MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini  
Chief Executive Officer
DATE: February 14, 2012
SUBJECT: Agenda for Board Meeting of the Authority February 14, 2012

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
Edison Innovation Fund
Incentive Programs
Board Memorandums
Real Estate
Public Comment
Adjournment
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
January 17, 2012

MINUTES OF THE MEETING

Members of the Authority present: Al Koepppe, Chairman; Chris Jeter representing the State Treasurer; Wayne Staub representing the Commissioner of the Department of Environment Protection; Nancy Graves representing the Commissioner of the Department of Banking and Insurance; Public Members: Joseph McNamara, Vice Chairman; Marjorie Perry, Harold Imperatore, Charles Sarlo, Richard Tolson, Ray Burke, First Alternate Public Member; Elliot M. Kosoffsky, Second Alternate Public Member; and Brian Nelson, Third Alternate Public Member.

Members of the Authority present via conference call: Matt McDermott representing the Executive Branch; Public Members Larry Downes, and Rodney Sadler, Non-Voting Member.

Absent from the meeting: Dr. Aaron Fichtner representing the Department of Labor and Workforce Development and Kate Whitman, Public Member.

Also present: Caren Franzini, Chief Executive Officer of the Authority; Sudi Solomon, Deputy Attorney General; Nicole Crifo, Governor’s Authorities’ Unit and staff.

Also present via conference call: Bette Renaud, Deputy Attorney General.

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

Pursuant to the Internal Revenue Code of 1986, Ms. Franzini 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. Franzini 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 December 13, 2011 regular and executive session meeting minutes. A motion was made to approve the minutes by Marjorie Perry, seconded by Nancy Graves, and was approved by the 12 voting members present.

Matt McDermott abstained because he was not present.
Chris Jeter abstained because he was not present.

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

ITEM: 2011 Carryforward Request
REQUEST: The approval to carry forward the unused amount ($92,870,000) of the allocated $110,000,000 to the New Jersey Economic Development Authority out of the State’s 2011 Private Activity Bond Cap.
APPROVE: Mr. Staub    SECOND: Ms. Perry   AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

PROJECT:  810 Broad St Urban Renewal Company LLC    APPL.#34850
LOCATION: Newark City/Essex
PROCEEDS FOR: Acquisition, Renovation
FINANCING: $4,920,000 Redevelopment Area Bond
APPROVE: Mr. Tolson    SECOND: Mr. McNamara   AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2
Ms. Perry abstained because she may pursue a business relationship with the project.

PROJECT: Cong Bnos Devorah    APPL.#36771
LOCATION: Lakewood Township/Ocean
PROCEEDS FOR: Refinance
FINANCING: Not to exceed $1,450,000, Tax-Exempt Bond
APPROVE: Ms. Perry    SECOND: Ms. Graves   AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3
PUBLIC HEARING: YES

PUBLIC HEARING ONLY

PROJECT: VG Resources LLC    APPL.#37026
LOCATION: Hamilton/Mercer
PROCEEDS FOR: Land Acquisition, Construction, Equipment
FINANCING: Not to exceed $14,500,000, Tax-Exempt Bond
PUBLIC HEARING: YES
COMBINATION PRELIMINARY AND BOND RESOLUTIONS

PROJECT: Congregation Ahavas Chesed
LOCATION: Lakewood Township/Ocean
PROCEEDS FOR: Refinance
FINANCING: $4,500,000 Tax-Exempt Bond
APPROVE: Ms. Perry    SECOND: Ms. Graves    AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4
PUBLIC HEARING: YES

PROJECT: Ocean Mental Health Services, Inc.
LOCATION: Berkeley Township/Ocean & Multi City/Ocean
PROCEEDS FOR: Refinance/Refund
FINANCING: $1,632,500 Tax-Exempt Bond /$1,467,500 Tax-Exempt Bond
APPROVE: Mr. Nelson    SECOND: Ms. Perry    AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5
PUBLIC HEARING: YES

PROJECT: Railway Avenue Properties, LLC
LOCATION: Paterson City/Passaic
PROCEEDS FOR: Building Purchase, Land Acquisition, Renovation
FINANCING: $27,250,000(est.) Tax-Exempt Series A Bond, $250,000 Taxable Series B Bond
APPROVE: Mr. Staub    SECOND: Mr. McNamara    AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6
PUBLIC HEARING: YES

PRELIMINARY RESOLUTIONS

PROJECT: Robertet, Inc
LOCATION: Mount Olive Township/Morris
PROCEEDS FOR: Building Purchase
APPROVE: Ms. Perry    SECOND: Mr. Tolson    AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7
ITEM: New EDA Partner Lending Program with Citibank, N.A.
REQUEST: To approve a new affinity program between the Authority and Citibank where Citibank has agreed to provide up to $50 million in financing to New Jersey companies engaged in international trade, and the Authority will provide partial guarantees in support of these financings.
APPROVE: Ms. Perry  SECOND: Mr. Nelson  AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

Mr. Richard Koar, President Citibank eastern region expressed his appreciation to the board members.

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

The following projects were presented under the Petroleum Underground Storage Tank Program.

APPROVE: Ms. Perry  SECOND: Mr. Tolson  AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

PROJECT: Episcopal Church of St. Michael the Archangel  APPL.#36880
LOCATION: Wall Township/Monmouth
PROCEEDS FOR: Remediation
FINANCING: $212,132, Petroleum UST remediation, Upgrade and Closure Fund Grant

PROJECT: Roger Hinton  APPL.#36942
LOCATION: Orange City/Essex
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: $101,641, Petroleum UST remediation, Upgrade and Closure Fund Grant

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

HAZARDOUS DISCHARGE SITE REMEDIATION FUND PROGRAM

PROJECT: County of Union (Summit Transfer Station)  APPL.#27381
LOCATION: Summit City/Union
PROCEEDS FOR: Site and Remedial Investigations
FINANCING: $193,495, Hazardous Discharge Site Remediation Fund Grant
APPROVE: Ms. Perry  SECOND: Mr. Tolson  AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10
EDISON INNOVATION FUND

ITEM: Edison Venture Fund VII, L.P.
REQUEST: Approval to make a $2,000,000 limited partnership investment in Edison Venture Fund VII from the Economic Recovery Fund.

APPROVE: Ms. Perry SECOND: Mr. Kosoffsky AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

Mr. Nelson abstained because he has a working relationship with one of the companies involved in the venture fund(s).

INCENTIVE PROGRAMS

BUSINESS EMPLOYMENT INCENTIVE PROGRAM, BUSINESS RETENTION & RELOCATION ASSISTANCE GRANT PROGRAM

PROJECT: Amerlux LLC APPL.#37154
LOCATION: TBD BUSINESS: Manufacturing
GRANT AWARD: 35% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Ms. Perry SECOND: Ms. Graves AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

Ms. Franzini noted that all BEIP and BRRAG projects approved today are subject to all proposed regulations becoming final.

PROJECT: Amerlux LLC APPL.#37230
LOCATION: TBD BUSINESS: Manufacturing
GRANT AWARD: $299,250 (est.), Business Retention and Relocation Assistance grant, 1 year
MOTION TO APPROVE: Mr. Staub SECOND: Ms. Graves AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

PROJECT: DACO Limited Partnership APPL.# N/A
LOCATION: Boonton Township/Morris County BUSINESS: Manufacturing
GRANT AWARD: $198,000 (est.), Business Retention and Relocation Assistance grant, 1 year
MOTION TO APPROVE: Mr. Tolson SECOND: Mr. Nelson AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14
PROJECT: EBI Holdings, LLC, Biomet Inc. and Affiliates  APPL.#37056  
LOCATION: TBD  BUSINESS: Medical Technology  
GRANT AWARD: 50% Business Employment Incentive grant, 10 years  
APPROVE: Ms. Perry  SECOND: Ms. Graves  AYES: 14  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12  

PROJECT: EBI Holdings, LLC, Biomet Inc. and Affiliates  APPL.# N/A  
LOCATION: TBD  BUSINESS: Medical Technology  
GRANT AWARD: $1,651,500 (est.), Business Retention and Relocation Assistance grant, 2 years  
APPROVE: Mr. Tolson  SECOND: Ms. Perry  AYES: 14  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15  

This approval is subject to staff’s final financial review.

ITEM: Intervet, Inc. BEIP Grant  
REQUEST: Discussion and action on staff’s recommendation not disqualify Intervet, Inc. after the review of legal matters.  
APPROVE: Mr. McNamara  SECOND: Ms. Graves  AYES: 14  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17  

PROJECT: Intervet, Inc. USA  APPL.#37009  
LOCATION: TBD  BUSINESS: Pharmaceuticals  
GRANT AWARD: 45% Business Employment Incentive grant, 10 years  
APPROVE: Ms. Perry  SECOND: Ms. Graves  AYES: 14  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12  

PROJECT: Mastertaste Inc. and Kerry Group plc  APPL.#37050  
THIS PROJECT WAS WITHHELD FROM CONSIDERATION.  

PROJECT: McGladrey & Pullen, LLP  APPL.#36886  
LOCATION: TBD  BUSINESS: Professional Services  
GRANT AWARD: 35% Business Employment Incentive grant, 10 years  
APPROVE: Mr. Tolson  SECOND: Mr. Kosoffsky  AYES: 14  
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12  

This approval is subject to staff’s final financial review.
PROJECT: Sparta Systems, Inc.  APPL.#37047
LOCATION: Neptune Township/Monmouth  BUSINESS: Printing and Publishing
GRANT AWARD: 75% Business Employment Incentive grant, 10 years
APPROVE: Ms. Perry  SECOND: Mr. McNamara  AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

PROJECT: Sparta Systems, Inc.  APPL.#37227
LOCATION: Neptune Township/Monmouth  BUSINESS: Printing and Publishing
GRANT AWARD: $184,500 (est.), Business Retention and Relocation Assistance grant, 1 year
APPROVE: Ms. Perry  SECOND: Mr. Staub  AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

PROJECT: Waste Management of New Jersey Incorporated  APPL.#37043
LOCATION: Ewing Township/Mercer  BUSINESS: Waste Management
GRANT AWARD: 70% Business Employment Incentive grant, 10 years
APPROVE: Ms. Perry  SECOND: Mr. Tolson  AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

**URBAN TRANSIT HUB TAX CREDIT PROGRAM**

ITEM: 70 Columbus Co., LLC- Urban Transit Hub Tax Credit Program
REQUEST: To approve the application for 70 Columbus Co., LLC for 20% of the eligible costs, not to exceed $28,317,582 or $2,831,758 annually for 10 years.
MOTION TO APPROVE: Mr. Tolson  SECOND: Mr. Nelson  AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

_Ms. Franzini noted that all HUB projects approved today are subject to all proposed regulations becoming final._

ITEM: RBH-TRB Newark Holdings LLC- Urban Transit Hub Tax Credit Program
REQUEST: To approve the application for RBH-TRB Newark Holdings LLC for 35% of the eligible costs, not to exceed $39,456,741 or $3,945,764 annually for 10 years.
MOTION TO APPROVE: Mr. Tolson  SECOND: Mr. McNamara  AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

_Ms. Perry abstained because she may pursue a business relationship with the project._

ITEM: New Program- Grow New Jersey Assistance Program
REQUEST: To approve the proposed new rules implementing the Grow New Jersey Assistance Program established pursuant to the “Grow New Jersey Assistance Act of 2011,” P.L. 2011, c. 149, as well as proposed amendments to the existing rules implementing other EDA incentive programs – Economic Redevelopment and Growth Program, Urban Transit
Hub Tax Credit Program, Business Employment Incentive Program and Business Retention and Relocation Assistance Grant Program – based on statutory revisions contained in P.L. 2011, c. 149 and recent policy determinations by the Authority intended to clarify certain eligibility and application requirements and improve implementation of each.

MOTION TO APPROVE: Ms. Perry  SECOND: Mr. Nelson  AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

BOARD MEMORANDUMS

ITEM: Newark Farmers Market, LLC (This project is related to Wakefern Food Corp.-Urban Transit Hub Tax Credit Program

REQUEST: To approve an extension of the date by which the conditions to maintain approval of the UTHTC are to be submitted to by December 31, 2013

MOTION TO APPROVE: Mr. Staub  SECOND: Ms. Graves  AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

Ms. Perry abstained because she may pursue a business relationship with the project.

FOR INFORMATION ONLY: The next item is a summary of the projects approved under Delegated Authority in December 2011:

New Jersey Business Growth Fund: Atlantic Cardiac Realty; Musicland LLC; Permalith Plastics LLC
Small Business Fund Direct Loan Program- Modification: Luiz Marin Realty LLC and Doggy Care of Jersey City LLC DBA Club Barks

FOR INFORMATION ONLY: The next item is a list of the BEIP modifications that were approved in the 4rd quarter ending December 31, 2011.

REAL ESTATE

ITEM: Higher Education Public Private Partnership Program: Ramapo College- 4.5 Megawatt Solar Installation

REQUEST: To authorize the Authority’s staff to approve Ramapo College’s application to develop a 4.5 megawatt solar array on the Ramapo Campus under the Higher Education Public Private Partnership Program established by P.L. 2009, c. 90.

MOTION TO APPROVE: Ms. Perry  SECOND: Mr. Staub  AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

Mr. Richard Roberts, Associate VP, Ramapo College expressed appreciation to the board for approving the project.
PUBLIC COMMENT

Mr. Richard Koar, President, Citibank Eastern Regional Commercial Banking Group expressed his appreciation to the board members for approving the new affinity program between the Authority and Citibank.

There being no further business, on a motion by Ms. Perry, and seconded by Mr. Tolson, the meeting was adjourned at 11:50 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.

Maureen Hassett, Assistant Secretary
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
       Chief Executive Officer

DATE: February 14, 2012

RE: Chief Executive Officer’s Report to the Board

WATSON PHARMACEUTICALS ANNOUNCES NEW JERSEY-BASED GLOBAL R&D TECHNOLOGY CENTER

Last month, Watson Pharmaceuticals announced plans to establish a Global R&D Technology Center at the EDA’s Technology Centre of New Jersey in North Brunswick, New Jersey. Watson has signed a lease for a 32,000-square-foot facility at the Tech Centre - a 50-acre complex consisting of lab, production and office space. Watson intends to initially invest approximately $4.5 million in outfitting the new facility.

The Company plans to immediately retrofit approximately 19,000 square feet of space for product development and analytical laboratories. The remaining 13,000 square feet will accommodate future expansion. The facility, which is expected to be completed in the spring of 2012, will employ approximately 50 scientists, chemists, engineers and support staff.

In early 2010, EDA provided Watson BEIP and BRRAG assistance to relocate its global corporate headquarters to Parsippany, NJ, in a facility designed to support its global expansion and ultimately employ as many as 500 people. In the new, 149,000-square-foot Parsippany facility, Watson consolidated senior management and administrative functions previously in separate facilities across New Jersey. Additionally, they relocated remaining corporate leadership functions that had previously been located in Corona, California, into a larger space that enabled the Company to more efficiently manage its growing global generic and brand pharmaceutical and biologics businesses around the world. Lieutenant Governor Kim Guadagno and the New Jersey Partnership for Action were instrumental in encouraging Watson to select New Jersey as the site for its headquarters, as well as this new R&D facility.
CCIT RECEIVES THIRD CONSECUTIVE SOFT LANDINGS DESIGNATION FROM THE NATIONAL BUSINESS INCUBATION ASSOCIATION (NBIA)

New Jersey’s growing reputation as a prime location to place and grow a business was further validated recently when the National Business Incubation Association (NBIA) awarded its Soft Landings International Incubator designation to the Commercialization Center for Innovative Technologies (CCIT), which is part of the EDA’s Technology Centre of New Jersey in North Brunswick.

The designation recognizes incubators that are especially capable of helping nondomestic companies enter the domestic market with translation services, cutting through red tape, accessing capital, domestic market research, and other programs.

New Jersey is now home to two of only 23 small business incubators in the world that have earned the Soft Landings designation. Tim King, NBIA’s International Programs Operations Manager, said that CCIT earned the Soft Landings designation because of its array of business services for nondomestic firms and demonstrated success helping firms enter the U.S. market.

"This designation signals to foreign companies around the world that New Jersey is the ideal place to set up business operations when they want to expand anywhere in the United States," said Lieutenant Governor Guadagno. “For New Jersey, these companies establishing operations here are going to begin to grow here, continue to grow here, so it's great for the economic future of New Jersey."

REALOGY CORPORATIONS BREAKS GROUND ON NEW HEADQUARTERS IN MADISON

Governor Chris Christie and Lt. Governor Guadagno joined executives from Realogy Corporation to celebrate the company’s groundbreaking of its new, 270,000 square-foot, environmentally-friendly headquarters in Madison. The company had considered leaving New Jersey and relocating its headquarters to North Carolina, but Governor Christie, Lt. Governor Guadagno, and the New Jersey Partnership for Action convinced Realogy to remain and grow in New Jersey.

In February 2011, EDA approved Realogy for a $10.7 million BRRAG and $1.4 million sales and use tax exemption to support the company’s plan to relocate its headquarters to Madison and remain in New Jersey, keeping 1,300 jobs in the Garden State.

OTHER RECENT EVENTS HIGHLIGHTING EDA-ASSISTED PROJECTS

Three events were held last week to celebrate several companies and projects that EDA has assisted.

Lt. Governor Guadagno joined executives from Pearson Education to announce the company’s new Hoboken headquarters and commitment to locate over 640 jobs in the city, and maintain more than 1,600 jobs statewide. The company planned to move its New Jersey-based operations
to New York, but Lt. Gov. Guadagno successfully intervened to keep Pearson in New Jersey. In September 2011, the Board approved Pearson for an Urban Transit Hub Tax Credit of $66 million over ten years for retaining 646 jobs in northern New Jersey.

A ceremony was also held to mark the groundbreaking of the Teachers Village Project in Downtown Newark. The approximately 425,000-square-foot development will include eight low-rise, mixed-use buildings that cover five city blocks. The development will consist of workforce housing, three charter schools and retail. EDA supported this project through the Urban Transit Hub Tax Credit Program, Economic Redevelopment and Growth Program, and through the conduit issuance of Redevelopment Area Bonds and Qualified School Construction Bonds.

Finally, Chromocell celebrated the hiring of their 100th employee. Chromocell, a life sciences company, is a graduate of CCIT and has grown from one lab and a staff of three to 100 employees in 26,000 square-foot of space at the Biotechnology Development Center (BDC). The graduation of Chromocell from the CCIT into the BDC demonstrates exactly how the concept of the generic wet labs was designed to work: a startup company thrives in the incubator (CCIT), then moves on to graduate or ‘tweener’ space (BDC), and, hopefully in future years, to much larger space at the Tech Centre.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY (FMERA) UPDATE

FMERA continues its regular discussions with the U.S. Army in an effort to finalize the Memorandum of Agreement (MOA) and submit its Economic Development Conveyance (EDC) application. The MOA and EDC application make up the EDC agreement - the formal deal between the U.S. Army and FMERA. FMERA anticipates having a finalized MOA and EDC application in the near future. There has been a high level of interest in the Fort property from developers, investors and employers, and as a result, FMERA has been made aware of several potential job creating projects. In addition, FMERA anticipates asking its Board for approval to award its first Request for Offer to Purchase (RFOTP) for a parcel on the Fort property in the next few months, and there will be additional RFOTPs issued in the near future that will be for parcels where residential development can occur.

Another piece of positive news is that McLoone’s Restaurants reopened Joe’s Sports Bar & Grille (Joe’s), formerly Sal’s 19th Hole, at Fort Monmouth’s Suneagles Golf Course on Friday, February 10, 2012. The operation of Joe’s and Gibbs Hall will only add to the abundance of activity that Suneagles has been experiencing since reopening in September.

FINANCING ACTIVITY

In January, the EDA has closed financing and incentives totaling nearly $20 million for projects that are expected to support the creation of over 400 new jobs, the retention of over 1,300 existing jobs, and involve total public/private investment of over $51 million in New Jersey’s economy. Among the businesses assisted in January:
**EMX LP and subsidiaries**, which executed a BEIP grant for just over $3.5 million. EMX and its subsidiaries provide billing, management, and software services to Emergency Medical Associates and its affiliates, physician owned entities that provide emergency department staffing for hospitals. This assistance will allow EMX to double the size of the company by relocating to a new facility in Livingston and creating 200 new jobs in New Jersey, as opposed to relocating to Pennsylvania or West Virginia. EDA’s assistance is leveraging $1.3 million in capital investment.

**Adamus Media, LLC**, which closed an $180,000 PNC Bank loan with a 50% ($90,000) EDA guarantee through the New Jersey Business Growth Program. Adamus Media is a Monroe Township-based small business that provides marketing and communication services, with a strong focus on the latest technology including website, social media and mobile devices. As a result of this assistance, the company will be able to purchase a 1,000 sq. ft. business office condominium where the company currently is located, as well as create an estimated 2 new jobs.

**Mission Solutions Engineering, LLC** which executed a BRRAG for just over $3.7 million. Mission Solutions Engineering is a Moorestown-based full service systems and software engineering provider to defense customers such as the Missile Defense Agency and the U.S. Navy. The company, whose services include requirements specification and analysis, design, coding, integration testing and installation support, also has a higher-education partnership in South Jersey with Rowan University. This assistance will support the retention of 555 jobs in Moorestown and leverage $11.6 million in capital investment. EDA also provided this company with a $2 million BEIP in 2011 to support the creation of 90 new jobs.

**EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH**

EDA representatives participated as speakers, attendees or exhibitors at 17 events in January. These events included the NJTC Capital Conference in Princeton, NJ NAIOP Annual Meeting & Real Estate Forecast in Secaucus, the New Jersey Economic Leadership Forum in Woodbridge hosted by the NJ Bankers Association and Rutgers University, and the Mahwah Regional Chamber of Commerce Luncheon.
AMENDED BOND RESOLUTIONS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: Railway Avenue Properties, LLC

PROJECT USER(S): Paterson Charter School for Science and Technology

PROJECT LOCATION: 196 W. Railway & 276 Wabash Ave, Paterson City (T/UA) Passaic County

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

APPLICANT BACKGROUND:
Railway Avenue Properties, LLC, is a limited liability organization recently formed to undertake two school facility projects for the benefit of Paterson Charter School for Science and Technology, a K-6 public elementary charter school currently located at 276 Wabash Avenue, Paterson; and Grades 7-12 at 764 11th Avenue, Paterson. The School serves approx. 800 students. Paterson Charter School has successfully operated a public charter school since 2003 and has been approved to continue its charter to 2012.

The sole member of Railway Avenue Properties, LLC is Apple Educational Services, Inc. ("AES"), a 501(c)(3) organization, which collaborates with charter schools and other educational institutions to enhance educational opportunities and improve the quality of education for youth and adults in the U.S. AES has provided supplemental education services to about 30 schools in 9 states in different capacities. Kemal Aydin is the President.

