,503

Prepared by: Lisa Petrizzi
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: Susan Castano
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 92 Alexander Ave. Nutley Township (N) Essex
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Susan Castano is a homeowner seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible to perform the approved scope of work for soil contamination at the project site.

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $145,259 to perform the approved scope of work for ground water remediation at the project site.

The NJDEP oversight fee of $14,526 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:
GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund
AMOUNT OF GRANT: $145,259
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:
Upgrade, Closure, Remediation $145,259
NJDEP oversight cost $14,526
EDA administrative cost $250

TOTAL COSTS $160,035

APPROVAL OFFICER: K. Junghans
APPLICANT: Robert Savary and Karin Savary

PROJECT USER(S): Same as applicant

PROJECT LOCATION: B17 Union Ave. Pennsauken Township (T/UA$amden

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

APPLICANT BACKGROUND:
Robert Savary and Karin Savary are the owners of a tenant occupied dwelling seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible to perform the approved scope of work for ground water remediation at the project site.

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

APPROVAL REQUEST:
The applicants are requesting grant funding in the amount of $132,244 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $13,224 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: $132,244

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

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Upgrade, Closure, Remediation</td>
<td>$132,244</td>
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<tr>
<td>NJDEP oversight cost</td>
<td>$13,224</td>
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<tr>
<td>EDA administrative cost</td>
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<td>$145,718</td>
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APPROVAL OFFICER: K. Junghans
TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: March 14, 2013

SUBJECT: Petroleum Underground Storage Tank Program - Delegated Authority Approvals
(For Informational Purposes Only)

Pursuant to the delegations approved by the Board in May 2006, the Chief Executive Officer ("CEO") with a Director may approve new grants under the Hazardous Discharge Site Remediation Fund (HDSRF) and Petroleum Underground Storage Tank Program (PUST) up to $100,000 and may approve supplemental awards for existing grants (of any size) up to an aggregate of $100,000, provided that the aggregate amount of the supplemental awards do not exceed $100,000.

The Petroleum Underground Storage Tank Program legislation was amended to allow funding for the removal/closure and replacement of non-leaking residential underground storage tanks (UST's) and non-leaking non-residential UST's up to 2,000 gallons for eligible not for profit applicants. The limits allowed under the amended legislation is equivalent to the New Jersey Department of Environmental Protection cost guide.

Below is a summary of the Delegated Authority approvals processed by Finance & Development for the period February 01, 2013 to February 28, 2013

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<tr>
<th>Summary:</th>
<th># of Grants</th>
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<tbody>
<tr>
<td>Leaking tank grants awarded</td>
<td>37</td>
<td>$809,373</td>
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<tr>
<td>Non-leaking tank grants awarded</td>
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<td>$1,200</td>
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<tr>
<th>Applicant</th>
<th>Description</th>
<th>Grant Amount</th>
<th>Awarded to Date</th>
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<tbody>
<tr>
<td>Attanisio, Albert (P38026)</td>
<td>Initial grant for upgrade, closure and remediation</td>
<td>$14,703</td>
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<tr>
<td>Beniulis, Steven (P37938)</td>
<td>Initial grant for upgrade, closure and remediation</td>
<td>$13,820</td>
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<td>Berezni, Lillian (P37894)</td>
<td>Initial grant for upgrade, closure and remediation</td>
<td>$51,213</td>
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<td>Bray, Robert and Elizabeth (P37862)</td>
<td>Initial grant for upgrade, closure and remediation</td>
<td>$6,500</td>
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<td>Campano, Josephine (P37848)</td>
<td>Initial grant for upgrade, closure and remediation</td>
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<td>Casaletto, Richard and Marie (P37901)</td>
<td>Initial grant for upgrade, closure and remediation</td>
<td>$4,915</td>
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<td>Coghlan, Timothy and Lindsay Coghlan (P37949)</td>
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<td>Dey, Sharmila (P37925)</td>
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<tr>
<td>Applicant</td>
<td>Description</td>
<td>Grant Amount</td>
<td>Awarded to Date</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>--------------</td>
<td>-----------------</td>
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<tr>
<td>Dueben, Robert (P37962)</td>
<td>Initial grant for upgrade, closure and remediation</td>
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<tr>
<td>Episcopal Church of St. Michael the Archangel</td>
<td>Supplemental grant for upgrade, closure and remediation</td>
<td>$57,342</td>
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<td>Fassett, Ray (P37857)</td>
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<td>Fericy, Joan (P37966)</td>
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<td>$36,649</td>
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<td>Field, Charles (P38002)</td>
<td>Supplemental grant for upgrade, closure and remediation</td>
<td>$49,519</td>
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<td>Finn, Dennis (P37931)</td>
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<td>Fischer, F. William and Marla J. (P37849)</td>
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<td>Jackson, Gary (P37881)</td>
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<td>Initial grant for upgrade, closure and remediation</td>
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<td>Manorowitz, Suzann (P36494)</td>
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<tr>
<td>Markulin, Michael (P37762)</td>
<td>Supplemental grant for upgrade, closure and remediation</td>
<td>$12,493</td>
<td>$185,081*</td>
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<tr>
<td>McCafferty, Marianne (P37860)</td>
<td>Initial grant for upgrade, closure and remediation</td>
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<td>Micklos, John and Dorothy (P36868)</td>
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<td>Mimna, Timothy and Shawne (P37332)</td>
<td>Supplemental grant for upgrade, closure and remediation</td>
<td>$12,341</td>
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<td>Norris, Ruth (P37903)</td>
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<td>Nuhn, Dennis (P37926)</td>
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<td>Peck, Leonard (P37855)</td>
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<td>Roller, Adam (P37819)</td>
<td>Supplemental grant for upgrade, closure and remediation</td>
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<tr>
<td>Applicant</td>
<td>Description</td>
<td>Grant Amount</td>
<td>Awarded to Date</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>--------------------------------------------------</td>
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<tr>
<td>Stern, Mark and Lauren (P37850)</td>
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<td>Sutera, Michele (P37307)</td>
<td>Supplemental grant for upgrade, closure and remediation</td>
<td>$54,161</td>
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<td>Turton, Dawn (P37972)</td>
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<td>Wilson, Michael (P37353)</td>
<td>Initial grant for upgrade, closure and remediation</td>
<td>$7,853</td>
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<td>Wolyniec, Margaret (P37939)</td>
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<td>Youngs, Judy and William Youngs (P37951)</td>
<td>Initial grant for upgrade, closure and remediation</td>
<td>$23,581</td>
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</tbody>
</table>

37 Grants  
Total Delegated Authority funding for Leaking applications. $809,373

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Description</th>
<th>Grant Amount</th>
<th>Awarded to Date</th>
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<tr>
<td>McRoberts, George P. and Barbara T. (P23091)</td>
<td>Grant to remove an underground storage tank</td>
<td>$1,200</td>
<td>$1,200</td>
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1 Grants  
Total Delegated Authority funding for Non-Leaking applications. $1,200

*This amount includes grants approved previously by the Board and this award does not exceed the supplemental aggregate limit.

