MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
       Chief Executive Officer
DATE: September 14, 2011
SUBJECT: Agenda for Board Meeting of the Authority September 14, 2011

Notice of Public Meeting
Roll Call
Approval of Previous Month’s Minutes
Chief Executive Officer’s Monthly Report to the Board
Authority Matters
Bond Projects
Incentive Programs
Board Memorandums
Public Comment
Adjournment
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
August 16, 2011

MINUTES OF THE MEETING

Members of the Authority present: Al Koepp, Chairman; Matt McDermott representing the Executive Branch; Steve Petrecca representing the State Treasurer; Dr. Aaron Fichtner representing the Department of Labor and Workforce Development; Wayne Staub representing the Commissioner of the Department of Environment Protection; Nancy Graves representing the Commissioner of the Department of Banking and Insurance; Kate Whitman, Rich Tolson, Ray Burke, First Alternate Public Member; Kevin Brown, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Present via conference call: Public Member: Laurence Downes

Absent from the meeting: Public Members: Joseph McNamara, Vice Chairman, Timothy Carden, Marjorie Perry, Charles Sarlo, and Elliot M. Kosoffsky, Second Alternate Public Member.

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

Chairman Koepp 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 July 14, 2011 meeting minutes. A motion was made to approve the minutes by Mr. Tolson, seconded by Mr. Brown, and was approved by the 10 voting members present.

The next item of business was the approval of the July 25, 2011 special meeting minutes including the strategic planning session and executive session. A motion was made to approve the minutes by Dr. Fichtner, seconded by Ms. Graves, and was approved by the 7 voting members present.

Mr. McDermott entered the meeting at this time.

The next item was the presentation of the Chief Executive Officer’s Monthly Report to the Board. (For Informational Purposes Only)
BOND RESOLUTIONS

PROJECT: Congregation and Yeshiva Ohr Eichonon, Inc. LOCATION: Lakewood/Ocean Cty.
PROCEEDS FOR: refinance existing debt FINANCING: $2,600,000 Tax-Exempt Bond
MOTION TO APPROVE: Mr. Brown SECOND: Ms. Graves
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Congregation Meoros Nosson, Inc. LOCATION: Lakewood/Ocean Cty.
PROCEEDS FOR: refinancing existing debt FINANCING: $1,540,000 Tax Exempt Bond
MOTION TO APPROVE: Mr. Brown SECOND: Ms. Graves
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Saint Peter’s College LOCATION: Jersey City/Hudson Cty.
PROCEEDS FOR: building construction FINANCING: $24,925,000 Tax Exempt Bond
MOTION TO APPROVE: Mr. Brown SECOND: Ms. Graves
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

AMENDED BOND RESOLUTIONS

PROJECT: Cedar Crest Village, Inc. LOCATION: Pequannock/Morris Cty.
PROCEEDS FOR: refinance existing debt FINANCING: $25,000,000 Series A Tax-Exempt Bond, $33,000,000 Series B Tax-Exempt Bond and $27,500,000 Series C Tax Exempt Bond
MOTION TO APPROVE: Mr. Brown SECOND: Mr. Petrecca
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4
PUBLIC HEARING: Yes
PUBLIC COMMENT: None
PRELIMINARY RESOLUTIONS

PROJECT: Congregation Bnos Yaakov, Inc. APPL.#36840
LOCATION: Lakewood/Ocean Cty.
PROCEEDS FOR: refinance existing debt
MOTION TO APPROVE: Mr. Brown SECOND: Mr. Petrecca AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Bais Rivka Rochel Inc. APPL.#36763
LOCATION: Lakewood/Ocean Cty.
PROCEEDS FOR: refinance existing debt
MOTION TO APPROVE: Mr. Brown SECOND: Mr. Petrecca AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PUBLIC HEARING ONLY

PROJECT: Ilan High School APPL.#35701
LOCATION: Ocean Twp./Monmouth Cty.
PROCEEDS FOR: building acquisition and renovation
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

AMENDED BOND RESOLUTION

PROJECT: Springpoint Senior Living, Inc. APPL.#10254
LOCATION: Various
FINANCING: $29,600,000 1998 Series A Tax-Exempt Bonds
REQUEST: Consent to modifying the redemption fee provisions of the Bonds.
MOTION TO APPROVE: Mr. Brown SECOND: Mr. Burke AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7
DIRECT LOANS

PROJECT: The Learning Center for Exceptional Children, Inc. LOCATION: Clifton/Passaic Cty.
PROCEEDS FOR: building acquisition and renovation
FINANCING: $1,000,000 direct loan
MOTION TO APPROVE: Mr. Staub SECOND: Mr. Burke
AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

SMALL BUSINESS FUND DIRECT LOAN PROGRAM

PROJECT: Mars Direct, LLC LOCATION: Westville/Gloucester Cty.
PROCEEDS FOR: refinance existing debt
FINANCING: $250,000 (48%) participation in a $518,709 bank loan
MOTION TO APPROVE: Mr. Tolson SECOND: Mr. Staub
AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

MAIN STREET BUSINESS ASSISTANCE PROGRAM

PROJECT: Mars Direct, LLC LOCATION: Westville/Gloucester Cty.
PROCEEDS FOR: working capital
FINANCING: $250,000 guarantee of a $1.5 million bank line of credit
MOTION TO APPROVE: Mr. Brown SECOND: Mr. Staub
AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

The following projects were presented under the Petroleum Underground Storage Tank Program.
MOTION TO APPROVE: Mr. Tolson SECOND: Ms. Graves
AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

PROJECT: Donald Nix LOCATION: Paterson/Passaic Cty.
PROCEEDS FOR: upgrade, closure and site remediation
FINANCING: $210,706 Petroleum UST Remediation, Upgrade, & Closure Fund Grant
PROJECT: The Estate of Louis Spagnuolo  APPL.#34212
LOCATION: Newark/Essex Cty.
PROCEEDS FOR: upgrade, closure and site remediation
FINANCING: $662,979 Petroleum UST Remediation, Upgrade, & Closure Fund Grant

HAZARDOUS DISCHARGE SITE REMEDIATION FUND

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

MOTION TO APPROVE: Mr. Tolson  SECOND: Mr. Ms. Graves  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

PROJECT: R.C.J., Inc.  APPL.#36848
LOCATION: South Plainfield/Middlesex Cty.
PROCEEDS FOR: site remediation
FINANCING: $220,000 Hazardous Discharge Site Remediation Fund Loan

PROJECT: R.C.J., Inc.  APPL.#36848
LOCATION: South Plainfield/Middlesex Cty
PROCEEDS FOR: site remediation
FINANCING: $110,000 Hazardous Discharge Site Remediation Fund Grant

PROJECT: R.C.J., Inc.  APPL.#35514
LOCATION: South Plainfield/Middlesex Cty.
PROCEEDS FOR: site remediation
FINANCING: $110,000 Hazardous Discharge Site Remediation Fund Grant

PROJECT: Camden County Improvement Authority  APPL.#30911
LOCATION: Pennsauken/Camden Cty.
PROCEEDS FOR: site remediation
FINANCING: $250,000 Hazardous Discharge Site Remediation Fund Grant

PROJECT: Borough of Keyport  APPL.#35559
LOCATION: Keyport/Monmouth Cty.
PROCEEDS FOR: site remediation
FINANCING: $342,923 Hazardous Discharge Site Remediation Fund Grant
INCENTIVE PROGRAMS

BUSINESS EMPLOYMENT INCENTIVE PROGRAM AND BUSINESS RETENTION
AND RELOCATION ASSISTANCE GRANT PROGRAM

PROJECT: Celsion Corporation  APPL.#36821
LOCATION: Lawrence/Mercer Cty.  BUSINESS: biotechnology
GRANT AWARD: 55% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Tolson  SECOND: Ms. Graves  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

PROJECT: Consolidated Services Group, Inc.
LOCATION: Cherry Hill/Camden Cty.  BUSINESS: medical claims management
GRANT AWARD: $225,000 (estimate), 1 year Business Retention and Relocation Assistance Grant
MOTION TO APPROVE: Mr. Tolson  SECOND: Ms. Graves  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: Laureate Biopharmaceutical Services, Inc.  APPL.#36841
LOCATION: TBD  BUSINESS: pharmaceuticals
GRANT AWARD: 40% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Staub  SECOND: Mr. Tolson  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

PROJECT: QualCare Alliance Networks, Inc.  APPL.#36835
LOCATION: Egg Harbor/Atlantic Cty.  BUSINESS: business management & support services
GRANT AWARD: 50% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Brown  SECOND: Mr. Burke  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

PROJECT: QualCare Alliance Networks, Inc.
LOCATION: Egg Harbor/Atlantic Cty.  BUSINESS: business management & support services
GRANT AWARD: $245,250 (estimate), 1 year Business Retention and Relocation Assistance Grant
MOTION TO APPROVE: Mr. Brown  SECOND: Mr. Staub  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

PROJECT: Terica, Inc., Ipsen S.A. and Affiliates  APPL.#36828
LOCATION: TBD  BUSINESS: biotechnology
GRANT AWARD: 40% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Tolson  SECOND: Mr. Brown  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13
FILM TAX CREDIT TRANSFER PROGRAM

This action was held from the agenda.

BOARD MEMORANDUMS

PROJECT: Bluenog Corporation APPL.#22018
LOCATION: Piscataway/Middlesex Cty.
FINANCING: $807,062 Edison Innovation Loan with warrants
REQUEST: Consent to up to a $1,100,000 asset-based working capital bank line of credit and increase EDA’s subordination from $250,000 currently to $1,100,000 on corporate assets and shared lien on intellectual property.
MOTION TO APPROVE: Mr. Brown SECOND: Mr. Staub
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

PROJECT: RadPharm, Inc. APPL.#16965
LOCATION: West Windsor/Mercer Cty.
GRANT AWARD: 60% Business Employment Incentive grant, 10 years
REQUEST: Consent to the merger of Radpharm, Inc. and Medifacts International, Inc., and subsequent name change to CoreLab Partners, Inc.
MOTION TO APPROVE: Mr. Tolson SECOND: Mr. Brown
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

PROJECT: X-Factor Communications, LLC APPL.#25138
LOCATION: South Hackensack/Bergen Cty.
FINANCING: $486,750 Edison Innovation Loan with warrants
REQUEST: Consent to the company’s request for second 6-month principal moratorium through November 30, 2011.
MOTION TO APPROVE: Mr. Brown SECOND: Mr. Staub
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

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

New Jersey Business Growth Fund: Adamus Media LLC; RJ Medical Holdings LLC

Small Business Fund: Crazy Susan’s Cookie Company, LLC
PUBLIC COMMENT

There was no comment from the public.

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

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

Maureen Hassett, Assistant Secretary
MINUTES OF THE SPECIAL MEETING

Members of the Authority present via conference call: Al Koeppe, Chairman; Matt McDermott representing the Executive Branch; Dr. Aaron Fichtner representing the Department of Labor and Workforce Development; Colleen Kokas representing the Commissioner of the Department of Environment Protection; and Nancy Graves representing the Commissioner of the Department of Banking and Insurance. Public Members: Joseph McNamara, Vice Chairman, Laurence Downes, Marjorie Perry, Kate Whitman, Rich Tolson, and Kevin Brown, Third Alternate Public Member.

Absent from the meeting: Steve Petrecca representing the State Treasurer; Public Members Timothy Carden, Charles Sarlo, Ray Burke, First Alternate Public Member; Elliot M. Kosoffsky, Second Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Also participating via phone: Glen Scotland, Esq., Bernie Davis, Esq., bond counsel for RBH-TRB Newark Holdings, LLC.; and Nicole Crifo, Governor’s Authorities’ Unit.

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

Chairman Koeppe called the meeting to order at 2:10pm.

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.

BOARD MEMORANDUMS

PROJECT: RBH-TRB Newark Holdings, LLC. Limited Liability Co.

LOCATION: Newark/Essex Cty

REQUEST: Approve transfer Urban Transit Hub Tax credits from RBH-TRB Newark Holdings, LLC to Goldman Sachs Bank USA upon project completion anticipated to be in 2013/2014. Pre-approval of this transfer request is required to facilitate the New Market Tax Credit financing that must close by September 13, 2011.

MOTION TO APPROVE: Mr. Downes SECOND: Mr. Tolson AYES: 9 RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Ms. Perry abstained because she may pursue a business relationship with the developer.
BOND PROJECTS

Bond Resolutions

PROJECT: RBH-TRB Newark Holdings, LLC. Limited Liability Co.  APPL.#35260
LOCATION: Newark/Essex Cty
PROCEEDS FOR: building construction
FINANCING: Up to $5,265,000 Redevelopment Area Bond
MOTION TO APPROVE: Mr. Brown  SECOND: Ms. Whitman  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2
Ms. Perry abstained because she may pursue a business relationship with the developer.

PROJECT: RBH-TRB Newark Holdings, LLC. Limited Liability Co.  APPL.#35260
LOCATION: Newark/Essex Cty
PROCEEDS FOR: building construction
FINANCING: Up to $22,750,000 Qualified School Construction Bond
MOTION TO APPROVE: Mr. Downes  SECOND: Mr. Brown  AYES: 9
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3
Ms. Perry abstained because she may pursue a business relationship with the developer.

EDISON INNOVATION GROWTH FUND

PROJECT: VPlsystems Corporation  APPL.#18345
LOCATION: Somerset/Somerset Cty
REQUEST: Approve a $2.5 million, 3 year senior loan, and substitution of lender from Comerica Bank to BlueCrest Capital Finance, LP and increase EDA’s subordination on corporate assets from $1.5 million to $2.5 million. As consideration, EDA will obtain a shared lien on intellectual property.
MOTION TO APPROVE: Ms. Perry  SECOND: Mr. McDermott  AYES:10
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4
PUBLIC COMMENT

There was no comment from the public.

There being no further business, on a motion by Mr. Downes, and seconded by Ms. Perry, the meeting was adjourned at 2:25pm.

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
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
September 6, 2011

MINUTES OF THE SPECIAL MEETING

Members of the Authority present: Nancy Graves representing the Commissioner of the Department of Banking and Insurance; Wayne Staub representing the Commissioner of the Department of Environment Protection; Public Members: Joseph McNamara, Vice Chairman, and Laurence Downes.

Members of the Authority present via conference call: Al Koeppe, Chairman; Matt McDermott representing the Executive Branch; Steve Petrecca representing the State Treasurer; Dr. Aaron Fichtner representing the Department of Labor and Workforce Development; Public Members: Marjorie Perry, Kate Whitman, Timothy Carden, Ray Burke, First Alternate Public Member; and Kevin Brown, Third Alternate Public Member.

Absent from the meeting: Public Members, Charles Sarlo, Rich Tolson, Elliot M. Kosoffsky, Second Alternate Public Member; and Rodney Sadler, Non-Voting Member.

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

Chairman Koeppe called the meeting to order at 4pm.

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.

MAIN STREET

ITEM: Main Street Disaster Relief Program

REQUEST: Based on the Authority’s desire to support the State’s efforts in assisting those businesses negatively affected by Hurricane Irene, approval to temporarily modify the Main Street Line of Credit Guarantee Program and waive fees is requested, as well as delegation to the CEO to extend the program as warranted, delegation to staff to approve extensions to individual terms not to exceed 24 months, and authorization to promulgate the attached rule proposal to implement the program in the NJ Register, subject to review and approval of the Division of Law, Office of the Attorney General.

MOTION TO APPROVE: Mr. Carden SECOND: Mr. McNamara AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1
PUBLIC COMMENT

There was no comment from the public.

There being no further business, on a motion by Mr. Staub, and seconded by Mr. Downes, the meeting was adjourned at 4:22 pm.

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.

Caren Franzini, Secretary
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
      Chief Executive Officer

DATE: September 14, 2011

RE: Chief Executive Officer’s Report to the Board

Second Project Under Economic Redevelopment and Growth Program Closes

On August 16, Saker ShopRites, Inc. became the second project to close under the Economic Redevelopment and Growth (ERG) Program. This project involves the construction of a 70,000 square foot supermarket in Somerville, which will bring 155 permanent and 116 temporary construction jobs to an economically distressed area. EDA supported this project with an estimated reimbursement of $5 million under the ERG program, based on project costs of $28.1 million.

This project has tremendous municipal and community support, as this will be the only supermarket in Somerville and a major component of the municipality’s redevelopment plan. This project also supports the goals of the New Jersey Fresh Foods Initiative, a program EDA initiated to stimulate the development of supermarkets in underserved, low and moderate income areas throughout the state.