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

APPROVAL REQUEST:
Authority assistance will enable the applicant to 1) purchase the existing building at 276 Wabash Avenue, Paterson that houses the elementary school; 2) purchase approx. 1.4 acres of land and an 88,500 sq. ft. facility at 196 W. Railway Avenue, Paterson, and renovate the building into a modern middle school and high school facility to replace the 11th Avenue School (which it currently leases), with over 50 classrooms, 6-10 computer/science labs, a library resource room, gymnasium, cafeteria, administrative offices and a parking lot; and 3) pay costs of issuance including a debt service reserve fund and interest during construction. The 2012 Bonds are expected to be rated in the BBB category by Standard & Poor's.

The Project is being presented at the February 14, 2012 Board meeting for an amended bond resolution to (i) issue the 2012 Bonds in two tranches with two separate tax-exempt series and one or more federally taxable series of bonds; and (ii) increase the bond amount to $28,500,000. The Project received final bond approval on January 17, 2012, however since that time, the applicant has determined they will need more time to complete the acquisition of the Railway Avenue property and wish to move forward with the acquisition of the Wabash Avenue property. The first tranche of approximately $11,975,000 is expected to close in March 2012 and the second tranche of approximately $16,525,000 in the Summer 2012. In addition, due to the possibility of the changes in the market or in the renovations costs, the applicant requests an increase in the total maximum amount of the tax-exempt and taxable bond series to $28,500,000 from $27,500,000.
FINANCING SUMMARY:

BOND PURCHASER: RBC Capital Markets, LLC (Underwriter)

AMOUNT OF BOND: $11,645,000 (est.) Tax-exempt Series A Bond & $330,000 (est.) Taxable Series B Bond

TERMS OF BOND: 33 years (max.) Fixed interest rate not to exceed 8.5% (tax-exempt) or 9.5% (taxable); estimated tax-exempt rates as of 12/10/2011 are 5.875% to 6.75% tax-exempt and 7.25% taxable.

(Maximum total tax-exempt and taxable bond issue not to exceed $28,500,000)

ENHANCEMENT: N/A

PROJECT COSTS:

- Acquisition of existing building $14,000,000
- Renovation of existing building $10,315,000
- Debt service reserve fund $2,210,000
- Interest during construction $1,085,000
- Closing Costs $890,000

TOTAL COSTS $28,500,000

JOBS: At Application 65 Within 2 years 85 Maintained 0 Construction 95

PUBLIC HEARING: 01/17/12 (Published 01/03/12)  BOND COUNSEL Wolff & Samson

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

APPLICANT: TDAF I Springfield Avenue Holding Urban Renewal Company, P37151

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 188-234 Springfield Avenue Newark City (T/UA) Essex

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

APPLICANT BACKGROUND:
In November 1998, The City of Newark approved a redevelopment plan and a redevelopment area pursuant to the Local Redevelopment and Housing Law (NJSA 40:12A-1) as amended and supplemented. Included in this area is the project site at 188-234 Springfield Avenue and 82-120 South Orange Avenue in Newark that will be developed by TDAF I Springfield Avenue Holding Urban Renewal Company, LLC.

TDAF I Springfield Avenue Holding Urban Renewal Company, LLC is a subsidiary of Tucker Development and Acquisition Fund L.P. (TDAF), a private equity fund established for the purpose of making equity and debt investments in real estate and real estate related assets in the State of New Jersey. TDAF’s limited partners consist of the State of New Jersey Common Pension Fund E, Metropolitan Life Insurance Company and The Prudential Insurance Company of America. The general partner of this limited partnership fund is staffed by the individuals that comprise the senior management of Tucker Development Corp.

Tucker Development Corp. is proposing owning and operating a multi-use project for the Northeast corner of Springfield Ave, Jones Street and South Orange Avenue in Newark, know as Springfield Avenue Marketplace. The Springfield Avenue Marketplace is approximately 11.6 acres and was purchased in 2008. The proposed 287,000 sq. ft. mixed-use project will consist of a bank pad, anchored by a 100,000 sq. ft. retail tenant, approx. 40,000 sq. ft. of ancillary small shop and junior anchor retail space as well as a restaurant. Further, a proposed residential apartment complex of approximately 140,000 sq. ft. will be constructed on the site. The project achieves goals set forth in the City's Redevelopment Plan by transforming a vacant, blighted site into a mixed-use designation and will provide local jobs and increased tax revenue for the City.

TDAF I Springfield Avenue has also applied to the Authority for an Economic Redevelopment Grant (ERG) for this project.

The Authority has also approved an ERG Grant and Redevelopment Area Bond for a related entity, TDAF I Pru Hotel Urban Renewal Company, LLC for the Marriott Hotel project near the Prudential Center in Newark, NJ.
APPROVAL REQUEST:
At the request of the City of Newark, Authority assistance will enable the applicant to finance a portion of the development of the Springfield Avenue Marketplace project through Redevelopment Area Bonds. The bonds will be repaid from Payments-In-Lieu-Of-Taxes ("PILOT" payments) to be made by the developer under a finance agreement with the City of Newark, pursuant to the Redevelopment Area Bond Financing Law.

FINANCING SUMMARY:

BOND PURCHASER: 
AMOUNT OF BOND: 
TERMS OF BOND: 
ENHANCEMENT: N/A

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of new building or addition</td>
<td>$34,695,452</td>
</tr>
<tr>
<td>Construction of roads, utilities, etc.</td>
<td>$20,078,208</td>
</tr>
<tr>
<td>Land</td>
<td>$15,465,223</td>
</tr>
<tr>
<td>Permits/Soft Contingency</td>
<td>$7,729,395</td>
</tr>
<tr>
<td>Purchase of equipment &amp; machinery</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Environmental Investigation and Remedot</td>
<td>$5,112,949</td>
</tr>
<tr>
<td>Engineering &amp; architectural fees</td>
<td>$2,024,708</td>
</tr>
<tr>
<td>Interest during construction</td>
<td>$1,830,000</td>
</tr>
<tr>
<td>Legal fees</td>
<td>$1,176,217</td>
</tr>
<tr>
<td>Finance fees</td>
<td>$300,000</td>
</tr>
<tr>
<td>Accounting fees</td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$94,462,152</strong></td>
</tr>
</tbody>
</table>

JOBS: At Application 0 Within 2 years 220 Maintained 0 Construction 210

PUBLIC HEARING:

DEVELOPMENT OFFICER: M. Abraham

BOND COUNSEL: Wolff & Samson

APPROVAL OFFICER: T. Wells
LOCAL DEVELOPMENT FINANCING FUND
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - LOCAL DEVELOPMENT FINANCING FUND PROGRAM

APPLICANT: 2820 Mt Ephraim Avenue, LLC

PROJECT USER(S): Haddon Farmers Market, LLC  * - indicates relation to applicant

PROJECT LOCATION: 2820 Mt Ephraim Avenue  Camden City (T/UA)  Camden

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

APPLICANT BACKGROUND:
2820 Mt Ephraim Avenue, LLC ("Company") is a newly formed real estate holding company owned by Anthony Calzaretto (10%), John Calzaretto (56.67%), Joseph DiNaso (23.33%) and William Epp (10%). The Company was formed to purchase a 9.65 acre commercial property in Camden, NJ, that has an existing 114,000 square foot building. There will need to be some renovations to the building, which includes electrical and HVAC work, which should take 60 to 90 days to complete. The property will be managed by Haddon Farmers Market, LLC who will operate The Haddon Farmers Market at this property. The market will have an 85,000 square foot indoor facility that will house 100-125 merchant stands, that will operate on Friday, Saturday and Sunday all year long. In addition, there will be a covered and lighted outside flea market area that can accommodate up to 250 vendors, which will be open Friday evenings and Sunday mornings in the spring through fall months.

APPROVAL REQUEST:
Approve a $3.5 million term with a $1,250,000, 35.7%, Authority participation based on sufficient collateral and adequate projected cash flow to service the proposed debt.

FINANCING SUMMARY:

LENDER: Parke Bank

AMOUNT OF LOAN: $3,500,000 term loan with a 35.7%, $1,250,000, Authority participation

TERMS OF LOAN: Option-1: 15-Year Term/20-Year Amortization, Fixed interest rate of 3-Year UST + 3.5%, with a floor of 6.25%, Rate reset every 36 months

Option-2: 15-Year Term/20-Year Amortization, Fixed interest rate of 3-Year UST + 3.5%, with a floor of 6.5%, Rate reset every 60 months

TERMS OF PARTICIPATION: 5-Year Term/20-Year Amortization, Fixed interest rate of 5-Year UST + 200 bps, with a floor of 3%.

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>Acquisition of existing building</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>Renovation of existing building</td>
<td>$1,568,000</td>
</tr>
<tr>
<td>Other</td>
<td>$544,900</td>
</tr>
<tr>
<td>Acquisition of Business Assets</td>
<td>$130,000</td>
</tr>
<tr>
<td>Finance fees</td>
<td>$90,000</td>
</tr>
</tbody>
</table>

**TOTAL COSTS**  $5,832,900

JOBS: At Application 3  Within 2 years 250  Maintained 0  Construction 15

DEVELOPMENT OFFICER: D. Benns  APPROVAL OFFICER: J. Wentzel
Recommendation

Approve a $3,500,000 term loan with a $1,250,000, 35.7%, Authority participation based on adequate collateral, sufficient projected cash flow and extensive experience of the management company who will operate the facility.

Jay M. Wentzel
Credit Underwriter

David A. Lawyer
Director – Credit and Real Estate Underwriting

Susan M. Mania
Managing Director – Finance and Development
TO: Members of the Authority

FROM: Caren Franzini
      Chief Executive Officer

DATE: February 14, 2012

RE: The Salvation Army, a New York Corporation
    Kroc Corp Community Center - P17483

Request:

The Members of the Authority are asked to approve the extension of the funding commitment for the $4,000,000 non-recoverable infrastructure grant and the $1,000,000 public purpose grant under the Demolition and Redevelopment Financing Fund established through the “Municipal Rehabilitation and Economic Recovery Act” (“Act”) to The Salvation Army, a New York Corporation (“Salvation Army”) to September 30, 2013. The ERB Grants will be used to fund a portion of the infrastructure work and a portion of the development costs on the Kroc Corp Community Center (“Kroc Center”) located in the Cramer Hill section of Camden.

Background:

In January 2004, The Salvation Army USA announced that it would be receiving a historic bequest of nearly $1.6 billion from the estate of Mrs. Joan Kroc, widow of McDonald’s Restaurant Corporation founder Ray Kroc. Mrs. Kroc’s bequest has restricted uses – 50% is to be used as a lead grant to construct approximately community centers in underserved neighborhoods, with the remaining 50% for the creation of initial endowments to sustain operations at each center.

Following a review of proposals from 28 cities in The Salvation Army’s Eastern Territory, Camden was one of only eight locations awarded funds to create a Ray and Joan Kroc Corps Community Center and was ranked #1 on the list. Initially, the Camden Citadel received a total of $54 million of which $27 million is to be used for the construction of the Center and the remaining $27 million is for the operating reserve/endowment.

On September 7, 2006, the Members of the ERB approved $5 million in grant funding to the Salvation Army of which $4 million is to fund infrastructure work such as curbing, fencing utilities, retaining walls, etc., and $1 million in the form of a Public Purpose Grant is for the development of the Kroc Center. Due to extensive remediation activities
conducted at the site, on October 29, 2009, the Members approved an extension of the funding commitment until December 31, 2011. The applicant is requesting another extension to allow sufficient time to complete the remediation and construct the Center.

**Project Summary:**

The site on which the Kroc Center will be built consists of 24 acres at the northeast corner of State Street and Harrison Avenue, which is part of the 85-acre Harrison Avenue Landfill site. The site is owned by the Camden Redevelopment Agency (“CRA”) and is ideally located in one of the primarily residential neighborhoods in Camden.

The Kroc Center is planned to encompass 120,000 sq. ft. of interior space and will be complemented by outdoor facilities, including basketball courts, baseball fields, soccer fields, play areas and an outdoor performance area. All playing fields will be provided within secured exterior grounds. The Kroc Center will offer day camps for children and wellness and fitness programs for all ages; family support, education, recreation and cultural arts programs and services and provide a place for under-served residents to come and learn, socialize and have fun enjoying organized activities. The plan for the Kroc Center also included an arts center, a town plaza, an athletic center, and a family education center.

**Project Update**

In April, 2010, an additional $5 million was allocated from Mrs. Kroc’s estate to the Camden Center to support the increase in construction costs. The total of $59 million for the proposed Kroc Center is being held by the Salvation Army, Eastern Territory, of which $32 million is for construction and the remaining balance of $27 million is for the operation reserve/endowment. The total project cost is estimated at $42 million which includes site preparation and the construction costs of the building.

As part of the estate’s allocation, The Salvation Army in Camden must conduct a $10 million fund-raising campaign to secure private funding to complete the Kroc Center’s capital and endowment needs. To support the capital endowment campaign, the Salvation Army hired a Development Director to raise the $10 million required. Also, a Program Director was hired to develop programs for the center and more recently a clerical position was established to support the two Directors. Per the conditions of the Kroc Estate, construction of the Kroc Center can begin once $5 million has been raised. To date, the campaign has attained $7 million with financial support coming in the form of larger donations from Horizon Blue Cross/Blue Shield of New Jersey, Robert Wood Johnson Foundation, New Jersey American Water and Wells Fargo Bank as well as numerous private smaller donations.

In June, 2010 the Redevelopment Plan for this project site was approved and in July, 2010 the Salvation Army was designated as the redeveloper of the project site. The site is currently owned by CRA and will be transferred to the Salvation Army upon receipt of a “No Further Action” letter from DEP, as per the option agreement between CRA and the Salvation Army.
Remediation of the landfill, under the supervision of CRA, began in November, 2010 with the mining of 218,000 cubic yards of dredge materials in Palmyra, which was transported to the Harrison Avenue Landfill and completed in May, 2011.

In December, 2011 CRA entered into a Remedial Work Management Agreement (RWMA) with the Salvation Army to manage the remedial activities remaining at the site on behalf of the CRA. The Salvation Army has contracted with Hunter Roberts for the remedial work. Sub-contractors on the remediation include Enterprise Network Resolutions Contracting (ENR), of Winslow specializing in remedial and waste management and Mount Construction Co., Inc. (Mount), of Berlin, which provides infrastructure improvements, excavation and site work services.

Remediation of the site for the Kroc Center building has begun. The process involves the removal of the solid waste down to the native soil and replaced with 2 feet of the clean dredge material. The entire plan for the transport and reuse of the dredge material has been developed with the supervision, assistance, approval and funding of the NJ Department of Environmental Protection (DEP) Office of Brownfield Reuse.

The current remediation work is expected to be completed by the end of May, 2012 and will include the groundwork for the building foundation and the vapor mitigation system. Once the NFA letter is received on this portion of the project, CRA will transfer the building site to the Salvation Army. To date, HDSRF has approved over $16 million in grant funding for the cleanup of the site. It is anticipated the Remedial Action will be completed by April 2013. Completion of the entire project is expected by September 30, 2013.

**Sources and Uses**

The construction budget for the project has increased over time and is being funded by additional support from the foundation and capital donations. Previous construction budgets were based on incomplete construction drawings. The design development drawings and the construction drawings are now complete. The Salvation Army, USA will provide the bridge financing during construction.
Budget

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Original</th>
<th>Revised 2009</th>
<th>Revised 2011</th>
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<tr>
<td>Land Acquisition*</td>
<td>$ 500,000</td>
<td>$ 969,200</td>
<td>$ 1,180,000</td>
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<tr>
<td>Pre-design/development</td>
<td>250,000</td>
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<tr>
<td>Infrastructure</td>
<td>5,017,773</td>
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<td></td>
</tr>
<tr>
<td>Site Work</td>
<td>668,844</td>
<td>668,843</td>
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<tr>
<td>Construction</td>
<td>20,408,990</td>
<td>26,331,156</td>
<td>32,000,000</td>
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<tr>
<td>Architect</td>
<td>2,295,963</td>
<td>2,295,963</td>
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<tr>
<td>Engineer</td>
<td>973,458</td>
<td>1,050,352</td>
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<tr>
<td>Furn/Fix/Equip</td>
<td>2,500,000</td>
<td>1,400,000</td>
<td>1,700,000</td>
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<tr>
<td>Contingency</td>
<td>3,000,000</td>
<td>2,750,000</td>
<td>2,204,842</td>
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<tr>
<td>Permits/Fees</td>
<td>0</td>
<td>0</td>
<td>500,000</td>
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<tr>
<td>Other</td>
<td>100,000</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$33,590,463</td>
<td>$36,238,621</td>
<td>$42,000,000</td>
</tr>
</tbody>
</table>

Sources of Funds

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Original</th>
<th>Revised 2009</th>
<th>Revised 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kroc Capital Grant</td>
<td>$27,000,000</td>
<td>$27,000,000</td>
<td>$32,000,000</td>
</tr>
<tr>
<td>ERB Non Recoverable</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>ERB Public Purpose</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>CRDA</td>
<td>1,590,463</td>
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</tr>
<tr>
<td>Capital Campaign</td>
<td>4,238,621</td>
<td>5,000,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$33,590,463</td>
<td>$36,238,621</td>
<td>$42,000,000</td>
</tr>
</tbody>
</table>

*Originally the building construction site, consisting of 14 acres was located at Harrison Avenue and State Street. When extensive contamination was revealed at this part of the site, it was determined the building needed to be repositioned to an area with less contamination. The current site consists of 24.23 acres and is further along Harrison Avenue. The price per acre at the new site was similar and the cost of the land acquisition increased accordingly.

Disbursement of Funds:

The $4 million non-recoverable infrastructure ERB grant funds will be disbursed based on submission of invoices for work performed submitted by the Salvation Army upon completion. The $1 million Public Purpose ERB grant funds will be disbursed upon receipt of a Certificate of Occupancy, a Service Agreement for the $1 million Public Purpose Grant and a performance mortgage.

Security and Repayment:

The $1,000,000 public purpose grant will be secured by a performance mortgage of which 10% will be forgiven each year over a ten-year period, provided the Salvation Army operates the facility as stated.

Project Eligibility and Benefits:

The Kroc Center advances the goal of the Strategic Revitalization Plan and meets the requirements of a revitalization project.
The Salvation Army estimates the construction phase will create 110 direct local full-time jobs opportunities and another 210 indirect positions. Most of the indirect jobs will be with the suppliers and vendors involved with the project. The Salvation Army has established a pre-apprenticeship program much like the one used at the Cooper Medical School at Rowan University and will be tracking the number of Camden City and Camden County participants in the program. This will provide opportunities for Camden residents to work on the construction phase of the project.

Once operational it is expected the center will generate 60 local full-time positions and 100 Camden area part-time positions. Positions range from a General Manager, Aquatics Supervisor, Social Worker and Teen/Game Attendant. In addition, four departments of the Kroc Center, Administration, Program Management and Facility Operations will be looking to fill several positions. Camden residents will be sought for these jobs which will help prepare them for other employment opportunities through focused training and job readiness programs. There will also be a pool of volunteers assisting the Kroc Center.

The Kroc Center will fill a need in Camden for a place where children can play in a safe environment, where young people can find positive role models, where adults can learn the life skills to live as productive, contributing members of society and senior citizens can enjoy socializing in a safe and clean environment.

The project remains eligible for funding under the ERB’s general criteria for project financing (#1 a,b,c,d) and priority objectives for projects in Transitional/Future Development areas objectives (#3 a,b,ci, cii, ciii, and civ).

**Contingency:**

1. Submission of a progress report on the project every six months to the ERB Board.

**Recommendation:**

The project continues to meet the eligibility and statutory requirements and will enhance the overall revitalization of the City of Camden.

The Members of the ERB approved this request at its meeting on January 24, 2012. Accordingly, the Members of the Authority are asked to approve the extension of the funding commitment for the $4,000,000 non-recoverable infrastructure grant and the $1,000,000 public purpose grant under the Demolition and Redevelopment Financing Fund established through the “Municipal Rehabilitation and Economic Recovery Act” (“Act”) to The Salvation Army, a New York Corporation (“Salvation Army”) to September 30, 2013.

[Signature]

Caren S. Franzini

Prepared by: V. Pepe
PETROLEUM UNDERGROUND STORAGE TANK PROGRAM
MEMORANDUM

TO:       Members of the Authority

FROM:    Caren S. Franzini
          Chief Executive Officer

DATE:    February 14, 2012

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:

Private Grants:
Margaret Horsch ............................................................... $ 125,225
Irina Skvortsov................................................................. $ 93,711

Total UST funding for February 2012................................. $218,936

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

APPLICANT: Margaret Horsch

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 45 Georgia Road Freehold Township (N) Monmouth

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

APPLICANT BACKGROUND:
Margaret Horsch received a grant in December of 2007 for $5,367 under P#19472 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements.

The project site has extensive soil contamination with possible contamination migrating under the residence as well as groundwater impaction. The NJDEP has determined that the supplemental site investigation project costs, to further determine the extent of contamination, are technically eligible.

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $125,225 to perform the approved scope of work at the project site, for a total funding to date of $130,592.

The NJDEP oversight fee of $12,522 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:
GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT $125,225

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation $125,225
NJDEP oversight cost $12,523
EDA administrative cost $250

TOTAL COSTS $137,998

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

APPLICANT:  Irina Skvortsov
PROJECT USER(S):  Same as applicant* - indicates relation to applicant
PROJECT LOCATION:  14 McKinley Street  Lincoln Park Borough (N)  Morris
GOVERNOR'S INITIATIVES:  ( ) Urban  ( ) Edison  ( ) Core  ( ) Clean Energy

APPLICANT BACKGROUND:
Irina Skvortsov received a grant in June 2009 for $30,887 under P25810 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 supplemental project costs are technically eligible due to the fact the contamination has reached the groundwater and involves insitu chemical injection treatment.

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 applicant are requesting supplemental grant funding in the amount of $93,711 to perform the approved scope of work at the project site, for a total funding to date of $124,598.