Prepared by: Lisa Petrizzi, Assistant Director
HAZARDOUS DISCHARGE SITE REMEDIATION FUND PROGRAM
MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President/Chief Operating Officer
DATE: March 14, 2013
SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

The following grant project has been approved by the Department of Environmental Protection for a grant to perform Remedial Investigation activities. The scope of work is described on the attached project summary.

Municipal Grant:
Borough of Glassboro (Lew’s Auto) $ 156,853

Prepared by: Lisa Petrizzi
APPLICANT: Borough of Glassboro (Lew's Auto)  P37799
PROJECT USER(S): Same as applicant  * - indicates relation to applicant
PROJECT LOCATION: West High Street  Glassboro Borough (T/UA)  Gloucester
GOVERNOR'S INITIATIVES: (X) Urban  () Edison  () Core  () Clean Energy

APPLICANT BACKGROUND:
In May 2004 and June 2010, the Borough of Glassboro received grants in the amount of $122,358 under P15581 and P29382 to perform Preliminary Assessment (PA) and Site Investigation (SI). The project site, identified as Block 25, Lot 12 is an automotive repair facility which potentially had a release from an underground storage tank (UST) affecting subsurface soil. The Borough of Glassboro holds a Tax Sale Certificate 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 commercial use.

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

APPROVAL REQUEST:
The Borough of Glassboro is requesting supplemental grant funding to perform additional Remedial Investigation (RI) in the amount of $156,853 at the Lew's Auto Service project site for a total funding of $362,289.

FINANCING SUMMARY:
GRantor: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $156,853
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remedial investigation</td>
<td>$156,853</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$500</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$157,353</strong></td>
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</tbody>
</table>

APPROVAL OFFICER: K. Junghans
INCENTIVES
BUSINESS EMPLOYMENT INCENTIVE PROGRAM
BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT
SALES AND USE TAX EXEMPTION
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: American Stock Transfer and Trust Company LLC
PROJECT LOCATION: 1225 Broad Street
GOVERNOR'S INITIATIVES:
(X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
American Stock Transfer and Trust Company LLC, (AST), was formed in 1971 under a New York State Trust Charter, with its corporate headquarters in Brooklyn. The applicant acts as a stock transfer and processing agent on a global basis for over 2,800 public companies, 8,000 public issues and over 5.5 million shareholders. AST also provides record keeping and administrative services for equity compensation plans for local and foreign-based companies. The applicant's clients are located throughout the United States and in over 22 foreign countries. In December 2012, Allianz Global Investors appointed AST Transfer Agent for its 26 closed-end funds. The applicant is economically viable.

MATERIAL FACTOR:
American Stock Transfer and Trust Company LLC is seeking a BEIP grant for 30 new jobs as it considers consolidating its Philadelphia and Lyndhurst facilities to a new facility in Clifton or remaining in Philadelphia. The Lyndhurst lease expires July 31, 2013 and the Philadelphia lease expires in 2017, with a one-time termination fee to terminate the lease in Sept 2015. The Clifton facility will provide an option to take additional contiguous space in 2015 to accommodate the Philadelphia jobs, allowing for increased operating efficiency and future growth. The Lyndhurst facility has 29 employees but none are considered to be jobs at risk. Management has indicated that a favorable decision by the Authority to award the BEIP grant is the material factor in the company's decision to expand in New Jersey. The Authority is in receipt of an executed CEO certification that states the application has been reviewed and the information submitted and representations contained therein are accurate.

APPROVAL REQUEST: PERCENTAGE: 55%
TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage American Stock Transfer and Trust Company LLC to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.
TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: $ 190,162
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 29

ELIGIBLE BEIP JOBS: Year 1 15 Year 2 15 Base Years Total = 30

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $6,338

ANTICIPATED AVERAGE WAGES: $50,000

ESTIMATED PROJECT COSTS: $712,859

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $345,750

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $328,462

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

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New York

APPLICANT OWNERSHIP: (X) Domestic ( ) Foreign

DEVELOPMENT OFFICER: J. Kenyon

APPROVAL OFFICER: M. Krug
# FORMULA EVALUATION

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score</th>
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</thead>
<tbody>
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<td>1. Location: Clifton City</td>
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<td>2. Job Creation 30</td>
<td>1</td>
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<tr>
<td>Targeted: _______ Non-Targeted : X</td>
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<tr>
<td>3. Job at Risk: 0</td>
<td>0</td>
</tr>
<tr>
<td>4. Industry: Financial services</td>
<td>2</td>
</tr>
<tr>
<td>Designated: X Non-Designated:</td>
<td></td>
</tr>
<tr>
<td>5. Leverage: 3 to 1 and up</td>
<td>2</td>
</tr>
<tr>
<td>6. Capital Investment: $712,859</td>
<td>1</td>
</tr>
<tr>
<td>7. Average Wage: $ 50,000</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL: 8</strong></td>
<td></td>
</tr>
</tbody>
</table>

## Bonus Increases (up to 80%):

- Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan or, existing building(s) that have been 100% vacant for 12 months. 20%
- Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs, or, existing building(s) that have been 100% vacant for 12 months. 30%
- Located in a former Urban Coordinating Council or other distressed municipality as defined by Department of Community Affairs 20%
- Located in a brownfield site (defined as the first occupants of the site after issuance of a new no-further action letter) 20%
- Located in a center designated by the State Planning Commission, or in a municipality with an endorsed plan 15%
- 10% or more of the employees of the business receive a qualified transportation fringe of $ 30.00 or greater. 15%
- Located in an area designated by the locality as an "area in need of redevelopment" 10%
- Jobs-creating development is linked with housing production or renovation (market or affordable) utilizing at least 25% of total buildable area of the site 10%
- Company is working cooperatively with a public or non-profit university on research and development 10%
- Project is located within Federally-owned land approved from closure under a Federal Base Realignment And Closing Commission or military installations allowing private business activity. 15%

**Total Bonus Points:** 20%

**Total Score:**
- **Total Score per formula:** 8 = 30%
- Construction/Renovation : 5%
- Bonus Increases : 20%
- **Total Score (not to exceed 80 %):** 55%
GROW NEW JERSEY ASSISTANCE PROGRAM
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM

APPLICANT: Honeywell International, Inc.

PROJECT LOCATION: 115 Tabor Road Morris Plains Borough Morris County

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

APPLICANT BACKGROUND:
Honeywell International, Inc. is a diversified technology and manufacturing company that serves customers worldwide with aerospace products and services as well as control technologies for buildings, homes and industry. The company’s products also include turbochargers, automotive products, specialty chemicals, electronic and advanced materials as well as technology for refining and petrochemicals. Honeywell is headquartered in Morris Township, New Jersey and has over 132,000 employees worldwide and is listed on the New York Stock Exchange under the symbol HON. The company has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
Honeywell’s current campus in Morris Township consists of nearly 146 acres and approximately 1.1 million sq ft of buildings. The company’s analysis shows that this is roughly twice the size required for its headquarters and lab space. Accordingly, management has been in the process of evaluating properties in both New Jersey and Pennsylvania that would improve the efficiency and productivity of its operations.