EDA Launches Sustainability Initiative

Spearheaded by Diane Wong and Mary Correia, the EDA has proudly launched its very own sustainability initiative. Through four teams of EDA volunteer employees, we are striving to become a more sustainable organization in hopes of being a predominant model for other businesses and communities to better the world we live in.

Our “People” team is introducing ideas that will get the EDA staff involved in our sustainability initiative by presenting programs that help encourage a more sustainable lifestyle including relevant lunch and learns and walking clubs during lunch hours. The “Planet” team is encouraging a more recycle-conscious atmosphere by gearing up for recycling and trash collection teams that will improve both the EDA environment and that of the Trenton community. The “Profits” team has been working to find ways to minimize the EDA’s unnecessary usage of overused resources such as paper and electricity. Finally, the
“Measurements and Communications” team will look at channels by which to measure the success of the initiative and communicate it to all EDA staff.

In addition to the four teams outlined, a separate group of employees will take a look at best practices from other companies and organizations that have pursued similar sustainability initiatives, and look for opportunities to apply those findings to EDA’s efforts.

As many of the items mentioned above are expected to be implemented within the next few weeks, we look forward to sharing more of this exciting news with the Board as the initiative continues to evolve.

**FINANCING ACTIVITY**

Through the month of August, EDA closed financing and incentives totaling over $524 million for 131 projects that are expected to spur the creation of over 8,100 new, full-time jobs and leveraging over $2.2 billion in total public/private investment.

- In lending activity, EDA closed financing totaling over $211 million for 105 projects that are expected to spur the creation of just over 642 new, full-time jobs and leveraging over $398 million in total public/private investment.

- Through our incentive programs, EDA closed on 26 projects totaling over $312 million in estimated benefits that are expected to create just over 7,500 new, full-time jobs and leveraging over $1.8 billion in total public/private investment.

In addition to the aforementioned Saker ShopRites, Inc. project, the following are among the businesses/projects assisted in August:

**Hexacon Electric Company,** which closed on a direct loan of just over $70,000 under the Small Business Fund. Hexacon Electric Company is a Roselle Park-based manufacturer of a large variety of soldering equipment that is sold to various industries. This assistance will support 28 existing jobs.

**Healthpoint Medical Group of Keyport,** which closed on a $630,000 PNC Bank loan with $157,500 (25%) EDA guarantee through the New Jersey Business Growth Fund. Healthpoint Medical Group of Keyport specializes in internal medicine, orthopedic surgery, clinical pain management and ambulatory surgery procedures.
EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees or exhibitors at 9 events in August. These included the Chamber of Commerce Southern New Jersey’s Lunch with Lieutenant Governor Kim Guadagno in Cherry Hill, Congressman Rush Holt’s Manufacturing Forum in Piscataway, and the 2011 South Plainfield Job Fair where EDA attended on behalf of Lt. Governor Guadagno.
MEMORANDUM

To: Members of the Authority

From: Al Koeppe
      Chairman

Date: September 14, 2011

Subject: Annual Meeting

The New Jersey Economic Development Authority’s By Laws provide that an annual reorganization meeting be held in September of each year. The purpose of this meeting is to elect the officers of the Authority for the coming year, including the Treasurer and Vice Chair. As has been done in years past, it is recommended that the position of Board Treasurer be held by State Treasurer Andrew P. Sidamon-Eristoff. The position of Vice Chairman is currently held by Joe McNamara, who is interested in continuing to serve in this role, subject to confirmation by the Members.

The appointment of Assistant Secretaries to the Board to support the Secretary, Caren Franzini, in her absence is also required. I am recommending that Maureen Hassett, Gregory Ritz and John Rosenfeld serve as Assistant Secretaries.

The Authority has six committees that meet throughout the year. I am requesting that the named Members or their Ex Officio designees participate in the following committees and recommend the appointment of individual Members to Chair each committee as so indicated:

**Director’s Loan Review Committee** - Chair: Ray Burke, Marjorie Perry, Elliott Kosoffsky, Commissioner of the Department of Banking and Insurance, and the Commissioner of the Department of Labor and Workforce Development

The DLRC will meet monthly to review all non real estate development Authority exposure requests, including, but not limited to, direct and loan guarantee requests.

**Audit Committee** – Chair: Tim Carden, Al Koeppe, Ray Burke, the State Treasurer, and the Commissioner of the Department of Banking and Insurance
The Audit Committee monitors the financial operations of the Authority including the review of the annual operating budget and those responsibilities outlined in the committee Charter. The committee will meet quarterly and at such other times as determined by the Chair.

**Policy Committee** - Chair: Joe McNamara, Charles Sarlo, Kevin Brown, Kate Whitman, Executive Branch Designee, and the Commissioner of the Department of Labor and Workforce Development

The Policy Committee provides advice on policy matters, the formulation of the Authority’s annual strategic business plan and marketing strategy and meets at times determined by the Chief Executive Officer (CEO) in consultation with the Chair.

**Real Estate Committee** - Chair: Charles Sarlo, Richard Tolson, Kevin Brown, Elliott Kosoffsky, the Commissioner of the Department of Environmental Protection and the State Treasurer.

The Real Estate Committee reviews all monthly real estate matters with Authority exposure prior to the Board meeting.

**Incentives Committee** - Chair: Larry Downes, Joe McNamara, Tim Carden, the Executive Branch Designee, the Commissioner of Labor and Workforce Development and the State Treasurer.

The Incentives Committee meets monthly to review all significant non-direct exposure incentive requests, including but not limited to tax credits.

**Compensation Committee** – Chairman Al Koeppe, Joe McNamara and Tim Carden.

The Compensation Committee advises on compensation policies that enable the attraction and retention of staff and meets as determined by the CEO in consultation with the Chair.

Attached is a schedule of the monthly Board meetings through September 2012. By resolution we will be adopting this schedule for the next year’s Board meeting dates. I am also seeking your approval for the following actions: 1) Committee appointments as noted above; 2) Appointment of the Assistant Secretaries; and 3) Election of a Vice Chair and Treasurer.

Al Koeppe

Attachment
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

2011 – 2012 BOARD MEETING DATES

October 11, 2011
November 9, 2011
December 13, 2011
January 17, 2012
February 14, 2012
March 15, 2012*
April 10, 2012
May 8, 2012
June 12, 2012+
July 12, 2011*
August 14, 2012
September 13, 2012*

All board meetings are held on the second Tuesday of each month from 10 – 12 Noon in the boardroom, unless otherwise noted.

*Board meeting will be held on Thursday
+ Board meeting will be held in Camden – WTCC
MEMORANDUM

To: Members of the Board

From: Caren S. Franzini

Date: September 14, 2011

Subject: Executive Session Items
For Informational Purposes Only

As the Members are aware, from time to time, items that require the Board’s consideration, including real estate, litigation, or personnel matters, are confidential in nature and therefore may not be appropriate for public discussion at that time. For this reason, the Board goes into Executive Session to deliberate on these matters.

In compliance with New Jersey’s Open Public Meetings Act, the Board first adopts a resolution at its public meeting indicating generally what matters will be discussed in Executive Session and when these items will be disclosed to the public.

Beginning in January of 2010, it has become the practice of the Authority to publicly release details of items considered in Executive Session on an annual basis at the September Board meeting. Many items remain sensitive or unresolved and therefore cannot be made public at this time, however, after a review by staff, several items have been resolved and are no longer considered confidential. Attached, for the Board’s information, is a chart outlining the resolved items from the past year.

Staff will continue to review executive session items on an annual basis and present an update to the Board at its annual meeting each September, which will include a list of matters no longer deemed confidential. As is the current practice, if a request is made for information on an Executive Session item in the interim, staff, in consultation with the Attorney General’s Office, will review the request to determine if the item can be made public at that time.

Attachment

Prepared by: Kim Ehrlich
## RESOLVED EXECUTIVE SESSION ITEMS
### 2009-2011

<table>
<thead>
<tr>
<th>Item</th>
<th>Date of Action</th>
<th>Description</th>
<th>Resolution</th>
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<tbody>
<tr>
<td>Acquisition of five State Police Barracks</td>
<td>October 2009</td>
<td>Board was asked to approve the acquisition of five State Police Barracks for the purchase price of $5.6 million on terms to be finalized with the property owner.</td>
<td>EDA has signed a financing lease with Treasury, sold $8.6 million in bonds for the purchase and renovation of the properties and purchased the 5 properties.</td>
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<td>Bid Protest – Internet Service Provider (ISP) Services – Challenging the rejection of all bids and terminating the selection process and rebidding as a new RFP</td>
<td>June 2010</td>
<td>A formal protest was received from Business Automation Technologies, d/b/a Data Network Solutions (DNS) to the rejection of its bid proposal and termination of the RFP for ISP services. A Hearing Officer was assigned and a review of the challenge and bid documents was conducted. The Board approved the Hearing Officer’s recommendation to constitute a final authority determination finding the protest was without merit, rejecting DNS’s proposal for non-responsiveness to the requirements of the RFP, terminating the selection process, and allowing the procurement of these services to continue under a new RFP.</td>
<td>At a subsequent special board meeting to award a contract under the new RFP, the President of DNS petitioned the board to provide an “exceptions period” to allow time to respond to the Hearing Officer’s report from the original RFP. This request was granted. The board later voted to uphold the Hearing Officer’s June 8, 2010 recommendation to cancel the original RFP. A new RFP was issued. Several firms responded. DNS was ultimately awarded the contract at the October 8, 2010 Authority meeting.</td>
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NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: Bais Rivka Rochel Inc. P36763

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

PROJECT LOCATION: 285 River Avenue Lakewood Township (T/UA) Ocean

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

APPLICANT BACKGROUND:
Bais Rivka Rochel Inc. (Bais), established in 1985, is a Jewish school for girls, with classes from day care through high school. The school is open to students of all races, religions, cultures, special needs and backgrounds. Currently, the applicant has an enrollment of 250 children in the day care, 1,200 students in the K - 8 grades, 500 students in the Bais Shandel High School division, and 125 special needs students in the Stars Division, a program in coordination with the Lakewood Board of Education. Rabbi Shlomo Kanarek is the founder and President of the school. The project has been reviewed and approved by the Attorney General's Office relating to the First Amendment's Establishment Clause.

The Authority approved at its June 2005 Board meeting a $13.2 million, 25 year tax-exempt bond (P16514), at a rate of 4.36%, which closed in September 2005. The bond proceeds allowed the applicant to refinance debt used to acquire an 82,000 s.f. building on 6.13 acres and make renovations to house the Bais Shandel High School and Stars special needs program. At the September 2011 Board meeting, the applicant will be requesting approval to refund approximately $11.7M of the original bond at lower rates to effect significant savings.

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

APPROVAL REQUEST:
Authority assistance will enable the applicant to refinance approximately $3.5 million in debt used to renovate the school(s) and purchase additional property next to the school for future expansion.

The applicant is also requesting at the September 2011 Board meeting approval of a $11.5 million refunding bond (P34035), with the total of both bonds not to exceed $15 million.

FINANCING SUMMARY:

BOND PURCHASER: Provident Bank (Direct Purchase)

AMOUNT OF BOND: $3,500,000 Tax-Exempt Bond (Part of a $15 million bond issue.)

TERMS OF BOND: 15 years; fixed rate based on the tax exempt equivalent of the fifteen (15) year Federal Home Loan Bank of NY Fixed Advance Rate plus 215 basis points. The estimated rate as of 9/7/2011 is 3.55%.

ENHANCEMENT: N/A

PROJECT COSTS:

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<td>---------------</td>
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**TOTAL COSTS**

$3,542,000

**PUBLIC HEARING:** 08/16/11 (Published 08/02/11)

**BOND COUNSEL:** Wolff & Samson

**DEVELOPMENT OFFICER:** R. Fischer

**APPROVAL OFFICER:** M. Krug
APPLICANT: Bais Rivka Rochel Inc.  P34035

PROJECT USER(S): Same as applicant  *

PROJECT LOCATION: 285 River Avenue  Lakewood Township (T/UA)  Ocean

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

APPLICANT BACKGROUND:
Bais Rivka Rochel Inc., established in 1985, is an educational school for girls, from pre-kindergarten through high school, as well as providing a full service day care program. The school is open to students of all races, religions, cultures, and backgrounds. Currently, the applicant has an enrollment of 1,000 students. The existing school will continue to operate as a day care, pre-kindergarten, lower and middle school, which will serve as a feeder to the new high school. The project has been reviewed and approved by the Attorney General's office relating to the First Amendment Establishment Clause.

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

REFUNDING REQUEST:
Authority assistance will enable the applicant to refund $11.5 million currently outstanding of a $13.2 million tax-exempt bond (P16514) bought by Independence Community Bank, which closed September 19, 2005. The original bond proceeds were used to acquire and renovate 6.13 acres, 82,000 s.f. facility at 685 River Ave, Lakewood, occupied by Bais Shandel High School, a girls high school, refinance prior debt related to the acquisition and renovation of 285 River Avenue, Lakewood occupied by Bais Rivka Rochel, Inc., a K-8 girls schools.

The applicant is also requesting at the September 2011 Board meeting approval of a $3.5 million tax-exempt bond (P36763) to refinance debt used to renovate the school and purchase additional property next to the school for future expansion, with the total of both bonds not to exceed $15 million.

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

AMOUNT OF BOND: $11,500,000 Tax-Exempt Bond (Part of a $15 million bond issue.)

TERMS OF BOND: 15 years; fixed rate based on the tax exempt equivalent of the fifteen (15) year Federal Home Loan Bank of NY Fixed Advanced Rate plus 215 basis points. The estimated rate as of 9/7/2011 is 3.55%.

ENHANCEMENT: N/A

PROJECT COSTS:

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<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$11,633,000</strong></td>
</tr>
</tbody>
</table>
APPLICANT: Century Packaging, Inc.

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 42 Edgeboro Road

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

APPLICANT BACKGROUND:
Century Packaging, Inc. (Century), formed in 1986, is a full service manufacturer that specializes in designing folding cartons to customer specification. The applicant handles all aspects of carton creation, from the prototype phase to graphic layout, manufacturing and delivery of the final product. Century's customers are nationwide, with a primary focus on the New York, New Jersey, Pennsylvania tri-state area. Industries served by the applicant include cosmetic, pharmaceutical, healthcare, nutritional, food, bakery products, automotive & industrial hardware and pet products.

The Authority approved at its August 2009 Board meeting a $2.5 million tax-exempt bond (P26784), having an 84 month term with a fixed rate of 5.5%, for Century Packaging to acquire a Mitsubishi sheetfed press that closed in November 2009. The tax-exempt bond was acquired by People's Capital and Leasing Corp, who has also committed to fund the new tax-exempt bond request. Since the purchase of the 1st press in 2009, sales and production have increased 32%. A 7 year $400,000 SLP loan (P11188) with a 25% Authority participation of $100,000, and a 25% guarantee of principal outstanding, not to exceed $75,000, closed in April 2000 and was subsequently paid off in May 2007, as agreed.

APPROVAL REQUEST:
Authority assistance will enable the Applicant to acquire a Mitsubishi Diamond 3000LX 6-16 28"x40" 6 color sheetfed printing press with auxiliary equipment, similar to the one acquired in 2009. The applicant is projecting the acquisition of the new press will allow it to increase business an additional 20%. The project cost not covered by the tax-exempt bond will be funded by the applicant.

The applicant was approved for this bond financing by the Authority at its June 14, 2011 Board meeting, and subsequently approved for a 30 day extension of the allocation of Volume Cap to close by September 12, 2011. As a result of delays installing the equipment the applicant is requesting a new allocation of Volume Cap for this project.

FINANCING SUMMARY:

BOND PURCHASER: People's Capital and Leasing Corp. (Direct Purchase)

AMOUNT OF BOND: $1,620,000 Tax-Exempt Bond

TERMS OF BOND: 84 months; fixed rate based on the tax-exempt equivalent of 300 basis points over the seven (7) year People's Capital and Leasing Corp cost of funds. The estimated rate is 4.41% as of 9/7/2011.

ENHANCEMENT: N/A

PROJECT COSTS:

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</table>
APPLICANT: Century Packaging, Inc.

TOTAL COSTS $1,900,000

JOBS: At Application 53 Within 2 years 7 Maintained 0 Construction 2

PUBLIC HEARING: 06/14/11 (Published 05/31/11)  BOND COUNSEL: Wolff & Samson
DEVELOPMENT OFFICER: P. Ceppi  APPROVAL OFFICER: M. Krug
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: Ilan High School

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 1200 Roseld Avenue

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

APPLICANT BACKGROUND:
Ilan High School, was formed in 1995 with the mission to provide a girls high school with a strong college preparatory program and Jewish based education. The applicant offers a rigorous academic curriculum that exceeds New Jersey state requirements, including advanced placement and elective courses and a college partnership option through Fairleigh Dickinson University to students who wish to accelerate and earn college credits. The applicant's highly respected academic and comprehensive college guidance program ensures that 90% of the students are accepted into their first choice colleges and universities. The applicant's current enrollment is 120 students, with plans to increase to 250 students in its new facility. The principal is Rabbi Y.M. Jacobowitz. The project has been reviewed and approved by the Attorney General's Office relating to the First Amendment's Establishment Clause.