The NJDEP oversight fee of $9,371 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: $93,711
TERMS OF GRANT:  No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrade,Closure,Remediation</td>
<td>$93,711</td>
</tr>
<tr>
<td>NJDEP oversight cost</td>
<td>$9,371</td>
</tr>
<tr>
<td>EDA administrative cost</td>
<td>$250</td>
</tr>
<tr>
<td>TOTAL COSTS</td>
<td>$103,332</td>
</tr>
</tbody>
</table>

APPROVAL OFFICER: J. Niles
TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: February 14, 2012
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 (HDS and Petroleum Underground Storage Tank Program (PUST)) up to $100,000 and may approve supplement 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 non-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 January 01, 2012 to January 31, 2012

Summary:

<table>
<thead>
<tr>
<th></th>
<th># of Grants</th>
<th>$ Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaking tank grants awarded</td>
<td>7</td>
<td>$174,509</td>
</tr>
<tr>
<td>Non-leaking tank grants awarded</td>
<td>4</td>
<td>$14,854</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Description</th>
<th>Grant Amount</th>
<th>Awarded to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Church of Saint Rose of Lima, The (P36801)</td>
<td>Supplemental grant for upgrade, closure and remediation</td>
<td>$12,168</td>
<td>$46,681</td>
</tr>
<tr>
<td>Kampmeier, Juergen W. (P33754)</td>
<td>Initial grant for upgrade, closure and remediation</td>
<td>$7,378</td>
<td>$7,378</td>
</tr>
<tr>
<td>McSwiggan, Audrey (P36980)</td>
<td>Supplemental grant for upgrade, closure and remediation</td>
<td>$13,489</td>
<td>$21,429</td>
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<tr>
<td>Piper, Barbara J. (P36997)</td>
<td>Initial grant for upgrade, closure and remediation</td>
<td>$19,596</td>
<td>$19,596</td>
</tr>
<tr>
<td>Sims, Jr., Warren R and Elizabeth A. (P36869)</td>
<td>Initial grant for site remediation</td>
<td>$36,881</td>
<td>$36,881</td>
</tr>
<tr>
<td>Sparta United Methodist Church (P36975)</td>
<td>Supplemental grant for upgrade, closure and remediation</td>
<td>$72,917</td>
<td>$391,384*</td>
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<tr>
<td>Viglone, Jean (P36575)</td>
<td>Initial grant for upgrade, closure and remediation</td>
<td>$12,080</td>
<td>$12,080</td>
</tr>
</tbody>
</table>

7 Grants Total Delegated Authority funding for Leaking applications: $174,509
<table>
<thead>
<tr>
<th>Applicant</th>
<th>Description</th>
<th>Grant Amount</th>
<th>Awarded to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boysen, Melvin and Jean (P34474)</td>
<td>Grant to remove an underground storage tank and install an above ground storage tank</td>
<td>$3,900</td>
<td>$3,900</td>
</tr>
<tr>
<td>Moppert, S. Fletcher (P34359)</td>
<td>Grant to remove an underground storage tank and install an above ground storage tank</td>
<td>$3,500</td>
<td>$3,500</td>
</tr>
<tr>
<td>Selimo, Anthony R and Sue Ann (P35506)</td>
<td>Grant to remove an underground storage tank and install an above ground storage tank</td>
<td>$3,954</td>
<td>$3,954</td>
</tr>
<tr>
<td>Zingg, Laurie A (P36295)</td>
<td>Grant to remove an underground storage tank and install an above ground storage tank</td>
<td>$3,500</td>
<td>$3,500</td>
</tr>
</tbody>
</table>

**4 Grants**

4 Grants Total Delegated Authority funding for Non-Leaking applications. $14,854

*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

Caren S. Franzini
MEMORANDUM

TO: Members of the Board
FROM: Caren S. Franzini
Chief Executive Officer
RE: EDA-BPU Clean Energy Program MOU Amendment

New Product – Large Scale CHP-Fuel Cells Program

Product Update – Edison Innovation Green Growth Fund (EIGGF 2.0) and the Energy Efficiency Revolving Loan Fund (EE RLF 1.1)

DATE: February 14, 2012

The Members of the Board are requested to approve the attached Memorandum of Understanding (MOU) amendment between the Board of Public Utilities (BPU) and the Authority concerning the transfer of $55 million in new Clean Energy Program funds for the development of a new Large Scale Combined Heat and Power (CHP)-Fuel Cell program anticipated to launch in the Spring of 2012. The MOU amendment also modifies the EDA’s delegated authority to allow for one year commitment extensions. (See Appendix A for MOU Amendment). In addition, the Members of the Board are requested to approve modifications to the existing Edison Innovation Green Growth Fund and the Energy Efficiency Revolving Loan Fund Programs.

Background:

The New Jersey Board of Public Utilities Office of Clean Energy and the New Jersey Economic Development Authority have been administering various New Jersey Clean Energy Programs (“CEP”) which are designed to promote the development and installation of renewable energy, energy efficiency, and alternative energy projects statewide. Since 2003, seven interagency MOUs have been developed to memorialize the role of EDA in supporting numerous BPU-funded programs. This latest MOU amendment will allow for $55 million in new Clean Energy Program funds for the development of a new Large Scale CHP-Fuel Cell program and modifies the commitment extension period from three months to one year across all EDA assisted Clean Energy Program projects.

In January 2012, two public working group sessions were held to elicit comments regarding the development of a new CHP program. The EDA-BPU working team is utilizing that feedback and information with the development of a new Large Scale CHP-Fuel Cells program. This program is in alignment with the goals of the New Jersey Energy Master Plan.
Large Scale Combined Heat and Power (CHP)/Fuel Cells Program

The NJ Board of Public Utilities (BPU) has requested the EDA to administer a new program to be developed called the Large Scale Combined Heat and Power (CHP)/Fuel Cells Program. The program will offer assistance to support large sized CHP projects including stand-alone qualified fuel cell projects. This program will be designed to assist those implementing a combined heat and power or combined cooling heat and power (CHP) or fuel cell projects with an electric generating capacity of more than one megawatt (MW) serving a commercial, institutional, or industrial electricity customer in New Jersey. Two public working group meetings were held in January 2012 to assist with determining program parameters. The EDA is now coordinating with BPU Staff to develop this Large Scale Combined Heat and Power (CHP)/Fuel Cells Program. The BPU approved the program concept at their December 14, 2011 Board meeting along with the transfer of $55 million in new Clean Energy Program funding to the EDA. An amendment to the EDA-BPU MOU was brought before the BPU December 14th Board to reflect this new additional program.

Edison Innovation Green Growth Fund

The Edison Innovation Green Growth Fund (EIGGF) program offers assistance in the form of loans to clean technology companies that have achieved ‘proof of concept’ and have achieved successful, independent beta results and are seeking funding to grow and support their technology business. The EIGGF will ultimately provide New Jersey consumers with greater access to these products by developing emerging technologies in New Jersey.

Several customer friendly program changes were made within the 2012 Compliance Filing document which went before BPU’s December 14th Board for approval. The total funds awarded was increased from a maximum of $1,000,000 to $2,000,000 per company. Also noted, any companies awarded $1,000,000 under the EIGGF program are eligible for the increase to $2,000,000 with recent matching funds raised within 90 days from the new application date. Interest rates for this program will no longer include a range from 2-10% but will be fixed at 2% for a five-year term. The 2% is consistent with the interest rate under the Clean Energy Manufacturing Fund program.

Energy Efficiency Revolving Loan Fund (EE RLF)

Serving as a companion to the New Jersey Board of Public Utilities’ Pay for Performance (PFP) Program, the EE RLF program provides support of up to a maximum 80% loan to support 100% of eligible project costs (inclusive of PFP incentive award granted and all other public state funding sources). Interest rates are tiered to amortization required by the project and range from 2 - 4%. Total EDA program funding is capped at $2.5 million per awardee.

Under the EE RLF program, the eligibility requirements have been expanded to include not only the New Jersey-based Commercial, Institutional or Industrial entities (including 501c-3s) that meet OCE PFP program requirements and customers of The Board of Public Utilities’ C&I Large Energy Users Pilot Program but will now expand to also include those participating in the new stand-alone small scale CHP & fuel cells program that is currently run through designated market managers.
**Recommendation:**

The Members of the Board are requested to approve the program change actions as follows:

1) Approve the concept of a new Large Scale CHP-Fuel Cells Grant program to be jointly developed with the New Jersey Board of Public Utilities.

2) Approve and authorize the execution of the attached MOU amendment between the Board of Public Utilities (BPU) and the Authority’s Chief Executive Officer, subject to the review and approval of the Office of the Attorney General, concerning the transfer of $55 million in new Clean Energy Program funds for the development of a new Large Scale CHP-Fuel Cell program. The MOU amendment also modifies the EDA’s delegated authority with respect to commitment extensions to allow for one year as was previously three months.

3) Increase maximum of award to $2,000,000 per company allowing any companies awarded $1,000,000 under the EIGGF program to be eligible for the increase to $2,000,000 with recent matching funds raised within 90 days from the new application date.

4) Change interest rate for the EIGGF program from a range of 2-10% to a fixed rate at 2% for a five-year term.

5) Increase eligibility parameters under the Energy Efficiency Revolving Loan Fund (EE RLF) to include those participating in the new stand-alone small scale CHP & fuel cells program that is currently operated by designated market managers.

Prepared by: Sandy Zeglarski
APPENDIX A

--EDA-BPU MOU AMENDMENT--
AMENDMENT TO CLEAN ENERGY PROGRAM MEMORANDUM OF UNDERSTANDING BETWEEN NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY AND NEW JERSEY BOARD OF PUBLIC UTILITIES

This Amendment to Clean Energy Program Memorandum of Understanding between the New Jersey Economic Development Authority and the New Jersey Board of Public Utilities (the "Amendment"), dated as of this _____ day of ___________ 2012, is made and entered into by and among the New Jersey Economic Development Authority (the "Authority" or the "EDA") and the New Jersey Board of Public Utilities (the "Board" or the "BPU"), through its Office of Clean Energy (the "OCE"), both instrumentalities of the State of New Jersey (collectively the "Parties").

BACKGROUND

WHEREAS, the Authority and the Board entered into the Clean Energy Program Memorandum of Understanding, dated March 24, 2011 (the "MOU") for the purpose of setting forth their respective roles and responsibilities with respect to administering various clean energy programs; and

WHEREAS, the Parties now desire to make certain changes to the MOU to: i) include the joint implementation of one additional clean energy program ("Large Scale CHP/Fuel Cells" as defined below); and ii) to modify EDA’s delegated authority with respect to commitment extensions; and

WHEREAS, Section X (D) provides that the Parties may modify or amend the MOU only by a writing signed by both of the Parties.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to amend the MOU as follows.

1) The first sentence of paragraph one of Section I shall be amended to read as follows:
"The Parties agree that the EDA will provide certain assistance to OCE in connection with administering the following four BPU programs: i) Edison Innovation Clean Energy Manufacturing Fund ("CEMP"); ii) Edison Innovation Green Growth Fund ("EIGGF"); iii) Clean Energy Solutions Energy Efficiency Revolving Loan Fund ("EERLF"); and iv) Large Scale Combined Heat and Power/Fuel Cells ("CHP Program") (collectively the "EDA-Assisted Clean Energy Programs")."

2) Section II TRANSFER OF FUNDS should be amended to read:

The Parties acknowledge that EDA currently possesses approximately $50,599,136 in 2011 carryover EDA Clean Energy Program funds. The 2012 Budget Order approved an aggregate of $55 million in new funds for the implementation of the CHP program. BPU agrees that it shall remit these funds to the EDA after receiving a formal request from them, payable as follows: $55 million shall be paid to the EDA on or before March 1, 2012 or within 30 days of the MOU approval by both Parties, which ever is earlier. Accordingly, on or about the stated due dates, BPU/OCE shall effectuate the transfer of funds to the EDA pursuant to the terms and conditions of this Section II. Such transfer of funds shall be subject to State appropriations law.

3) Section III shall be amended by including the following additional sentences: "The Program Guidelines for the CHP Program that were approved pursuant to the 2012 Compliance Filing are attached hereto as Schedule E and are made a part hereof.

4) The following additional language shall be added to Section II: "It is anticipated that the CHP Program will be funded with $55 million in CEP monies."

2) The following additional language shall be added to Section IV as subparagraph "O": "It is anticipated that the CHP Program will be a competitive grant program. BPU will draft the CHP Program solicitation, and the EDA will review and provide comments. EDA and BPU will jointly publicize the solicitation and the availability of CHP grants in
compliance with any public notice requirements. BPU will also work cooperatively with EDA to develop objective scoring criteria for evaluation of submitted proposals."

5) Section VII (A)(e) shall be amended to read as follows: "commitment extensions not to exceed one year;"

6) Section IX shall be amended to include the following additional sentence: "In addition to the annual administrative fee of $660,000, the Parties agree that the Authority shall receive a one-time administrative fee of $550,000 for services rendered in connection with the CHP Program. Payments shall be payable to the Authority in 12 equal monthly installments of $45,833.33 each due on the first day of each month beginning in January 2012 and continuing through December 2012."

7) The recitals appearing in the Background Section are made part of the Amendment and are specifically incorporated herein by reference.

8) Except as specifically modified herein, all of the terms, provisions and conditions of the MOU shall remain in full force and effect.

The Amendment may be executed in duplicate parts, each of which shall be an original, but all of which shall together constitute one (1) and the same instrument. The Amendment shall be effective as of the date hereinabove written.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Amendment as of this _____ day of __________ 2012.
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: ________________________________
    Caren Franzini, Chief Executive Officer

NEW JERSEY BOARD OF PUBLIC UTILITIES

By: ________________________________
    Robert M. Hanna, President
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Technology Accelerator

DATE: February 14, 2012

Request:
The Members are requested to approve entering into a subscription agreement for an investment in TechLaunch, LLC as a “Limited Partner” for an annual investment of $150,000 a year, over three years. TechLaunch, LLC will provide matching private sector dollars in a ratio of 2:1 or $300,000. This investment allows the Authority to support the earliest stage New Jersey technology community with both mentoring and funding support.

The cost of the proposed investment in TechLaunch is $150,000 annually with two one-year extensions, which are at the sole discretion of the Authority for a total expense of $450,000. The funds for this proposed commitment from the Authority, comes from the use of funds approved by the Joint Budget Oversight Committee in May 2011, from the release of industry targeted BEIP residual funds.

Background:
In the spring of 2011, the NJ Joint Budget Oversight committee approved the use of funds for an investment in a newly created NJ Technology Accelerator. This program as detailed below is a way to support the very early stage NJ technology community, by providing seed capital in the form of an investment, along with intense mentoring and training. This is believed to be a fiscally responsible and competitive model as it marries a potential return, with entrepreneurial support and allows New Jersey to compete with our neighboring states in maintaining and attracting technology talent. It also allows NJ to fill a gap in seed stage technology funding and be part of EDA’s continuum of complimentary services.

Model
A startup technology accelerator selects a set number of early stage companies via a competitive application process. The accelerator invests $15K-$20K per company for a small equity stake. Through a 3-month intense boot camp, the accelerator provides mentorship and training to select companies to help refine their product and pitch. At the end of the boot camp, the companies demo their technologies to a wide variety of investors during a formal event. A majority of such companies get follow-on funding.
**Successful Models**

Start-up accelerators have been very successful. Y Combinator (YC) in California is one such example. Last October 2011, it was estimated that YC was receiving one application a minute for their spring 2012 program. YC has funded over 300 companies to date. While YC has one location in California, other accelerators such as TechStars have adopted a franchise approach and have programs running in Colorado, New York, Seattle and Boston. Locally, DreamIT, is a Philadelphia born accelerator and as of last year launched a second chapter in New York.

**Competitive Solicitation**

In August 2011, the Authority requested information from the marketplace and industry members to advance a NJ based, Tech Accelerator. After receiving six responses that helped inform the Authority’s thinking around best practices, a competitive solicitation for a fund manager was released in October 2011. Two applications were received and scored by an independent cross-organizational scoring committee comprised of 6 reviewers.

The evaluation criteria as defined in the competitive solicitation included: qualifications and experience; mentor network; readiness to proceed; matching funds (minimum ratio 2:1) and selection process. TechLaunch, LLC addressed all evaluation criteria and was the highest scoring application. An interview was conducted with the TechLaunch LLC manager and clarification was received around Operational Timeline, Overhead/Administrative Cost, Funding Specifics and Screening Process. Based on the satisfactory clarification, the investment recommendation is being made for TechLaunch LLC.

The second submission was an incomplete application. However, with the thought of providing a competitive environment, the second application was still reviewed by the scoring committee and received a very low score with significant concerns noted by all scoring committee members.

**Specifics**

The General Partner (GP) of TechLaunch, LLC is Mario Casabona, who is a successful entrepreneur and angel investor. He is the Chairman of NJ Jumpstart Angel Network and serves on the board of the NJ Commission on Science & Technology and the NJEDA’s Technology and Clean Technology Advisory Boards. He is also a founding member of the NJ Technology Council. Supporting Mr. Casabona, will be an “Executive Director” for TechLaunch, LLC who has been identified. This is a full-time position, responsible for overseeing operational and promotional activities.

Under TechLaunch’s proposed application, they will be partnering with Montclair State University in year 1 to provide the boot camp venue to fund 12 companies with a minimum investment of $18,000 per company. The recommended manager will review moving the location in year 2 and 3 to other University based locations throughout the state. The $150,000 from the Authority in year 1, will be matched with $300,000 of private capital and the same matching formula will apply in years 2 and 3. In the proposed TechLaunch model, the GPs 15% carry and the Authority’s investment will be subordinate to private sector LPs until they recoup a 2x return, after which all distributions will occur on a prorata basis.

Following the investment, there will be key deliverables which include quarterly performance reports which will measure effectiveness in key areas including applicants, companies mentored and funded, and Demo Day. The Authority believes that its small investment of $150,000 will go a long way in creating value for technology start-ups and create an ecosystem for similar initiatives.
The documents to consummate the transaction will include a Limited Partnership Agreement. The Limited Partnership Agreement will detail all pertinent terms of the transaction including name, office location, capital accounts, partnership allocations, management fees, distributions, management duties, and financial accounting. There will also be a subscription document, detailing the Authority’s $150,000 investment (per year, for three years) and a side letter outlining requirements specific to the Authority as a investor, including minimum investment requirements, advisory board and/or selection committee role, and governance by NJ law.

**Recommendation:**
The Members’ approval is requested to delegate to the Authority’s CEO, the authorization to execute all necessary legal documents to effectuate an investment in TechLaunch, LLC as a limited partner. These documents will detail the delivery of startup accelerator services in New Jersey as detailed herein, for a total investment of $450,000 over a three year period. All the final documents will be subject to approval of the Attorney General’s Office.

Prepared by Kamran Hashmi

Signed: Caren S. Franzini
INCENTIVES
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: February 14, 2011

SUBJECT: Incentive Program Modifications

Request:

The Members are requested to approve proposed changes to several incentive programs in order to align with the new State Strategic Plan and to provide clarification in rules. The modifications are as follows: 1) to provide additional scoring criteria to be utilized in determining the grant award under the Business Employment Incentive Program (BEIP) as relates to companies that will create jobs at facilities located within Federally-owned land approved for closure under a Federal Base Realignment and Closing Commission action; 2) the designation of two additional industries as desirable to the State to maintain or attract as it relates to the Grow NJ program; and 3) modification of Urban Transit Hub Tax Credit (UTHTC) program rules that clarify that in mixed use projects, credits may be given under both the residential component and commercial component if certain requirements are met.

Background:

BEIP

In 2005, Fort Monmouth was chosen for closure by the Federal Base Realignment and Closing (BRAC) Commission, a decision with negative economic impact to the Monmouth County region, particularly in the municipalities of Eatontown, Oceanport and Tinton Falls. In August 2010, Governor Chris Christie signed legislation creating the Fort Monmouth Economic Revitalization Authority (FMERA), to be staffed by EDA, with the mission of advancing a comprehensive and strong economic development plan utilizing municipal, county and State resources to ensure Fort Monmouth’s 1,127 acres would be home for job creation and economic growth.

To bolster FMERA’s efforts to promote economic development and job creation at the site, staff recommends that BEIP applicants that are seeking to create jobs at facilities located within the
Fort's 1,127 acres be provided bonus scoring of 15 percent under the BEIP calculation used to
determine grant awards. In the interest of further encouraging statewide economic activity, staff
also recommends extending this bonus scoring to other NJ military installations that have
allowed private businesses on base, i.e. Picatinny Arsenal and the William J. Hughes Technical
Center of the FAA.

This action would align with other recent policy enhancements to EDA programs which
identify facilities within Federally-owned land approved for closure by BRAC (such as Fort
Monmouth) to be eligible for economic development incentives, such as the Economic
Redevelopment and Growth (ERG) program.

Grow NJ

At the January, 2012 Board meeting the Members approved both the implementation of the
Grow NJ program and the designation of six industries as desirable for the State to maintain and
attract. These industries are Advanced Manufacturing, Transportation, Logistics and
Distribution, Life Sciences, Technology, Health, and Finance, which are consistent with the
State’s Strategic Plan. The State’s Strategic Plan also includes two additional potential growth
industries, Green Economy and Food Production & Processing. In order to encourage these
industries to grow in New Jersey, staff recommends adding them to the industries desirable for
the State to maintain and attract, and therefore eligible for new job creation grants under Grow
NJ as well as bonus scoring authorized by statute.

Urban Transit Hub Tax Credit Program

Existing program rules under the UTHTC program can be interpreted to read as if a mixed-use
project is precluded from receiving both residential and commercial credits. In order to clarify
the eligibility criteria for mixed use projects, staff recommends that an eligible developer or
tenant that is awarded tax credits for capital investments in a qualified residential project that is
delivered as part of a mixed use project, also be authorized to receive an award of tax credits for capital
investments in a qualified business facility that is part of the same mixed use project, and the
rules implementing the UTHTC Program be amended accordingly.

Recommendation

The Members are asked to approve the proposed addition to BEIP scoring criteria to provide
BEIP applicants that are located within Federally-owned land approved for closure under a
Federal Base Realignment and Closing Commission or military installations allowing private
business activity a bonus of 15 percent.

The Members are also asked to approve the designation of two additional industries, Green
Economy, and Food Production & Processing, as desirable to the State to maintain or attract as it
relates to the Grow NJ program.
In addition, the Members are asked to approve a revision to the Urban Transit Hub Tax Credit (UTHTC) Program to clarify that a developer or tenant allowed a credit for capital investments in a qualified residential project that is part of a mixed use project, shall also be allowed a credit for capital investments in a qualified business facility that is part of the same mixed use project.

Finally, the Members are asked to promulgate rule amendments reflecting the BEIP and UTHTC changes as discussed above, subject to review and approval of the Governor’s Office, Attorney General’s Office, and the Office of Administrative Law.

Prepared by: Kim Ehrlich
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: A.P. Deauville, LLC

PROJECT LOCATION: TBD

GOVERNOR'S INITIATIVES:

( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
Organized in 2001, A.P. Deauville, LLC is a manufacturer and distributor of beauty and personal care products. This marketer and manufacturer of men's personal care products purchased the Power Stick® brand of deodorants and antiperspirants from Unilever in 2002. Since then, they have added several new product lines, including deodorant body sprays, shower gels and shampoos. The Applicant is economically viable.

Their lease has expired but is continuing on a month-to-month basis. In addition, the Applicant is about to purchase certain assets (including brands, inventory and molds) of a competitor from out of the State. In order to relocate their existing business and to plan for future growth, they would like to relocate to a larger space. According to the company, New Jersey is competing with Pennsylvania not only to house the planned expansion (25 new jobs) but also to retain the existing New Jersey operation (33 existing jobs). This expansion or growth is expected to create or bring 25 new positions within the first two years.

In the event that this Applicant chooses a location that is eligible for bonus scoring, the BEIF score may increase up to 80%, at which percentage an estimated amount of the grant would be $190,000 over the term of the grant.