Honeywell was approved for a Grow NJ grant in the amount of $40,000,000 by the Authority in September 2012 to provide an incentive to keep 1,061 of its current employees in the state. Under that approval, Honeywell planned to consolidate its headquarters operations into a single facility on the Morris Township site and retain the existing lab building while selling the balance of the site. Honeywell was successful in pursuing changes to the zoning that when combined with the Grow NJ grant made the site economically feasible according to the company’s analysis. However, pending litigation challenging the zoning approval has forced Honeywell to reopen its relocation decision and as a result the company is again evaluating its options in both New Jersey and Pennsylvania.

Honeywell has evaluated a number of alternative locations in New Jersey for its headquarters. The preferred option at this time is a site in Morris Plains that is currently owned by Johnson & Johnson. The Morris Plains site is an existing 475,000 sq ft facility with limited previous interior fit-out. After the acquisition, Honeywell would anticipate spending approximately $50,900,000 in eligible capital investment to renovate and fit-out roughly 400,000 sq ft of the 475,000 sq ft facility. In total, Honeywell estimates that a relocation to Morris Plains would cost the company roughly $93,960,000. If the company chooses instead to relocate to Pennsylvania, its preferred option is to construct a 350,000 sq ft facility from the ground up in the Lehigh Valley.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and as a result the management of Honeywell 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 that states that the application has been reviewed and the information submitted and representations contained therein are accurate. It is estimated that the project would have a net benefit to the State of $336.4 million over the 15 years that the company would be committed to keep the jobs here.

Should this application be approved by the Authority today, this approval would supersede and replace the approval given to Honeywell’s previous project in September 2012.
FINDING OF JOBS AT RISK:
The applicant has certified that the 1,061 New Jersey jobs listed in the application are at risk of being located outside the State. 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.

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; 2) approve the proposed Grow New Jersey grant to encourage Honeywell to maintain 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.

After the approval of this project and other projects for consideration by the Authority today, the total amount of tax credits approved under the Grow New Jersey Assistance Program will remain at $428,231,293 and the total combined approvals under HUB and Grow New Jersey will remain at $1,455,661,531.

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 $20 million after board approval, but no later than July 28, 2017.
3. No employees that are subject to a BEIP, BRRAG, or Urban Transit Hub 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, or Urban Transit Hub 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.

Grant Calculation

<table>
<thead>
<tr>
<th>BASE GRANT PER EMPLOYEE:</th>
<th>$5,000</th>
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<tbody>
<tr>
<td>BONUS INCREASES:</td>
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<tr>
<td>($1,000 per item with a max of $3,000)</td>
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<tr>
<td>INDUSTRY:</td>
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<tr>
<td>PUBLIC TRANSIT:</td>
<td>0</td>
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<td>HIGH SALARIES:</td>
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<td>AFFECTED SITE:</td>
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<tr>
<td>BONUS PER EMPLOYEE:</td>
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<tr>
<td>TOTAL GRANT PER EMPLOYEE:</td>
<td>$7,000</td>
</tr>
</tbody>
</table>

ELIGIBLE JOBS:

| New Jobs:               | 0      |
| Retained Jobs:          | 1,061  |
| Total:                 | 1,061  |

ANNUAL CREDIT AMOUNT ($4,000,000 max): $4,000,000
Honeywell International, Inc.  Grow New Jersey

TOTAL AMOUNT OF AWARD:   $40,000,000
TERM:  10 years
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:   $50,900,000
QUALIFIED INCENTIVE AREA:  PA-1
MEDIAN WAGES:   $128,067
STATEWIDE BASE EMPLOYMENT:  1,509
PROJECT IS:  ( ) Expansion  (X) Relocation
CONSTRUCTION:  (X) Yes  ( ) No
DEVELOPMENT OFFICER:  P. Ceppi  APPROVAL OFFICER:  K. McCullough
TECHNOLOGY BUSINESS TAX CERTIFICATE
TRANSFER PROGRAM
TO: Members of the Authority
FROM: Timothy J. Lizura
        President and Chief Operating Officer
DATE: March 14, 2013
SUBJECT: Technology Business Tax Certificate Transfer Program

BACKGROUND

The 1998 Technology Business Tax Certificate Transfer Program allows technology and biotechnology companies with 224 or fewer U.S. employees to sell their net operating losses and/or research and development tax credits to profitable corporate entities. Proceeds from those sales are required to be re-invested in the seller’s business.

Based on several issues encountered in the 2012 Program Cycle, proposed revisions to the rules implementing the program are attached and summarized below.

In order to assist in our review of whether each applicant meets the minimum employment requirement, clarify the definition of “Full-Time Employee” to include:

- Employee is to be hired in a position that will continue to be filled on a permanent or indefinite basis and is not filled by an intern, a temporary employee and is not a temporary position.

Example of a scenario that fits:
The applicant has a need for a new researcher who will work 35 hours or more per week, be offered healthcare under a group health plan, and be hired with no end date. The successful candidate’s credentials fit those of the job description, was hired prior to the June 30 deadline, and the successful candidate will not cease working for the applicant to continue pursuing a college degree.

Example of a scenario that does not fit:
The applicant has only 9 Full-Time Employees and will not meet the minimum number of Full-Time Employees required so it hires an intern who will work for the summer and then return to school to continue pursuing a college degree. The intern is shown as having a professional title in our application. The applicant has no documented plan for maintaining the position filled on a permanent basis. The applicant needs 10 Full-Time Employees but only has 9 Full-Time Employees as the intern does not meet the Full-Time Employee requirement.
Example of a scenario that fits:
The applicant has only 9 Permanent Full-Time Employees and does not appear to meet the minimum number of Permanent Full-Time Employees required. However, it has been rotating university students out of a 10th position on a permanent basis as part of a formal agreement in conjunction with a university as evidenced by a written agreement with the university. The student employee is paid a competitive salary, is offered health care under a group health plan and will work 35 or more hours each week. After completing the specified employment duration with the applicant, the student will return to the university and will be replaced at the applicant's business by a new student from the university.

In order to assist in our review of whether each applicant meets the minimum employment requirement, clarify N.J.A.C. 19:31-12.4 Application to the program to also request from the applicant:

- Each employee's state of residence and whether each employee has submitted a Certificate of Non-residence for an exemption from the New Jersey Gross Income Tax Act. (As a result of the Reciprocal Income Tax Agreement between New Jersey and Pennsylvania, compensation earned in New Jersey by a Pennsylvania resident is not subject to New Jersey Gross Income Tax.)
- Any relationship (as relationship is defined in IRC 152(d)(2)) between each employee and another employee, shareholder or investor (as part of a broad review of whether an employee is really an intern, temporary employee, or in a temporary position)
- Whether each employee is currently pursuing a higher education degree (as part of a broad review of whether an employee is really an intern, temporary employee, or in a temporary position)
- Submission of the offer letter, resume, and job description for every Full-Time Employee hired in the current program year (as part of a broad review of whether an employee is really an intern, temporary employee, or in a temporary position)

In order to assist in our review of whether each applicant meets the definition of Biotechnology/Technology Business, clarify the “Protected Proprietary Intellectual Property” (PPIP) and “License” definitions to include:

- Any License must grant the applicant exclusive control over aspects of the development of the PPIP.
- PPIP owned or exclusively licensed by the applicant must be the technology of the applicant’s primary business and be the technology that enables the applicant to meet the Technology or Biotechnology Business definition.