The applicant is a 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 acquire a 2 acre site and renovate a 27,473 s.f. building that was previously used as a synagogue. The sanctuary, which currently accounts for approximately 20% of the building, will be converted into 3 multipurpose classrooms, in addition to the 13 existing classrooms.

FINANCING SUMMARY:

BOND PURCHASER: The Bank of Princeton (Direct Purchase)

AMOUNT OF BOND: $2,400,000 Tax-Exempt Bond

TERMS OF BOND: 25 years; Interest rate fixed for the first 5 years at 4.5% to be adjusted every five (5) years to the tax-exempt equivalent of the five (5) year US Treasury Note plus 300 basis points with a 4.5% floor for the life of the loan.

ENHANCEMENT: N/A

PROJECT COSTS:

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<tr>
<th>Description</th>
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**TOTAL COSTS** $2,877,000
JOBS:  At Application 40  Within 2 years 15  Maintained 0  Construction 15

PUBLIC HEARING: 08/16/11 (Published 08/02/11)  BOND COUNSEL: Wolff & Samson
DEVELOPMENT OFFICER: R. Fischer  APPROVAL OFFICER: M. Krug
APPLICANT: Hamilton Area Young Men's Christian Association
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 185 Sawmill Road Hamilton Township (T) Mercer
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Hamilton Area Young Men's Christian Association ("Hamilton YMCA"), founded and chartered in 1965, is a 501(c)(3) not-for-profit organization that provides a variety of social, educational, and recreational programs that promote good health, strong families, youth leadership, community development, and international understanding to residents of Hamilton Township and surrounding communities.

The applicant received Authority assistance in 1991 consisting of $3,100,000 in tax-exempt bonds to construct and equip the applicant's main 34,000 sq ft building on 6 acres. The 1991 bonds were refunded in 1996 and again in 2003. The proceeds of the 2003 tax-exempt bond issue of $5,685,000 were used to refund the $2,015,00 outstanding balance of the prior bonds, refinance conventional debt associated with the main Hamilton facility and the 70 acre Saw Mill Day Camp and Recreation Center plus pay costs of issuance.

In 2007, Authority assistance allowed the Hamilton YMCA to refund the outstanding balance of $4,500,000 on the 2003 bonds as well as to finance a 20,000 sq ft expansion of its facilities. The total tax-exempt financing of $10,000,000 was purchased by North Fork Bank (now Capital One). The interest rate on the bonds was fixed at 4.36%.

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

REFUNDING REQUEST:
Authority assistance will enable the applicant to refund the outstanding balance of the 2007 bonds plus the cost of issuance. This will allow the applicant to obtain a lower interest rate and improve cash flow which will help the Hamilton YMCA to better support the community it serves.

FINANCING SUMMARY:
BOND PURCHASER: Roma Bank (Direct Purchase)
AMOUNT OF BOND: Not to exceed $9,500,000 (Tax-Exempt)
TERMS OF BOND: 25 years; Fixed rate set on the closing date equal to the greater of (i) the tax-exempt equivalent of the FHLB New York ten year rate plus 200 basis pts or (ii) 3.99%. The rate will be reset on the tenth anniversary using the same index and on the twentieth anniversary at the greater of (i) the tax-exempt equivalent of the FHLB New York five year rate plus 200 basis pts or (ii) 3.99%. The indicative rate as of 9/7/2011 is 3.99%.

ENHANCEMENT: N/A

PROJECT COSTS:
- Principal amount of bond to be refunded $9,500,000
- Redemption premium $95,000
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**PUBLIC HEARING:** 09/14/11 (Published 08/31/11)  
**BOND COUNSEL:** Wolff & Samson  
**DEVELOPMENT OFFICER:** K. Durand  
**APPROVAL OFFICER:** K. McCullough
COMBINATION PRELIMINARY AND BOND RESOLUTIONS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT:  Engel Burman at Woodcliff Lake, LLC  P35572
PROJECT USER(S):  Ultimate Care New York, LLC *  * - indicates relation to applicant
PROJECT LOCATION:  364 Chestnut Ridge Road Woodcliff Lake Borough (N) Bergen
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison (X) Core  ( ) Clean Energy

APPLICANT BACKGROUND:
Engel Burman at Woodcliff Lake, LLC is an affiliate of the Engel Burman Group that has been building, developing and managing active adult communities and assisted living facilities for 13 years. During that period, the Group constructed five new assisted living facilities, aggregating over 550,000 sq. ft. and containing over 600 beds. It also renovated an existing project of over 100 beds to upgrade the community. Further, the Engel Burman Group is in the process of developing several other assisted living residences throughout the metropolitan region, including the Woodcliff Lake facility.

The project qualifies for tax-exempt bond financing as an Exempt Public Facility - Qualified Residential Project under Sections 142(d)(1) and 142 (a)(7) of the Internal Revenue Code of 1986 as amended since the applicant will set aside 20% of the units in the project to individuals whose income does not exceed 50% of the area median gross income.

APPROVAL REQUEST:
Authority assistance will enable the Applicant to (i) purchase approximately 4.2 acres of land and construct an approximately 125,000 sq. ft. building for 142 assisted living units with related community amenities including trails, gazebo, courtyards and approx. 75 parking spaces; (ii) purchase equipment and machinery including food service equipment, special age related equipment and leisure equipment; (iii) fund interest during construction; (iv) fund a debt service reserve; and (v) pay certain costs of issuance. Upon completion of the project, the applicant will be the owner and an affiliate of the applicant, Ultimate Care New York, LLC, will operate and manage the project. The difference between the project costs and the bond amount will be funded by borrower's equity.

FINANCING SUMMARY:
BOND PURCHASER: Roosevelt & Cross Inc. (Private Placement Agent)
AMOUNT OF BOND:  $38,000,000 (max.) Tax-exempt bond
(2008 and 2010 Carryforward Bond Allocation)
TERMS OF BOND:  35 years (max.) Fixed interest rate not to exceed 10%, estimated fixed rate is 8% as of 9/7/2011.
ENHANCEMENT:  N/A

PROJECT COSTS:

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PUBLIC HEARING: 09/14/11 (Published 08/29/11)  
BOND COUNSEL: McCarter & English  
DEVELOPMENT OFFICER: P. Ceppi  
APPROVAL OFFICER: T. Wells
PRELIMINARY RESOLUTIONS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: UMM Energy Partners, LLC
PROJECT USER(S): Same as applicant
PROJECT LOCATION: Normal Ave. Montclair Township (T/UA) Essex
GOVERNOR'S INITIATIVES: (X) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
UMM Energy Partners, LLC is a special purpose entity recently formed to design, develop, construct, own, operate and maintain the Montclair State University Energy Project. The Project on the campus of Montclair State University will include the total replacement of the existing combined heat and power facility with a new facility that will include electric production to serve the campus, chilled water to provide air conditioning and steam for heat. UMM Energy Partners is wholly owned by Energenic, which is equally owned by DCO Energy, LLC and Marina Energy, LLC. Energenic is an independent energy development company specializing in the development, engineering, construction, operation, maintenance and management of central energy centers, renewable energy projects, and combined heat, chilling and power production facilities.

There are two related prior bond financings: 1) In June 2010, Authority assistance enabled Provident Group - Montclair Properties L.L.C. via a tax-exempt and taxable bond financing totalling $234,990,000, to construct a 2,000 bed student housing project on the campus. The housing project was one of the first public-private partnership projects on a public university property in the State under the NJ Economic Stimulus Act of 2009 and was completed on schedule and is open for the 2011-2012 academic year. The proposed Energy Project is also subject to the public private partnership program and as required under the Stimulus Act, the Authority's Real Estate Division is reviewing the Energy Project and upon completion of its review, will present the Project to the EDA Board.

2) ACR Energy Partners, also owned by Marina Energy and DCO Energy, closed on a $118,600,000 tax exempt and taxable bond financing in 2010 to finance a portion of the construction costs of the Atlantic City Inlet District Energy Center, providing energy to the Revel Entertainment Complex and other nearby properties.

This project qualifies for tax-exempt bond financing as an Exempt Public Facility - Local District Heating or Cooling Facility - under Section 142(a)(9) of the 1986 Internal Revenue Code as amended.

APPROVAL REQUEST:
Authority assistance will enable the Applicant to finance a portion of the construction costs of the Montclair State University Energy Project consisting of a new cogeneration facility of combined heat, chilling and power facility as well as the purchase machinery and equipment. The land where the new facility will be located will be leased by the applicant and developer, UMM Energy Partners, from the University.
FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

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TOTAL COSTS $92,284,869

JOBS: At Application 0 Within 2 years 8 Maintained 0 Construction 450

PUBLIC HEARING:

DEVELOPMENT OFFICER: P. Ceppi

BOND COUNSEL: McManimon & Scotland

APPROVAL OFFICER: R. Wells
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: September 14, 2011

SUBJECT: Petroleum Underground Storage Tank Remediation, Upgrade and Closure Program ("PUST")

As the Board is aware, funding issues resulted in EDA and the Department of Environmental Protection ("DEP") having to suspend accepting new applications for the removal of non-leaking tanks under the PUST program on May 3, 2011.

We are submitting projects for approval based on the anticipated $14 million in State Fiscal Year 2012 funding for PUST to support projects that have already been approved by DEP for technical eligibility and by EDA for financial eligibility.

Pursuant to NJSA 58:10A-37.4, there are statutory requirements for prioritizing funding of these projects as follows:

1) Applications indicating a discharge posing a threat to drinking water, human health or sensitive ecological area;
2) Supplemental applications for remediation of discharge from regulated tanks;
3) Applications for remediation of discharge from regulated tanks;
4) Supplemental applications for remediation of discharge from unregulated tanks;
5) Applications for remediation of discharge from unregulated tanks;
6) Non-leaking tank applications

Within each of these categories, priority is based on the application filing date and processing dates that EDA staff adheres to when conducting its review.

Attached for the members’ consideration is a list of projects by priority ranking requesting approval.

Prepared by: Lisa S. Petrizzi
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: September 14, 2011

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:

**Regulated Leaking Supplemental Grants:**
- Saint Peter’s College ................................................. $357,842
- Wilson’s Service Center ........................................... $109,463
- Richard Florek .......................................................... $164,672
- Ness, Inc. ................................................................. $262,092
- George’s Friendly Service ........................................... $256,001
- Domenico Susini III .................................................... $82,186
- Bildee Corporation .................................................... $278,495

**Regulated Leaking Grants:**
- Estate of Conrad Vuocolo, Jr. ..................................... $227,422
- Boys and Girls Club of America ................................ $267,411
- Warren Isaacs ............................................................ $105,937
- Pillar of Fire .............................................................. $155,760

**Unregulated Leaking Supplemental Grants:**
- Catherine Brettell ...................................................... $160,043
- John Carver ............................................................... $294,696
- Paul Adams ............................................................... $103,050
- Terri Horowitz ......................................................... $126,585

**Unregulated Leaking Grants and Loan:**
- Eleanor Bauza ............................................................ $114,899
- Lucy Bajcie ............................................................... $101,657
- Estate of Joseph Shymko .............................................. $24,352
- St. Cecilia Church (St. Cecilia Rectory) .................... $179,255
- Joyce Newland ........................................................... $208,499
- Mary Ellen Delnero .................................................... $159,221

**Total UST funding for September 2011** ........................................ $3,739,538

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

APPLICANT: Saint Peter's College

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 2641 Kennedy Blvd, Jersey City (T/UA) Hudson

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

APPLICANT BACKGROUND:
Saint Peter's College received a grant in September 2010 in the amount of $807,503 under P32680 and also in June 2006 for $334,655 under P17181 to remove and replace underground storage tanks (UST's) at the project site. The tanks were decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible, to perform additional remediation, groundwater and soil investigation and delineation, vapor intrusion investigation, and removal of additional UST's.

The legislation allows grant funding for independent institutions of higher education up to $1,500,000.

APPROVAL REQUEST:
The applicant is requesting a supplemental grant in the amount of $357,842 for the approved scope of work at the project site, for a total funding to date of $1,500,000.

The NJDEP oversight fee of $35,784 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: $357,842

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

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
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08/16/11 (Published 08/02/11)

APPROVAL OFFICER: L. Petrizzi
APPLICANT: Wilson's Service Station
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 277 Sanford Street
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Wilson's Service Station received a grant in November 2008 in the amount of $42,162 under P22964 to perform soil remediation, soil sampling and well installation for the closure of five underground storage tanks (UST’s) at the project site. The tanks were decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible, to perform additional remediation activities.

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $109,463 to perform the approved scope of work at the project site, for a total funding to date of $151,625.

The NJDEP oversight fee of $10,946 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 $109,463
TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

PROJECT COSTS:

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<tr>
<th>Description</th>
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<tbody>
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APPROVAL OFFICER: L. Petrizzi
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: Richard Florek

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 305 Boundbrook Rd

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

APPLICANT BACKGROUND:
Richard Florek received a grant in August 2008 in the amount of $183,500 under P21932 and in August of 2009 in the amount of $51,367 under P27471 to perform soil and groundwater remediation for the closure of the underground storage tanks (UST's) at the project site. The tanks were decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible, to perform geoprobe investigation, well installation, well sampling and testing, and feasibility testing.

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

APPROVAL REQUEST:
The applicant is requesting supplemental grant funding in the amount of $164,672 to perform the approved scope of work at the project site, for a total funding to date of $399,539.

The NJDEP oversight fee of $16,467 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: $164,672

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

PROJECT COSTS:

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<tr>
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APPROVAL OFFICER: L. Petrizzi
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: Ness, Inc.  P33776
PROJECT USER(S): Same as applicant  * - indicates relation to applicant
PROJECT LOCATION: 360 Main Street  Chatham Township (N)  Morris
GOVERNOR'S INITIATIVES: () Urban  () Edison  () Core  () Clean Energy

APPLICANT BACKGROUND:
Ness, Inc. d/b/a Paul's Chatham Texaco, received a grant in the amount of $17,030 in August 2004 under P15899 and received an additional grant in the amount of $34,577 in April 2006 under P15899s to remove and close an underground storage tank (UST) at the project site. The NJDEP has determined that the additional project costs are technically eligible, to perform additional soil and groundwater remediation and vapor intrusion investigation.

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 $262,092 to perform the approved scope of work at the project site, for a total funding to date of $313,699.

The NJDEP oversight fee of $26,209 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: $262,092
TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

PROJECT COSTS:

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<th>Description</th>
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APPROVAL OFFICER: L. Petrizzi
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: George's Friendly Service

PROJECT USER(S): George's Friendly Service *

PROJECT LOCATION: 406 New Milford Avenue Dumont Borough (N) Bergen

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

APPLICANT BACKGROUND:
George's Friendly Service, owned by Steve Finck and William Finck, received a grant in August 1998 in the amount of $77,577 under p10255 and a grant in June 2007 in the amount of $28,882 under P17879 and are seeking to perform extensive soil and groundwater remediation for the closure of the former underground storage tanks (UST's) at the project site along with potable well search and sampling of baseline ecological evaluation of site restoration. The tanks will be decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

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

APPROVAL REQUEST:
The applicants are requesting grant funding in the amount of $256,001 to perform the approved scope of work at the project site, for a total funding to date of $362,460.

The NJDEP oversight fee of $25,600 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 $256,001

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

PROJECT COSTS:

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APPROVAL OFFICER: K. Junghans
APPLICANT: Domenico Susini III P34709
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 360 Broad Avenue Leonia Borough (N) Bergen
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Domenico Susini, III is the owner of the project site. The applicant received a grant in the amount of $188,150 under P10230 in July 1998 to remove and replace five underground storage tanks (UST’s) which also included soil and water testing and installation of new monitoring equipment, in August 1999, the applicant received a grant the amount of $61,850 under P10230s to perform site investigation activities required by NJDEP, in December 2004, the applicant received a grant in the amount of $27,439 under P16087 to perform groundwater remediation activities, and in August 2008, the applicant received a grant in the amount of $81,808 under P22619 to perform additional soil and groundwater investigation. The NJDEP has determined that the supplemental project costs are technically eligible, to perform soil delineation, groundwater well installation, and vapor intrusion investigation.