MATERIAL FACTOR:
The Applicant is seeking a BEIP grant to support creating 25 anticipated permanent, full-time positions in New Jersey within the first two years. The company has submitted a cost benefit analysis comparing the cost of similar facilities in New Jersey and Pennsylvania to house the company's operations. The Applicant has analyzed and compared the costs at both locations. According to the Applicant, New Jersey is competing with Reading, Pennsylvania to house its current and future operations. The company has represented that a favorable decision by the Authority to award the BEIP grant is a material factor in the Applicant's decision to go forward with the project. The Authority staff recommends the award of the proposed BEIP grant.
APPROVAL REQUEST: PERCENTAGE: 30%
TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage A.P. Deauville, 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: $71,250
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 33

ELIGIBLE BEIP JOBS: Year 1 15 Year 2 10 Base Years Total = 25

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $2,850

ANTICIPATED AVERAGE WAGES: $45,000

ESTIMATED PROJECT COSTS: $500,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $237,500

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $285,000

PROJECT IS: (X) Expansion (X) Relocation New Brunswick, NJ

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: (X) Domestic ( ) Foreign

DEVELOPMENT OFFICER: K. Durand APPROVAL OFFICER: D. Sucszuz
FORMULA EVALUATION

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<thead>
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<th>Criteria</th>
<th>Score</th>
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<tr>
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<td>3. Job at Risk: 33</td>
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<td>4. Industry: other manufacturing</td>
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<td>Designated: _____ Non-Designated: X</td>
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<td>6. Capital Investment: $500,000</td>
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<tr>
<td>7. Average Wage: $45,000</td>
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TOTAL: 7

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%

Total Bonus Points: 0%

Total Score:

Total Score per formula: 7 = 25%
Construction/Renovation: 5%
Bonus Increases: 0%
Total Score (not to exceed 80%): 30%
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: GAD Bakeries LLC                  P37051
PROJECT LOCATION: 110 Raskulinecz Road        Carteret Borough (T/UA) Middlesex County

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
GAD Bakeries LLC (GAD), formed in 2004, is a commercial bakery with a reputation for its cheese cake, dating back to 1950. The cheesecake was primarily sold through Junior's restaurant, a well known landmark located in downtown Brooklyn, known as the home of New York's best cheesecake. Alan & Kevin Rosen, the current stockholders are the third generation to manage the business. Today, the applicant sells over 10 million slices of cheesecake each year, between its four restaurants, wholesale distribution, QVC, and internationally through a partnership with Greencore, one of the largest manufacturers of cakes and desserts in the United Kingdom. Junior’s serves over 5,000 customers daily and sells approximately 6,000 cheesecakes every week. The applicant is economically viable.

MATERIAL FACTOR:
GAD is seeking a BEIP grant to support moving the 65 jobs operating the bakery operation in Maspeth, NY to a 47,000 s. f. facility in Carteret, NJ. Also under consideration is acquiring a facility in Hauppauge (Long Island), NY. Management is estimating project costs of approximately $5 million, including $3.3 million acquisition cost for the property.

APPROVAL REQUEST:                           PERCENTAGE: 80%
TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage GAD Bakeries 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: $312,000
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 0

ELIGIBLE BEIP JOBS: Year 1 50 Year 2 15 Base Years Total = 65
ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $4,800
ANTICIPATED AVERAGE WAGES: $35,000
ESTIMATED PROJECT COSTS: $4,993,501
ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $390,000
ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $273,000
PROJECT IS: ( ) Expansion  (X) Relocation Maspeth, NY
CONSTRUCTION: (X) Yes  ( ) No
PROJECT OWNERSHIP HEADQUARTERED IN: New York
APPLICANT OWNERSHIP: (X) Domestic  ( ) Foreign

DEVELOPMENT OFFICER: K. Durand  APPROVAL OFFICER: M. Krug
## FORMULA EVALUATION

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<td>Targeted: _____ Non-Targeted: <strong>X</strong></td>
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<tr>
<td>3. Job at Risk:</td>
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<td>4. Industry: food products</td>
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<tr>
<td>Designated: _____ Non-Designated: <strong>X</strong></td>
<td></td>
</tr>
<tr>
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<td>2</td>
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</tbody>
</table>

**TOTAL:**  7

### 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%

**Total Bonus Points:** 50 %

**Total Score:**
- Total Score per formula: 7 = 25 %
- Construction/Renovation: 5 %
- Bonus Increases: 50 %
- Total Score (not to exceed 80 %): 80 %
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: Global Equipment Company Inc. and Systemax Inc.  P37240

PROJECT LOCATION: 24 Applegate Drive Robbinsville Township (N) Mercer County

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
Systemax Inc., a publicly traded Fortune 1000 company headquartered in Port Washington, New York, sells industrial products, personal computers, computer components and supplies, and consumer electronics through direct mail catalogs, branded web sites, retail stores, and relationship marketers in North America and Europe.

This diversified multi-channel seller has several subsidiaries. Global Equipment Company Inc., a specialized subsidiary of Systemax, is a seller of private label and brand name industrial equipment and supplies to businesses throughout North America. This subsidiary carries over 300,000 industrial, material handling, and business products that are sold through its full color catalogs, website, and corporate sales people. The Applicants are economically viable.

This business to business direct seller is planning to open a new 500,000 sf facility. The leased facility will warehouse industrial equipment, such as generators and tools, along with housing a call center. The company is considering establishing this new facility in either Robbinsville Township (f/k/a Washington Township), New Jersey; Milwaukee, Wisconsin; or Carlisle, Pennsylvania. This expansion will create 110 jobs within 2 years.

MATERIAL FACTOR:
The Applicant is seeking a BEIP grant to support creating 110 permanent, full-time positions in New Jersey within the first two years. The company has submitted a cost benefit analysis comparing the cost of similar facilities in New Jersey, Wisconsin, and Pennsylvania. The Applicant has analyzed and compared the costs at all locations. According to the Applicant, New Jersey is competing with Wisconsin, and Pennsylvania. The company has represented that a favorable decision by the Authority to award the BEIP grant is a material factor in the Applicant's decision to go forward with the project. The Authority staff recommends the award of the proposed BEIP grant.
APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Global Equipment Company Inc. and Systemax Inc. 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: $653,730
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 55

ELIGIBLE BEIP JOBS: Year 1 60 Year 2 50 Base Years Total = 110

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $5,943

ANTICIPATED AVERAGE WAGES: $46,000

ESTIMATED PROJECT COSTS: $6,590,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10

ESTIMATED NET NEW STATE INCOME TAX - DURING 15

PROJECT IS: (X) Expansion ( ) Relocation

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New York

APPLICANT OWNERSHIP: (X) Domestic ( ) Foreign

DEVELOPMENT OFFICER: K. Durand APPROVAL OFFICER: D. Sucszu
### FORMULA EVALUATION

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<thead>
<tr>
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<td>4. Industry: Transportation &amp; logistics</td>
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<tr>
<td>Designated: _______ Non-Designated: _____</td>
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<tr>
<td>5. Leverage: 3 to 1 and up</td>
<td>2</td>
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<td>6. Capital Investment: $6,590,000</td>
<td>2</td>
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<td>7. Average Wage: $46,000</td>
<td>2</td>
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<td><strong>TOTAL:</strong></td>
<td><strong>10</strong></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% 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%

**Total Bonus Points:** 20%

**Total Score:**

- **Total Score per formula:** 10 = 35%
- **Construction/Renovation:** 5%
- **Bonus Increases:** 20%
- **Total Score (not to exceed 80%):** 60%
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: IPAK, Inc. P37237

PROJECT LOCATION: 301 Grove Road West Deptford Township Gloucester County

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
IPAK, Inc., established in 1993, is a family owned and certified woman owned specialty printing and packaging company. IPAK specializes in structurally designing, manufacturing and fulfilling all components of a printed package. All manufacturing is done on-site at its 70,000 sq. ft. manufacturing and warehouse facilities located in Pennsauken, Camden County with 85 employees. Services provided include custom packing design, prepress services, custom packaging production and manufacturing (such as folding cartons, folders, point of purchase displays) and digital printing and binding. IPAK’s client base is national and includes Pfizer Inc., Endo Pharmaceuticals, John Wiley & Sons and The McGraw-Hill Companies. The applicant is economically viable.

MATERIAL FACTOR:
IPAK, Inc. requests Authority assistance in relocating its manufacturing facility in New Jersey. The company currently operates from three separate buildings and is seeking a new building to consolidate all operations. The alternative is to relocate to Pennsylvania. The company has applied for both a BEIP and BRRAG to provide an incentive for the company to locate the project in New Jersey. Management has indicated that the grants will be a material factor in the company’s decision to remain and expand in New Jersey.

APPROVAL REQUEST:

PERCENTAGE: 50%
TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage IPAK, Inc. 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: $ 42,500
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 85

ELIGIBLE BEIP JOBS: Year 1 10 Year 2 15 Base Years Total = 25

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $1,700

ANTICIPATED AVERAGE WAGES: $22,000

ESTIMATED PROJECT COSTS: $3,425,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $85,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $85,000

PROJECT IS: (X) Expansion (X) Relocation Pennsauken, NJ

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: (X) Domestic ( ) Foreign

DEVELOPMENT OFFICER: H. Friedberg APPROVAL OFFICER: T. Wells
# FORMULA EVALUATION

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<td>3. Job at Risk: 85</td>
<td>1</td>
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<td>4. Industry: printing and publishing</td>
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<td>Designated: _______ Non-Designated: <em><strong>X</strong></em></td>
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<tr>
<td>5. Leverage: 3 to 1 and up</td>
<td>2</td>
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<tr>
<td>6. Capital Investment: $3,425,000</td>
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<tr>
<td>7. Average Wage: $ 22,000</td>
<td>1</td>
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</tbody>
</table>

**TOTAL:** 6

**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% __________ 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% __________

**Total Bonus Points:** 20 %

**Total Score:**

- Total Score per formula: 6 = 25 %
- Construction/Renovation: 5 %
- Bonus Increases: 20 %
- Total Score (not to exceed 80 %): 50 %
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT

APPLICANT: IPAK, Inc. 

COMPANY ADDRESS: 90 Twinbridge Drive, Pennsauken, Camden County

PROJECT LOCATION: 301 Grove Road, West Deptford Township, Gloucester County

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

APPLICANT BACKGROUND:
IPAK, Inc., established in 1993, is a family owned and certified woman owned, specialty printing and packaging company. IPAK specializes in structurally designing, manufacturing and fulfilling all components of a printed package. All manufacturing is done on-site at its 70,000 sq. ft. manufacturing and warehouse facilities located in Pennsauken, Camden County with 85 employees. Services provided include custom packing design, prepress services, custom packaging production and manufacturing (such as folding cartons, folders, point of purchase displays) and digital printing and binding. IPAK’s client base is national and includes Pfizer Inc., Endo Pharmaceuticals, John Wiley and Sons and The McGraw-Hill Companies.

MATERIAL FACTOR/NET BENEFIT:
IPAK, Inc. requests Authority assistance in relocating its manufacturing facility in New Jersey. The company currently operates from three separate buildings and is seeking a new building to consolidate all operations. The alternative is to relocate to Pennsylvania. The company has applied for both a BEIP and BRRAG to provide an incentive for the company to locate the project in New Jersey. Management has indicated that the grants will be a material factor in the company’s decision to remain and expand in New Jersey. The applicant has demonstrated that the grant of these tax credits will result in a net benefit to the State of $5.6 million.

APPROVAL REQUEST:

TAX CREDIT TERM: 1 year
COMMITMENT DURATION: 6 years

The Members of the Authority are asked to approve the proposed BRRAG benefit to IPAK, Inc. to encourage the company to remain 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 amount and the term. 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 and the term that corresponds to the actual criteria that have been met.

CONDITIONS OF APPROVAL:
1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in NJ unless the applicant had a pre-application meeting with the Authority during the grandfathering period.
2. If the applicant enters into a lease for the project site, the term of the lease will be no less than 8 years exclusive of any renewal options.
3. Expenditures totaling at least twice as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before 5/31/2012 in order to remain eligible for the bonus award.
4. No employees subject to a BEIP grant or another BRRAG are eligible for calculating the benefit amount of this BRRAG.
5. If the applicant remains in a location at which it currently operates, expenditures totaling at least as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before 5/31/2012.
END OF APPLICANT'S FISCAL YEAR: December 31
CAPITAL INVESTMENT MUST BE MADE BY: 5/31/2012
SUBMISSION DATE OF CPA CERTIFICATION: 12/31/2012
TOTAL ESTIMATED GRANT AWARD OVER TERM: $191,250
STATE FISCAL YEAR 1 APPROVAL (SFY 2014): $191,250
ELIGIBLE BRRAG JOBS: 85
YEARLY TAX CREDIT AMOUNT PER EMPLOYEE: $1,500
BONUS AWARD PER EMPLOYEE: $750
TOTAL YEARLY TAX CREDITS INCLUDING BONUS: $2,250
ANTICIPATED AVERAGE WAGES: $22,000
ESTIMATED TOTAL GROSS ANNUAL PAYROLL: $1,875,000
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 6 YRS: $173,400
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $390,000
OPERATED IN NEW JERSEY SINCE: 1993
PROJECT IS: (X) Expansion (X) Relocation
CONSTRUCTION/RENOVATION: (X) Yes ( ) No
DEVELOPMENT OFFICER: H. Friedberg APPROVAL OFFICER: T. Wells
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: Mycone Dental Supply Co., Inc

PROJECT LOCATION: 408 S. Democrat Rd
Greenwich Township (N) Gloucester County

GOVERNOR'S INITIATIVES:

( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
Mycone Dental Supply Co., Inc (Mycone), also known as Keystone Industries, was formed in 1958 and is a privately held group of dental, cosmetic and medical device manufacturing and distribution subsidiaries. Keystone Research & Pharmaceutical (KRP) is the manufacturing division responsible for production of cosmetic, dental, hearing aid and specialty polymer products. The applicant has recently experienced significant growth in the cosmetic division with its specialty polymer group's new gel polish used for fingernails. Global employment is 333 jobs, with 160 jobs in Cherry Hill. The applicant is economically viable.

MATERIAL FACTOR:
To keep up with the product demand, and further improve on operating efficiency, the applicant is seeking a BEIP grant to create 50 new manufacturing and warehouse jobs and a BRRAG (P37257) to retain and relocate 75 jobs, currently spread over 5 buildings in Cherry Hill, to Gibbstown. Included in the 50 new jobs are 12 positions to be moved from a recently acquired subsidiary in Miami, Florida. To achieve these goals the applicant is considering acquiring a 250,000 s. f. facility in Gibbstown or expanding by 30,000 s. f. its current facilities in Myersville and Bristol, PA. to 141,000 s. f. However, in the 250,000 s. f. facility in Gibbstown only 150,000 s. f. would be initially utilized, with the additional 100,000 s. f. possibly sublet. The project costs for the Gibbstown facility would be $5 million, as compared to $3.4 million for the Myersville & Bristol facilities. The Bristol building was acquired in 2011 and is currently not in use. Management has indicated that a favorable decision by the Authority to award the BEIP grant is a material factor in the company's decision to expand in New Jersey.

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 Mycone Dental Supply Co., Inc 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: $154,000
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 160

ELIGIBLE BEIP JOBS: Year 1 25 Year 2 25 Base Years Total = 50

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $3,080
ANTICIPATED AVERAGE WAGES: $33,000

ESTIMATED PROJECT COSTS: $5,000,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $280,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $266,000

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

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: (X) Domestic ( ) Foreign

DEVELOPMENT OFFICER: D. Benns

APPROVAL OFFICER: M. Krug
## FORMULA EVALUATION

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<td>3. Job at Risk: 75</td>
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<td>4. Industry: wholesale</td>
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<tr>
<td>5. Leverage: 3 to 1 and up</td>
<td>2</td>
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<td>6. Capital Investment: $5,000,000</td>
<td>2</td>
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<td>7. Average Wage: $33,000</td>
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<tr>
<td>TOTAL:</td>
<td>8</td>
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</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%  

**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%
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT

APPLICANT: Mycone Dental Supply Co., Inc. and affiliates P37257

COMPANY ADDRESS 616 Hollywood Avenue Cherry Hill Camden County

PROJECT LOCATION: 408 S. Democrat Road Greenwich Twp. Gloucester County

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

APPLICANT BACKGROUND:
Mycone Dental Supply Co., Inc (Mycone), also known as Keystone Industries, formed in 1958, is a privately held group of dental, cosmetic and medical device manufacturing and distribution subsidiaries. Keystone Research & Pharmaceutical (KRP) is the manufacturing division responsible for production of the cosmetic, dental, hearing aid and specialty polymer products. The applicant has recently experienced significant growth in the cosmetic division, with its specialty polymer group creating a new gel polish for fingernails. Global employment is 333 jobs, with 160 jobs in Cherry Hill.

MATERIAL FACTOR/NET BENEFIT:
To keep up with the product demand and further improve on operating efficiency the applicant is seeking a BRRAG to retain and relocate 75 jobs, currently in Cherry Hill, and a BEIP grant (P37238) to create 50 new jobs, all dedicated to manufacturing and warehouse operations. The Cherry Hill operation is spread over 5 buildings. To achieve these goals the applicant is considering acquiring a 250,000 s. f. facility in Gibbstown, or expanding by 30,000 s. f. its current facilities in Myersville and Bristol, PA. to 141,000 s. f., where it currently employs 100 jobs. Please note, of the 250,000 s. f. in Gibbstown, only 150,000 s. f. would be initially utilized, with the additional 100,000 possibly sublet. Among the 50 new jobs, will be 12 positions in a recently acquired subsidiary in Miami, Florida whose lease is expiring in 2012. The project costs for the Gibbstown facility would be $5 million, as compared to $3.4 million for the Myerisville & Bristol facilities. The Bristol building was acquired in 2011 and is currently not in use. The applicant has demonstrated that the grant of these tax credits will result in a net benefit to the State of $4.7 million.

APPROVAL REQUEST:

TAX CREDIT TERM: 1 year(s)
COMMITMENT DURATION: 6 years

The Members of the Authority are asked to approve the proposed BRRAG benefit to Mycone Dental Supply Co., Inc. and affiliates to encourage the company to remain 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 amount and the term. 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 and the term that corresponds to the actual criteria that have been met.

CONDITIONS OF APPROVAL:
1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in NJ unless the applicant had a pre-application meeting with the Authority during the grandfathering period.
2. If the applicant enters into a lease for the project site, the term of the lease will be no less than 8 years exclusive of any renewal options.
3. Expenditures totaling at least twice as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before September 30, 2013 in order to remain eligible for the bonus award.
4. No employees subject to a BEIP grant or another BRRAG are eligible for calculating the benefit amount of this BRRAG.
5. If the applicant remains in a location at which it currently operates, expenditures totaling at least as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before September 30, 2013.

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<th>December 31</th>
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<td>SUBMISSION DATE OF CPA CERTIFICATION:</td>
<td>December 31, 2013</td>
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<td>TOTAL ESTIMATED GRANT AWARD OVER TERM:</td>
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<td>STATE FISCAL YEAR 1 APPROVAL (SFY 2014):</td>
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<td>ELIGIBLE BRRAG JOBS:</td>
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<td>YEARLY TAX CREDIT AMOUNT PER EMPLOYEE:</td>
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<td>BONUS AWARD PER EMPLOYEE:</td>
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<td>TOTAL YEARLY TAX CREDITS INCLUDING BONUS:</td>
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<td>ESTIMATED ELIGIBLE CAPITAL INVESTMENT:</td>
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<td>OPERATED IN NEW JERSEY SINCE:</td>
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<td>PROJECT IS:</td>
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<td>CONSTRUCTION/RENOVATION:</td>
<td>(X) Yes ( ) No</td>
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<tr>
<td>DEVELOPMENT OFFICER:</td>
<td>D. Benns</td>
</tr>
<tr>
<td>APPROVAL OFFICER:</td>
<td>M. Krug</td>
</tr>
</tbody>
</table>
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: Tropical Cheese Industries, Inc. and affiliates

PROJECT LOCATION: 450 Fayette Street
Perth Amboy City (T/UA) Middlesex County

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
Established in 1982, Tropical Cheese Industries, Inc. is a manufacturer of natural Hispanic style cheeses as well as cultured dairy products such as drinkable yogurt and pourable creams. Tropical Cheese distributes the majority of its products via its own fleet of trucks to customers in the tri-state area as well as parts of New England. The company operates out of a facility in Perth Amboy, New Jersey. The applicant is economically viable.

Tropical Cheese has previously received Authority assistance in the form of a $125,000 loan (P07720) for equipment and machinery that closed in October 1994. The loan was serviced according to terms.

MATERIAL FACTOR:
Tropical Cheese has determined that in order to remain competitive at its current location, the company will need to make significant upgrades to the Perth Amboy facility. This has caused Tropical Cheese to consider potential relocation options. Under consideration is moving the business to a new facility in Pennsylvania. The alternative is to invest nearly $6 million at its current location to add a new 30,000 sq ft refrigerated building as well as acquire and install machinery at the facility. The company is seeking both a BEIP & BRRAG to provide an incentive to choose the New Jersey option. The project would mean the retention of 258 existing employees as well the addition of 32 new employees over the next two years. Management has indicated that the incentives are a material factor in the company’s decision.

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 Tropical Cheese Industries, Inc. and affiliates 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: $66,880
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 258

ELIGIBLE BEIP JOBS: Year 1 16 Year 2 16 Base Years Total = 32

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $2,090

ANTICIPATED AVERAGE WAGES: $24,000

ESTIMATED PROJECT COSTS: $5,974,880

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $121,600

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $115,520

PROJECT IS: (X) Expansion ( ) Relocation

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: (X) Domestic ( ) Foreign

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: K. McCullough
## FORMULA EVALUATION

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Location:</td>
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<td>Perth Amboy City</td>
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<td>3. Job at Risk:</td>
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<td>4. Industry:</td>
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<td>Designated: _______ Non-Designated: X</td>
<td></td>
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<tr>
<td>5. Leverage:</td>
<td>3 to 1 and up</td>
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<tr>
<td>6. Capital Investment:</td>
<td>$5,974,880</td>
</tr>
<tr>
<td>7. Average Wage:</td>
<td>$ 24,000</td>
</tr>
</tbody>
</table>

TOTAL: 8

### 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%**

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 %
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT

APPLICANT: Tropical Cheese Industries, Inc. and affiliates P37243

COMPANY ADDRESS: 450 Fayette Street Perth Amboy City Middlesex County

PROJECT LOCATION: 450 Fayette Street Perth Amboy City Middlesex County

GOVERNOR’S INITIATIVES:
(X) NJ Urban Fund ( ) Edison Innovation Fund ( ) Corc

APPLICANT BACKGROUND:
Established in 1982, Tropical Cheese Industries, Inc. is a manufacturer of natural Hispanic style cheeses as well as cultured dairy products such as drinkable yogurt and pourable creams. Tropical Cheese distributes the majority of its products via its own fleet of trucks to customers in the tri-state area as well as parts of New England. The company operates out of a facility in Perth Amboy, New Jersey.