Example of a scenario that fits:
An applicant, as its primary business, manufactures circuit boards under a series of patents developed by the applicant.
Example of a scenario that does not fit:
An applicant, as its primary business, develops applications for use in smartphones. The applicant does not have any PPIP for anything relating to developing applications for smartphones. However, the applicant has exclusively licensed a patent relating to video capturing that is not part of its primary business. In order to qualify as PPIP, the exclusively licensed patent would need to be for the technology that is the applicant’s primary business, developing applications for smartphones, rather than for video capturing.

Example of a scenario that does not fit:
An applicant has a patent for a method of alphabetizing data contained in a database. The applicant, as its primary business, has a proprietary database of information that it assembled which may be utilized by its customers to obtain the data most in line with the customer’s needs. In order to qualify as PPIP, the method patent would need to be on the technology that is the applicant’s primary business, a proprietary database of information, and the method patent would need to be on the technology that enables the applicant to meet the Technology Business definition. Alphabetizing data may be a function utilized within the proprietary database but it is not, in itself, the primary business of the applicant nor would alphabetizing data, in itself, enable the applicant to meet the definition of Technology Business.

Example of a scenario that does not fit:
An applicant has a non-exclusive license to further develop a particular medical imaging software program, and developing and selling that program is its primary business. The licensor (the company granting the license to the applicant) holds a patent on the technology used in the software program. The applicant has developed additions to the software program but has not registered a copyright on the software for its additions or patented the technology underlying its additions. In order to qualify as PPIP, the license would need to be exclusive to the applicant.

Example of a scenario that fits:
Same scenario as above but the applicant has an exclusive license to the medical imaging software program. Alternatively, under the same scenario as above but the applicant has registered a copyright or applied for a patent on the additions it developed to the medical imaging software program and those additions are significant enough to meet the definition of Technology Business when viewed on a standalone basis.
RECOMMENDATION

The Members are asked to approve the revisions and to authorize staff to submit the attached proposed rule amendments for publication in the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law.

Prepared by John Rosenfeld & Michael Krug
OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Technology Business Tax Certificate Transfer Program


Authorized By: New Jersey Economic Development Authority, Michele Brown, Chief Executive Officer.

Authority: N.J.S.A. 34:1B-7.42a et seq.

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

Proposal Number: PRN 2013-.

Submit written comments by July 5, 2013 to:

Maureen Hassett, Senior Vice President
New Jersey Economic Development Authority
PO Box 990
Trenton, NJ 08625-0990

The agency proposal follows:

Summary

The New Jersey Economic Development Authority ("EDA" or "Authority") is proposing amendments to its rules implementing the Technology Business Tax Certificate Transfer Program to clarify certain terms and provisions pertaining to program eligibility, as follows:

19:31-12.2 Definitions

The definition of “full-time employee” is revised to 1) pertain to employees hired on a permanent bases or indefinite basis; or employed under a formal written agreement with an institution of higher education, if employed by the technology or biotechnology company on a permanent basis within a single position in which all of the other requirements of “full-time employee” are met; and 2) exclude any person who works as an intern, as a temporary employee, or in a temporary position.

The definition of “license” is revised to apply only to exclusive licenses, and thereby require that the license must grant the applicant exclusive control over the development of the
protected proprietary intellectual property. Also, duplicative language pertaining to “protected proprietary intellectual property” and addressed in that definition, is deleted.

The definition of “protected proprietary intellectual property” is revised to mean the technology of the applicant’s primary business as a technology or biotechnology business. The purpose is to clarify that the “protected proprietary intellectual property” owned or licensed by the applicant must be the technology the applicant is seeking to commercialize and must also be the primary business of the applicant.

19:31-12.3 Eligibility

The amendment, at proposed new N.J.A.C. 19:31-12.3(b)3, would clarify that of any business that has failed to submit a timely application shall not be approved for participation in the program.

19:31-12.4 Application to the program

The proposed amendment, at N.J.A.C. 19:31-12.4(c)4 deletes language pertaining to the requirement that completed applications shall include the two most recent full years of financial statements for all affiliates and subsidiaries, which currently is listed in 12.3(c)3.

The proposed amendments, at N.J.A.C. 19:31-12.4(c)5 and 6, delete references to “corporations” which are replaced with the term “entities.”

The proposed amendments, at N.J.A.C. 19:31-12.4(c)9, delete a reference to New Jersey, which is replaced with the term “this State” to conform to terminology in the existing definition of “full-time employee working in this State;” delete outdated language referring to employees in the United State at the time of application; and require applicants provide the address given by each employee, and other information including whether the employee has submitted a Certificate of Non-residence for an exemption from the New Jersey Gross Income Tax, whether any employee is pursuing a higher education degree and whether any employee is related, as defined in Section 152(d)(2) of the Internal Revenue Code, to any other employee, shareholder or investor if so known to the applicant.

The amendment, at proposed new N.J.A.C. 19:31-12.4(c)10, requires applicants provide the employment offer letter, resume and job description for every employee hired in the current year.

The amendment, at proposed existing N.J.A.C. 1931-12.4(c)11 and recodified as N.J.A.C. 19:31-12.4(c)12, clarifies that the applicant shall provide a copy of the certificate of incorporation or formation for the applicant and its earliest entity.

19:31-12.7 Allocation of tax benefits
The proposed amendments, at N.J.A.C. 19:31-12.7(a)1, (a)2, (a)2i and (a)2ii, are technical and intended to provide uniformity of all references to dollar amounts throughout the section.

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 Technology Business Tax Certificate Transfer Program allows technology and biotechnology companies with fewer than 225 employees to sell their net operating losses and/or research and development credits to profitable corporate entities. The proposed amendments would have a positive social impact as the terms and provisions pertaining to eligibility, and particularly delineation of full-time employees, are strengthened to ensure that the Program fully targets businesses whose required protected, proprietary intellectual property is the technology of their primary business and that employ non-temporary full-time employees.

Economic Impact

The proposed amendments are intended to have a positive economic benefit as the clarification of eligibility requirements will ensure the available benefits under the Technology Business Tax Certificate Transfer Program are fully-targeted to business complying with the employment and other key requirements, as defined by statute.

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 will result in the continued creation of an indeterminate number of new full-time, private sector jobs at emerging technology and biotechnology businesses in New Jersey.

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 clarify existing eligibility requirements and expand current information required to be provided for application to the program. The additional information required from an applicant for each employee is the address on record with the applicant, any
Certificate of Non-residence submitted, whether the employee is pursuing a higher education degree, or is related to any other employee, shareholder or investor, and any related employment offer letter, resume, and job description. It is anticipated that applicants will have this information in their files. Therefore, the EDA does not believe that the proposed amendments impose any significant additional 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.