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

APPROVAL REQUEST:
The applicant is requesting supplemental grant funding in the amount of $82,186 to perform the approved scope of work at the project site, for a total funding to date of $441,433.

The NJDEP oversight fee of $8,219 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 $82,186
TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

PROJECT COSTS:

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

APPLICANT: Bildee Corporation
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 65 Leonardville Road Middletown Township (N) Monmouth
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Bildee Corporation a/k/a Dressler’s Citgo, owned by Delores Dressler, received a grant in June 2008 in the amount of $98,724.00 under P#20032 to perform underground storage tank closure, soil removal and sampling, well installation and sampling, as well as receptor evaluation at the project site. The tanks will be decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible, to perform additional remedial activities, as well as vapor and GPR survey, soil sampling, well installation installations and groundwater sampling.

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 $278,495 to perform the approved scope of work at the project site, for a total funding to date of $377,219.

The NJDEP oversight fee of $27,850 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 $278,495
TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

PROJECT COSTS:
| Upgrade, Closure, Remediation | $278,495 |
| NJDEP oversight cost          | $27,850  |
| EDA administrative cost       | $500     |

TOTAL COSTS $306,845

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

APPLICANT: Estate of Conrad Vuocolo, Jr.  
PROJECT USER(S): Same as applicant  
PROJECT LOCATION: 401 Richmond Avenue  
GOVERNOR'S INITIATIVES:  
  * - indicates relation to applicant
  • Urban  ( ) Edison  ( ) Core  ( ) Clean Energy

APPLICANT BACKGROUND:
Estate of Conrad Vuocolo, Jr, owner US Petroleum 96 Inc., is seeking to perform groundwater remediation for the closure of the former underground storage tanks (UST's) at the project site. The tanks will be decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $227,422 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $22,742 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: $227,422
TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

PROJECT COSTS:

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TOTAL COSTS: $250,664

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

APPLICANT: Boys and Girls Club of America
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 1201 Monroe Avenue Asbury Park City (T/UA) Monmouth
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Boys and Girls Club of America is a 501(c)(3) not-for-profit organization seeking to close a 10,000 gallon leaking underground storage tank (UST) and perform the required remediation, as well as site investigation, remedial investigation and vapor intrusion. The tank will be decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

Certifications provided by the 501(c)(3) not-for-profit applicant meets the requirements for a conditional hardship grant.

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $267,411 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $26,741 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement.

FINANCING SUMMARY:
GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund
AMOUNT OF GRANT $267,411
TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

PROJECT COSTS:
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APPROVAL OFFICER: L. Petrizzi
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: Warren Isaacs P34014

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 914 W. St. Georges Avenue Linden City (T) Union

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

APPLICANT BACKGROUND:
Warren Isaacs owned the project site and operated a muffler shop. The applicant closed and remediated a regulated underground storage tank. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $105,937 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $10,594 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 $105,937

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

PROJECT COSTS:

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TOTAL COSTS $116,781

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

APPLICANT: Pillar of Fire
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 567 Weston Canal Road  Franklin Township (N)  Somerset
GOVERNOR'S INITIATIVES: ( ) Urban  ( ) Edison  ( ) Core  ( ) Clean Energy

APPLICANT BACKGROUND:
Pillar of Fire is a 501(c)(3) not-for-profit organization seeking to remove a leaking underground storage tank (UST) and perform the required remediation. The tank will be decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

Certifications provided by the 501(c)(3) not-for-profit applicant meets the requirements for a conditional hardship grant.

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $155,760 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $15,576 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: $155,760
TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

PROJECT COSTS:

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<td><strong>TOTAL COSTS</strong></td>
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APPROVAL OFFICER: C. Frazier
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: Catherine Brettell

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 21 Redwood Avenue Bordentown Township (N) Burlington

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

APPLICANT BACKGROUND:
Catherine Brettell received a grant in July 2009 in the amount of $38,486 under P26557 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible, to perform additional remedial activities and site restoration.

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 $160,043 to perform the approved scope of work at the project site, for a total funding to date of $198,529.

The NJDEP oversight fee of $16,004 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: $160,043

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:
Upgrade, Closure, Remediation $160,043
NJDEP oversight cost $16,004
EDA administrative cost $250

TOTAL COSTS $176,297

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

APPLICANT: John Carver
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 1184 Manor Drive, Lakewood Township (T/UA), Ocean
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
John Carver received a grant in March 2011 for $8,802 under P33603 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.

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 $294,696 to perform the approved scope of work at the project site, for a total funding to date of $303,498.

The NJDEP oversight fee of $29,470 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: $294,696
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

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<th>Description</th>
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<tr>
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<td>$250</td>
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TOTAL COSTS $324,416

APPROVAL OFFICER: L. Petrizzi
APPLICANT: Paul Adams

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 175 West Ridgewood ave Ridgewood Village (N) Bergen

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

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

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $103,050 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $10,305 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: $103,050

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

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<tr>
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</table>

TOTAL COSTS $113,605

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

APPLICANT: Terri Horowitz
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 197 Dey Grove Road Monroe Township (N) Middlesex
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
Terri Horowitz received a grant in April 2010 in the amount of $8,029 under P29218 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST). The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that supplemental project costs are technically eligible.

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $126,585 to perform the approved scope of work at the project site for a total funding to date of $134,614.

The NJDEP oversight fee of $12,659 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 $126,585
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:
Upgrade, Closure, Remediation $126,585
EDA administrative cost $250

TOTAL COSTS $126,835

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

APPLICANT: Eleanor Bauza
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 420 Sherry Way Cherry Hill Township (N) Camden
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

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

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $114,899 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $11,490 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: $114,899
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

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<td>Upgrade, Closure, Remediation</td>
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<td><strong>TOTAL COSTS</strong></td>
<td><strong>$126,639</strong></td>
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APPROVAL OFFICER: K. Junghans
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: Lucy Bajcic
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 14 Park Street, Dover Township (T), Ocean

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

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

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $101,657 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $10,166 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: $101,657
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

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<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Upgrade, Closure, Remediation</td>
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<td>$250</td>
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<td><strong>TOTAL COSTS</strong></td>
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APPROVAL OFFICER: J. Niles
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK PROGRAM

APPLICANT: Estate of Joseph Shymko
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 223 Chestnut Street
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
The Estate of Joseph Shymko owns the property located at 223 Chestnut Street in Kearny, NJ.

The applicant is seeking financing assistance related to removal of a leaking 550 gallon underground storage tank. The requested financing will be utilized for removal of the tank and related site remediation. DEP has reviewed the project and determined that it is technically eligible for a $24,352 loan. The Executor has stated the intention to sell the property upon completion of the remediation.

APPROVAL REQUEST:
Approval is recommended for a $24,352 loan as proposed.

FINANCING SUMMARY:
LENDER: Petroleum UST Remediation, Upgrade & Closure Fund
AMOUNT OF LOAN: $24,352
TERMS OF LOAN: 5-year term with no monthly payments required; interest to accrue. Principal plus accrued interest is due upon maturity or sale of the property. Interest rate of WSJ Prime fixed at closing (indicative rate of 3.25% as of 7/25/11)

PROJECT COSTS:

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<th>Description</th>
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<td>Remediation</td>
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<td>Tank closure</td>
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<td>Finance fees</td>
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<td><strong>TOTAL COSTS</strong></td>
<td><strong>$25,602</strong></td>
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</table>

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

APPLICANT: St. Cecilia Church (St. Cecilia Rectory) P34222
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 120 Kearny Avenue Kearny Town (T/UA) Hudson
GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:
St. Cecilia Church is a 501(c)(3) not-for-profit organization seeking to remove a leaking 1,000-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

Certifications provided by the 501(c)(3) not-for-profit applicant meets the requirements for a conditional hardship grant.

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $179,255 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $17,926 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 $179,255
TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act

PROJECT COSTS:
Upgrade, Closure, Remediation $179,255
NJDEP oversight cost $17,926
EDA administrative cost $250

TOTAL COSTS $197,431

APPROVAL OFFICER: J. Niles
APPLICANT: Joyce Newland

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 700 Route 45

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

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

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $208,499 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $20,850 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: $208,499

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

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<tr>
<th>Description</th>
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<tr>
<td>Upgrade, Closure, Remediation</td>
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<td><strong>TOTAL COSTS</strong></td>
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APPROVAL OFFICER: J. Niles
APPLICANT: Mary Ellen Delnero
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 62 Lisa Ct
GOVERNOR’S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

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

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

APPROVAL REQUEST:
The applicant is requesting grant funding in the amount of $159,221 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $15,922 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: $159,221
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

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APPROVAL OFFICER: K. Junghans
INCENTIVES
MEMORANDUM

TO: Members of the Board

FROM: Caren S. Franzini
        Chief Executive Officer

RE: Proposed Rule Amendments – Economic Redevelopment and Growth (ERG)
    Program / Urban Transit Hub Tax Credit Program

DATE: September 14, 2011

Request:

The Members of the Board are requested to approve revisions to the proposed amendments to
the rules implementing the Economic Redevelopment and Growth (ERG) Program and Urban
Transit Hub Tax Credit Program pursuant to statutory revisions enacted by Governor Christie
as P.L. 2011, c. 89 on July 26, 2011.

The following provides a summary of the proposed rule amendments which incorporate
statutory revisions contained in P.L. 2011, c. 89:

ERG Program

• Expands the definition of “qualifying economic redevelopment and growth grant incentive
  area” to include an area zoned for development pursuant to a master plan or subject to a
  redevelopment plan adopted by the New Jersey Meadowlands Commission, and any land
  owned by the New Jersey Sports and Exposition Authority within the boundaries of the
  Hackensack Meadowlands District. It is anticipated that this change will impact the
  American Dream at Meadowlands project.

Urban Transit Hub Tax Credit Program

• Extends eligibility for tax credits for capital investment in a mixed use project comprising
  both a qualified business facility and a qualified residential project, neither of which by itself
  satisfies the total investment minimum of $50 million. A developer may apply for tax credits
  either for the qualified business facility portion of the project or the qualified residential
  facility portion of the project, but not both. To be eligible the capital investment in the
  qualified business facility portion of the project must amount to at least $17.5 million and the
  total amount invested in the mixed use project, as a whole, must be at least $50 million; and,
  the mixed use project’s business component must employ 250 full-time employees. To be
  eligible, the capital investment in the qualified residential facility portion of the project must
  amount to at least $17.5 million and the total amount invested in the mixed use project, as a
  whole, must be at least $50 million.
• Revises the definition for "qualified residential project" which is amended to consist predominantly of residential units, rather than the existing requirement that the majority of which, measured by square footage, consists of residential units; and, amends the definition of "urban transit hub" to include any rail spur located adjacent to or within a one mile radius surrounding the entrance to property for loading and unloading freight cars on trains. The requirement that a qualified residential project consist predominantly of residential units does not apply to mixed use projects.

• Increases, from 20 to 35 percent, the proportion of the cost of capital invested in a qualified resident project located within an urban transit hub that a developer could receive as a credit.

• In determining whether a proposed capital investment will yield a net positive benefit, the EDA shall consider the transfer of an existing job from one location in the State to another location in the State as the creation of a new job if (1) the business proposes to transfer existing jobs to a municipality in the State as part of a consolidation of business operations from two or more other locations that are not in the same municipality, or (2) the business’s chief executive officer, or equivalent officer, submits a certification indicating that the existing jobs are at risk of leaving the State and that the representations contained therein are accurate, and the business intends to employ not fewer than 500 full-time employees in the qualified business facility.

• Delineates the components which shall be included within the above-referenced certification, specifically, that the existing jobs are at risk of leaving the State and that the chief executive officer, or equivalent officer, has reviewed the information submitted that the representations contained therein are accurate, and the business intends to employ not fewer than 500 full-time employees in the qualified business facility.

• Establishes a separate determination to be made by the EDA Board to verify and confirm that jobs, as certified by the business, are at risk of leaving the State as part of an application involving intra-State transfers; and, sets forth the methodology by which the Authority will verify the information submitted by the applicant.

• Deletes a provision regarding the reservation of affordable housing units and provides that for the purposes of mixed use projects or qualified residential projects where a business receives a credit, eligible municipalities are allowed to determine the amount of the percentage, up to 20 percent of the total, of newly-constructed residential units set aside for occupancy by low or moderate income households. For a mixed use project or a qualified residential project that has received preliminary or final site plan approval prior to the effective date of S2972, the percentage shall be deemed to be the percentage, if any, of units required to be reserved for low and moderate income households in accordance with the terms and conditions of such approval.

• Provides that if, in any tax period, the number of full-time employees employed by the business at the qualified business facility drops below 250 or the number of full-time employees, who are not the subject of intra-State job transfers, employed by the business at any other business facility in the State, whether or not located in an urban transit hub within an eligible municipality, drops by more than 20 percent from the number of full-time employees in its workforce in the last tax accounting or privilege period prior to the credit amount approval, then the business shall forfeit its annual credit amount for that tax period.
and each subsequent tax period. In addition, the credit amount shall remain forfeited until the first tax period of which documentation is supplied demonstrating the restoration of the number of full-time employees employed by the business at the qualified business facility to 250 or to an increase above the 20 percent reduction.

- Deletes the existing prohibition that tax credits that exceed final liabilities for any tax year may not be carried forward for use in a later year; provides that businesses receiving tax credits may carry forward the credits into no more than 20 subsequent tax accounting or privilege periods; provides that a business may not take more than one-tenth of its approved credit amount in any tax period; and, limits the amount allowed in any fiscal year to $150 million.

- Clarifies the tax transfer process, especially concerning the transfer from the original tax credit certificate transferee to another transferee, as well as the information and materials that must be submitted to receive the annual letter of compliance; provides that for a qualified residential property, either the owner or a tax credit certificate transferee may provide the information required to demonstrate that the project continues to be a qualified residential property; and, requires that the Chief Executive Officer of the Authority shall approve applications for tax credit transfers.

- Once approved by the Chief Executive Officer and the Director of the Division of Taxation, a tax credit transfer certificate shall be issued to the business, naming the transferee.

**Recommendation:**

The Members of the Board approve the proposed amendments to the rules implementing the ERG Program and Urban Transit Hub Tax Credit Program and authorize staff to submit the revisions as part of the proposed amendments for promulgation and adoption in the New Jersey Register, subject to final review and approval by the office of the Attorney General and the Office of Administrative Law (OAL).

Attachment

Prepared By: Maureen Hassett/Jacob Genovay
OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Economic Redevelopment and Growth Program

Urban Transit Hub Tax Credit Program


Authorized By: New Jersey Economic Development Authority, Caren S. Franzini, Chief Executive Officer.


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

Proposal Number: PRN 2011-

Submit written comments by January 6, 2012:

Maureen Hassett, SVP Governance & Communications
New Jersey Economic Development Authority
PO Box 990
Trenton, NJ 08625-0990

The agency proposal follows:

Summary

The New Jersey Economic Development Authority (“EDA” or “Authority”) is proposing amendments to the rules implementing the Economic Redevelopment and Growth (ERG) Program and Urban Transit Hub Tax Credit Program pursuant to recent statutory revisions in P.L. 2011, c. 89.

Specifically, P.L. 2011, c. 89 made various changes in the Urban Transit Hub Tax Credit Program concerning mixed use projects, in-State job relocation, tax credit and investment criteria, and affordable housing; and, revised the ERG Program to make certain Meadowlands
area properties eligible for incentive grants. The proposed amendments incorporating these revisions are summarized as follows:

**N.J.A.C. 19:31-4.2 Definitions**

The proposed amendment expands the definition of “qualifying economic redevelopment and growth grant incentive area” under the ERG Program rules to include an area zoned for development pursuant to a master plan or subject to a redevelopment plan adopted by the New Jersey Meadowlands Commission, and any land owned by the New Jersey Sports and Exposition Authority within the boundaries of the Hackensack Meadowlands District.

**N.J.A.C. 19:31-9.1 Applicability and scope**

The proposed amendments clarify that the benefit of increased tax credits is extended to participants of up to 35 percent of its capital investment in a qualified residential project; developers that previously applied for the 20 percent credit of their capital investment in a qualified residential project may reapply provided the project meets the statutory criteria that it is likely to be realized with the provision of tax credits at the level requested, but is not likely to be accomplished by private enterprise without the tax credits; and, businesses may apply for a credit for their capital investment in a qualified business facility that is part of a mixed use project, and developers may apply for a credit for their capital investment in a qualified residential project that includes a mixed use project, but not for both a residential project and mixed use project separately.