Tropical Cheese has previously received Authority assistance in the form of a $125,000 loan (P07720) for equipment and machinery that closed in October 1994. The loan was serviced according to terms.

MATERIAL FACTOR/NET BENEFIT:
Tropical Cheese has determined that in order to remain competitive at its current location, the company will need to make significant upgrades to the Perth Amboy facility. This has caused Tropical Cheese to consider potential relocation options. Under consideration is moving the business to a new facility in Pennsylvania. The alternative is to invest nearly $6 million at its current location to add a new 30,000 sq ft refrigerated building as well as acquire and install machinery at the facility. The company is seeking both a BEIP & BRRAG to provide an incentive to choose the New Jersey option. Management has indicated that these grants will be a material factor in the company’s decision. The project would mean the retention of 258 existing employees in New Jersey as well the addition of 32 new employees over the next two years. The applicant has demonstrated that grant of these tax credits would result in a net benefit to the state of $37.0 million over the 7 years that the company would be committed to remain in New Jersey as part of a BRRAG agreement.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed BRRAG benefit to Tropical Cheese Industries, Inc. and affiliates to encourage the company to remain 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 amount and the term. 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 and the term that corresponds to the actual criteria that have been met.

CONDITIONS OF APPROVAL:
1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in NJ unless the applicant had a pre-application meeting with the Authority during the grandfathering period.
2. If the applicant enters into a lease for the project site, the term of the lease will be no less than 8 years exclusive of any renewal options.
3. Expenditures totaling at least twice as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before 01/31/2013 in order to remain eligible for the bonus award.
4. No employees subject to a BEIP grant or another BRRAG are eligible for calculating the benefit amount of this BRRAG.
5. If the applicant remains in a location at which it currently operates, expenditures totaling at least as much as the BRRAG award must meet the statutory definition of Capital Investment and must be made on or before 01/31/2013.

END OF APPLICANT’S FISCAL YEAR: DECEMBER 31
CAPITAL INVESTMENT MUST BE MADE BY: JANUARY 31, 2013
SUBMISSION DATE OF CPA CERTIFICATION: APRIL 30, 2013
TOTAL ESTIMATED GRANT AWARD OVER TERM: $1,161,000
  STATE FISCAL YEAR 1 APPROVAL (SFY 2014): $580,500
  STATE FISCAL YEAR 2 APPROVAL (SFY 2015): $580,500
ELIGIBLE BRRAG JOBS: 258
YEARLY TAX CREDIT AMOUNT PER EMPLOYEE: $1,500
BONUS AWARD PER EMPLOYEE: $750
TOTAL YEARLY TAX CREDITS INCLUDING BONUS: $2,250
ANTICIPATED AVERAGE WAGES: $65,000
ESTIMATED TOTAL GROSS ANNUAL PAYROLL: $16,770,000
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 7 YRS: $3,273,375
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: $5,760,880
OPERATED IN NEW JERSEY SINCE: 1982

PROJECT IS: (X) Expansion ( ) Relocation
CONSTRUCTION/RENOVATION: (X) Yes ( ) No
DEVELOPMENT OFFICER: P. Ceppi APPROVAL OFFICER: K. McCullough
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: February 14, 2012

SUBJECT: Tyco International Ltd, Inc., collectively “TYCO”

Modification Request:
Consent to the following actions:

1. Reduce the New Employee Commitment from 300 to 150 and rescore the grant as a result of the change in the corporate structure (separation of TYCO into three independent, publicly traded companies);

2. Amend the existing grant agreement to remove TV&CG Holding and Tyco Flow Control Company LLC (collectively “FLOW”) from the grant;

3. Amend the existing grant agreement to remove entities that no longer are affiliated with Tyco and/or those entities that have been dissolved as legal entities; and

4. Amend the existing grant agreement to add Keystone (US) Management, Inc. and SimplexGrinnell LP to the Tyco International, Ltd. grant.

In exchange for these changes, TYCO’s grant will be amended to include all currently required program caps (20% cap, 80% base employment test [to be applied at the date of separation] and the $50,000 per employee withholdings cap. All changes referenced above will be subject to the approval of the separation by the Securities and Exchange Commission (“SEC”).

Background:
Tyco International, Inc. was incorporated in Bermuda in 1960. It currently operates as a diversified manufacturing and service company of electronic equipment, circuit boards, power products, communication systems including under seas fiber optic cable systems, fire detection and suppression systems, medical supplies and other specialty products.

In 2003, TYCO was approved for 10 year/70% BEIP for the relocation of the company’s principal management offices from Manhattan to West Windsor, Mercer County and the creation of 300 new positions in New Jersey. The Minimum Eligibility Threshold of 75 was reached in September 2003. As of 12/31/11, TYCO reported 425 jobs on its annual report. Approximately $15 million of BEIP payments have been disbursed through 2008; an additional amount of $6.5 million is pending review/disbursement for 2009/2010.

In early 2011, Tyco sought to expand its US Government contracts to all its domestic operating subsidiaries. As a requirement under the Department of Defense, chief (control group) officers
of Tyco are limited from serving as officers/directors of any of these entities and required that they be segregated from the rest of the Princeton operations. On June 30, 2011, these certain officers were transferred from Tyco to Keystone (US) Management, Inc. The company does not anticipate any new job creation as a result of the addition and are asking to add this entity to the existing grant. The grant eligible employees that will be paid under this entity are already included on the Tyco grant.

On September 19, 2011, Tyco International Ltd.'s Board of Directors unanimously approved a plan to separate the company into three independent, publicly traded companies: Flow Control, ADT North America Residential and Tyco Commercial Fire and Security [TYCO]. As a result of the separation of the companies, TV&CG Holding and Tyco Flow Control Company will be combined to form FLOW, which will ultimately be spun off to its foreign parents and combined into a newly formed Flow Control Swiss Co. On the date of the spin off, the shares of the Flow Control Swiss Co. will be spun out from the parent company, Tyco International Ltd. and it will be a standalone company, with no affiliation to TYCO, either through affiliation or a parent/subsidiary relationship.

As the reduction of its work force is a result of a change in the company’s business model, as opposed to the downsizing of jobs or relocation of jobs out of state, TYCO is requesting EDA’s consent to amend its 2003 grant agreement to remove the entities that will no longer be part of TYCO to and proportionally reduce the new employment commitment number from 300 to 150 to reflect the number of jobs that it will employ post separation. The grant will be rescoring using the current scoring criteria and the grant will be capped pursuant to current guidelines imposed on new grants (20% cap, 80% statewide employment and $50,000 per employee cap on withholdings). All changes will be subject to approval of the separation by SEC.

As the new FLOW may hire some former TYCO employees, it is understood that if that occurs, TYCO will retain the grant award for the employees up until separation and FLOW will be eligible to receive grant proceeds post separation. It is understood, however, that combined grant award for employees moving from TYCO to FLOW will be capped at 10 years of payments.

**Recommendation:**
Consent to the modification to:
1. Reduce the new employment commitment from 300 to 150 and rescoring the grant as a result of the change in its corporate structure;
2. Remove TV&CG Holding and Tyco Flow Control Company LLC (collectively "FLOW") from the grant;
3. Remove non-related and dissolved entities from the grant; and
4. Add Keystone (US) Management, Inc. and SimplexGrinnell LP as tax paying entities.

In exchange for these modifications, the grant will be rescoring and capped pursuant to current BEIP rules. All changes in this recommendation will be subject to approval of the separation by the SEC.

Prepared by: Charlene M. Craddock, Tejinder Gill and Lisa Coane
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: Tyco Flow Control US Holding Corporation

PROJECT LOCATION: 500 Alexander Park

West Windsor Township
Mercer County

GOVERNOR'S INITIATIVES:

( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:

Tyco Flow Control US Holding Corporation (or its legal name to be determined) is a newly formed corporation to hold the assets of the flow control business of Tyco Valves and Controls, Inc., a subsidiary of Tyco International Ltd. Tyco International Ltd. ("Tyco") is a highly diversified global manufacturing company incorporated in Switzerland with its US operation headquarters in Princeton NJ. Tyco recently announced a decision to separate its three major North American business segments, flow control, residential security systems and commercial fire and security protection, into three independent, publicly traded companies (the "2012 Separation"). The 2012 Separation is expected to be completed by the end of the third calendar quarter of 2012 and is subject to final approval by the Tyco Board of Directors and its shareholders and the completion and filing of necessary registration statements with the U.S. Securities and Exchange Commission.

The Tyco Flow Control segment designs, manufactures, sells and services highly engineered valves and controls for energy markets (oil, gas and nuclear), general process industries, mining and water supply/treatment markets. The flow control activities also include the design, installation and servicing of heat tracing systems. The applicant is economically viable.

Tyco International Ltd. and its subsidiaries are the recipient of a 70% BEIP grant (P14627) which closed in 2003 for the Princeton headquarters. This BEIP grant is being presented in conjunction with a Board Memorandum dated February 14, 2012 to restructure and modify the existing BEIP grant.

MATERIAL FACTOR:

This BEIP request is specific to the relocation of the new flow control business’ U.S. executive headquarters, which is expected to create 110 new jobs. In addition to New Jersey, Texas and Pennsylvania regions are being considered as possible locations. Management has indicated that the BEIP grant is a material factor in the company's decision.

In the event any of the Tyco employees covered by the 2003 BEIP transfer to the new Tyco Flow Control, it is understood that the combined grant award for any employees transferring from Tyco to the new Tyco Flow Control will be capped at 10 years of payments.
APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Tyco Flow Control US Holding Corporation 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: $4,240,445
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 0

ELIGIBLE BEIP JOBS: Year 1 60 Year 2 50 Base Years Total = 110

ANTICIPATED AVERAGE WAGES: $148,000

ESTIMATED PROJECT COSTS: $1,500,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $7,709,900

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $7,324,405

PROJECT IS: ( ) Expansion ( ) Relocation

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: ( ) Domestic (X) Foreign Switzerland

DEVELOPMENT OFFICER: M. Abraham APPROVAL OFFICER: T. Wells
## FORMULA EVALUATION

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<td>4. Industry: industrial/electrical equipment</td>
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<td>Designated : _______Non-Designated : _______</td>
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<td>5. Leverage: 3 to 1 and up</td>
<td>2</td>
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<td>6. Capital Investment: $1,500,000</td>
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<tr>
<td>7. Average Wage: $148,000</td>
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</tbody>
</table>

**TOTAL:** 9

### 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% 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%

**Total Bonus Points:** 20%

**Total Score:**

**Total Score per formula:** 9 = 30%

**Construction/Renovation :** 5%

**Bonus Increases :** 20%

**Total Score (not to exceed 80%) :** 55%
ECONOMIC REDEVELOPMENT AND GROWTH (ERG) PROGRAM
MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: February 14, 2012

RE: MSST Fidelco Properties LLC
Economic Redevelopment and Growth Grant Program

Request

The Members are asked to approve the application of MSST Fidelco Properties LLC ("MSST" or the Applicant) for reimbursement of certain taxes for a project located in Newark, Essex County, under a "state incentive grant" by the EDA pursuant to the Economic Redevelopment and Growth Grant (ERG) program set forth in N.J.S.A. 52:27D-489c (Act).

The total project costs are estimated to be $34,240,497. The total qualified costs under the ERG Act are $28,200,803. The recommended reimbursement is 20% of the eligible costs, not to exceed $5,640,161.

Project Description

The Project consists of the acquisition and renovation of six separate properties (210, 212, 216, 218, 222 and 224 Market Street) encompassing 106,222 square feet of rentable space. The proposed layout will feature 11 commercial units aggregating 38,000 square feet plus 72 residential units (ranging in size from 545 to 4,996 square feet with average rent of $1,500 per month). It is envisioned that the first floor will consist of retail tenants. The second floors may be comprised of office space (as buffer between retail and residential) or residential rental units. Employment at the commercial spaces is anticipated to be at least 70 full time with another 81 construction jobs created. It is noted that in 2010, the development team completed the renovation of 191 Market Street in Newark (a 9,300 square foot facility with 3,500 sf of retail and eight residential units). This project has already been leased up at 90% occupancy.

The location of this project is within a half block of The Prudential Center and given this proximity as well as to mass transit, a complimentary mix of restaurants, retail and public services are needed to populate the street and create the needed transformative development that this project offers. A combination of sustainable building practices, historic preservation and renovation, transit oriented development and proximity to cultural centers such as the Prudential Center, NJPAC, Symphony
Hall, The Newark Museum and the Newark Public Library position this mixed use development to further enhance the development of Downtown Newark.

Demand for residential space is experiencing sound growth in this area as tenants from New York and surrounding New Jersey communities are willing to move to Newark to work there or commute via the numerous mass transit options in the immediate vicinity. In addition, university professors from one of the several institutes of higher education in Newark as well as students and young professionals are eager to lease up these type of units with amenities. The project is consistent with state, regional and local development and planning strategies.

The location of the project is within the City of Newark’s Redevelopment Plans (namely the 2008 Newark Living Downtown Plan and the 2004 Downtown Core District Plan) centered upon removing vacant and underutilized buildings and re-developing the same to increase the tax base, promote attractive commercial space for small businesses and provide additional housing stock for the community.

This project is expected to create approximately 70 new full time jobs, and 81 one time construction jobs. The average salary of the retail jobs is approximately $25,000 which corresponds to the RIMS salary data.

**Project Ownership**

The Applicant is equally owned 50/50 by two entities, Market Fidelco LLC (“MFidelco”) and Brick Equity, LLC (“Hanini”).

MFidelco was formed as an investment vehicle which entered into a development agreement with Hanini. MFidelco is related (via common ownership) to The Fidelco Group (parent organization or “Fidelco”) which operates as a private investment firm with diverse corporate and real estate interests. Fidelco Realty Group is a primary subsidiary of Fidelco and operates as an owner-developer of residential, commercial and industrial properties primarily in New Jersey, New York, Florida, Connecticut and Ohio. For more than 25 years, Fidelco has been an active investor in properties which require rehabilitation, repositioning and/or environmental remediation as the firm strives to restore these properties for the benefit of local communities. Recognized for its diverse portfolio of properties, Fidelco has been a leader in urban renewal projects, with those completed or under development encompassing more than nine million square feet of property. Mark Berson owns 100% of Fidelco Group.

Brick Equity LLC is owned equally by Thafer Hanini and Samer Hanini. The Harini Brothers have developed fifteen properties over the past seven years focusing on residential rental rehabilitation projects (generally from three to twenty units and occasionally including ground floor retail) primarily in Newark. They are also 50% owners of a $30 million project known as 810 Broad Street, LLC which was approved by the Members of the Authority for an ERG in the amount of $4.7 million in September of 2010 (relating to the rehabilitation of a vacant, historic, 12 story former bank building which will be an Indigo hotel with ground floor retail adjacent to the Prudential Center in Newark). This project is undergoing renovations and on 10/31/2011 closed on both their primary bank financing of $9.7 million and historic tax credits of $4.5 million with anticipated opening of August 2012.
Project Uses and Sources
The Applicant proposes the following uses and permanent sources for the Project:

<table>
<thead>
<tr>
<th>Uses</th>
<th>Total Project Costs</th>
<th>ERG Eligible Amount*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition &amp; Land</td>
<td>$ 8,105,000</td>
<td>$ 6,225,000</td>
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<tr>
<td>Construction, Renovation &amp; Contingency</td>
<td>$ 16,188,514</td>
<td>$ 16,188,514</td>
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<td>Soft Costs</td>
<td>$ 3,545,436</td>
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<td>Financing &amp; Other Costs</td>
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<td>$ 1,800,085</td>
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<td>Predevelopment Costs</td>
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<td>$ 1,177,412</td>
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<tr>
<td>Development Fee</td>
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<td>$ 0</td>
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<tr>
<td>TOTAL USES</td>
<td>$ 34,240,497</td>
<td>$ 28,200,803</td>
</tr>
</tbody>
</table>

* ERG eligible costs exclude the developer fee (which does not fit within the guideline definition of eligible hard or soft costs) plus $735,644 of the professional services which exceed the 20% soft cap. Additionally, $1,880,000 of the acquisition costs are greater that the current appraised value and therefore deducted from the eligible costs.

<table>
<thead>
<tr>
<th>Sources</th>
<th>Total Project Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
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<tr>
<td>HTC and NMTC</td>
<td>$ 8,609,136</td>
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<tr>
<td>Equity (includes $3,424,050 Developer Fee)</td>
<td>$ 12,550,664</td>
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<tr>
<td>Total</td>
<td>$ 34,240,497</td>
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</tbody>
</table>

The sources and uses above reflect the project with the ERG subsidy not included. The project gap is calculated based on the Equity Internal Rate of Return and Cash-on-Cash Yield identified in the gap analysis, which is discussed below. These returns are calculated with and without the ERG cash flow to compare the returns.

Gap Analysis
EDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this project. Staff analyzed the pro forma and projections of the project and compared the returns with and without the ERG. The returns assume that permanent financing is undertaken consisting of debt (at 6.0% interest or a 25 year amortization) of approximately 57% of project costs which is consistent with the term sheet provided by the applicant which outlines NMTC financing in the amount of $19.5 million as well as $4.4 million in historic tax credits (of which $3.1 million will be received up front at closing). Additionally, the pro forma financial model submitted by the Applicant reflects a 20% allocation for affordable housing and these parameters were also used by EDA staff in calculating the project returns as indicated hereafter.
<table>
<thead>
<tr>
<th>Without ERG</th>
<th>With ERG</th>
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</thead>
<tbody>
<tr>
<td>Equity IRR</td>
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<td>(Market Range = 15-20%)</td>
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<td>Cash on Cash Yield</td>
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<td>(Market Range = 8-10%)</td>
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<td>Equity IRR</td>
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As indicated in the chart above, the project would not otherwise be completed without the benefit of the ERG. With the benefit of the ERG, the Equity IRR is 10.18% and the Cash-on-Cash Yield is 7.97%, making the returns modestly below the market ranges provided by the EDA’s contract consultant, Jones Lang LaSalle. The additional revenue from the prospective ERG enables this project to move forward.

**Net Benefit Analysis**

The Authority has conducted the required Net Benefit Analysis and has found that the present value of the Net Positive Benefits to the State at a 6% discount rate over a 20 year period is $8.7 million. Computing the 110% net benefit test results in a figure of $7.87 million (which exceeds the proposed $5.6 million ERG award). The Net Positive Benefit calculation included:

- 66% of the incremental annual corporate business tax
- 66% of the incremental gross income tax
- 0% of the incremental one-time tax generated from the Project’s construction; and;
- 100% of the incremental indirect spillover tax revenues from earnings and expenditures.

Sales taxes are excluded from the calculation as the project is not deemed a destination. Therefore, it is assumed that there will be no additional new sales tax benefits to the State. The full time jobs utilized in the above calculations were 70 which is conservative as the Applicant indicated the full time employment would be double this figure.

**Other Statutory Criteria**

In order to be eligible for the program, staff shall consider the following:

The economic feasibility and the need of the redevelopment incentive agreement to the viability of the project. The likelihood that the project shall upon completion is capable of generating new tax revenue in an amount in excess of the amount necessary to reimburse the developer for the project costs as provided in the redevelopment agreement.

Based on the expected generation of $15 million of incremental sales and corporate income taxes over 20 years, and a 75% rebate of eligible taxes, there are adequate funds to support the reimbursement of taxes to the Project. As discussed previously, the project financial returns before the ERG demonstrate a need for the incentive grant agreement. Taking into account the experience of the two owners of the Applicant (who have developed several successful projects in the immediate vicinity of the proposed project), the term sheet for the debt in the Project, the ability to attract historic and new market tax credit subsidies, the resources of the development team relative to the equity contribution necessary in this Project, the 106,222 square feet of net rentable space
with several identified commercial tenants (with signed leases and/or letters of intent), the strong market potential for the project location in Downtown Newark, as well as the benefits derived from the ERG award serve to indicate that the project has a likelihood of success.

The degree to which the redevelopment project within a municipality which exhibits economic and social distress, will advance State, regional, local development and planning strategies, promote job creation and economic development and have a relationship to other major projects undertaken within the municipality.

The Project is located in Newark which is New Jersey’s most populous city and suffers from a citywide poverty rate of 24 percent. Newark also has an unemployment rate of almost 15% (which is significantly above the State and US averages) and is 693rd out of 702 incorporated or census-designated places in New Jersey in per capita income. The census tract of the project is deemed highly depressed as defined by CDFI (and eligible for new market tax credit funding) with a 44.7% poverty rate, 28.7% less income verses the area median income and unemployment rate of 24.4%.

The proposed development will create approximately 70 full-time jobs and add approximately 40 part-time jobs, with an average salary of $24,800. Additionally the improvements will increase the tax ratable on the property by an estimated $130,000 annually (commencing in year seven).

Recommendation
Authority staff has reviewed MSST Fidelco Properties, LLC’s application and finds that it is consistent with eligibility requirements of the Act. The Treasurer, in reviewing the application, has notified the Authority of the adequacy of the project’s estimated tax revenues and specified the percentage reimbursement of total project costs. Therefore, it is recommended that the Members approve the application and authorize the CEO of the Authority to execute an Incentive Grant Agreement with the applicant and the State Treasurer, subject to final review and approval of the Office of the Attorney General. All disbursements under the ERG program are subject to annual appropriation by the New Jersey State Legislature.

Closing of the Incentive Grant Agreement and the reimbursement of any taxes is contingent upon the Applicant meeting the following conditions regarding the Project:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant in its application to the Authority for the ERG; and

2. Evidence of site control and site plan approval for all parcels within the Project;

3. Compliance with the required number of affordable units per law.

Reimbursement shall commence upon:

1. Completion of construction/renovation and issuance of a permanent certificate of occupancy;

2. Submission of a detailed list of all eligible costs, which costs shall be satisfactory to the NJEDA; and
3. New tax revenues have been paid to the NJ Treasury and appropriated.

The NJ Treasury annually tracks taxes received from job sites and remits reimbursement equal to a percentage of funds collected during the year.

It is recommended that the members authorize the CEO of the EDA to execute any assignment agreements necessary to effectuate this transaction.

**Total Eligible Project Costs:** $28,200,803

**Eligible Taxes for Reimbursement:** Sales and Other Eligible Taxes not to exceed $5,640,161 over 20 years.

**Recommended Grant:** 20% of eligible costs, not to exceed $5,620,161 over 20 years

Prepared by: Michael Conte

Caren S. Franzini
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<tr>
<th><strong>NJEDA Economic Impact Model</strong></th>
<th><strong>Notes</strong></th>
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URBAN TRANSIT HUB TAX CREDIT PROGRAM
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: February 14, 2012

RE: Urban Transit Hub Tax Credit Program – Report on Activity and Program Recommendations

The Urban Transit Hub Tax Credit (UTHTC) Act was originally signed into law in 2008, and has been amended several times since inception. At the Chair’s request, staff has undertaken a review of UTHTC activity. This memorandum provides an overview of activity to date, as well as recommendations for the future administration of the program based upon the most recent legislative enhancements including the Grow NJ program, UTHTC project pipeline review and staff analysis.