**Housing Affordability Impact Analysis**

The proposed amendments will not impact the amount or cost of housing units, including multi-family rental housing and for sale housing in the State. The proposed amendments clarify certain terms and provisions pertaining to program eligibility under the Technology Business Tax Certificate Transfer (NOL) Program.

**Smart Growth Development Impact Analysis**

The proposed amendments will not impact 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 clarify certain terms and provisions pertaining to program eligibility under the Technology Business Tax Certificate Transfer (NOL) Program.

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

**SUBCHAPTER 12. TECHNOLOGY BUSINESS TAX CERTIFICATE TRANSFER PROGRAM**

19:31-12.2 Definitions

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

...“Full-time employee” means a person employed by a new or expanding emerging technology or biotechnology company **on a permanent or indefinite basis** for consideration for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment and whose wages are subject to withholding as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., or who is a partner of a new or expanding emerging technology or biotechnology company who works for the partnership for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, and whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes, as provided in the New Jersey Gross Income Tax Act, N.J.S.A.
54A:1-1 et seq., or who is employed under a formal written agreement with an institution of higher education whereby the institution's students are employed by the technology or biotechnology company on a permanent basis within a single position and in compliance with all other requirements of "full-time employee." To qualify as a "full-time employee," an employee shall also receive from the new or expanding emerging technology or biotechnology company health benefits under a group health plan as defined under section 14 of P.L. 1997, c. 146 (N.J.S.A. 17B:27-54), a health benefits plan as defined under section 1 of P.L. 1992, c. 162 (N.J.S.A. 17B:27A-17), or a policy or contract of health insurance covering more than one person issued pursuant to Article 2 of chapter 27 of Title 17B of the New Jersey Statutes. "Full-time employee" shall not include any person who works as an independent contractor or on a consulting basis for the new or expanding emerging technology or biotechnology business; or any person who works as an intern, as a temporary employee, or in a temporary position.

"License" means an agreement that states therein that it is granting an exclusive license and that authorizes the applicant to control aspects of the development of the protected proprietary intellectual property. [The protected proprietary intellectual property must be directly related to the applicant's primary business of providing a scientific process, product, or service.] License shall not include an agreement, such as an exclusive distribution agreement or similar business arrangement that is not registered with the U.S. Federal Government, such as the U.S. Patent and Trademark Office, that does not grant the applicant control of the protected proprietary intellectual property.

"Protected proprietary intellectual property" means intellectual property that is the technology of the applicant's primary business as a technology or biotechnology business that is also protected via a patent pending, patent awaiting approval, approved patent or registered copyright.

"Technology business" means an emerging corporation, that has a headquarters or base of operations located in New Jersey, that owns, has filed for, or has a license to use protected, proprietary intellectual property whose primary business is the provision of a scientific process, product, or service and that employs some combination of the following: highly educated and/or trained managers and workers employed in New Jersey who use sophisticated scientific research, service or production equipment, processes or knowledge to discover, develop, test, transfer or manufacture a product or service. Examples of activities that may satisfy this definition include: the designing and developing of computing hardware and software; the research, development, production, or provision of materials with engineered properties created through the company's development of specialized processing and synthesis technology and the research, development, production or provision of technology involving microelectronics, semiconductors, electronic equipment and instrumentation, radio frequency, microwave and millimeter
electronics, and optical and optic-related electrical devices, or data and digital communications and imaging devices.

...
9. A list of all full-time employees employed in [New Jersey] this State, including social security number for each, [and in the United States at the time of application] address on record with the applicant for each employee, whether the employee has submitted a Certificate of Non-residence for an exemption from the New Jersey Gross Income Tax, whether any employee is pursuing a higher education degree if so known to the applicant, whether any employee is related, as defined in Section 152(d)(2) of the Internal Revenue Code, to any other employee, shareholder or investor if so know to the applicant and copies of most recent year's Federal and New Jersey W-3 forms for applicant, parent company and all related entities, or documentation from a professional employer organization summarizing W-2 forms issued on behalf of the applicant, parent company and all related entities in New Jersey and in the United States for the calendar year prior to the year in which the company files its application and at the time of the application;

10. The employment offer letter, resume and job description for every employee hired in the current year;

[10.] 11. A list of 100 percent of ownership [percent] of the applicant by percentage;

[11.] 12. A copy of the certificate of incorporation/formation for the applicant[‘s company] and its earliest predecessor entity; and

[12.] 13. Any other supplemental information required by the Authority.

(d) – (e) (No change.)

19:31-12.7 Allocation of tax benefits

(a) The Program is authorized to provide no more than $60,000,000 of tax benefits over each State fiscal year. Of the $60,000,000 of transferable tax benefits authorized for each State fiscal year $10,000,000 shall be allocated exclusively among the eligible companies that operate within the boundaries of the innovation zones, except as provided in (a)2ii below. In the event the total amount of transferable tax benefits approved exceeds these limitations or any subsequent limitations, the Authority shall allocate the transfer of tax benefits as follows:

1. Each company is limited to a maximum lifetime tax benefit of [$15 million] $15,000,000.

2. The Authority shall allocate the [$10 million] $10,000,000 designated for eligible companies in innovation zones as follows:

   i. For eligible companies in innovation zones, each company is eligible for an allocation of the lesser of $250,000 or the value of their eligible benefits. After these allocations are made to these companies from the [$10 million] $10,000,000 innovation zone allocation, any remaining
balance of the [$10 million] $10,000,000 shall be apportioned among eligible companies in innovation zones with unmet eligible benefits on a pro rata basis;

ii. If in any State fiscal year, there is an unused portion of the [$10 million] $10,000,000 allocated exclusively for companies in innovation zones, that portion shall be available for that State fiscal year for the surrender of transferable tax benefits by new and/or expanding emerging technology and biotechnology businesses that do not operate within the boundaries of an innovation zone; and

iii. (No change.)

3. The Authority shall allocate the remaining tax benefits as follows:

i. – ii. (No change.)

iii. If the total amount of benefits authorized under (a)2 and (a)3i and (a)3ii above exceeds [$60 million] $60,000,000, each applicant shall receive a lesser amount on an apportioned basis, otherwise after the dollars are set aside in the amounts provided in (a)2 and (a)3i and (a)3ii above, the remaining funds available to the program, in that fiscal year, shall be allocated among the businesses with more than $250,000 of tax benefits. The available tax benefits shall be determined by reducing the amount of tax benefits to be transferred for each business by the minimum amount of tax benefits authorized for that business and then multiplying that amount by the following factor:

\[
\frac{\text{Numerator of Fiscal Year Dollar Authorization less Total Minimum Tax Benefits Authorized}}{\text{Denominator of Total Tax Benefits Requested to be Transferred less Total Minimum Tax Benefits Authorized}}
\]

The total minimum tax benefits authorized is the amount authorized for businesses with less than $250,000 of tax benefits plus the minimum tax benefits authorized for businesses with more than $250,000 of tax benefits. The total tax benefits requested to be transferred is the total amount of tax benefits requested to be transferred by all businesses.
Resolution of the New Jersey Economic Development Authority Regarding the Technology Business Tax Certificate Transfer Program

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

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

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

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

2. The Authority hereby authorizes the submission of rules to the Office of Administration Law (OAL) for publication and adoption in the New Jersey Register subject to review and approval by the Office of the Attorney General and final comment by OAL substantially as set forth in the attached memorandum and revised program rules. The proposed regulations are approved as final to the extent there are no comments or substantial changes thereto.