**N.J.A.C. 19:31-9.2 Definitions**

The proposed amendments, pursuant to P.L. 2011, c. 89, establish a new definition for “mixed use project” which means a project comprising both a qualified business facility and a qualified residential project provided that the residential project does not need to be the predominant part of the mixed use project if it meets the criteria set forth in N.J.A.C. 19:31-9.3(a)5; revise the definition for “qualified residential project” to delete the inclusion of a mixed use project which is incorporated in a new definition above; revise “urban transit hub” to include property adjacent to, or connected by rail spur to, a freight line if the businesses uses that freight at any rail spur located adjacent to or within a one mile radius surrounding the entrance to property in the eligible municipality; and, revise the definition of “urban transit hub tax credit or “tax credit” to eliminate the New Jersey Gross Income Tax from taxes upon which the urban transit hub tax credits may be applied against as was previously eliminated from the provisions of the subchapter pursuant to R.2010 d. 177. In addition, a new definition is added for “urban transit hub tax credit transferee” or “tax credit transferee” which means if the business transfers its tax credits by first obtaining and then selling or assigning its tax credits as evidenced by a tax credit transfer certificate, then the owner of the tax credits, including any subsequent owners of the tax credits.

**N.J.A.C. 19:31-9.3 Eligibility criteria**
The proposed amendment, at N.J.A.C. 19:31-9.3(a)iv, deletes a provision within the Urban Transit Hub Tax Credit Program regarding the reservation of affordable housing units which is then addressed at subsection (h). The proposed amendments, at N.J.A.C. 19:31-9.3(a)4 and 5, extend eligibility for tax credits for capital investment in a mixed use project comprising both a qualified business facility and a qualified residential project, neither of which by itself satisfies the total investment minimum of $50 million, provided the investment in the component of the mixed use project for which the participant seeks credit, amounts to at least $17.5 million and the total amount invested in the mixed use project, as a whole, is at least $50 million. The amendment also provides that a mixed use project’s business component must employ 250 full-time employees to qualify. The proposed amendment, at N.J.A.C. 19:31-9.3(g), provides that, in determining whether a proposed capital investment will yield a net positive benefit, the EDA shall consider the transfer of an existing job from one location in the State to another location in the State as the creation of a new job if (1) the business proposes to transfer existing jobs to a municipality in the State as part of a consolidation of business operations from two or more other locations that are not in the same municipality, or (2) the business’s chief executive officer, or equivalent officer, submits a certification indicating that the existing jobs are at risk of leaving the State and that the representations contained therein are accurate, and the business intends to employ not fewer than 500 full-time employees in the qualified business facility. The proposed amendment, at N.J.A.C. 19:31-9.3(h), provides that in the instances of the purposes of mixed use projects or qualified residential projects where a business receives a credit, eligible municipalities are allowed to determine the amount of the percentage, up to 20 percent of the total, of newly-constructed residential units set aside for occupancy by low or moderate income households. For a mixed use project or a qualified residential project that has received preliminary or final site plan approval prior to the effective date of P.L. 2011, c. 89, the percentage shall be deemed to be the percentage, if any, of units required to be reserved for low and moderate income households in accordance with the terms and conditions of such approval. Finally, the proposed amendment, at N.J.A.C. 19:31-9.3(i), clarifies that a developer of a mixed use project shall be allowed a credit for a capital investment in a qualified residential project that includes a mixed use project, but not for both a residential project and mixed use project separately.

N.J.A.C. 19:31-9.5 Application submission requirements

The proposed amendment, at N.J.A.C. 19:31-9.5(a)2x, requires that in an application involves intra-State job transfers, the project information submitted shall also include a full economic analysis of all locations under consideration by the company and, copies of all lease agreements, ownership documents, or substantially similar documentation for the business’s current in-State locations and, if available, for the potential out-of-State location alternatives. In addition, the proposed amendment, at N.J.A.C. 19:31-9.5(a)3iv, delineates the components which shall be included within the certification submitted pursuant to N.J.A.C. 19:31-9.3(g)ii, specifically, that the existing jobs are at risk of leaving the State and that the chief executive officer, or equivalent officer, has reviewed the information submitted that the representations contained therein are accurate, and the business intends to employ not fewer than 500 full-time employees in the qualified business facility.
19:31-9.7 Review of application and certification of project completion

The proposed amendment, at N.J.A.C. 19:31-9.7(c), includes a reference to N.J.A.C. 19:31-9.5(a)3iv regarding the required certification pertaining to at risk jobs for the net economic benefits test. Also, the proposed amendment, at N.J.A.C. 19:31-9.7(e), establishes a separate determination to be made by the EDA Board to verify and confirm that jobs are at risk of leaving the State as part of an application involving intra-State transfers pursuant to N.J.A.C. 19:31-9.3(g), and, sets forth the methodology by which the Authority will verify the information submitted by the applicant.

19:31-9.9 Tax credit amount; application and allocation of the tax credit

The proposed amendment, at N.J.A.C. 19:31-9.9(f), eliminates the existing prohibition that tax credits that exceed final liabilities for any tax year may not be carried forward for use in a later year; provides that businesses receiving tax credits may carry forward the credits into no more than 20 subsequent tax accounting or privilege periods; prohibits a business from taking more than one-tenth of its approved credit amount in any tax period; and, limits the amount allowed of all credits approved in any fiscal year to $150 million.

N.J.A.C. 19:31-9.10 Application for tax credit transfer certificate

The proposed amendments, at N.J.A.C. 19:31-9.10, clarify the tax transfer process, especially concerning the transfer from the original tax credit certificate transferee to another transferee.

N.J.A.C. 19:31-9.11 Cap on total credits

The proposed amendment increases, from 20 to 35 percent, the proportion of the cost of capital invested in a qualified resident project located within an urban transit hub that a developer could receive as a credit.

N.J.A.C. 19:31-9.12 Reduction and forfeiture of tax credits

The proposed amendment, at N.J.A.C. 19:31-9.12(b) clarifies that the reduction of tax credits shall be for any reduction of full-time employees by more than 20 percent of the number of full-time employees in the State wide workforce prior to the approval of the credit amount. The proposed amendment, at N.J.A.C. 19:31-9.12(c), provides that if, in any tax period, the number of full-time employees employed by the business at the qualified business facility drops below 250 or the number of full-time employees, who are not the subject of intra-State job transfers, pursuant to N.J.A.C. 19:31-9.3(g)i, employed by the business at any other business facility in the State, whether or not located in an urban transit hub within an eligible municipality, drops by more than 20 percent from the number of full-time employees in its workforce in the last tax accounting or privilege period prior to the credit amount approval under this section, then the business shall forfeit its annual credit amount for that tax period and each subsequent tax period. In addition, the proposed amendment provides that the credit amount shall remain forfeited until the first tax period of which documentation is supplied demonstrating the
restoration of the number of full-time employees employed by the business at the qualified business facility to 250 or to an increase above the 20 percent reduction. Finally, the proposed amendment, at N.J.A.C. 19:31-9.12(d) inserts “mixed use facility”, along with qualified residential facility within the forfeiture provisions in the section.

N.J.A.C. 19:31-9.14 Reporting requirements; letter of compliance

The proposed amendments, at N.J.A.C. 19:31-9.14, clarify the information and materials that must be submitted to receive the annual letter of compliance and provide that for a qualified residential property, either the owner or a tax credit certificate transferee may provide the information required to demonstrate that the project continues to be a qualified residential property.

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

Social Impact

The proposed amendments extend eligibility for the Urban Transit Hub Tax Credit, which spurs capital investment and increased employment in targeted urban rail transit hubs, for capital investments in certain mixed use projects. The proposed amendments also expand the definition of “qualifying economic redevelopment and growth grant incentive area” to make additional projects eligible for incentive grants under the ERG Program, a powerful incentive established to help municipalities targeted for growth improve their main street, business district or downtown area through comprehensive redevelopment. By increasing development and resulting capital investments and jobs to transit hubs in nine major urban municipalities and within the Hackensack Meadowlands District, the proposed amendments are intended to have a positive social impact.

Economic Impact

The proposed amendments implement statutory revisions intended to improve the State's economy by stimulating new economic development in mixed use projects in urban rail transit hubs and within the Hackensack Meadowlands District. Under the Urban Transit Hub Tax Credit Program generally, each project must result in the creation of 250 or more jobs while also producing an indirect revenue gain encompassing purchases by businesses from their suppliers to spending by employees of all impacted businesses and payments entering the State's economy from constructing the qualified facilities and benefits if recipient businesses maintain their credit-induced jobs beyond the 10-year eligibility period of the credit. With the expansion of the ERG Program to projects within the Hackensack Meadowlands District, the proposed amendments will result in increased projects advancing that, based on due diligence undertaken by the EDA in conjunction with the Department of Treasury, are determined to result in net positive economic benefits to the State. The proposed amendments will not increase the minimal costs incurred by businesses to comply with any reporting requirements.
Federal Standards Statement

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

Jobs Impact

The Authority believes that the proposed amendments will result in retaining existing private sector jobs and stimulating the creation of new private sector jobs in urban transit hubs, as well as supporting job growth in the construction industry due to the capital investment requirements of the Urban Transit Hub Tax Credit Program, and in additional projects which may be eligible for incentive grants under the ERG Program.

Agriculture Industry Impact

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

Regulatory Flexibility Analysis

The proposed amendments do not impose reporting, recordkeeping, or other compliance requirements on small business, as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., because the Urban Transit Hub Tax Credit Program requires that a business, or up to three businesses, house a minimum of 250 full-time employees in a qualified business facility. In addition, the ERG Program provides State incentive reimbursement grants to developers of major redevelopment projects, which are invariably large and medium sized businesses. Therefore, a regulatory flexibility analysis is not required.

Smart Growth Impact

The proposed amendments impacting the Urban Transit Hub Tax Credit Program are intended to achieve smart growth and implement the State Development and Redevelopment Plan because program eligibility is restricted to urban areas.

Housing Affordability Impact

The proposed amendments may increase an indeterminate amount of housing units, particularly multi-family rental housing and for-sale housing, in qualifying residential developments and mixed-use projects including residential space. Under the proposed amendments, developers may be allowed a credit of up to 35 percent of its capital investment in a “qualified residential project” without having to meet the 250-employee requirement to be eligible for the tax credits. The number of housing units, as well as any increase or decrease in the average cost of housing affected by the regulation may not be estimated, because the actual development which may be eligible as creditable capital investments is not known. The proposed amendments may increase an indeterminate amount of housing units, including multi-family rental housing and for sale housing in the State under the Urban Transit Hub Tax Credit.
Program. For mixed use projects or qualified residential projects, an eligible municipality may require the developer, pursuant to P.L. 2008, c. 46 (N.J.S.A. 52:27D-329.9), to reserve at least 20 percent of the residential units constructed for occupancy by low or moderate income households, with affordability controls as required by the Council on Affordable Housing. The number of housing units, as well as any increase or decrease in the average cost of housing affected by the new rules may not be estimated, because the actual development which may be eligible is not known.

**Smart Growth Development Impact**

The proposed amendments are intended to further encourage new construction, including commercial, retail and residential components, in Planning Area 1 of the State Development and Redevelopment Plan or areas targeted for growth in the Meadowlands. The number of housing units, as well as any increase or decrease in the average cost of housing affected by the amendments and new rules, may not be estimated, because the actual development which may be eligible and proposed as creditable capital investments is not known.

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

SUBCHAPTER 4. ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM
19:31-4.2 Definitions

…

“Qualifying economic redevelopment and growth grant incentive area” or “incentive area” means Planning Area 1 (Metropolitan), Planning Area 2 (Suburban), or a center as designated by the State Planning Commission; an area zoned for development pursuant to a master plan adopted by the New Jersey Meadowlands Commission pursuant to subsection (i) of section 6 of P.L. 1968, c. 404 (N.J.S.A. 13:17-6) or subject to a redevelopment plan adopted by the New Jersey Meadowlands Commission pursuant to section 20 of P.L.1968, c. 404 (N.J.S.A. 13:17-21); any land owned by the New Jersey Sports and Exposition Authority, established pursuant to P.L. 1971, c. 137 (N.J.S.A. 5:10-1 et seq.), within the boundaries of the Hackensack Meadowlands District as delineated in section 4 of P.L. 1968, c. 404 (N.J.S.A. 13:17-4); a pinelands regional growth area, a pinelands town management area, a pinelands village, or a military and Federal installation area established pursuant to the pinelands comprehensive management plan adopted pursuant to P.L. 1979, c. 111 (N.J.S.A. 13:18A-1 et seq.); a transit village; and Federally owned land approved for closure under a Federal Base Realignment Closing Commission action.

…

SUBCHAPTER 9. URBAN TRANSIT HUB TAX CREDIT PROGRAM
19:31-9.1 Applicability and scope

These rules are promulgated by the New Jersey Economic Development Authority (the “Authority”) to implement the Urban Transit Hub Tax Credit Act, P.L. 2007, c. 346 (the “Act”),
as amended by P.L. 2009, c. 90. The Act establishes a tax credit program for capital investment and increased employment in targeted urban rail transit hubs to catalyze economic development in those transit hubs. The Act further provides that the Urban Transit Hub Tax Credit Program (the “Program”) is to be administered by the New Jersey Economic Development Authority and that the Authority consults with the Director of the Division of Taxation in the Department of the Treasury when adopting rules for the Program. The Program provides that businesses making at least $50,000,000 in new capital investments in a qualified business facility in an “urban transit hub” and employing at least 250 full-time employees at that facility may be eligible for tax credits in order to catalyze economic development in those urban areas. Businesses may apply for the tax credits by January 13, 2013 and satisfy the capital investment and employment conditions for award of the credits by January 13, 2016, subject to the rules in this subchapter. The tax credits are equal to 100 percent of the claimants' qualified capital investments made, and taxpayers may apply 10 percent of the total credit amount per year over a 10-year period against their corporation business tax, insurance premiums tax or gross income tax liability. Tenants in qualified business facilities may also receive tax credits, if they occupy space in a qualified business facility that proportionally represents at least $17,500,000 of the capital investment in the facility and employ at least 250 full-time employees in that facility. Developers may apply for a credit of up to [20] 35 percent of their capital investment in a qualified residential project by July 28, 2014 and satisfy the capital investment conditions for award of credits by July 28, 2017, subject to the rules in this subchapter; and, developers that previously applied for the 20 percent credit of their capital investment in a qualified residential project may reapply provided the project meets the statutory criteria that it is likely to be realized with the provision of tax credits at the level requested, but is not likely to be accomplished by private enterprise without the tax credits. Finally, businesses may apply for a credit for their capital investment in a qualified business facility that is part of a mixed use project and developers may apply for a credit for their capital investment in a qualified residential project that includes a mixed use project, but not for both a residential project and mixed use project separately. The tax credits are reduced to 80 percent if 200 new jobs (to the State) are not created, or forfeited if certain facility and Statewide employment levels are not maintained. The program is limited to municipalities that are eligible for urban aid, that had at least 30 percent of their real property value exempt from property taxes during 2006, and that have a specified commuter rail station, excluding any rail station located at an international airport.

19:31-9.2 Definitions

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

“Mixed use project” means a project comprising both a qualified business facility and a qualified residential project, provided that the residential project does not need to be the predominant part of the mixed use project if it meets the criteria set forth in N.J.A.C. 19:31-9.3(a)5.
“Qualified residential project” means any building, complex of buildings or structural components of buildings, [including a mixed use project,] the majority of which, as measured by square footage, consists of residential units, located in an urban transit hub within an eligible municipality.

... 

“Urban transit hub” means property located within a one-half mile radius surrounding the mid point of a New Jersey Transit Corporation, Port Authority Transit Corporation or Port Authority Trans-Hudson Corporation rail station platform area, including all light rail stations, and property located within a one-mile radius of the mid point of the platform area of such a rail station if the property is in a qualified municipality under the Municipal Rehabilitation and Economic Recovery Act, P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.); property located within a one-half mile radius surrounding the mid point of one of up to two underground light rail stations' platform areas that are most proximate to an interstate rail station; and property adjacent to, or connected by rail spur to, a freight rail line if the business uses that freight line at any rail spur located adjacent to or within a one mile radius surrounding the entrance to the property, provided the property is located in the eligible municipality, if, as part of its regular course of business, as determined by the Authority, the business utilizes that freight rail line for loading and unloading freight cars on trains delineated by the Authority pursuant to subsection e. of section 3 of P.L. 2007, c. 346 (N.J.S.A. 34:1B-3e). A property, which is partially included within the radius, shall only be considered part of the hub if over 50 percent of its land area falls within the radius. In the case of a rail station with multiple rail lines, a separate midpoint shall be determined for each such rail line. Once the hubs have been delineated, the Authority will post eligible rail stations and corresponding midpoints on the website at www.newjerseybusiness.gov. The posting will be updated if the eligible rail stations change and to reflect changes in station midpoints.