Program Summary

The UTHTC program benefits a developer, owner, or tenant making a qualified capital investment within a designated Urban Transit Hub. Under the commercial portion of the program, qualified businesses receive tax credits equal up to 100% of the qualified capital investments. This component expires in January 2013. Residential projects may receive credits for up to 35% of total eligible costs. This component expires in July 2014. Taxpayers may apply or sell 10% of the total credit amount per year over a ten year period against their corporate business tax, insurance premiums tax or gross income tax liability.

Total credits approved under this program are capped at $1.5 billion, with $250 million currently allocated by Board action towards residential projects.

Within the UTHTC program, $100 million is slated for Offshore Wind projects per the Offshore Wind Economic Development Act (expires January 2013), and $200 million is set aside for the new Grow NJ program (expires July 2014).
Allocation Breakdown

As of 1/31/12, the total tax credits approved under the UTHTC program is $219.6 million for qualified residential projects and $696.5 million for commercial projects, for a total of $916 million for all approved projects.

All of the approved commitments under UTHTC to date, plus the authorization under the new Grow NJ program, and the allocation towards Offshore Wind projects result in commitments against the $1.5 billion cap of approximately $1.2 billion. This calculation results in an uncommitted allocation of $30.5 million for residential projects and $253.5 million for commercial projects. Over the month of January, staff undertook a comprehensive review of all approved projects to ensure that they are meeting Board conditions and project milestones indicated at approval. To date, two residential projects received amended approvals by the Board due to expanded project costs and unavailability of other capital resources.

- **Residential Pipeline**: There are several projects that have been approved for the 20% credit that have submitted applications and/or discussed amendments with staff to obtain additional credits.
- **Commercial Pipeline**: Staff has reviewed the current list of commercial projects awaiting approval (or pipeline), and anticipates approximately $50 million in upcoming project approvals, reducing the remaining allocation balance for commercial projects from $253.5 million to $203.5 million. Staff is also in conversation with several potential commercial projects.

Recommendation

Given the projected level of the remaining program allocation (including approvals, Wind/Grow NJ allocations and pipeline projects), staff recommends the following approach to administering the UTHTC program through its 2014 sunset:

1. **Utilization of Commercial Allocation in 2012**: Staff recommends that an evaluation by staff of applicant pipeline for “ready-to-go” commercial projects be conducted in the fall of 2012. This evaluation will be performed along with a review of approved projects’ progress towards milestones in order to recommend whether any remaining allocation, including the $100 million authorized for wind projects which has a January 13, 2013 sunset, should be authorized to allow new UTHTC residential projects and/or Grow NJ projects. Staff also recommends that applications for commercial projects continue to be accepted in 2012 to utilize the commercial UTHTC allocation balance in accordance with the statutory January 13, 2013 application deadline, as well as the predominant focus of the legislative intent to encourage commercial investment linked to transit in urban areas.

2. **Residential Cap to remain at $250 Million**: Staff recommends maintaining the previously determined, Board-directed cap of $250 million for residential projects for the next several months while we review the pipeline of commercial projects. Since we have applications in-house and in our pipeline that exceed the remaining residential cap,
application approvals for new residential projects should be put on hold. Applicants that have submitted application fees will be reimbursed upon request.

3. **Utilization of Remaining Residential Allocation in 2012** - Staff recommends that the remaining allocation of $30.5 million for residential tax credits be reserved for previously approved, “ready-to-go” projects that have indicated they are seeking modification for an increase in credits up to 35% to complete their project financings.

4. **Utilization of Residential UTHTC and Grow NJ Allocation in 2014** - Pending the evaluation outlined in Recommendation #1 above regarding commercial projects and allocation availability, staff will make a recommendation to the Board regarding the process of handling the Grow NJ and/or UTHTC residential applications in 2013 in anticipation of the statutory July 2014 sunset for the UTHTC residential and Grow NJ components of the UTHTC program. This recommendation will also address the potential to utilize the authority granted though program rules to develop a competitive process to award some or all of the tax credits remaining.

[Signature]

Caren S. Franzini

Prepared by: Nicole Royle
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<th>County</th>
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Updated as of 2/7/2012
MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: February 14, 2012

RE: Pennrose Properties LLC (Carl Miller Homes)
Urban Transit Hub Tax Credit Program

Request
The Members are asked to approve the Urban Transit Hub Tax Credit (“UTHTC”) program application for Pennrose Properties LLC (“Applicant”) under P.L. 2007, c.346, P.L. 2008, as amended on July 26, 2011 to re-approve and amend the Trenton Housing Authority’s (“THA”) previous UTHTC approval to increase the nominal award amount previously awarded on October 13, 2009. The Applicant was selected as the designated developer of the Carl Miller Homes (the “Project”), a proposed residential development with mixed-income, affordable family rental housing in Trenton, New Jersey on September 25, 2009.

The total costs of the Project are estimated to be $60,048,457, a decrease of $15,860,570 from the previous application. Total eligible costs under the UTHTC program are $50,619,179 (which does not include $1,326,452 of eligible costs which will be incurred after the Applicant submits cost certification to the Authority). The recommended award of tax credits is 35% of the eligible costs, not to exceed $17,716,713 or $1,771,671 annually for 10 years. This represents an increase of $5,933,743 from the previous award of $11,782,970.

This modification is requested by the Applicant to increase the award amount from 15.5% (as previously approved) to 35% of eligible costs for a residential project to meet the financing gap. Major changes to the Project since the previous application include: (1) increase in the financing gap in the Project due to a reduction in the amount of HOPE VI funding available for construction, (2) the original applicant (THA) has designated the Applicant as the developer of the Project and (3) the scope of the project has changed to exclude an affordable homeownership component, making the project 100% affordable and low income rental units.

Project Description
The Project is a proposed 233,000 square foot residential development on 9.35 acres of land located in Trenton, New Jersey. The site is located in an urban transit hub near Trenton Transit Center and is part...
of the Trenton Station Redevelopment Plan. The Trenton Housing Authority ("THA") currently owns a
large portion of the Project site and on April 10, 2010, THA executed an agreement with Carl Miller
Associates I LLC, an affiliate of the Applicant (THA’s designated developer/reevolver) to enter into a
ground lease. The final lease is subject to U.S. Department of Housing and Urban Development
("HUD") approval of the transfer of the property. The Agreement to Enter into Ground Lease was
effective until December 31, 2011, and both parties are actively negotiating an extension to the
agreement as well as the actual Ground Lease. In October 2010, the Applicant and THA entered into a
Master Developer Agreement for the Project, outlining the terms of the Applicant’s role in developing
the Project.

The Project site previously consisted of 256-units in two high-rise and twelve low-rise structures. The
development, which was built in the 1950’s, fell into disrepair and the two towers were closed in the
1990’s. In July 2010, THA received a $22 million HOPE VI grant from HUD to demolish the
development and rebuild and revitalize the site. In addition, portions of the $22 million grant is
designated for other community programs related to the Project and cannot be used for construction. As
such, approximately $16 million has been committed to Demolition of the structures was completed in
October 2011.

The overall revitalization plan calls for the demolition and replacement of the Carl Miller Homes
development with 204 units of mixed-income, affordable family rental housing, which will be
constructed within twelve buildings on a site that extends next to the Assunpink Creek from Lincoln
Avenue to both sides of Monmouth Street. The new construction will consist of 63 one-bedroom, 73
two-bedroom, 62 three-bedroom, and 6 four-bedroom units. 182 units will be constructed on the
existing Miller Homes site, while an additional 22 units will be constructed across Monmouth Street at
the south end of the site. On-site parking will be provided for the residents. The development also
includes 5,400 square feet of community, management and maintenance space.

A UTHTC award of $11,782,970 had previously been approved by the Members on October 13, 2009
for THA for a similar project on the same site as the Applicant’s Project. This application is considered
a re-approval and amendment. The previous approval was granted very early in the development
process to strengthen THA’s HOPE VI application by demonstrating that THA could leverage funds
with other funding sources.

The Applicant is anticipating that construction will begin during the second quarter of 2012 and be
completed within 18 to 20 months, with full lease-up by early 2014. In this revitalization, the natural
environment will be enhanced with passive, active and secure green spaces. All buildings will pursue
LEED for Homes certification. Reconfigured networks of streets, infrastructure and other public
improvements will be designed to seamlessly connect the Carl Miller Homes site into the surrounding
communities. A recreational walkway along the adjacent Assunpink Creek will be created during the
redevelopment and will become part of Trenton’s Assunpink Greenway project.

In July 2011, the Applicant received site plan approval on a portion of the project that includes 182 of
the proposed 204 units. The Applicant is in the process of applying for site plan approval on the
remainder of the Project which includes the remaining 22 units. THA and the City of Trenton own most
of the land for the Project, which is currently being transferred to the Applicant’s control through the
Agreement to Enter into Ground Lease. The Applicant is currently negotiating site control via option
agreements for the remaining privately owned parcels with current property owners. Approximately
$5.1 million has been spent to date, which includes $4 million in demolition and pre-development costs.

**Project Ownership**

The Project will be owned by a single-purpose New Jersey LLC, which will be the ultimate recipient of the HUB tax credits. The managing member of this LLC will be owned and managed by the Applicant and will have a 0.01% ownership interest in the Project. A Low Income Housing Tax Credit investor will be admitted as a non-managing member of the LLC and will have a 99.99% ownership interest.

The Applicant, Pennrose Properties LLC, is a multifamily development and property management company founded in Pennsylvania in 1981. They have significant experience and expertise in complex, multi-phase urban and suburban development including mixed-use development for both market rate and mixed income communities. They have developed and managed more than 150 communities and more than 10,000 units of housing. The following individuals have a 10% or more interest in the Applicant: Richard K. Barnhart, Chairman and CEO, and Mark H. Dambly, President.

**Project Uses and Sources**

The Applicant proposes the following uses for the Project:

<table>
<thead>
<tr>
<th>Uses</th>
<th>Total Project Costs</th>
<th>HUB Eligible Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Costs</td>
<td>$240,000</td>
<td>$0</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>44,990,500</td>
<td>44,990,500</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>8,845,131</td>
<td>5,628,679</td>
</tr>
<tr>
<td>Development Fee</td>
<td>5,972,826</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$60,048,457</strong></td>
<td><strong>$50,619,179</strong></td>
</tr>
</tbody>
</table>

Eligible costs to be approved in the current application exclude $9,615,330 of Project costs including $240,000 of land and acquisition costs, $5,972,826 of development fee, $1,890,000 of soft costs which do not fit within the guidelines and definition of eligible hard or soft costs and $1,512,504 in eligible costs which will be incurred after costs are certified and tax credits are issued.

<table>
<thead>
<tr>
<th>Sources</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income Housing Tax Credit (“LIHTC”) Equity</td>
<td>$21,283,120</td>
</tr>
<tr>
<td>UTHTC Equity</td>
<td>13,287,535</td>
</tr>
<tr>
<td>Hope VI Funds</td>
<td>15,894,678</td>
</tr>
<tr>
<td>City of Trenton (HOME, RCA)</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Trenton Housing Authority</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>1,918,026</td>
</tr>
<tr>
<td>Permanent Loan</td>
<td>1,905,098</td>
</tr>
<tr>
<td>FHLB AHP Loan</td>
<td>760,000</td>
</tr>
<tr>
<td><strong>TOTAL SOURCES</strong></td>
<td><strong>$60,048,457</strong></td>
</tr>
</tbody>
</table>

The Applicant is awaiting approval from the New Jersey Housing & Mortgage Finance Authority.
("NJHMFA") for a LIHTC allocation which would allow them to attract an investor to provide $21.3 million in LIHTC equity. In addition, the Applicant has applied to the NJHMFA for construction financing and a permanent loan. THA has informally agreed to provide the stated level of Hope VI and RHF funding, and the parties are currently in the process of finalizing an agreement to document this commitment. Both the Applicant and THA will each be deferring 1% of their developer fee to be payable from project cash flow. The Project has received approval from the Federal Home Loan Bank in New York for a zero interest loan through the Affordable Housing Program in the amount of $760,000.

**Gap Analysis**

EDA staff has reviewed the application to determine if there is a project financing gap. Staff analyzed the pro forma and projections of the project and compared the returns with and without the UTHTC award. Approximately 35% of the units will be housing authority units and are projected to be priced at 15% of Area Median Income ("AMI"), and it is projected that HUD will provide an ACC subsidy to increase the Applicant’s cash flow to 35% of AMI. The remaining 65% of the units will be priced at 50% of AMI. As such, this project is considered very low income and the Applicant’s primary source of return is the developer fee, not future cash flow generated by the project. THA has a waiting list of more than 2,000 families for this type of housing. We have reviewed the project with the NJHMFA and they have confirmed that the project seems to meet the eligibility requirements for the LIHTC program. The applicant cannot obtain NJHMFA approval for the LIHTC, construction loan and permanent loan unless the Applicant has commitments for all funding sources including approval of the UTHTC application. Although NJHMFA has not completed their underwriting, they are actively moving the application forward and are not aware of any issues that would preclude the Applicant from obtaining approval. In addition, they have confirmed the reasonableness of their operating and debt assumptions.

<table>
<thead>
<tr>
<th>Without HUB</th>
<th>With HUB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity IRR</td>
<td>Equity IRR</td>
</tr>
<tr>
<td>N/A</td>
<td>7.97%</td>
</tr>
<tr>
<td>(Market Range = 15-20%)</td>
<td>(Market Range = 15-20%)</td>
</tr>
<tr>
<td>Cash on Cash Yield</td>
<td>Cash on Cash Yield</td>
</tr>
<tr>
<td>2.27%</td>
<td>8.85%</td>
</tr>
<tr>
<td>(Market Range = 8-10%)</td>
<td>(Market Range = 8-10%)</td>
</tr>
</tbody>
</table>

Staff has analyzed this project utilizing the Authority’s standard UTHTC rate of return and yield models which were developed to review against what are considered market rates. As this project relies so heavily on federal and State subsidies designed to result in affordable housing, the analysis of market returns is not as relevant since the return is driven by developer fee. However, in utilizing the Authority’s model, as indicated in the chart above, the Project would not otherwise be completed without the benefit of the HUB. With the benefit of the HUB, Cash on-Cash Yield is projected to be 8.85%. The equity IRR of 7.97% represents the return on the deferred portion of the developer fee. This measurement is not necessarily relevant in this type of low income housing project because the Applicant’s returns are reflected primarily in the developer fee, and there is no cash equity invested in the project other than the deferred portion of the developer fee. The total developer fee for the project is 12%, which is within the guidelines for a typical LIHTC project. The Applicant will only be receiving a 10% fee, and THA will be receiving the remaining 2% of developer fee (1% at completion of the Project and 1% will be deferred). Recognizing that developer fee is a different indicator than market return, staff approached the NJHMFA to determine if there was a standard range. NJHMFA confirmed that the
Applicant’s proposed fee is typical of this type of subsidized project. Project cash flow will be shared between the Applicant and THA until the deferred fees are repaid from Project cash flow, after which time, the Applicant will be entitled to receive all cash flow. The gap analysis also assumes no resale value for the Project in year 10 since there are restrictions on selling the project for 15 years as imposed by the LIHTC program. The additional equity generated from the prospective HUB enables this project to move forward.

To date, $219,653,565 in tax credits have been approved under the UTHTC program for qualified residential projects and $696,484,664 for commercial projects for a total of $916,138,229. After approval of this project, the total tax credits approved under the UTHTC program will be $237,370,278 for qualified residential projects and $933,854,942 for all projects.

**Recommendation**

Staff has reviewed the application for the Project and the related documentation for consistency with the Act and Rules, as amended, implementing the UTHTC Program and recommends approval of the award of tax credits of 35% of the eligible costs, not to exceed $17,716,713 or $1,771,671 annually for 10 years. Prior to disbursement of any tax credits, EDA staff will ensure that the applicant provides all documentation as required under the UTHTC Act and Rules. In addition, award of tax credits is contingent upon the Applicant meeting the following conditions within six months of approval of this application:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant in its application to the Authority.

2. Evidence of site control and site plan approval for all parcels within the Project.

Caren S. Franzini

Prepared by: Christine Caruso
FILM TAX CREDIT TRANSFER PROGRAM
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: February 14, 2012

SUBJECT: New Jersey Film Tax Credit Program
List of Projects for Approval

BACKGROUND:

The New Jersey Film Tax Credit Transfer Program was established in 2006. The Statute that created this Program provides a credit under the New Jersey Corporate Business Tax and Gross Income Tax for film production expenses incurred in New Jersey. The tax credit serves as an incentive to encourage production companies to film in New Jersey. The legislation directs the New Jersey Division of Taxation (“Taxation”) and the Authority to implement the program, with the assistance of the New Jersey Motion Picture and Television Commission (“Film Commission”).

The Film Tax Credit Transfer Program enables taxpaying entities to receive a tax credit in an amount equal to 20% of Qualified Film Production expenses incurred in New Jersey after January 10, 2006. Ten million dollars in tax credits are available each State Fiscal Year until the program expires in 2015.

The taxpayer must demonstrate to the Authority and the Division of Taxation that at least 60% of the film’s total production expenses, exclusive of post production costs, were incurred for services performed and goods consumed in New Jersey. In accordance with the Statute, tax credits are reserved on a first come, first served basis (multiple applications received on the same date have equal priority to receive an allocation). In order to be eligible for the tax credit, principal photography must commence at least within 150 days of the Board approval. The tax credit may be utilized by the applicant or sold to another corporation via the issuance of a tax transfer certificate. If a given applicant seeks an allocation in excess of the amount available from the current State Fiscal Year’s limit, the applicant will receive the balance of the current State Fiscal Year’s limit and will be first in line to receive an allocation in the next available State Fiscal Year.

Projects are presented to the Board after being reviewed by the Film Commission. The tax credit amount is based on the estimated/actual costs presented by the applicant (subject to a cumulative total of $10,000,000 in any State Fiscal Year). The tax credits are limited to the amount
approved by the Board even if actual costs are in excess of the estimates. Any applicant with actual costs lower than the approved amount will receive a smaller tax credit based on actual costs. The applicant must submit to Taxation a CPA certification of eligible expenses. Taxation will then verify the actual eligible costs prior to approving the credit or providing a tax certificate.

The following projects have been reviewed by the Film Commission.

<table>
<thead>
<tr>
<th>Applicant/Producer</th>
<th>Production/Film Title</th>
<th>State Fiscal Year 2012</th>
<th>State Fiscal Year 2013</th>
<th>Total Project Allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Entertainment Inc.</td>
<td><em>Law &amp; Order: SVU – Season 10</em></td>
<td>$420,000</td>
<td>$861,086</td>
<td>$1,281,086</td>
</tr>
<tr>
<td>Open 4 Business, LLC</td>
<td><em>Mercy, Pilot</em></td>
<td>$1,247,603</td>
<td>$1,247,603</td>
<td>$1,247,603</td>
</tr>
<tr>
<td>Open 4 Business, LLC</td>
<td><em>Mercy, Series</em></td>
<td>$7,297,061</td>
<td>$7,297,061</td>
<td>$7,297,061</td>
</tr>
</tbody>
</table>

**Totals** $420,000 $10,000,000 $10,420,000

Staff recommends the approval of these projects, which are described more fully in the attached Film Tax Credit Project Memos, subject to satisfactory review of the actual production costs by the staff and Taxation and, as always, subject to any potential legislative amendment to the program. The approval of tax credits allocated to Fiscal Year 2013 will not become final nor will the tax credits be issued until after July 1, 2012.

Caren S. Franzini

Prepared by: John Rosenfeld/David Suesz
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - FILM TAX CREDIT

APPLICANT: Northern Entertainment Inc.

APPLICANT BACKGROUND:
Northern Entertainment, Inc. is the production company responsible for “Law & Order: Special Victims Unit (‘SVU’) - Season 10, Episodes 1-22”. SVU is currently one of the highest rated series of the Law & Order television series franchise, and is one of NBC’s top rated shows. It has been in production since September 1999. The series executive producer is writer/director Ted Kotcheff. The SVU series stars Christopher Meloni and Mariska Hargitay.

APPROVAL REQUEST:
Authority assistance will enable the applicant to receive a 20% tax credit for Qualified Film Production Expenses incurred in New Jersey for its network television production titled “Law & Order: Special Victims Unit (‘SVU’) - Season 10, Episodes 1-22.” The principal photography began or was to begin in or about July 2008.

This application has been reviewed by the New Jersey Motion Picture and Television Commission.

PRINCIPAL PHOTOGRAPHY BEGAN or WAS TO INITIALLY BEGIN: July 2008
DATE OF PROJECT COMPLETION (WAS ORIGINALLY EXPECTED): April 2009

PRINCIPAL MARKET(S) FOR WHICH PRODUCTION IS INTENDED:
Network Television

PROJECT COSTS (Initial Application Estimate):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Production Expenses (Less Post-Production Costs)</td>
<td>$69,495,404</td>
</tr>
<tr>
<td>Total New Jersey Production Expenses</td>
<td>$56,027,532</td>
</tr>
<tr>
<td>Total New Jersey Post Production Expenses</td>
<td>$0</td>
</tr>
</tbody>
</table>

Percentage of Required Costs in New Jersey: 80.62%

Maximum Tax Benefit Amount: $11,205,506

Applicant’s Fiscal Year End: 12/31

FINANCE OFFICER: David Sucszu COUNSEL: DAG

APPLICATION RECEIVED DATE: 01/11/2010 (Application #55)
APPLICATION APPROVED DATE: CURRENT OR INITIAL ALLOCATION YEAR(S): SFY2012 & SFY2013

1 The actual eligible production costs for this project have been verified by a CPA. The actual costs are slightly lower than the numbers contained in the application. The maximum approval amount is computed from the actual CPA certified costs of $51,421,967. As such the maximum tax benefit amount is $10,284,393 of which $9,003,307 was already approved 9/14/2011.

Prepared by: John Rosenfeld/David Sucszu
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - FILM TAX CREDIT

APPLICANT: Open 4 Business, LLC

APPLICANT BACKGROUND:
Open 4 Business, LLC is the production company responsible for “Mercy, Pilot”. This pilot and
regular Mercy TV series is an ensemble drama set in the fictional Mercy Hospital in Jersey City,
New Jersey. The show follows the lives of three very different nurses. Mercy was written by Liz
Heldens.

APPROVAL REQUEST:
Authority assistance will enable the applicant to receive a 20% tax credit for Qualified Film
Production Expenses incurred in New Jersey for its network television production titled “Mercy,
Pilot.” The principal photography began or was to begin in or about March 2009.

This application has been reviewed by the New Jersey Motion Picture and Television Commission.