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

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

DATED: March 14, 2013
BOARD MEMORANDUMS
MEMORANDUM

TO: Members of the Authority

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

DATE: March 14, 2013

SUBJECT: Axcan Pharma US, Inc. ("APUI") – P23062 Bridgewater, New Jersey $579,072 Business Employment Incentive Program Grant ("BEIP")

Modification Request:
1. Consent to the acquisition of Eurand Inc. ("Eurand") by Axcan Pharma Inc. ("API"), the parent company of APUI, and the subsequent name changes of APUI and Eurand to Aptalis Pharma US, Inc. and Aptalis Pharmatech, Inc. respectively.

2. Consent to the addition of Eurand as a participating entity on the grant.

Background
APUI is a leading global pharmaceutical company that specializes in products for the treatment of cystic fibrosis and gastrointestinal diseases. The company maintains clinical and commercial operations in the United States, Europe, and Canada.

In August 2008, the members approved a 60%/10 year grant to support the Company with its expansion efforts of US operations in Bridgewater and the creation of 26 new jobs. Current employment as of December 2012 was 96, and to date no grant proceeds have been disbursed.

In February 2011, API acquired Eurand and the two companies began joint operations. As a result of the newly combined companies, in May 2011 API changed its name to Aptalis Pharma. In October 2011, APUI and Eurand’s names were changed to Aptalis Pharma US, Inc. and Aptalis Pharmatech, Inc. respectively.

In 2011, once the logistics of the business were finalized, Eurand began creating new positions at the project site and as a result, API is requesting that it be added to the grant. Staff has reviewed the acquisition along with the legal matters presented and found no disqualifying issues. Staff has also reviewed the financial statements of APUI and has determined that the companies are economically viable.
Recommendation:
Consent to the following actions:

1. API acquiring Eurand, resulting in the subsequent name changes of both APUI and Eurand to Aptalis Pharma US, Inc. and Aptalis Pharmatech, Inc. respectively; and

2. The addition of Eurand as a participating entity on the grant.

These changes are not expected to materially impact the BEIP grant, as the grant is already capped.

Prepared by: Tyshon Lee and Mansi Naik
MEMORANDUM

TO: Members of the Authority

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

DATE: March 14, 2013

SUBJECT: PAETEC Communications, Inc.—P16459
Mount Laurel, New Jersey
$474,200 Business Employment Incentive Program Grant (“BEIP”)

Modification Request:
Consent to the acquisition of PAETEC Holding Corporation and its subsidiaries (“PAETEC”) by Windstream Communications, Inc. (“WCI”), including our BEIP recipient PAETEC Communications, Inc (“PCI”). No name change has occurred, only a change in control at the parent level as a result of the acquisition.

Background
PCI is a provider of communications solutions including broadband, advanced voice and video, enhanced data, and communications management services. PCI provides these services throughout the United States to medium/large businesses, colleges and universities, hospitals, hotels, governmental organizations and financial markets.

In March 2005, the members approved a 55%/10 year BEIP grant to support the Company with its relocation and expansion efforts to Mount Laurel and the creation of 24 new jobs. Current employment as of December 2012 was 95, and to date $68,562 has been disbursed under the grant.

In December 2011, WCI acquired PAETEC in an all stock transaction valued at approximately $2.3 billion. As a result of the acquisition, PCI became a wholly owned subsidiary of both WCI and PAETEC. However, there has been no other change to PCI or the grant.

Staff has reviewed the acquisition along with the legal matters presented and found no disqualifying issues. Staff has also reviewed the financials of WCI and PAETEC and has determined that the companies are economically viable.

Recommendation:
Consent to the acquisition of PAETEC Holding Corporation and its subsidiaries by Windstream Communications, Inc. This change will not have a material impact on the grant, nor is the change expected to create unanticipated job growth as this grant is capped.

Prepared by: Tyshon Lee and Mansi Naik
MEMORANDUM

TO: Members of the Authority

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

DATE: March 14, 2013

SUBJECT: Princeton Montessori Society
Princeton Township, Mercer County
$6,268,649 Stand-alone Bond (P18796)
$1,731,352 Stand-alone Refunding Bond (P18812)

Request:
Consent to modifying the existing Bonds to add a new interest rate mode of 30-day LIBOR + 1.3975% (tax free equivalent of LIBOR+2.15%) subject to an existing interest rate hedge which fixes the rate at 4.4225%. This change will allow the bank to directly purchase the bonds and terminate its Letter of Credit supporting this financing.

Background:
In 2008, the Authority issued over $8 million in tax exempt bonds for Princeton Montessori Society to acquire land, construct and equip an addition to the school and to renovate existing classrooms. The 2008 bonds also refunded previously issued bonds (1992 BNP Composite and 1997 bonds) utilized to finance the school’s ongoing expansion. The 2008 Bonds have multi-modal interest rate options and are currently issued as variable rate bonds, remarketed weekly and backed by Sovereign Bank letter of credit.

Princeton Montessori Society and the Bank are requesting EDA consent to amend and restate the indenture of trust and loan agreement to add a bank interest rate mode, in addition to the variable and fixed rate modes which already exists in the documents. After the closing of the modification, the interest rate mode added will be 30-day LIBOR + 1.3975% (tax free equivalent of LIBOR +2.15%) subject to an existing interest rate hedge which fixes the rate at 4.4225%. In addition, the letter of credit will be terminated, which will in return, reduce overall costs.

Bond counsel, McCarter & English, LLP, has reviewed the request and will provide all necessary opinions and documentation confirming that the tax exempt status of the bonds is preserved.

Recommendation:
As the modification request provides for an opportunity for the not-for-profit school to reduce overall costs, staff recommends the adoption of an amended bond resolution to amend and restate the loan agreement and trust indenture to provide for an additional interest rate mode and other necessary action that may be required to accomplish the foregoing.

Prepared By: Heather M. O’Connell
MEMORANDUM

TO: Members of the Authority

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

DATE: March 14, 2013

SUBJECT: SWP Real Estate, LLC (“SWP”)
$6,550,000 Tax Exempt Bond with a 11.45% ($750,000) Authority Guarantee
[Current EDA guarantee exposure: $731,700]
$1,250,000 Direct Loan [Current exposure: $647,988]

East Coast Panelboard, Inc. (“ECPI”)
$1,000,000 Direct Loan [792,504]
$2,220,486 Stand Alone Bond [no exposure]
Tinton Falls, Monmouth County, New Jersey
Aggregate EDA Exposure: $2,172,192

Request:
Consent to various amendments to Bond Financing Agreement, the terms of an IRS Closing Agreement, Mortgage Modification Agreement, Subordination Agreement and Amendment to Intercreditor Agreement regarding the $6,550,000 EDA guaranteed bond and $2,220,486 stand alone bond to remedy a tax compliance issue with the bonds.