... 

“Urban transit hub tax credit transferee” or “tax credit transferee” means if the business transfers its tax credits by first obtaining and then selling or assigning its tax credits as evidenced by a tax credit transfer certificate, then the owner of the tax credits, including any subsequent owners of the tax credits.

“Urban transit hub tax credit” or “tax credit” means the tax credit permitted under P.L. 2007, c. 346, as amended by P.L. 2009, c. 90 and this subchapter, which may be applied against the tax liability otherwise due for corporation business tax, or insurance premiums tax [or gross income tax] pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), pursuant to sections 2 and 3 of P.L. 1945, c. 132 (N.J.S.A. 54:18A-2 and 54:18A-3), pursuant to section 1 of P.L. 1950, c. 231 (N.J.S.A. 17:32-15), or pursuant to N.J.S.A. 17B:23-5.

19:31-9.3 Eligibility criteria

(a) In order to be eligible to be considered for an urban transit hub tax credit:

1. – 2. (No change.)

3. For a qualified residential project, the residential developer shall:
i. Make or acquire capital investments totaling not less than $50,000,000 in a qualified residential project. This requirement may be met by the residential developer or by one or more of its affiliates;

ii. Demonstrate to the Authority that the qualified residential project is likely to be realized with the provision of tax credits at the level requested, but is not likely to be accomplished by private enterprise without the tax credits; and

iii. Not be required to meet the employment requirements required for a qualified business facility.

[iiv. Shall be required, pursuant to section 18 of P.L. 2008, c. 46 (N.J.S.A. 52:27D-329.9) to reserve at least 20 percent of the residential units constructed for occupancy by low or moderate income households, as those terms are defined in section 4 of P.L. 1985, c. 222 (N.J.S.A. 52:27D-304), with affordability controls as required under the rules of the Council on Affordable Housing, unless the municipality in which the property is located has received substantive certification from the Council and such a reservation is not required under the approved affordable housing plan, or the municipality has been given a judgment of repose or a judgment of compliance by the court, and such a reservation is not required under the approved affordable housing plan.]

4. For a qualified mixed use facility, the business shall:

i. Make or acquire capital investments in a qualified business facility that is part of a mixed use project provided that the qualified business facility represents at least $17,500,000 of the total capital investment in the mixed use project and the total capital investment in the mixed use project of which the qualified business facility is a part is not less than $50,000,000;

ii. Employ not fewer than 250 full-time employees at the qualified business facility; and

iii. Demonstrate to the Authority that the State's financial support of the proposed capital investment will yield a net positive economic benefit, equaling at least 110 percent of the approved tax allocation amount, to both the State and the eligible municipality for the period equal to 75 percent of the useful life of the investment, not to exceed 20 years.

5. For a qualified residential project that includes a mixed use project, the developer shall:

i. Make or acquire capital investments in a qualified residential project that is part of a mixed use project provided that the qualified residential project represents at least $17,500,000 of the total capital investment in the mixed use project and the total capital investment in the mixed use project of which the qualified residential project is a part is not less than $50,000,000;

ii. Demonstrate to the Authority that the qualified residential project is likely to be realized with the provision of tax credits at the level requested, but is not likely to be accomplished by private enterprise without the tax credits; and

iii. Not be required to meet the employment requirements required for a qualified business facility.

(b) – (f) (No change.)
(g) In determining whether a proposed capital investment will yield a net positive benefit, the transfer of an existing job from one location in the State to another may be considered as the creation of a new job if:

i. the business proposes to transfer existing jobs to a municipality in the State as part of a consolidation of business operations from two or more other locations that are not in the same municipality whether in-State or out-of-State, or;

ii. the business’s chief executive officer, or equivalent officer, submits a certification pursuant to N.J.A.C. 19:31-9.5(a)3iv.

(h) For purposes of mixed use projects or qualified residential projects an eligible municipality shall have the option, pursuant to section 18 of P.L. 2008, c. 46 (N.J.S.A. 52:27D-329.9), of deciding the percentage of newly-constructed residential units within the project, up to 20 percent of the total, required to be reserved for occupancy by low or moderate income households, as those terms are defined under the rules of the Council on Affordable Housing. For a mixed use project or a qualified residential project that has received preliminary or final site plan approval prior to the effective date of P.L. 2011, c. 89, the percentage shall be deemed to be the percentage, if any, of units required to be reserved for low or moderate income households in accordance with the terms and conditions of such approval.

(i) A developer of a mixed use project shall be allowed a credit pursuant to subparagraphs 4 and 5 of subsection (a), but not both.

19:31-9.5 Application submission requirements

(a) Each application to the Authority made by an owner, tenant or residential developer shall include the following information in an application format prescribed by the Authority:

1. (No change.)

2. Project information shall include the following:

i. – ix. (No change.)

x. The terms of any lease agreements (including, but not limited to, information showing net leasable area by the business if a tenant and total net leasable area; or if the business is an owner, information showing net leasable area not leased to tenants and total net leasable area) and/or details of the purchase or building of the proposed project facility; and, if an application involves intra-State job transfers, a full economic analysis of all locations under consideration by the company and copies of all lease agreements, ownership documents, or substantially similar documentation for the business’s current in-State locations and, to the extent they exist, for the potential out-of-State location alternatives;

xi. – xii. (No change.)

3. Employee information shall include the following:

i. – iii. (No change.)

iv. For the purpose of N.J.A.C. 19:31-9.3(g)ii, a written certification by the chief executive officer, or equivalent officer, that the existing jobs are at risk of leaving the State
and that the chief executive officer, or equivalent officer, has reviewed the information
submitted that the representations contained therein are accurate, and the business intends
to employ not fewer than 500 full-time employees in the qualified business facility.

(iv.) v. Evidence that the applicant has provided the application information required by the
State Treasurer for a development subsidy such as the tax credits, pursuant to P.L. 2007, c. 200;
and

[v.] vi. Any other necessary and relevant information as determined by the Authority for a
specific application.

(b) – (c) No change.

19:31-9.7 Review of application and certification of project completion

(a) – (b) (No change.)

(c) In determining whether the company meets the net economic benefits test, as certified by
the owner pursuant to N.J.A.C. 19:31-9.5(a)2iv and 9.5(a)3iv, the Authority's consideration shall
include, but not be limited to, the local and State taxes paid directly by and generated indirectly
by the business, property taxes or payment in lieu of taxes paid directly by and generated
indirectly by the business, taxes paid directly or generated indirectly by new or retained
employees, and peripheral economic growth caused by the business's relocation to the urban
transit hub, provided that such determination shall be limited to the net economic benefits
derived from the capital investment commenced after the submission of an application to the
Authority.

(d) (No change.)

(e) Upon completion of the review of an application pursuant to (b) through (d) above, and
receipt of a recommendation from Authority staff on the application, the Board shall determine
whether or not to approve the application, the maximum amount of tax credits to be granted and,
in the case of a residential developer, the maximum percentage amount of allowed tax credits for
its capital investment in a qualified residential project, and promptly notify the applicant and the
Director of the Division of Taxation of the determination. When considering an application
involving intra-State transfers pursuant to N.J.A.C. 19:31-9.3(g), the Board shall make a
separate determination to verify and confirm that the jobs are at risk of leaving the State,
which will consist of reviewing the materials submitted by the applicant, testing the
validity of financial information and assumptions through the use of computer models and,
to the extent necessary, seeking input from third party consultants, the cost of which will
be paid by the applicant. The Board's award of the credits will be subject to conditions
subsequent that must be met in order to retain the credits. An approval letter setting forth the
conditions subsequent will be sent to the applicant. Such conditions shall include, but not be
limited to, the requirement that the project complies with the Authority's prevailing wage
requirements P.L. 2007, c. 245 (N.J.S.A. 34:1B-5.1) and affirmative action requirements P.L.
1979, c. 303 (N.J.S.A. 34:1B-5.4), that the project does not violate any environmental law
requirements, and requirements regarding the use of renewable energy, energy-efficient
technology, and non-renewable resources in order to reduce environmental degradation and
encourage long-term cost reduction.
19:31-9.9 Tax credit amount; application and allocation of the tax credit

(a) – (e) (No change.)

(f) [Any amount of tax credit that exceeds final liabilities for any tax year may not be carried forward for use in a later tax year.] The credit amount that may be taken for a tax period of the business that exceeds the final liabilities of the business for the tax period may be carried forward for use by the business in the next 20 successive tax periods, and shall expire thereafter, provided that the business does not take more than one-tenth of its approved credit amount in any tax period and the value of all credits approved by the Authority against tax liabilities pursuant to P.L. 2007, c. 346 (N.J.S.A. 34:1B-207 et seq.), in any fiscal year, shall not exceed $150,000,000.

(g) Credits unused at the conclusion of 10 years beginning with the tax period in which the Authority accepts the certification that the business has satisfied its investment capital and employment qualifications shall be void.

19:31-9.10 Application for tax credit transfer certificate

(a) Tax credits, upon receipt thereof by a business from the Director and the Authority, may be transferred, by sale or assignment, in full or in part, pursuant to this section, to any other person(s) that may have a tax liability pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), pursuant to sections 2 and 3 of P.L. 1945, c. 132 (N.J.S.A. 54:18A-2 and 54:18A-3), pursuant to section 1 of P.L. 1950, c. 231 (N.J.S.A. 17:32-15), or pursuant to N.J.S.A. 17B:23-5. A business may apply to the Director of the Division of Taxation in the Department of Treasury and the Chief Executive Officer of the Authority for an initial tax credit transfer covering one or more tax periods, in lieu of the business being allowed any amount of the credit against the tax liability of the business. Such application shall identify the specific tax credits to be transferred (amounts, tax periods), the consideration received therefor, and the identity of the transferee. The total amount transferred for any single tax period shall be at least $1 million in tax credits. Once approved by the Chief Executive Officer of the Authority and the Director of the Division of Taxation, a tax credit transfer certificate shall be issued to the business, naming the transferee. The certificate issued to the business shall include a statement waiving the business’ right to claim that amount of the credit against the taxes that the business has elected to sell or assign. Any amount of a tax credit transfer certificate used by a purchaser or assignee against a tax liability shall be subject to the same limitations and conditions that apply to the use of the credits by the business that originally applied for and was allowed the credits.

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

(c) In the event that the business is a partnership and chooses to allocate the income realized from the sale of the tax credits other than in proportion to the partners’ distributive shares of income or gain of the partnership, the selling agreement shall set forth the allocation among the partners which has previously been submitted to the Director of the Division of Taxation in the Department of Treasury pursuant to N.J.A.C. 19:31-9.5(a).

(d) Following an initial transfer of tax credits by a business that originally applied for and was allowed the credits, transferees and subsequent transferees of such credits may also make subsequent transfers to person(s) that may have a tax liability pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), pursuant to sections 2 and 3 of P.L. 1945, c. 132 (N.J.S.A. 54:18A-2 and 54:18A-3), pursuant to section 1 of P.L. 1950, c. 231 (N.J.S.A. 17:32-15), or pursuant to N.J.S.A. 17B:23-5. A transferee may, upon notice to the Director of the Division of Taxation in the Department of Treasury and the Authority, effectuate a subsequent tax credit transfer, in the same amount and for the same tax periods set forth in such transferee’s tax credit transfer certificate, in lieu of the transferee being allowed any amount of the credits against the tax liability of the transferee. Such subsequent transfer shall occur by means of endorsement of the tax credit transfer certificate, in lieu of the transferee being allowed any amount of the credits against the tax liability of the transferee. The provisions of subparagraphs (b) and (c) above shall not apply to such subsequent transfers.

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

[(a) A business may apply to the Director of the Division of Taxation in the Department of Treasury and the Authority for a tax credit transfer certificate covering one or more years, in lieu of the business being allowed any amount of the credit against the tax liability of the business. Such application shall identify the specific tax credits to be sold. Once approved by the Authority and the Director of the Division of Taxation, a tax certificate shall be issued. The tax credit certificate, upon receipt thereof by the business from the Director and the Authority, may be sold or assigned, in full or in part, to any other person(s) that may have a tax liability pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), pursuant to sections 2 and 3 of P.L. 1945, c. 132 (N.J.S.A. 54:18A-2 and 54:18A-3), pursuant to section 1 of P.L. 1950, c. 231 (N.J.S.A. 17:32-15), or pursuant to N.J.S.A. 17B:23-5. The certificate provided to the business shall include a statement waiving the business's right to claim that amount of the credit against the taxes that the business has elected to sell or assign. Any amount of a tax credit transfer certificate used by a purchaser or assignee against a tax liability shall be subject to the same limitations and conditions that apply to the use of the credit by the business that originally applied for and was allowed the credit.

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

(c) In the event that the business is a partnership and chooses to allocate the revenue realized from the sale of the tax credits other than as a proportion of the owners' distributive share of income or gain of the partnership, the selling agreement shall set forth the allocation among the owners which has previously been submitted to the Director of the Division of Taxation in the Department of Treasury pursuant to N.J.A.C. 19:31-9.5(a).]

19:31-9.11 Cap on total credits

The value of all credits approved by the Authority shall not exceed $1,500,000,000 of which the Authority may approve up to $150,000,000 in credits in the aggregate for residential developers making capital investments in qualified residential projects, provided that for each qualified residential facility, the residential developer shall be allowed tax credits of no more than [20] 35 percent of its capital investment. Based on application and allocation activity and if sufficient credits are available, the Authority may direct that the $150,000,000 cap be exceeded for allocation to qualified residential projects, as is deemed reasonable, justified and appropriate.

19:31-9.12 Reduction and forfeiture of tax credits

(a) Unless excepted pursuant to (a)2 below, the amount of the annual credit otherwise available shall be reduced by 20 percent for that tax period if:

1. Fewer than 200 full-time employees at the qualified business facility or, if the applicant is a tenant and has qualified under N.J.A.C. 19:31-9.3(a)2iii, fewer than 200 full-time employees in the aggregate are employed in new full-time positions in any tax period.

   i. This reduction will remain for each subsequent tax period until the first period for which documentation demonstrating the restoration of the 200 full-time employees employed in new full-time positions at the qualified business facility has been reviewed and approved by the Authority.

   ii. Once documentation restoring the 200 full-time employees employed in new full-time positions has been approved, for the current tax period and each subsequent tax period the full amount of the annual credit shall be allowed.

2. For businesses applying before January 1, 2010, there shall be no reduction if a business relocates to an urban transit hub from another location or locations in the same municipality.

(b) If, in any tax period, the business reduces the total number of full-time employees in its Statewide workforce by more than 20 percent from the number of full-time employees in its Statewide workforce in the last tax accounting or privilege period prior to the credit amount approval under N.J.A.C. 19:31-9.7(e) [under this section], then the business shall forfeit its credit amount for that tax period and each subsequent tax period until the first tax period for which documentation demonstrating the restoration of the business's Statewide workforce to the threshold levels required by this subsection has been reviewed and approved by the Authority, for which tax period and each subsequent tax period the full amount of the credit shall be allowed. For purposes of this section, "business" shall include any affiliate that has contributed to
the capital investment, received the tax credit or contributed to the 250 full-time employees at the qualified business facility.

(c) If, in any tax period, the number of full-time employees employed by the business at the qualified business facility drops below 250 or the number of full-time employees, who are not the subject of intra-State job transfers, pursuant to N.J.A.C. 19:31-9.3(g)i, employed by the business at any other business facility in the State, whether or not located in an urban transit hub within an eligible municipality, drops by more than 20 percent from the number of full-time employees in its workforce in the last tax accounting or privilege period prior to the credit amount approval under N.J.A.C. 19:31-9.7(e), then the business shall forfeit its annual credit amount for that tax period and each subsequent tax period, until the first tax period of which documentation demonstrating the restoration of the number of full-time employees employed by the business at the qualified business facility to 250 or an increase above the 20 percent reduction has been reviewed and approved by the Authority, for which tax period and each subsequent tax period the full amount of the annual credit shall be allowed.

(d) If in any year the qualified residential facility or mixed use facility no longer meets the definition thereof, the residential developer, mixed use facility developer or his assignee shall forfeit its annual credit amount for that tax period and each subsequent tax period, until the first tax period for which documentation demonstrating that the qualified residential facility meets such definition has been reviewed and approved by the Authority, for which tax period and each subsequent tax period the full amount of the annual credit shall be allowed.