PRINCIPAL PHOTOGRAPHY BEGAN or WAS TO INITIALLY BEGIN: March 2009
DATE OF PROJECT COMPLETION (WAS ORIGINALLY EXPECTED): April 2010

PRINCIPAL MARKET(S) FOR WHICH PRODUCTION IS INTENDED:
Network Television

PROJECT COSTS (Initial Application Estimate):

- Total Production Expenses (Less Post-Production Costs) $7,231,912
- Total New Jersey Production Expenses $6,238,017
- Total New Jersey Post Production Expenses $0

- Percentage of Required Costs in New Jersey 86.26%

- Maximum Tax Benefit Amount $1,247,603

- Applicant’s Fiscal Year End 12/31

FINANCE OFFICER: David Sucszu COUNSEL: DAG

APPLICATION RECEIVED DATE: 01/15/2010 (Application #56)
APPLICATION APPROVED DATE:
CURRENT OR INITIAL ALLOCATION YEAR(S): SFY2013

Prepared by: John Rosenfeld/David Sucszu
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - FILM TAX CREDIT

APPLICANT: Open 4 Business, LLC

APPLICANT BACKGROUND:
Open 4 Business, LLC is the production company responsible for “Mercy, Series”. This Mercy television series is an ensemble drama set in the fictional Mercy Hospital in Jersey City, New Jersey. The show follows the lives of three very different nurses. The cast includes Taylor Schilling, Jaime Lee Kirchner, and Michelle Trachtenberg, among other stars.

APPROVAL REQUEST:
Authority assistance will enable the applicant to receive a 20% tax credit for Qualified Film Production Expenses incurred in New Jersey for its network television production titled “Mercy, Series.” The principal photography began or was to begin in or about August 2009.

This application has been reviewed by the New Jersey Motion Picture and Television Commission.

PRINCIPAL PHOTOGRAPHY BEGAN or WAS TO INITIALLY BEGIN: August 2009
DATE OF PROJECT COMPLETION (WAS ORIGINALLY EXPECTED): April 2010

PRINCIPAL MARKET(S) FOR WHICH PRODUCTION IS INTENDED:
Network Television

PROJECT COSTS (Initial Application Estimate):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Production Expenses (Less Post-Production Costs)</td>
<td>$42,540,364</td>
</tr>
<tr>
<td>Total New Jersey Production Expenses</td>
<td>$36,485,304</td>
</tr>
<tr>
<td>Total New Jersey Post Production Expenses</td>
<td>$0</td>
</tr>
</tbody>
</table>

Percentage of Required Costs in New Jersey 85.77%

Maximum Tax Benefit Amount $7,297,061

Applicant’s Fiscal Year End 12/31

FINANCE OFFICER: David Sucsuz COUNSEL: DAG

APPLICATION RECEIVED DATE: 01/15/2010 (Application #57)
APPLICATION APPROVED DATE:
CURRENT OR INITIAL ALLOCATION YEAR(S): SFY2013

Prepared by: John Rosenfeld/David Sucsuz
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - FILM TAX CREDIT

APPLICANT: Northern Entertainment Inc.

APPLICANT BACKGROUND:
Northern Entertainment, Inc. is the production company responsible for “Law & Order: Special Victims Unit (‘SVU’) - Season 11, Episodes 1-24”. SVU is currently one of the highest rated series of the Law & Order television series franchise, and is one of NBC’s top rated shows. The detectives of the Special Victims Unit handle sexually based offenses. It has been in production since September 1999. The series executive producer is writer/director Ted Kotcheff. The SVU series stars Christopher Meloni and Mariska Hargitay.

APPROVAL REQUEST:
Authority assistance will enable the applicant to receive a 20% tax credit for Qualified Film Production Expenses incurred in New Jersey for its network television production titled “Law & Order: Special Victims Unit (‘SVU’) - Season 11, Episodes 1-24.” The principal photography began or was to begin in or about July 2009.

This application has been reviewed by the New Jersey Motion Picture and Television Commission.

PRINCIPAL PHOTOGRAPHY BEGAN or WAS TO INITIALLY BEGIN: July 2009
DATE OF PROJECT COMPLETION (WAS ORIGINALLY EXPECTED): April 2010

PRINCIPAL MARKET(S) FOR WHICH PRODUCTION IS INTENDED:
Network Television

PROJECT COSTS (Initial Application Estimate):
- Total Production Expenses (Less Post-Production Costs) $78,848,328
- Total New Jersey Production Expenses $60,833,928
- Total New Jersey Post Production Expenses $0
- Percentage of Required Costs in New Jersey 77.15%
- Maximum Tax Benefit Amount $12,166,786
- Applicant’s Fiscal Year End 12/31

FINANCE OFFICER: David Sucsuz COUNSEL: DAG

APPLICATION RECEIVED DATE: 01/26/2010 (Application #58)
APPLICATION APPROVED DATE: CURRENT OR INITIAL ALLOCATION YEAR(S): SFY2013 ($594,250)

Prepared by: John Rosenfeld/ David Sucsuz
TECHNOLOGY BUSINESS TAX CERTIFICATE
TRANSFER PROGRAM
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: February 14, 2012

SUBJECT: Technology Business Tax Certificate Transfer Program

BACKGROUND:

The 1998 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 tax credits to profitable corporate entities. Proceeds from those sales are required to be re-invested in the seller’s business.

The “New Jersey Economic Stimulus Act of 2009”, P.L. 2009, c. 90, enacted into law on July 27, 2009, included amendments to the statute establishing the Technology Business Tax Certificate Transfer Program. The amendments were intended to streamline current eligibility and allocation requirements to enable more companies to participate in the program.

A review of declined applications in the 2011 Program Cycle indicates a need to clarify the Statutory definition for “new or expanding” and include the concept of business inception, irrespective of the business’ corporate structure or tax status at any point in time.

The current statutory definition of “new or expanding” reads as follows (in part): “...on June 30th of the year in which the company files such an application, has at least one full-time employee working in the State if the company has been incorporated for more than three years, has at least five full-time employees working in this State if the company has been incorporated for more than three years but less than five years, and has at least ten full-time employees working in this State if the company has been incorporated for more than five years”. The Regulations repeat this part of the definition.

Staff recommendation is for the current Regulatory definition of “new or expanding” to be revised to
include “incorporated or formed, irrespective of corporate structure or tax status,” wherever the word “incorporated” is indicated. The intent of the program is to provide financial assistance for biotechnology and technology businesses that have been steadily creating jobs since their inception.

The suggested clarification is twofold.

1) First, there should be no distinction between a company’s incorporation date (corporations) and its formation date (LLCs) as both corporations and LLCs are eligible to participate in the Program. The intent of the statute is to promote investment and job creation amongst biotechnology and technology companies that have demonstrated continued job growth. Therefore, using the inception date, regardless of corporate structure or tax status allows staff to fairly determine whether an applicant has created the requisite number of jobs since inception.

2) The Statutory definition of “new or expanding” does not reference the tax status of the company in any way. Thus, for purposes of counting employees, it should be irrelevant whether the applicant was taxed as a corporation or a partnership. Staff recommends making clear that the tax status of the applicant at any point does not impact what date we use when verifying that the applicant meets the minimum employment requirement contained in the “new or expanding” definition. We will always utilize the incorporation/formation date of the applicant or its oldest predecessor entity if applicable.

Lastly, to make the rules for the Technology Business Tax Certificate Transfer Program consistent with the rules for BEIP, BRRAG and Urban Transit Hub, staff recommends adding a new requirement to the Technology Business Tax Certificate Transfer Program that to be considered a full-time employee working in New Jersey, such an employee must spend at least 80% of their time working in New Jersey.

RECOMMENDATION:

Based on the above, staff recommends revising the definition for “new or expanding” job minimum requirement to be counted from incorporation or formation, irrespective of corporate structure or tax status at that time. Staff also recommends that to be counted as a full-time employee working in New Jersey, each employee must spend at least 80% of their time working in New Jersey.

Finally, the Members are asked to promulgate rule amendments reflecting the Technology Business Tax Certificate Transfer Program changes as discussed above, subject to review and approval of the Governor’s Office, Attorney General’s Office, and the Office of Administrative Law.

Prepared by: M. Krug/J. Rosenfeld
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: February 14, 2012

SUBJECT: Changes in Technology Loan Documents

Request:
Amend Edison Innovation Fund Loan program documents to require notice vs. consent for equity raises and subordinate bridge loans to facilitate private funding needed by technology borrowers and to streamline portfolio servicing requirements.

Background:
In 2005, EDA launched an initiative to finance early stage technology and life sciences companies in New Jersey. Through the Edison Innovation Fund, EDA provided 5-year term loans up to $1 million to develop and commercialize new technology and products. The loans are generally secured by senior liens on all corporate assets and springing liens on Intellectual Property. EDA receives warrants as additional consideration for funding these high risk technology companies. Since the inception of the Edison Innovation Fund, the EDA has assisted 45 companies in the Technology and Life Sciences industry with over $27,735,000 in commitments.

In 2011, the Members approved changes to Edison Innovation Fund loan program that repositioned the program to financing more mature companies with minimum revenues of $500,000 and angel/venture capital funding. This change in the eligibility requirement was made to decrease the risk of new Edison loans while continuing to support emerging technology companies in New Jersey.

The current TLS loan documents contain negative covenants that require EDA’s consent prior to obtaining any additional investment or debt, as typically required in commercial lending. Because venture funded companies regularly obtain additional equity and unsecured shareholder loans to continue operations and fund growth more flexibility for these approvals is required. Further, EDA is often contacted immediately prior to closing the new funding and the time needed to obtain approval causes delays in funding. As the funding enhances their ability to repay EDA loans, it has been in EDA’s interest to provide consent. Of the 16 companies’ requests in the last two years, EDA has consented to all. As a result, TLS led a cross function team including Credit Underwriting, Closing Services, and Portfolio Management departments, in consultation with the Attorney General’s office, to develop a more efficient process that protects EDA’s interest while allowing companies latitude to access new sources of funds in a timely manner.

The recommended changes are to modify the documents to require a notice to the Authority within 30 days of closing vs. obtaining prior consent and changing the monthly reporting requirements, as follows:

1) For equity raises, notice with a summary of terms of the new equity raise provided there is no new single owner of 10% or more of the company. For equity raises with any single new owners of 10% or
more, EDA consent will continued to be required so staff can ensure good standing of any new investor.

To facilitate a new equity issue, a company may need to authorize additional shares, and as a result, there is potential for dilution of existing shareholders and warrant holders. However, EDA’s warrant document has a “most favored nation clause” which requires EDA to receive any anti-dilution benefits offered to other investors. As a result, if existing investors receive additional shares, EDA warrants will be adjusted equitably. The proper treatment of EDA’s warrants will be confirmed by receipt of the capitalization table required with the Borrower notice of equity issuance. Dilution does not impact EDA’s loan.

2) For additional debt that is unsecured, subordinate to EDA in payment and does not have current pay interest, notice with a summary of terms and copies of the loan agreements will be required. Authority consent will continue to be required for secured debt above the existing permitted thresholds, and for other indebtedness not meeting the criteria above.

3) Changes to the reporting requirements: All portfolio companies are currently required to submit monthly signed Certifications and financial statements. As part of the recommended changes, portfolio companies will be required to include an updated capitalization table to ensure EDA’s warrants are accounted for properly after the new equity raise. In addition, they will provide information on any additional debt, liens and new IP filings. This additional reporting requirement will provide staff with timely notice of any changes to the company’s capital structure and/or collateral associated with outstanding loans, and will allow staff to monitor any changes on a monthly basis.

EDA will retain its rights, including filing its liens against IP, and remedies in an event of default, in the event efforts to resolve covenant violations are unsuccessful.

These changes will be incorporated into the loan documentation for new loans and will be considered for existing loans in conjunction with any modification requests that arise.

The EDA also manages the Edison Innovation Clean Energy Manufacturing Fund program and the Edison Innovation Green Growth Fund program for the Board of Public Utilities. EDA staff plans to propose similar amendments to be made in the loan documents for these programs.

**Recommendation:**
Amend Edison Innovation Fund loan documents to require notice for additional equity and subordinate bridge loans as detailed above. Authority consent will facilitate private funding needed by technology borrowers and streamline the consent process.

Prepared by: Pavni Jaidka Bagga, Heather O’Connell and Daniel Weick
MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini, Chief Executive Officer
DATE: February 14, 2012
SUBJECT: Projects Approved Under Delegated Authority - For Informational Purposes Only

The following projects were approved under Delegated Authority in January 2011:

New Jersey Business Growth Fund:

1) Blue Sky Classic Cars, LLC & Blue Sky Land & Building (P37054) are located in Mount Olive Township, Morris County. The operating company, Blue Sky Classic Cars, LLC, was founded in 2005 as an automotive repair shop that specializes in restoration and repair of classic and antique cars. Blue Sky Land & Building, LLC is a real estate holding company formed to purchase the project property. PNC Bank approved an $843,200 loan with a five-year, 25% guarantee of principal outstanding, not to exceed $210,800. Proceeds will be used to refinance an existing commercial mortgage. Currently, the Company has three employees and plans to create four new jobs within the next two years.

2) DW Holdings LLC (P37259), located in Camden City, Camden County, is a newly formed real estate holding company formed to purchase the project property. The operating company, WDDS Enterprises Inc., founded in 1986, rents and leases heavy construction machinery and equipment. PNC Bank approved a $120,000 bank loan with a five-year, 25% guarantee of principal outstanding, not to exceed $30,000. Proceeds will be used to purchase adjacent commercial property to expand their operations. The Company currently has ten employees and plans to create one additional position over the next two years.

3) GHDB LLC (P37253), located in Dennis Township, Cape May County, is a real estate holding company affiliated with the operating company, Collins Iron Works, Inc (CIW). CIW was established in 1974 to manufacture, sell and install fencing and railings for commercial and residential properties for indoor and outdoor use. In 2006 CIW was purchased from their parents by the current owners, brothers Erik Collins and Earl Collins. PNC Bank approved a $172,000 loan with a five-year, 25% guarantee of principal outstanding, not to exceed $43,000. Proceeds will be used to purchase commercial real estate. The Company currently has 25 employees and plans to create one new position within two years.
4) R. Fanelle & Sons Inc. (P37231), located in Camden City, Camden County, was established in 1916 as a scrap metal dealer. The current owner, Thomas Fanelle, joined the company in 1975 and represents the third generation of ownership. PNC Bank approved a $150,300 loan with a five-year, 25% guarantee of principal outstanding, not to exceed $37,575. Proceeds will be used to purchase machinery and equipment. Currently, the Company has 32 employees and plans to create one new job over the next two years.

New Jersey Business Growth Fund - Modification:

1) 413 Partners, LLC (P37252), located in Cherry Hill Township, Camden County, is a real estate holding company that was formed in 2007 to purchase the project property. The operating company, Katz Pierz Inc., has been providing insurance sales and services since 1987. PNC Bank approved a five-year renewal of a $710,000 loan with a five-year, 25% guarantee of principal outstanding, not to exceed $177,500. Original loan proceeds were used to purchase the project property. All other terms and conditions of the original approval remain unchanged.

2) Raymond & Ken LLC (P34651), located in Ventnor City, Atlantic County, is a real estate holding company formed to purchase the project property. The operating company, Yama Japanese Cuisine LLC is a Japanese restaurant. On November 15, 2011, under the BGF program, the Authority approved a $350,000 bank loan with a five-year, 25% guarantee of principal outstanding, not to exceed $87,500. PNC Bank has approved a loan revision to decrease the loan amount from $350,000 to $340,000, with an EDA guarantee amount decrease from $87,500 to $85,000. All other terms and conditions of the original approval remain unchanged.

Prepared by: D. Lawyer
DL/gvr
REAL ESTATE
TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Camden Waterfront Landscaping Project

DATE: February 14, 2012

Summary
The Members are requested to approve a Memorandum of Understanding ("MOU") between the Authority and Cooper’s Ferry Development Association ("CFDA") to provide for the Authority’s funding of a portion of the 2012 Waterfront Landscaping Project for Camden’s Delaware River waterfront and a delegation of authority to the CEO to enter into similar MOUs in 2013, 2014, 2015 and 2016.

Background
The Waterfront Landscaping Project ("Project") is a public/private effort to beautify the City’s Delaware River waterfront as a means of enhancing its aesthetics and economic potential as a major regional destination, which began in 2007. This effort is also intended to continue to provide an enhanced amenity to City residents and those working in the Downtown area. The Authority is a major landowner on the Camden waterfront, controlling property between Adventure Aquarium and Campbell Field.

For 2012, four parties will contribute $22,000.00 each toward the $88,000.00 budget for the Project: Camden Parking Authority, Camden County Parks, Adventure Aquarium/Camden Town Center, and the Authority. The four entities either own or operate facilities within the project’s “Planting Area,” which is bounded by Market Street, Delaware Avenue, Federal Street and the Delaware River. CFDA, a local non-profit corporation, will coordinate the planning and implementation of the Project on behalf of the funding entities.

The Authority entered into a previous MOU with CFDA for Phase I of the Project which covered the 2007 planting and maintenance season. CFDA’s contractor installed trees, shrubs, ground covers and plants in the Planting Area. The 2008 Project Scope included additional waterfront parcels while simultaneously continuing its maintenance services in the Phase I areas. There is a slightly larger watering schedule to accommodate the 2007 plantings, as well as, the watering of the 2008 plantings and trees. In 2012, CFDA will also be looking for new strategic areas for plantings on the properties currently owned or occupied by the parties, with the majority of funds used to continue the maintenance of all the previously landscaped areas. The contractor will also be responsible for mowing,
We have also requested that landscape plan begin to conform to the Authority's Sustainability Initiative by utilizing indigenous and drought resistant plants, recycled materials and a reduction in the use of toxic pesticides. CFDA concurs with this request and has indicated they will include these parameters in their Request for Proposals.

The four public and private sector entities funding the Project jointly selected CFDA to implement the work, due to CFDA's non-profit status and its mission to advance Camden’s economic development, especially in the waterfront area. Accordingly, the Authority is retaining CFDA on a sole source basis pursuant to our approved contractor selection procedures (i.e. Sole Source Type C -- a joint venture project where the contractor is partially funded by and primarily the responsibility of the joint venture partners) for a term of one year, with four additional one year renewal options. CFDA will competitively bid the landscaping and maintenance work, and will select the landscape firm through its normal vendor selection process. Pursuant to the MOU, the Authority will fund $22,000.00 for the 2012 season. The project will be funded through available Authority funds and charged to the Camden Waterfront Landscaping line item in the 2012 Board approved budget.

Approval is also requested to delegate to the CEO authority to enter into similar cost-sharing, cooperative Camden waterfront landscaping MOUs for 2013, 2014, 2015 and 2016 to fund an annual amount not to exceed $25,000.00. In each year that a similar MOU is entered into, the amount of the MOU will not exceed the amount shown as a separate line item for Camden Waterfront Landscaping in the Authority’s annual operating budget for that particular year.

The attached Memorandum of Understanding is in substantially final form. The final form of the document may be subject to revision, although the basic terms and conditions will remain consistent with its current form. The final terms of each MOU will be subject to approval of the CEO and the Attorney General’s Office.

**Recommendation:**
In conclusion, I am requesting the Members’ approval to enter into a Memorandum of Understanding with Cooper's Ferry Development Association to provide for the Authority's funding of $22,000.00 for a portion of the 2012 Camden Waterfront Landscaping Project, on terms generally consistent with the attached document and a delegation of authority to the CEO to enter into similar MOUs in 2013, 2014, 2015 and 2016 in an amount not to exceed $25,000.00 annually and based on the conditions stated above.

Caren S. Franzini

Attachments
Prepared by: Cathleen Schweppenheiser
Project Officer~Legal
Real Estate Development Division
MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made this _____ day of _________________, 2012 (the "Effective Date") between the COOPER'S FERRY DEVELOPMENT ASSOCIATION, INC. (hereinafter "CFDA"), having its office at One Port Center 2 Riverside Drive, Camden, NJ 08103, and the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (hereinafter "NJEDA"), having its address at 36 West State Street, P.O. Box 990, Trenton, New Jersey 08625-0990 (collectively the "Parties") regarding a joint landscaping project for the Camden Waterfront.

BACKGROUND:

WHEREAS, the CAMDEN TOWN CENTER, LLC, a limited liability company of New Jersey, having an address at c/o Steiner + Associates, Inc., 4016 Townsfair Way, Suite 201, Columbus, Ohio 43219 (hereinafter "CTC") owns portions of the Project Site and has an option to purchase additional areas of the Camden Waterfront; and Adventure Aquarium, having an address at 1 Aquarium Drive, Camden NJ 08103 operates the Adventure Aquarium on part of the Project Site;

WHEREAS, CFDA has or intends to enter into a Memorandum of Understanding with CTC and Adventure Aquarium to memorialize CTC and Adventure Aquarium’s participation in the landscaping Project described in this MOU and CTC and Adventure Aquarium’s agreement to deposit $22,000 with CFDA for the Project;

WHEREAS, the CITY OF CAMDEN PARKING AUTHORITY, having its office at 10 Delaware Avenue, Camden NJ 08103 (hereinafter "CCPA") is operating parking lots on part of the Project Site;

WHEREAS, CFDA has or intends to enter into a Memorandum of Understanding with CCPA, to memorialize CCPA’s participation in the landscaping Project described in this MOU and CCPA’s agreement to deposit $22,000 with CFDA for the Project;

WHEREAS, the CAMDEN COUNTY PARKS DEPARTMENT having its office at 1301 Park Boulevard, Cherry Hill NJ 08002 (hereinafter "the County") owns and maintains
several parks on the Project Site;

WHEREAS, CFDA has or intends to enter into a Memorandum of Understanding with the County, to memorialize the County's participation in the landscaping Project described in this MOU and the County's agreement to deposit $22,000 with CFDA for the Project;

WHEREAS, NJEDA, CTC/Adventure Aquarium, CCPA and the County are collectively herein referred to as the "Project Participants";

WHEREAS, for the past twenty years CFDA has actively been working towards achieving its vision of "establishing a new center of economic development that can help rebuild the Camden's depleted tax base" and "help improve Camden's image as a place to live, work, visit, and invest." The Camden Waterfront is one location which the CFDA has concentrated their efforts to realize this vision;

WHEREAS, NJEDA was established to promote economic development and increased employment opportunities in the State of New Jersey and the NJEDA is committed to urban development in the State of New Jersey. Additionally, the NJEDA owns portions of the subject property; and

WHEREAS, the Project Participants each have a joint and mutual interest in beautifying the Camden Waterfront, and to that end, the Project Participants wish to jointly and cooperatively engage CFDA to design, implement and maintain a common landscaping plan for the Camden waterfront area that will mutually benefit all of the Project Participants as more fully set forth in this MOU.

**PROJECT:**

The Project will consist of new plantings and maintenance plan to make portions of the Camden Waterfront worthy of a major state attraction destination (hereinafter, the "Project"). Landscaping will be planted and maintained by CFDA to the standards of a well-groomed pedestrian city street.

**PROJECT SITE:**

For the plantings phase of the Project, the Project will be located on the Camden
Waterfront in between the following areas: Clinton Street will be the southern border, Pearl Street will be the north border, the Delaware River will be the western border, and the Delaware Avenue will be the eastern border.