Background:
SWP was formed in 2009 to acquire a 92,179 sf facility to lease to its operating affiliate, ECPI, a manufacturer of electric power systems, panel boards and switchboards for commercial and industrial use.

In January 2009, the Members approved a 25 year $6.55 million tax exempt bond, with an 11.45% (initially $750,000) 5 year guarantee, to SWP for the purchase and renovation of their facility. The bond was supplemented with a $1.25 million EDA direct loan for purchase and renovations to the facility. EDA also approved a 15 year $2.22 million tax exempt tax exempt bond and a $1 million EDA direct loan for the purchase of machinery and equipment. Both bonds were purchased directly by Provident Bank. The bonds and loans closed in March 2009.

In 2009 and 2010, ECPI experienced significant declines in sales and profitability due to the economic downturn in the construction industry. In early 2011, the company hired turn around consultants to assist with improving the company’s financial condition and to prepare a plan for the company’s recovery.
In May 2011, the Members consented to a 24 month principal moratorium on the bonds and approved a 24 month principal moratorium on EDA direct loans to provide debt service relief as the borrower continued its efforts to turn around the company. At the time EDA was working on the moratorium, it learned that a portion of ECPI $2.2 million bond was used to pay operating expenses and a line of credit, both of which are ineligible uses under the IRS regulations. Gluck Walrath LLP was engaged as bond counsel to review the matter, and they determined that a portion of the bonds were non-qualified and had to be redeemed in order to maintain the tax exempt status of the balance of the bonds. In June 2012, the firm submitted a Voluntary Closing Agreement (VCAP) to the IRS on behalf of the borrower and EDA to remedy the compliance issue.

In December 2012, the IRS agreed to enter into a Closing Agreement, which requires a $710,000 redemption of the non-qualified bonds and a closing payment to bring the tax exempt status of the bonds back into compliance. As the bonds were treated as a single issue for tax purposes, in order to comply with the IRS’ regulations for tax redemption, $710,000 of the SWP Bonds will be redeemed. Provident Bank has agreed to make a $710,000 conventional loan to the borrower to finance the pay down of the bonds.

Since this loan will refinance a portion of the bonds already in senior lien position, the EDA’s $1 million direct loan (now in 4th mortgage position) will be subordinated to this new loan. There will be no change in the dollar amount of mortgages, although there will be an additional (4th) mortgage on the real property to secure the $710,000 new loan resulting in 6 total mortgages instead of 5. Subordination of the EDA’s mortgage to a fifth position will, therefore, have no adverse impact on EDA’s position. In fact, there will be a favorable impact in the EDA’s position as $710,000 of the real estate bond will be redeemed, decreasing EDA guaranty dollar exposure on the bond by $81,000 and improving EDA’s 2nd lien position securing EDA’s direct $1.25 million loan. In addition, there are various liens on the business assets that will be affected albeit not negatively. EDA’s direct $1.25 million loan will move from fourth lien position to fifth lien position on new equipment and from fifth lien position to sixth lien position on general business assets.

Certain amendments are needed to the SWP Bond Financing Agreement and a modification of the SWP Bond and Note, the Mortgages and the Intercreditor Agreement.

Gluck Walrath, LLP, Bond Counsel to the Authority, has provided the Board resolution and amendments to the bond documents, and has provided an opinion that the tax exempt status of the remaining bonds will be unaffected. Bank counsel has provided the balance of the documents.

**Recommendation:**
Consent to the terms and authorization of execution of IRS Closing Agreement, Modification to Mortgage, Intercreditor Agreement, Subordination Agreement as to EDA $1 million direct loan and related documents to resolve the bond compliance.

Prepared by: Jerome Stesney
MEMORANDUM

TO: Members of the Authority

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

DATE: March 14, 2013

SUBJECT: Visual Arts Center of New Jersey, a NJ Nonprofit Corporation
        Summit, Union County
        $3,000,000 Tax Exempt Bond (P15417)

Request:
Consent to modifying the existing Bond to (i) reduce the interest rate from 5.24% to 4.18%; (ii) provide a new principal and interest payment schedule; and (iii) modify the prepayment fee calculation.

Background:
The Visual Arts Center of New Jersey (formerly known as the New Jersey Center for Visual Arts) is a 501(c) (3) organization founded in 1993 to provide a variety of community arts programs.

In 2004, the Members approved a $3,000,000 tax exempt Bond to construct and equip an addition to its current facility, to expand operations and the studio area. The Bond was purchased by Commerce Bank, now known as TD Bank, with a fixed rate of 5.24% for 10 years, subject to call options and rate resets at the tax-exempt equivalent of 5 year U.S. Treasuries + 3.28%, on every 5th anniversary thereafter and a term of 25 years. The current balance on bond is $912,836. This is a conduit financing; the Authority has no credit exposure.

The Bank and Borrower have agreed to reduce the interest rate on the bond to a fixed rate of 4.18% for the remainder of the term of the Bond, with a customary prepayment fee. The outstanding balance of the Bond will be amortized based on the remaining 16 year term; the July 1, 2029 maturity date remains the same. As a result of these changes, the Visual Arts Center will reduce debt service approximately $10,000/year.

McManimon, Scotland & Baumann, Bond Counsel to the Authority, has reviewed this request and has opined that the tax-exempt status of the Bond will not be adversely affected as a result of this modification. The modification request is also being presented for a Public Hearing.

Recommendation:
Consent to the change in interest rate and accompanying provisions as described above. Approval will reduce debt service and fix the interest rate for the remainder of the term of the Bond.

Prepared By: Teresa Wells
MEMORANDUM

TO: Members of the Authority

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

DATE: March 14, 2013

SUBJECT: Woodrose Properties Golden Swan, LLC
P21755

Request:
1) Consent to the substitution of senior lenders from First Colonial Bank to Fulton Bank; and
2) Consent to the release of the Northeast Regional Council of Carpenters ("NRCC") as co-
borrower on our loan in exchange for a pledge of additional real estate collateral from Robert 
Torricelli who will continue to personally guarantee this loan.

Background:
Woodrose Properties Golden Swan, LLC ("Golden Swan") is a real estate limited liability 
corporation formed to acquire and develop a vacant property in the City of Trenton into mixed-
use space to spur economic development in the downtown. Golden Swan is equally owned by 
NRCC and Woodrose Properties, Inc ("Woodrose"), which is 100% owned by Robert Torricelli.

In July 2012, the Authority provided a $750,000 direct loan to Golden Swan to supplement a 
$1.15 million senior mortgage from First Colonial Bank, a $578,000 subordinate loan from 
NRCC and a $204,000 UEZ grant.

Previously, in December, 2011 EDA provided a $750,000 direct loan to Woodrose Properties – 
CWA, LLC, ("WPC"), a partnership between Woodrose and The Communications Workers of 
America ("CWA") to redevelop another mixed use property across the street from this project 
site in Trenton. This project was completed at planned and is now fully leased.