19:31-9.14 Reporting requirements; letter of compliance

(a) After notification pursuant to N.J.A.C. 19:31-9.7(h):

1. In the case of a qualified business facility, the business shall furnish to the Authority an annual report certified by a certified public accountant in a format as may be determined by the Authority which shall contain the following information:

   i. The number of full-time employees and new full-time positions employed at the qualified business facility, the number pertaining to the business's Statewide employment, total lease payments and information on any change or anticipated change in the identity of the entities comprising the business elected to claim all or a portion of the credit. This certified report is due 120 days after the end of the business's tax privilege period; and, failure to submit the certified report within 120 days will result in forfeiture of the tax credit for that privilege period.

   ii. A certification indicating whether or not the business is aware of any condition, event, or act which would cause the business not to be in compliance with the approval, the Act or this subchapter.

2. In the case of a qualified residential project, either the owner of the project or a tax credit transferee shall furnish to the Authority a report in a format as may be determined by the Authority which shall contain the following information:
i. Documentary evidence that a deed restriction has been recorded against each residential component of the qualified residential project. The deed restriction shall require that all residential units remain residential units until the eligibility period has expired.

ii. Evidence that the residential units of the qualified residential project are not being used for non-residential purposes. Such evidence may include, but is not restricted to, rental receipts, municipal records, and/or a certification by a MAI appraiser or governmental official. Failure to submit a copy of the annual report or submission of the annual report, without the information required above, will result in forfeiture of any annual tax credits to be received by the business or tax credit holder unless the Authority determines that there are extenuating circumstances excusing the business or tax credit transferee from the timely filing required. The Authority reserves the right to audit any of the representations made and documents submitted in the annual report.

(b) The tax credit certificate may provide for additional reporting requirements.

(c) Annually, upon satisfactory review of all information submitted, the Authority will issue a letter of compliance. No tax credit certificate will be valid without the letter of compliance issued for the relevant tax privilege period. The letter of compliance will indicate whether the business or the tax credit holder may take all or a portion of the credits allocable to the tax privilege period.

[(a) After notification pursuant to N.J.A.C. 19:31-9.7(h), the business shall furnish to the Authority a report certified by a certified public accountant in a format as may be determined by the Authority, which shall contain the following information:

1. The number of full-time employees and new full-time positions employed at the qualified business facility, the number pertaining to the business's Statewide employment, total lease payments and information on any change or anticipated change in the identity of the entities comprising the business elected to claim all or a portion of the credit. This certified report is due 120 days after the end of the business's tax privilege period;

2. A certification indicating whether or not the business is aware of any condition, event, or act which would cause the business not to be in compliance with the approval, the Act or this subchapter.

(b) Failure to submit a copy of its annual report or submission of the annual report without the information required above, may result in forfeiture of any annual tax credits to be received by the business unless the Authority determines that there are extenuating circumstances excusing the business from the timely filing required.

(c) The tax credit certificate may provide for additional reporting requirements.

(d) Upon satisfactory review of all information submitted, the Authority will issue a letter of compliance. No tax credit certificate will be valid without the letter of compliance issued for the relevant tax privilege period. The letter of compliance will indicate whether the business may take all or a portion of the credits allocable to the tax privilege period.
(e) The Authority shall prepare and transmit to the Governor and the Legislature on or before November 1st of each year, a report concerning the impact of the program on employment in urban transit hubs.]
BUSINESS EMPLOYMENT INCENTIVE PROGRAM
BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT
SALES AND USE TAX EXEMPTION
MEMORANDUM

TO: Members of the Authority

FROM: Lisa Coane, Managing Director – Finance & Development

DATE: September 14, 2011

SUBJECT: Business Relocation and Retention Program ("BRRAG")

For Information Only

At EDA’s August 16, 2011 Board Meeting, staff was asked to provide information on the historical and projected funding of BRRAG tax credit incentives against the $20 million annual program allocation.

Attached for your review is a historical listing of all BRRAG tax credits issued since the management of the program transitioned to EDA from the former Commerce Commission in State FY 2009 through SFY 2011, which ended on June 30.

Also included in the chart are the ‘new’ BRRAG tax credits approved by EDA’s board since the amended BRAGG legislation was introduced (February 2011) through present. The most significant change in the legislation was the expansion of the program from a one-time tax credit to a multi-year tax credit program, so those companies approved since February are ‘slotted’ into future State FYs based on the timing of completion of their capital investment projects.

Please feel free to contact me directly at (609)858-6870 or by email (licoane@njeda.com) if you have questions or would like to discuss this further.

Attachment
### Business Retention & Relocation Assistance Grant Allocations - 3 year Actual/10 year Projected

<table>
<thead>
<tr>
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<tr>
<td><strong>Committed</strong></td>
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<td>$6,759,000</td>
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<td>$16,778,500</td>
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<td>$15,500,000</td>
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NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: Universal Photonics, Inc. and J.H. Rhodes Co., Inc

PROJECT LOCATION: To be determined

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

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
Universal Photonics, Inc., formed in 1983 and its wholly owned subsidiary, J.H. Rhodes Co., Inc., formed in 1988, manufacture and distribute polyurethane substrates which are used in the surface finishing industry for polishing semi-conductor, precision optics, cover glass and glass and ceramic hard disks. Its products include telescopic lenses and glass for blackberries and iPads. Universal Photonics' current corporate headquarters and distribution facility is located in Hicksville, NY and employs 45 full-time employees. J.H. Rhodes, the manufacturing operation, is located in Clinton, NY with 45 full-time employees. The applicants are economically viable.

MATERIAL FACTOR:
Universal Photonics, Inc. and J.H. Rhodes Co., Inc. request a BEIP grant to support the relocation of its existing headquarters, manufacturing and distribution operations to New Jersey. The alternative is to relocate within the Southwest region of the US, preferably South Carolina. The applicants have indicated a BEIP award will be a material factor in the companies' decision to relocate to NJ. Based on certain smart growth criteria, the award percentage could go as high as 80% once the location is finalized for an estimated award of $771,480.

APPROVAL REQUEST:
PERCENTAGE: 35%
TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Universal Photonics, Inc. and J.H. Rhodes 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: $337,523
(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 40 Year 2 50 Base Years Total 90
ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $3,750
ANTICIPATED AVERAGE WAGES: $48,000
ESTIMATED PROJECT COSTS: $3,750,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $964,350
ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $1,109,002

PROJECT IS: ( ) Expansion (X) Relocation New York

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New York

APPLICANT OWNERSHIP: (X) Domestic ( ) Foreign

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

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<thead>
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<th>Criteria</th>
<th>Score</th>
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<tr>
<td>3. Job at Risk: 0</td>
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<tr>
<td>4. Industry: wholesale</td>
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</tr>
<tr>
<td>Designated: ______ Non-Designated: X</td>
<td></td>
</tr>
<tr>
<td>5. Leverage: 3 to 1 and up</td>
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<tr>
<td>6. Capital Investment: $3,750,000</td>
<td>2</td>
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<tr>
<td>7. Average Wage: $48,000</td>
<td>2</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 20% ______
- Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs 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 within 5 miles of and working cooperatively with a public or non-profit university on research and development 10% ______

**Total Bonus Points:** 0%

**Total Score:**

<table>
<thead>
<tr>
<th>Category</th>
<th>Score</th>
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<tbody>
<tr>
<td>Total Score per formula:</td>
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<tr>
<td>Construction/Renovation:</td>
<td>5%</td>
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<tr>
<td>Bonus Increases:</td>
<td>0%</td>
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<tr>
<td>Total Score (not to exceed 80%):</td>
<td>35%</td>
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NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: Vitech Systems Group, Inc.  
PROJECT LOCATION: TBD  
GOVERNOR'S INITIATIVES:
( ) Urban  ( ) Edison  (X) Core  ( ) Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
Founded in 1994 and headquartered in Manhattan, Vitech Systems Group, Inc. is a global provider of software and IT services. This closely held, private company serves fund sponsors, transfer agents, third party administrators and institutional investors using its Equitrak® or V3® enterprise software products. These software products and solutions are software platforms designed specifically for the needs of insurance, retirement, health and investment administrators. The products facilitate the electronic exchange of detailed information and streamlining, thus increasing and improving the efficiency and effectiveness of their customers' operations. In addition to New York City, it has operations or branch offices in Oklahoma City, London, Paris, Dubai, and Hyderabad. The Applicant is economically viable.

The Applicant is contemplating adding a new facility in the Northeastern United States. Once established, approximately 50 employees from their New York office will be relocated to this new facility. With the creation of another 50 new positions, the Applicant expects to employ 100 people in the first 2 years in New Jersey. According to the company, for hosting this new facility, Northern New Jersey is competing with Scranton along with Harrisburg and Long Island City.

In the event that this business chooses a certain smart growth area, the BEIP score may increase to 80%, at which percentage an estimated amount of the grant would be $3,092,000 over the term of the grant.

MATERIAL FACTOR:
The Applicant is seeking a BEIP grant to support creating 100 permanent full-time positions in New Jersey within the first two years. 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: 35%  
TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Vitech Systems Group, 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: $1,352,750
(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 70 Year 2 30 Base Years Total = 100

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $13,527

ANTICIPATED AVERAGE WAGES: $100,000

ESTIMATED PROJECT COSTS: $770,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $3,865,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $4,444,750

PROJECT IS: (X) Expansion (X) Relocation New York

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New York

APPLICANT OWNERSHIP: (X) Domestic ( ) Foreign

DEVELOPMENT OFFICER: D. Johnson APPROVAL OFFICER: D. Sucsuz
## FORMULA EVALUATION

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score</th>
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<td>1. Location: Locations Unknown</td>
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<tr>
<td>2. Job Creation</td>
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</tr>
<tr>
<td>3. Job at Risk:</td>
<td>0</td>
</tr>
<tr>
<td>4. Industry: printing and publishing</td>
<td>0</td>
</tr>
<tr>
<td>5. Leverage: 3 to 1 and up</td>
<td>2</td>
</tr>
<tr>
<td>6. Capital Investment: $770,000</td>
<td>1</td>
</tr>
<tr>
<td>7. Average Wage: $100,000</td>
<td>4</td>
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</table>

**TOTAL:** 9

### Bonus Increases (up to 80%):

- Located in Planning Area I or 2 of the State's Development and Redevelopment Plan: 20%  
- Located in the area as defined by Department of Community Affairs: 20%  
- Located in a former Urban Coordinating Council or other distressed municipality: 20%  
- Located in a brownfield site: 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 within 5 miles of and working cooperatively with a public or non-profit university on research and development: 10%

**Total Bonus Points:** 0%

**Total Score:**

- **Total Score per formula:** 9 = 30%  
- **Construction/Renovation:** 5%  
- **Bonus Increases:** 0%  
- **Total Score (not to exceed 80%):** 35%
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT:  Watson Pharmaceuticals, Inc. and Affiliates  
PROJECT LOCATION: 661 Rt One South  
GOVERNOR’S INITIATIVES:  
( ) Urban  (X) Edison  ( ) Core  ( ) Clean Energy

APPLICANT BACKGROUND/ECONOMIC VIABILITY: Watson Pharmaceuticals, Inc. (Watson), formed in 1984, is a global generic pharmaceutical company engaged in the development, manufacturing, marketing, sale and distribution of generic, brand and biologic pharmaceutical products. The applicant is a publicly held company trading on the NYSE. As of December 31, 2010, the applicant marketed approximately 160 generic prescription pharmaceutical product families and approximately 30 brand pharmaceutical product families in the U.S. and on a global basis. At present Watson’s generic pipeline includes generic versions of Lipitor®, Actos®, Crestor®, Cymbalta®, Lovenox®, and Lidoderm®. The applicant’s largest commercial market is the United States, followed by Western Europe, Canada, Asia/Pacific, South America and South Africa. The applicant is economically viable. The Board approved a 10 year, $3 million BEIP grant (P28509) for Watson in October 2009, that closed in July 2010 to create 175 new jobs in Parsippany. Subsequently, the BEIP was modified at the February 2010 Board meeting to increase the New Employment Commitment (NEC) to 300 new jobs, with an estimated grant value of $7.3 million. To date, no disbursements have been made with the base period ending on December 31, 2013.

Also at the October 2009 Board meeting, the Authority approved a $289,800 BRRAG to retain 207 jobs to be located at the new Piscataway corporate headquarters. The BRRAG tax credit certificate was issued on July 28, 2011, upon certification of the job retention.

MATERIAL FACTOR: Watson is seeking a BEIP grant to support creating 50 new research and development jobs in North Brunswick. Among the sites under consideration is a 29,000 s.f. facility on the EDA’s Commercialization Center campus in North Brunswick or 31,500 s.f. of under utilized space in a company owned facility in Corona, California. The capital investment is projected to be $11.9 million. 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 NJ.
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 Watson Pharmaceuticals, 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: $1,899,700
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 300

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

ESTIMATED COST PER ELIGIBLE BEIP JOB OVER TERM: $37,994

ANTICIPATED AVERAGE WAGES: $113,500

ESTIMATED PROJECT COSTS: $11,890,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $2,374,625
ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $1,662,237

PROJECT IS: (X) Expansion  ( ) Relocation

CONSTRUCTION: ( ) Yes  (X) No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: (X) Domestic  ( ) Foreign

DEVELOPMENT OFFICER: P. Ceppi  APPROVAL OFFICER: M. Krug
FORMULA EVALUATION

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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: 20%
- Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan AND creation of 500 or more jobs: 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 within 5 miles of and working cooperatively with a public or non-profit university on research and development: 10%
- Designated industry business, creating jobs within an Innovation Zone: 30%

Total Bonus Points: 70%

Total Score:

- Total Score per formula: 11 = 35%
- Construction/Renovation: 0%
- Bonus Increases: 70%
- Total Score (not to exceed 80%): 80%
MEMORANDUM

To: Members of the Authority

From: Caren S. Franzini
Chief Executive Officer

Date: September 14, 2011

Subject: Transfer of Business Retention and Relocation Assistance Grant Tax Credit from Pitney Bowes Inc. to FactSet Research Systems Inc.

Request:
The Members are asked to grant approval of the Business Retention and Relocation Assistance Grant Tax Credit Certificate Transfer Program ("Transfer Program") application of Pitney Bowes Inc. to transfer unused tax credits to FactSet Research Systems Inc.

Background:
In August 2009, the Authority approved a BRRAG incentive to Pitney Bowes that resulted in the company retaining and relocating 148 eligible jobs in New Jersey. Although Pitney Bowes received tax credits valued at $192,400 from the New Jersey Division of Taxation, the company has certified that it is unable to use these credits. As a result, Pitney Bowes is seeking approval to sell these credits as permitted under the Transfer Program.

Pitney Bowes and FactSet Research have successfully completed all of the required sections and forms within the Transfer Program application package, a copy of which has been shared with the New Jersey Division of Taxation. The application package indicates that Pitney Bowes has agreed to sell the unused tax credits to FactSet for a total of $173,160. The transaction represents a sale price of ninety cents on the dollar.

Recommendation:
Based on the above, staff recommends the Members grant approval of the Transfer Program application of Pitney Bowes Inc. to sell unused BRRAG tax credits to FactSet Research Inc.

Prepared by: Kevin McCullough
Applicant:

- Pitney Bowes Inc., 1 Elmcroft Road, Stamford, Connecticut 06926
- Pitney Bowes is a provider of mail processing equipment and integrated mail solutions. The company and its subsidiaries offer a range of equipment, supplies, software, and services for end-to-end mailstream solutions which enable customers to optimize the flow of physical electronic mail, documents, and packages across their operations. The company is one of 87 existing companies that have been members of the S&P 500 since the index’s inception in 1957.

Applying for:

- BRRAG Tax Credit Certificate Transfer Program: This program allows businesses with unused BRRAG tax credits to sell those credits to offset the costs of relocation. Unused tax credits must be sold for at least 75 percent of their value.

Background:

- In August 2009, the Authority approved an application from Pitney Bowes for a grant of tax credits under the Business Retention and Relocation Assistance Grant (BRRAG) program.
- With the help of the BRRAG award, the company relocated 148 eligible employees from 500 US Highway 46 in Clifton to 158 Mount Olivet Avenue in Newark.
- As a result of the move, the New Jersey Division of Taxation issued BRRAG tax credits to Pitney Bowes in the amount of $192,400.

Qualification – This application satisfies the following eligibility criteria:

- Pitney Bowes Inc. certifies that it is not in default of its BRRAG project agreement.
- The company has unused BRRAG tax credits and certifies that it cannot use the BRRAG tax credits issued by the New Jersey Division of Taxation.
- Pitney Bowes has incurred expenses for items such as furniture, fixtures, and equipment as a result of its retention/relocation project in New Jersey.