For the maintenance phase of the Project, the Project will consist of the parcels identified in the above section as well as the approximate 1.5 mile length of the Wiggins Waterfront Park and Marina. Please refer to Exhibits 1 through 3 showing the project area covered under this MOU.

PROJECT DESCRIPTION:

The Project Participants and CFDA have agreed that the Project will consist of design, installation, maintenance of landscaping improvements, and related cleanup of the waterfront properties to create a first class destination attraction. Nothing in this MOU is intended to prevent or interfere with the development of the Camden Waterfront and nothing in this MOU is intended to prevent or restrict any Project Participant from making further landscaping improvements to any land that any of them owns or operates within or near the Project Site.

Please refer to Exhibit 4 for a description of the landscape construction and landscape maintenance for the Project.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

ROLES OF THE PARTIES:

NJEDA and CFDA agree to undertake and carry out the various tasks and obligations hereinafter set forth.

1. CFDA: The CFDA will contract with consultants and contracts for the design, planting, and maintenance for the Project in accordance with the landscaping plan approved by NJEDA and the Project Participants. Any and all contracts with consultants entered into by CFDA in connection with the Project shall be competitively bid, solicited and selected by CFDA in accordance with its normal contract selection procedures. It is expected that at least three (3) proposals will be received for each contract CFDA enters into for the Project. The general terms and conditions of such contracts shall be consistent
with agreements typically entered into by CFDA and shall provide for their termination at any time and shall require the consultant(s)/contractor(s) to: (i) carry general liability insurance in amount(s) determined by CFDA to be fair and reasonable and naming NJEDA and the Project Participants as additional insureds; (ii) indemnify and hold NJEDA or the appropriate Project Participants harmless against any and all claims arising in connection the contractor’s services related to the Project; (iii) carry the statutorily required amounts of workman’s compensation insurance; and (iv) complete the installation of the new plantings within three months of commencing work. The CFDA will provide NJEDA with copies of all executed contracts with consultants who perform the Project work.

CFDA will supervise Project work completed and ensure it meets local regulatory standards. CFDA will be responsible for the day-to-day management and oversight of the Project in cooperation with the Project Participants. CFDA will also provide NJEDA and the Project Participants with monthly progress reports.

2 **NJEDA:** The NJEDA will deposit $22,000 to a bank account created by CFDA for the Project on a quarterly basis. The first quarterly payment of $5,500 will be made within twenty (20) calendar days of this fully executed MOU and receipt of proof of no less than TWENTY TWO THOUSAND DOLLARS into the Bank Account. Subsequent quarterly payments will be made upon NJEDA’s receipt of Quarterly Accountings, all monthly bank statements for the quarterly period, notice and confirmation of all other participants' deposits. NJEDA funds shall be used only for the purchase of plants, materials and supplies for the Project. The NJEDA does also hereby grant a right of entry (subject to proof that adequate insurance coverage is in place) to CFDA and its contractors to make the necessary Project improvements on property owned by NJEDA.
LANDSCAPE BANK ACCOUNT:

1. NJEDA and the Project Participants are herein collectively referred to as the “Depositors”.

2. CFDA shall promptly deposit any and all funds received from the Depositors for the Project into the bank account (the “Bank Account”) created by CFDA for the Project. CFDA shall not disburse any of the funds deposited by NJEDA until no less than TWENTY TWO THOUSAND DOLLARS ($22,000) has been deposited into the Bank Account. Funds in the Bank Account shall be for the joint and mutual benefit of all Depositors and drawn upon by a designated representative of the CFDA. CFDA will provide NJEDA: (i) within thirty (30) days of the Effective Date, an initial statement confirming that all Depositors have made their deposit into the Bank Account; and (ii) on a quarterly basis, a statement indicating the amount of the Bank Account funds expended during that quarter. The Bank Account will be used for the sole purpose of administration expenses and paying consultants and contractors performing services related to the Project, as evidenced by executed contracts with the consultants/contractors and invoices charged directly against the contracts. The cost of the Project will not exceed $88,000. Upon completion of the Project any remaining Bank Account funds will be pledged toward future plantings and maintenance of the Project as agreed upon by the Depositors.

3. Requisitions from Bank Account: Upon the incurrence of Project related expenses and costs, the CFDA will draw against funds available in the Bank Account on an as-needed basis and copy each of the Depositors on a monthly basis providing an accounting of the funds along with any related correspondence and drawdowns that occurred that month. Costs will be defined to include: (i) preparation of a design plan for Project landscaping; (ii) purchase, installation and construction of Project landscaping; (iii) maintenance of Project landscaping.

4. Project Administration: CFDA shall charge on a monthly basis to the Bank Account a project administration fee of $1,250 to cover fees and expenses associated with the management of this project including, but not limited to staff support for stakeholder reports and contractor interface, construction management, maintenance management, accounting services, and insurance.

OWNERSHIP OF WORK PRODUCT:
Work product of the design shall be jointly owned by the Depositors and CFDA. The Parties agree not to assign or otherwise transfer its interest in the work product of the design to anyone other than the other Parties to this MOU or the Depositors.

**NO ASSIGNMENT:**

This MOU shall not be construed to create any rights on behalf of any person or entity other than the Parties. Neither this MOU nor any rights or duties hereunder may be assigned or delegated by Parties hereto without the written consent of the other Parties and any such purported assignment or delegation shall be null and void and of no force or effect. CFDA shall not assign any portion of the Bank Account funds without the prior written consent of all of the Depositors.

**REPRESENTATIONS AND WARRANTIES OF THE PARTIES:**

The Parties hereby represents and warrants to the other Parties that, to the best of their knowledge, information and belief, they have full power and authority to enter into this MOU and agree in good faith to seek to obtain all powers and authority to consummate the transactions contemplated herein.

**TERM OF THE AGREEMENT:**

The term of this MOU will commence immediately upon execution by NJEDA and CFDA. Unless terminated by either Party, this MOU shall remain in effect until the earlier of: (i) disbursement of all of the Bank Account funds; or (ii) for one (1) year from the Effective Date. The MOU term may be extended upon the mutual written consent of both parties.

Provided that CFDA has submitted all documents required under this MOU, this Agreement can be extended or renewed at the discretion of the NJEDA for four additional one year (season) terms. If renewed, the renewal dates will be mutually agreed to between the parties.

**TERMINATION:**

Each Party reserves the right to terminate this MOU at any time. The Party requesting termination will notify the other Party, in writing, 30 days prior to the anticipated termination date. Upon any termination of this MOU, with or without cause, CFDA shall terminate all open contracts held by CFDA pursuant to this MOU and make payment of any and all amounts owing to such consultants and contractors. CFDA shall return to each Depositor its pro-rata share of any funds remaining in the Bank Account after consultants and contractors
have been paid amounts owed to them for services related to the Project. Thereafter, the Parties will not have any right to actual or liquidated damages against the other Parties.

**NOTICES:**

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

If to CFDA: Cooper’s Ferry Development Association, Inc.
One Port Center
2 Riverside Drive
Suite 501
Camden, New Jersey 08103
Attention: Joe Myers
Phone: (856) 757-9154
Fax: (856) 757-9478

If to NJEDA: New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, New Jersey 08625-0990
Attention: David Nuse
Phone: (609) 858-6689
Fax: (609) 292-6164

**MODIFICATIONS:**

The entire agreement between the Parties is contained herein and no change, modification, termination, or discharge of this MOU shall be effective unless in writing and signed by both Parties.

**SEVERABILITY:**

If any of the provisions of this MOU shall be rendered invalid or illegal, then if such provision does not appear to have been so material that without it this MOU would not have been made by the Parties, it shall not be deemed to form a part hereof and the balance of this MOU shall remain in full force and effect.

**NO LIABILITY:**

Each party will use its best efforts to further the Project; provided, however, no Party makes any representations or warranty to the other Parties regarding the viability or success of the Project.
MISCELLANEOUS:

(a) This MOU will be governed by and construed under the laws of the State of New Jersey.

(b) The Parties waive any statutory or common law presumption which would serve to have this document construed in favor and against any other party as the drafter.

(c) This MOU binds the Parties, their heirs, executors, administrators, successors and assigns.

(d) The Parties shall not be deemed, in any way or for any purpose, to be or to have become, by the execution of this MOU or any action under this MOU, a partner with the other Party.

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

RESOLUTION OF DISAGREEMENTS:

All disagreements under this MOU shall be submitted to the highest in command in each of the Party’s agency for their review and decision, which decision shall be binding upon the Parties. In the event that the highest in command in each of the Party’s agency disagree, then each Party may seek all legal or equitable remedies to the extent permitted by applicable law.

DEFAULT:

If a Party defaults in any of its obligations hereunder and such default is not cured within thirty (30) days after receipt of written notice of such default from the non-defaulting party, and if such default is not waived by the non-defaulting party, then the party declaring the default may terminate its role in this MOU and NJEDA shall receive a refund of its pro-rata share of any funds remaining in the Bank Account after consultants and contractors have been paid amounts owed to them for services related to the Project.

NO INDIVIDUAL LIABILITY:

No Commissioner, member, director, officer, agent, or employee of each Party shall be
held personally liable under any provision of this MOU or because of its execution or attempted execution or because of any breach or alleged breach hereof.

**COUNTERPARTS:**

This MOU may be executed in counterparts, each of which will be deemed to be an original, and such counterparts will constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Memorandum of Understanding to be duly executed and delivered as of the date and year first above written and by so executing, represent and warrant they have the authority to do so.

**ATTEST:**

COOPER'S FERRY DEVELOPMENT ASSOCIATION, INC.

By:___________________________

**ATTEST:**

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By:___________________________

David Nuse
Managing Director
Finance and Development Division

Caren S. Franzini
Chief Executive Officer
Attachment 1:

1. Aquarium Walkway (Aquarium Drive):
2. Marina Parking Lot:
3. Parking Garage:
4. Delaware Avenue:
Attachment 2:

Grass cutting (all green areas highlighted in yellow)
2012 Project Scope

In preparation for the upcoming 2012 season, CFP started soliciting feedback from the waterfront partners over the past few months. Waterfront partners continue to value the overall impact of a cohesive waterfront landscaping effort, support cosmetic improvements and care about sustainability. The proposed plan for 2012 addresses improving existing landscape beds across the waterfront.

Wiggins Park Marina Tree Wells
- There are 38 tree wells surrounding Wiggins Park Marina. The 2012 plan proposes to enhance these tree wells by installing knockout roses, dwarf fountain grasses and liriope, in staggering arrangements around the marina.
- Additional fertilization of the trees and watering throughout the summer should improve the quality of the trees as well as give the marina an overall more attractive look.

Corner Delaware and Arch
This highly used entrance needs more color. Capitalizing on most of the existing plantings, once improvements are completed the two landscape beds will mirror each other, be more colorful and welcoming.
- Remove and relocate the liriope
- Install knockout roses and garden junipers

Landscape Island – between Children’s Garden and One Port Center
Most traffic in and around the waterfront goes past this island. Over the years multiple efforts have been made to improve this site. This new plan will feature plants used in nearby beds and create a fuller landscape island.
- The planting plan includes: dwarf fountain grasses, crape myrtle bushes, inkberry holly, yellow knockout roses.
- The existing plant materials will be relocated to the beds between the marina and the battleship. The existing trees will not be touched.
This new plan will be more colorful and attractive.
Parking Garage Entrance
The existing landscape bed is sparse with plant materials and lacks color and interest. Visitors exiting the parking garage should be greeted immediately with an attractive waterfront.

- Our proposed landscape plan for this existing bed includes keeping all existing plants and adding: gold thread cypress, spreading yews, knockout roses and more liriope

Overall Landscaping
Similar to previous years of landscape construction, 2012 work will include the following:

- Site Preparation: cut and removal of existing soil; lay screened topsoil in its place; and rotate soils to loosen.
- Plantings: provide and plant all trees, shrubs, ground cover, and plants.
- Mulching: apply pre-emergent weed control and then lay mulch (black dyed wood mulch)
- Watering: as needed

As always, the key consideration for 2012 is securing adequate funding to cover landscape construction and providing sufficient maintenance and watering for the existing and proposed plantings. The 2012 project budget includes allowances for fertilization, watering, trimming, weed control and bed maintenance. Mowing, trimming, and bed maintenance will be maintained similarly to previous seasons, which include weekly visits and work for all existing green spaces along the downtown waterfront (no less than twenty times per season). All debris and grass clippings generated from site visits will be cleared from hard surfaces. Lawn fertilizations and weed control programs will also be included throughout the spring and summer seasons on at least four separate occasions.

2012 Project Management Services
In preparation for the spring 2012 planting season, CFP has already or will undertake the following tasks in partnership with the waterfront partners:

1. Solicit input and suggestions from the waterfront partners for a new comprehensive landscaping and maintenance plan that builds upon the new plantings installed from 2007 to the present, that also adheres to the following principles:
   a. Creating a well-planned and attractive destination
   b. Incorporating plantings that are drought resistant, durable and sustainable as well as consistent with the traffic patterns (both vehicular and pedestrian) and the upcoming development plans for the area

2. Prepare contract documents, plans, and specifications for the landscape construction and maintenance services as well as publicly advertise the work in accordance with the organization’s contract selection procedures.

3. Be responsible to select and contract for the supply of all professional, technical, and other services and all labor, materials, equipment, and supplies necessary to accomplish, perform, and carry out the conclusion of the landscape design, improvements, and maintenance.
4. Ensure consultants and contractors carry sufficient liability insurance and indemnifications for all Project Partners.

5. Supervise the project work completed and ensure it meets regulatory standards.

6. Be responsible for the day-to-day management and oversight of the project in cooperation with the project participants and waterfront partners.

7. Provide monthly progress reports to project participants and waterfront partners.

2012 Project Schedule
In preparation for the 2012 spring planting season, the project schedule is as follows:

1. Solicit input from waterfront partners
   a. October/November 2011
2. Submit formal proposals to waterfront partners
   a. November 2011
3. Engage design consultant to begin
   a. Mid-December 2011
4. Finalize design with consultant and waterfront partners
   a. January 2012
5. Publicly advertise design plans
   a. February 2012
6. Review cost proposals, award contract, and issue notice to proceed
   a. March 2012
7. Landscape work begins
   a. April 2012

With this understanding, CFDA is respectfully requesting that the waterfront partners begin discussions now with their staff and board of directors on committing to this project in the 2012 organizational budgets.

2012 Project Budget
Over the years, CFP has always sought to reduce the financial contributions of our waterfront partners and forge new partnerships. The original landscaping budget in 2007 was $200,000 with each waterfront partner contributing $50,000 each. The 2012 total budget is $88,000.

A budget history and 2012 projection follows.

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TOTAL: $200,000 $140,000 $100,000 $90,000 $78,400 $88,000
Cooper's Ferry Partnership is respectfully requesting financial contributions from the following waterfront partners:

<table>
<thead>
<tr>
<th>Name</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Camden County Parks</td>
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<tr>
<td>Adventure Aquarium/Camden Town Center</td>
<td>$22,000.00</td>
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<tr>
<td>NJ Economic Development Authority</td>
<td>$22,000.00</td>
</tr>
<tr>
<td>Parking Authority of Camden City</td>
<td>$22,000.00</td>
</tr>
</tbody>
</table>

**TOTAL:** $88,000.00

We cannot move forward without a firm commitment from all Waterfront Partners.

We look forward to working with all of you again to continue to make the Camden Waterfront a beautiful and welcoming destination for all.
1 = Qty: 48 Knockout Rose
12 Sets of
(4) Knockout Rose
3 Gallon

2 = Qty: 72 Dwarf Fountain Grass
12 Sets of
(4) Dwarf Fountain Grass
3 Gallon

3 = Qty: 96 Variegated Linope
12 Sets of
(8) Variegated Linope
1 Gallon

Scale: 1" = 50'

Scale: 3/32" = 1'
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Technology Centre of New Jersey
Amendment to Payment in Lieu of Tax Agreement with North Brunswick Township

DATE: February 14, 2012

Summary
I am requesting the Members’ approval to amend the existing Payment in Lieu of Tax ("PILOT") Agreement with the Township of North Brunswick. The amendment will revise the PILOT rates for each tenant at the Technology Centre of New Jersey.

Background
At the April, 1996 meeting, the Members approved a PILOT agreement with the Township of North Brunswick. Since then, the Members have approved four amendments to the agreement.

Since early in 2011, Authority staff has been in discussions with the Township regarding the PILOT rates for 2012, 2013 and 2014. These discussions resulted in the attached schedule of proposed rates for the next three years, as well as the 2011 rates for comparison purposes. In most cases, negotiations resulted in the same rate for 2012 over 2011, and in one case there is a decrease.

Because the PILOT is an obligation of the tenants and not the Authority, each proposed rate must be approved by the respective tenant. The only exception is the Commercialization Centre for Innovative Technologies. This facility’s tenants have executed gross leases which include PILOT payments; accordingly, the cost of any increased PILOT will be borne by the Authority as the landlord. The proposed rates for the Commercialization Centre are consistent with prior years.

In addition to the substantial number of technology companies incubated and jobs created at the Technology Centre over the past 16 years, the project has generated a three-fold increase in taxes for North Brunswick Township. The former property owner, Johnson & Johnson, paid $346,000 in property taxes prior to the Authority’s purchase of the site in 1995. For 2013, when two new tenants will have occupied for a full year, the Township will receive an estimated $1,100,000 in PILOT from the Authority and its tenants.

The attached Fifth Amendment to Agreement is in substantially final form. The final terms of the
Fifth Amendment will be subject to revisions, although the basic terms and conditions will remain consistent with those in the attachment. The final terms of the Fifth Amendment will be subject to the approval of the Chief Executive Officer and the Attorney General’s Office.

**Recommendation**

In summary, I am requesting the Members’ approval to amend the existing PILOT Agreement with the Township as described above and on the attached sheet, and to make all other changes necessary to carry out this transaction on terms acceptable to the Chief Executive Officer and the Attorney General’s Office.

[Signature]

Caren S. Franzini

Prepared By: Christine Roberts
FIFTH AMENDMENT TO AGREEMENT CONCERNING PAYMENT IN LIEU OF TAXES AND OTHER MATTERS

This Fifth Amendment to Agreement Concerning Payment in Lieu of Taxes made as of this _____ day of __________, 2012, by and among the TOWNSHIP OF NORTH BRUNSWICK (the “Township”), a municipality of the State of New Jersey with offices at 710 Hermann Road, North Brunswick, New Jersey 08902, and the New Jersey Economic Development Authority (the “EDA”), an instrumentality of the State of New Jersey with offices at 36 West State Street, Post Office Box 990, Trenton, New Jersey 08625 (being hereafter collectively referred to as the “Parties”).

WITNESSETH

WHEREAS, the EDA is the owner of the Technology Centre of New Jersey (the “Tech Centre”), which is located in North Brunswick Township; and

WHEREAS, the EDA continues to develop the Tech Centre as an economic development project by leasing space at the Tech Centre. Private sector tenants (“Tenants”) who lease space at the Tech Centre are required by New Jersey statute to make payments in lieu of taxes (“P.I.L.O.T.”); and

WHEREAS, the Parties entered into an Agreement Concerning Payment in Lieu of Taxes, (the “P.I.L.O.T. Agreement”), dated June 3, 1996, which establishes a method for calculating P.I.L.O.T. owed by Tenants in connection with their occupancy of lease space at the Tech Centre; and

WHEREAS, the Parties entered into an Amendment to Agreement for the calendar years 2000 to 2002, inclusive; and

WHEREAS, the Parties entered into a Second Amendment to Agreement for the calendar years 2003 to 2005, inclusive; and

WHEREAS, the Parties entered into a Third Amendment to Agreement for the calendar years 2006 to 2008, inclusive; and

WHEREAS, the Parties entered into a Fourth Amendment to Agreement for the calendar years 2009 to 2011, inclusive; and

WHEREAS, the “Fourth” Amendment to Agreement requires the parties to renegotiate and enter into a revised agreement for the calendar years 2012 to 2014, inclusive; and

WHEREAS, the Parties, with the consent of each of the Tenants who pay P.I.L.O.T., have agreed upon a revised method for calculating P.I.L.O.T.;
NOW, THEREFORE, the Parties agree to amend, reaffirm and continue the P.I.L.O.T. Agreement as follows:


2. Payments are to be made by the Tenants and the EDA will act as a collection agency transferring the P.I.L.O.T. monies from Tenants to the Township of North Brunswick. Payments are to be remitted to the Township in four (4) quarterly installments to be paid on or before April 1st, July 1st, October 1st and January 1st.

3. The Township reserves the right to assess Tenants’ interest at the statutory rate (N.J.S.A. 54:4-67) for late payment of the P.I.L.O.T. EDA agrees to cooperate with the Township in identifying any Tenant who does not make timely P.I.L.O.T. payments.

4. For calendar year 2014 and subsequent years, assessment of P.I.L.O.T. for the above listed buildings will be set at mutually agreed upon amounts.

5. For new Tenants who occupy either a newly constructed building or a previously existing building at the Tech Centre, assessments and P.I.L.O.T. amounts will be mutually agreed upon based on the level of improvements in the premises occupied by each Tenant.

6. EDA will make diligent efforts to collect the payments mentioned in Paragraph 1 above from Tenants and forward such payments to North Brunswick Township by the due dates. As used in this paragraph “diligent efforts to collect” does not mean declaring a Tenant to be in default under its lease or initiating legal action.

7. P.I.L.O.T. assessed under the P.I.L.O.T. Agreement (including the provisions of this Fifth Amendment) shall satisfy all of the ad valorem property tax obligations imposed upon the Tech Centre and shall be consistent with all applicable statutory standards. The Township shall share P.I.L.O.T. received under the P.I.L.O.T. Agreement (including the provisions of this Amendment) with the County of Middlesex and the North Brunswick Township Board of Education only if and to the extent so required under applicable state statutes.

Except as expressly amended herein, all of the provisions of P.I.L.O.T. Agreement shall remain in full force and effect and are hereby ratified, renewed, confirmed and continued in the entirety. Terms used in this Fifth Amendment to P.I.L.O.T. Agreement shall have the same meaning given to them in the P.I.L.O.T. Agreement.
IN WITNESS WHEREOF, the Township of North Brunswick and the New Jersey Economic Development Authority have each caused this Fifth Amendment to be duly executed in its name and behalf as of the date first above written.

ATTEST:

Lisa Russo  Clerk  TOWNSHIP OF NORTH BRUNSWICK
Francis Womack, III  Mayor

ATTEST:

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
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<tr>
<th>Tenant</th>
<th>Square Feet</th>
<th>2012 PILOT/SF</th>
<th>2013 PILOT/SF</th>
<th>2014 PILOT/SF</th>
<th>Notes</th>
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<td>Anthem/Chubb</td>
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<td>$4.03</td>
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<td>Tech I - Merial</td>
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<td>Tech II - Vacant</td>
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<td>Tech III - CCIT</td>
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<td>PILOT varies - paid only on tenant occupied space</td>
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<td>Tech V - Vacant</td>
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**Total Technology Centre**

307,198