In December 2012, NRCC advised Golden Swan that it was divesting their real estate assets and 
sought to exit its ownership in project and liability on the note. Subsequently, NRCC and 
Woodrose negotiated a buyout of NRCC’s member interest in the LLC and its ownership in the 
property in exchange for a discounted pay down on their note. If EDA approves the requested, 
actions NRCC will exit the ownership structure and Woodrose will become the sole member in 
the LLC and 100% owner of the property.

Specifically, Golden Swan will restructure its first mortgage on the facility and is requesting 
EDA consent to the substitution of lenders from First Colonial Bank to Fulton Bank. Golden 
Swan is also requesting the release of NRCC as a co-borrower on EDA’s loan in exchange for a
pledge of additional real estate collateral by Robert Torricelli. Although NRCC will no longer be an owner in the LLC or retain an interest in the real estate; it will remain as a tenant in the building through 2013. If NRCC elects to terminate its lease, Woodrose will lease the space from Golden Swan and will pay rent equal to the cash flow necessary to service the debt on the facility.

**Recommendation:**
Consent to the substitution of senior lender and the release of NRCC as co-borrower on our loan in exchange for additional real estate collateral pledged by Robert Torricelli, who will remain a guarantor on this loan.

The request is subject to the CED Board approval.

*Prepared by:* Mansi Naik
MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President and COO
DATE: March 14, 2013
SUBJECT: Projects Approved Under Delegated Authority - For Informational Purposes Only

The following projects were approved under Delegated Authority in February 2013:

New Jersey Business Growth Fund:

1) Baker Boy Properties LLC (P38098), located in Burlington Township, Burlington County, is a newly formed real estate holding company formed to purchase and own real estate occupied by the operating company, Double Dipped Donuts, Inc., related by common ownership. DDD was established in 1952 as a retail bakery specializing in fresh donuts, individual desserts, and gourmet cookies. Additionally, they are known for unique baked goods such as holiday babka and stollen, cheesecakes, German cheese pies and other holiday favorites. They also offer a diverse assortment of French and Italian pastries such as European tortes and cannolis, as well as hearth baked breads. PNC Bank approved a $207,000 bank loan with a five-year, 25% Authority guaranty of principal outstanding, not to exceed $51,750. Proceeds will be used to refinance existing real estate. Currently, the Company has thirteen employees and plans to create two new positions within the next two years.

Premier Lender Program:

1) Akcorp, LLC (P37887), located in North Brunswick Township, Middlesex County, is a real estate holding company that was formed in 2011 to purchase and own real estate occupied by the operating company, Vish, LLC. The two are related by joint ownership. Brothers Vishal and Shiv Kukreja founded Vish, LLC in 2004 as a materials recycler. Provident Bank approved $3,300,000 loan with a $1,250,000 (37.9%) Authority participation. Proceeds will be used to refinance an existing mortgage on the commercial property. The Company currently has twelve employees and plans to create 35 additional jobs over the next two years. It should be noted that in April of 2011, Vish was approved for a Business Employment Incentive Grant in the approximate amount of $121,000.
2) Diamond Family Partners, LLC (P37889), located in Paramus Borough, Bergen County, is a newly formed real estate holding company formed to purchase a certain property that the operating companies Globe Scientific, Inc. and Darleo Products, Inc. are currently leasing. Globe Scientific, Inc. was formed in 1983 as a laboratory products distributor including test tubes and chemical agents. Darleo Products, Inc., is a related entity that was established to service various niches within the laboratory products industry. The Company was approved for a five-year, $800,000 direct loan (25.397% of project financing) under the Premier Lender Program to refinance an existing line of credit and $350,000 of equity. Currently, the Company has 32 employees and plans to create sixteen new jobs over the next two years.

3) Logistic Solutions, Inc. (P37958 & P37959), located in Piscataway, Middlesex County, is a minority woman-owned business, founded in 1990, that provides IT consulting and staffing solutions for its customers. The Company specializes in staff supplementation, on-site and off-site project work within the telecommunications, finance, pharmaceutical, wireless, healthcare, and educational markets. They also provide software development and biometrics security implementation services for clients in the U.S., Middle East and Indian subcontinent. The Bank of Princeton approved a $1,000,000 loan with a $500,000 (50%) Authority participation and a $1,700,000 bank line of credit, with a two year, 29.41% Authority guarantee of principal outstanding, not to exceed $500,000, under the Main Street program. Proceeds will be used to refinance existing debt to ease cash flow and provide working capital. Currently, the Company has 65 employees and plans to create 50 new positions within the next 24 months.

Small Business Fund Program:

1) 330 Fairfield Road, LLC (P37981), located in Fairfield Borough, Essex County, is a real estate holding company that was formed in 2011 to purchase commercial property to be occupied by the related operating company, Ritschel’s Electronic Office Systems, Inc. Ritschel’s has been in business for 30 years, and provides sales and service to over 4,000 companies in the Northern and Central New Jersey as well as the NY metro area, and ships to all 50 states and services companies nationwide through a national service network. The Company sells/leases, implements and supports the following technologies: Digital Laser Copier MFPs, Fax/Network Fax, Document Scanners, Laser Printers, Document Imaging/Content Management Systems, Engineering Copiers/Plotters/Scanners, Color Printers and Network Infrastructure. The Company was approved for a ten-year, $270,000 Small Business Fund direct loan used in conjunction with $1.4 million provided by Sussex Bank, to refinance their existing commercial real estate. Currently, the Company has 37 employees and plans to create seven new positions over the next two years.
Camden ERB:

1) Camden Coalition of Healthcare Providers (P37990), located in Camden City, Camden County, was formed in 2006 as a non-profit membership corporation dedicated to improving the quality and accessibility of healthcare in vulnerable areas of Camden, while lowering the cost of healthcare to patients and the public. CCHP also promotes healthcare system reform by analyzing data, aiding primary care redesign and engaging the community. Since the Company’s inception, The Cooper Health System and Cooper Foundation have served as SSHP’s fiscal sponsor. CCHP will be leasing 9,151 square feet of space at 800 Cooper Street, Camden. The Company was approved for an $82,359 Business Lease Incentive Grant over a two-year period, to subsidize a portion of their rental costs. The Company currently has 44 employees and plans to create seven additional jobs within two years.

Community Economic Development Program - Modification:

1) Millville Urban Redevelopment Corporation (P37784), located in Millville City, Cumberland County, was formed in 2011 to help improve the economic well-being of the City of Millville by providing and promoting collaborative partnerships, promoting and assisting growth and development of the businesses within the Millville economic community. On November 27, 2012, under the Fund for Community Economic Development Program, a $50,000 pre-development loan was approved for the cost related to building a proposed Cumberland County Arts & Business Innovation Center (CCA) in Millville. The applicant requested that the EDA substitute the collateral with two real estate lots that will be purchased as part of the CCA project for a combined purchase price of $60,000.

Prepared by: D. Lawyer
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