Benefit:

- The BRRAG tax credits that the company is transferring have a value of $192,400. The company has agreed to sell these credits to FactSet Research for $173,160. This transaction represents a sale price of ninety cents on the dollar.
MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: September 14, 2011
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 (However, based on Legislation passed in 2010, the Film Tax Credit Program was “suspended” during State Fiscal Year 2011 whereby no tax credits were provided during that time period).

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, will be 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 film tax credit allocations from the 2012 State Fiscal Year. These projects have been reviewed by the New Jersey Motion Picture and Television Commission (“Film Commission”).

<table>
<thead>
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<th>Applicant/Producer</th>
<th>Production/Film Title</th>
<th>SFY 2012 Allocation</th>
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<td>Choke Film, LLC (#2/supplemental)</td>
<td>Choke</td>
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<td>495 Productions, Inc.</td>
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<td>County Road K LLC</td>
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<td>Copper Canyon LLC</td>
<td>Chlorine</td>
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<td>Event Services, Inc.</td>
<td>Hell in a Cell @ Newark &amp; Hell in a Cell @ East Rutherford</td>
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<td>Northern Entertainment Inc.</td>
<td>Law &amp; Order: SVU – Season 10</td>
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Staff recommends the approval of the attached Film Tax Credit Projects, subject to the Act, Regulations and further satisfactory review by the staff, Film Commission and Taxation.

1 As the actual project costs exceeded the estimated amount in their original application/allocation (by $285,000), the applicant was only allowed to receive the estimated amount previously approved. The applicant subsequently submitted a new application for the difference between the actual costs and the estimated costs ($285,000 x 20% = $57,000).

2 The total estimated amount for this project is $11,205,506. With only $9,003,307 available to be allocated from State Fiscal Year 2012, the remainder of $2,202,199 will be part of the 2013 State Fiscal Year allocation when such allocation becomes available.

Prepared by: John Rosenfeld/David Sucsuz
APPLICANT: Choke Film LLC

APPLICANT BACKGROUND:
Choke Film LLC has produced a film titled “Choke.” It tells a story about a con-man seeking the truth about his own past. The film is written and directed by Clark Gregg, a 2000 Independent Spirit Award nominee for best supporting male actor and the writer of “What Lies Beneath” (2000). The cast includes Sam Rockwell, Anjelica Huston, who won an Oscar in 1985, and Kelly MacDonald, who was nominated for a Golden Globe award in 2005. Choke Film LLC is owned by 12th Floor Film Fund, LLC, a private equity fund making investments in feature films and documentaries.

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 production titled “Choke.” The principal photography began or was to begin in or about July 2007. As their New Jersey film production expenses exceeded their original allocation approval, which was based on their initial budget estimates on their original application, this is a supplemental submission/application for the remainder of their expenditures.

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

PRINCIPAL PHOTOGRAPHY BEGAN or WAS TO INITIALLY BEGIN: July 2007
DATE OF PROJECT COMPLETION (WAS ORIGINALLY EXPECTED): August 2007

PRINCIPAL MARKET(S) FOR WHICH PRODUCTION IS INTENDED: Theatrical

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Production Expenses (Less Post-Production Costs)</td>
<td>$285,000</td>
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<td>Total New Jersey Production Expenses</td>
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<td>Total New Jersey Post Production Expenses</td>
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<tr>
<td>Percentage of Required Costs in New Jersey</td>
<td>100.00%</td>
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<tr>
<td>Maximum Tax Benefit Amount</td>
<td>$57,000</td>
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<td>Applicant’s Fiscal Year End</td>
<td>12/31</td>
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FINANCE OFFICER: David Sucsuz
COUNSEL: DAG

APPLICATION RECEIVED DATE: 06/04/2007/Part1 (initial estimate) - Application #20
06/10/2008/Part2 (cost overrun) - Application #47

APPLICATION APPROVED DATE: SFY2008/Part1 and SFY2012/Part2

Prepared by: John Rosenfeld/David Sucsuz
APPLICANT: 495 Productions Inc.

APPLICANT BACKGROUND:  
495 Productions Inc. has produced a television series titled “Jersey Shore”. This film is about eight roommates. There is no screenplay. The roommates live in a house and are asked to work in a local establishment on the New Jersey Coast. The cameras capture the interaction among the roommates and how the roommates interact at work and at play in Seaside Heights, New Jersey.

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 production titled “Jersey Shore.” 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 BEGIN: August 2009  
DATE OF PROJECT COMPLETION (WAS ORIGINALLY EXPECTED): September 2009  
PRINCIPAL MARKET(S) FOR WHICH PRODUCTION IS INTENDED: Cable Television

PROJECT COSTS (Initial Application Estimate):  
Total Production Expenses (Less Post-Production Costs) $3,000,000  
Total New Jersey Production Expenses $2,100,000  
Total New Jersey Post Production Expenses $0  
Percentage of Required Costs in New Jersey 70.00%  
Maximum Tax Benefit Amount $420,000  
 Applicant’s Fiscal Year End 12/31

FINANCE OFFICER: David Sucsuz  
COUNSEL: DAG

APPLICATION RECEIVED DATE: 07/30/2009 (Application #51)  
APPLICATION APPROVED DATE:  
CURRENT OR INITIAL ALLOCATION YEAR(S): SFY2012

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

APPLICANT: County Road K LLC

APPLICANT BACKGROUND:
County Road K LLC has produced a feature film titled “County Road K”. This film is about a troubled family living in isolation. A stranger with mysterious intentions comes to stay the night at their secluded country home. What he finds inside is a family torn apart by a violent past and a secret more deadly than he expected. The film was written and directed by Philip Gelatt.

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 production titled “County Road K.” The principal photography began or was to begin in or about November 2009.

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

PRINCIPAL PHOTOGRAPHY BEGAN or WAS TO BEGIN: November 2009
DATE OF PROJECT COMPLETION (WAS ORIGINALLY EXPECTED): November 2009

PRINCIPAL MARKET(S) FOR WHICH PRODUCTION IS INTENDED:
Theatrical

PROJECT COSTS (Initial Application Estimate):
- Total Production Expenses (Less Post-Production Costs): $155,423
- Total New Jersey Production Expenses: $117,723
- Total New Jersey Post Production Expenses: $0

Percentage of Required Costs in New Jersey: 75.74%

Maximum Tax Benefit Amount: $23,545

Applicant’s Fiscal Year End: 12/31

FINANCE OFFICER: David Sucszu
COUNSEL: DAG

APPLICATION RECEIVED DATE: 11/05/2009 (Application #52)
APPLICATION APPROVED DATE:
CURRENT OR INITIAL ALLOCATION YEAR(S): SFY2012

Prepared by: John Rosenfeld/David Sucszu
APPLICANT: Copper Canyon Limited Liability Company

APPLICANT BACKGROUND:
Copper Canyon Limited Liability Company has produced a feature film titled “Chlorine”. This film revolves around a family in a New England community. Kyra Sedgwick plays the materialistic matriarch, who is more interested in appearances than her neglected husband. She pushes him into a bad real estate deal during the savings and loan debacle in the mid 1980s. The writer and director is Jay Alaimo.

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 production titled “Chlorine.” The principal photography began or was to begin in or about December 2009.

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

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

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

PROJECT COSTS (Initial Application Estimate):
Total Production Expenses (Less Post-Production Costs) $499,688
Total New Jersey Production Expenses $454,016
Total New Jersey Post Production Expenses $26,725

Percentage of Required Costs in New Jersey 96.21%

Maximum Tax Benefit Amount $96,148

Applicant’s Fiscal Year End 12/31

FINANCE OFFICER: David Sucszuz COUNSEL: DAG

APPLICATION RECEIVED DATE: 12/16/2009 (Application #53)
APPLICATION APPROVED DATE: CURRENT OR INITIAL ALLOCATION YEAR(S): SFY2012

Prepared by: John Rosenfeld/David Sucszuz
APPLICANT: Event Services, Inc.

APPLICANT BACKGROUND:
Event Services, Inc. has produced two events titled “Hell in a Cell @ Newark” and “Hell in a Cell @ East Rutherford.” These were live wrestling events that were also taped for TV and DVD distribution.

APPROVAL REQUEST:
Authority assistance will enable the applicant to receive a 20% tax credit for Qualified Film Production Expenses incurred in New Jersey for the taped live events titled “Hell in a Cell @ Newark” and “Hell in a Cell @ East Rutherford”. The principal photography or event taping began or was to begin in or about October 2009.

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

PRINCIPAL PHOTOGRAPHY BEGAN or WAS TO INITIALLY BEGIN: October 2009
DATE OF PROJECT COMPLETION (WAS ORIGINALLY EXPECTED): December 2009

PRINCIPAL MARKET(S) FOR WHICH PRODUCTION IS INTENDED: Cable Television DVD Distribution

PROJECT COSTS (Initial Application Estimate):
Total Production Expenses (Less Post-Production Costs) $2,000,000
Total New Jersey Production Expenses $2,000,000
Total New Jersey Post Production Expenses $0

Percentage of Required Costs in New Jersey 100.00%
Maximum Tax Benefit Amount $400,000
Applicant’s Fiscal Year End 12/31

FINANCE OFFICER: David Sucszuz COUNSEL: DAG

APPLICATION RECEIVED DATE: 01/11/2010 (Application #54)
APPLICATION APPROVED DATE: CURRENT OR INITIAL ALLOCATION YEAR(S): SFY2012

Prepared by: John Rosenfeld/David Sucszuz
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):

Total Production Expenses (Less Post-Production Costs) $69,495,404
Total New Jersey Production Expenses $56,027,532
Total New Jersey Post Production Expenses $0

Percentage of Required Costs in New Jersey 80.62%

Maximum Tax Benefit Amount 1 $9,003,307

Applicant’s Fiscal Year End 12/31

FINANCE OFFICER: David Sucsuz COUNSEL: DAG

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

1 Only $9,003,307 of $11,205,506 is allocated from SFY2012. Therefore, the current approval is capped at $9,003,307. The remainder of $2,202,199 will be part of the 2013 State Fiscal Year allocation when such allocation becomes available.

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: September 14, 2011

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 in the U.S. 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 brief overview of some of the more substantive changes is as follows:

- Removal of the requirements to assess likelihood of future job creation and future decrease in net losses.
- Change the requirement of having a net loss for each of the last 2 years to having a net operating loss for each of the last 2 years. This will no longer penalize companies that show a small profit due to the sale of an NOL in a prior year.
- Addition of a permanent full-time NJ employment requirement based on the number of years since the applicant was incorporated.
- Addition of a requirement that the applicant offer a group health care plan to its employees.
- Removal of the requirement that the applicant not have enough resources to operate in the short-term.
- Removal of the requirement that the applicant’s technology is viable and that the applicant has a competitive advantage.
- Removal of recertified and returning applicant categories. All applicants will be reviewed as new applicants, with no applicants grandfathered based on prior year approvals.
- Re-allocate any unused portion of the $10M set aside for Innovation Zone companies to be used by non-Innovation Zone companies.
- Change the maximum lifetime benefit an applicant can obtain from $10 million to $15 million.
- Change the minimum an applicant can sell the NOL benefits from 75% to 80%.
- Create a benefit recapture policy for applicants that move out of NJ within 5 years of selling the NOL benefit or use the proceeds of their benefit sale on expenses that are not allowable under the Statute.
- Change the appeal process to include the Authority’s CEO appointing a hearing officer to review all appeals and make recommendations to the Board.

Additionally, the Governor also signed into law revisions to various provisions of the Stimulus Act, including technical revisions to the Technology Business Tax Certificate Program. The measure: 1) amends the definition of “biotechnology business” to make ineligible companies without protected proprietary intellectual property that only provide services or products to biotechnology businesses and 2) amends the definition of “new or expanding” to require that each applicant have more than the minimum threshold of employees and less than the maximum number of employees at June 30th and on the closing date.

2011 PROGRAM CYCLE

Last year, the twelfth year of the program, $30 million was provided to 78 technology and biotechnology companies in need of capital and liquidity. This year, $60 million is available to be distributed in State fiscal year 2012. Of the $60 million, $10 million is reserved for the surrender of transferable tax benefits exclusively by eligible companies that operate within the boundaries of the State’s three (3) Innovation Zones (technology clusters fostering business-university collaboration) during State fiscal year 2012.

In past iterations of the Program, the New Jersey Commission on Science & Technology reviewed each application to ensure the applicants met the definition of either Biotechnology Business or Technology Business (and certain other factors that are no longer requirements of the Program). The new Statute placed this review onto the Authority. In an effort to assist in our review, each applicant was asked to explain how they meet the definition of either Biotechnology Business or Technology Business.
As a result of the numerous positive changes made to the Statute, the review of the applications submitted to EDA this year yielded 10 benefit requests (12.0%) which failed to meet one or more of the eligibility criteria which is a much lower percentage versus the 2010 disapprovals of 21 (23.6%). The 73 applicants recommended for approval are estimated to receive, on average approximately $822,000 this year, slightly more than double last year’s average.

Based on evaluations by Authority staff, the attached list identifies the applicants recommended for approval. Please note, Orchid Cellmark is involved in a merger with Lab Corp. which, if consummated, would produce an entity with in excess of the 224 U.S. employee maximum. As such, Orchid Cellmark is being recommended for approval contingent upon its being able to make the required certification contained in the closing documents that it has no current intention of ceasing to be a new or emerging technology business. If Orchid Cellmark is unable to make the required certification on the allocation date, no allocation will be made to Orchid Cellmark.

The following are the applicants being recommended for disapproval for not meeting one or more eligibility requirements of the Program along with a brief description of the reason the eligibility requirement(s) wasn’t met.

**ADMA Biologics** – The applicant indicated it had been incorporated in 2007 in Delaware and, as such, only needed to have 5 or more full-time employees in NJ. During the review of the application, it was discovered that the applicant was originally incorporated in 2004 in New Jersey and that the New Jersey company and the Delaware company merged immediately after the incorporation of the Delaware company. As a result of being originally incorporated in 2004, the applicant needed to have 10 or more full-time employees in NJ but it only had 5.

**BioLeap, Inc.** – The applicant had indicated it had been incorporated in 2009 and, as such, only needed to have 1 or more full-time employees in NJ. During the review of the application, it was discovered that the applicant was originally formed in 2004 as an LLC and changed to a C corporation in 2009. As a result of having been formed in 2004, the applicant needed to have 10 or more full-time employees in NJ but it only had 6.

**Cancer Genetics** – The applicant did not submit the required independent CPA prepared financial statements (compilation, review, or audit) for 2009 and 2010.

**Chiral Quest Corporation** – The applicant indicated it had been incorporated in 2007 and, as such, only needed to have 5 or more full-time employees in NJ. During the review of the application, it was discovered that the applicant has gone through numerous name changes and is part of a group of entities that have been around since the 1990’s. As a result of being incorporated for more than 5 years, the applicant needed to have 10 or more full-time employees in NJ but it only had 7.

**Deltronic Crystal Industries** – The applicant did not demonstrate that it owns or licenses Protected Proprietary Intellectual Property. The licenses the applicant submitted were non-exclusive and, therefore, not proprietary to the applicant.

**Elusys Therapeutics** – The applicant did not submit the required independent CPA prepared financial statements (compilation, review, or audit) for 2010 and the applicant showed Net Operating Income in the draft audit for 2010.

**Franklin Electronic Publishers** – The applicant showed Net Operating Income in its audited financial statement for fiscal 2011 (March year end).
Innovation Engineering – The applicant showed Net Operating Income in its audited financial statements for 2010.

Intra, Inc. – The applicant did not submit the independent CPA prepared financial statements of its parent company for either of the last 2 years.

Software Synergy, Inc. – The applicant failed to demonstrate that it owns or licenses Protected Proprietary Intellectual Property as it has not patented or registered a copyright on its software.

RECOMMENDATION:

Based on the above, approval is recommended for a total of 73 projects which have been evaluated according to the criteria established by the Members of the Board and met the criteria for approval. Disapproval is recommended for the 10 projects that failed any of the eligibility criteria. These companies have not met the criteria for approval as described above.

Prepared by: J. Rosenfeld
<table>
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<tr>
<th>2011 APPLICANTS</th>
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<tr>
<td>RECOMMENDED FOR APPROVAL</td>
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<tr>
<td>1 3D Biotek, LLC</td>
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<td>2 ADM Tronics, Inc.</td>
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<td>3 Advanced Cerametrics, Inc.</td>
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<td>4 Advaxis, Inc.</td>
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<td>5 Agennix, Inc.</td>
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<td>6 Agilence, Inc.</td>
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<td>7 Akers BioSciences, Inc.</td>
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<td>8 Alphion Corporation</td>
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<td>9 Amicus Therapeutics, Inc.</td>
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<td>10 Angel Medical Systems, Inc.</td>
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<td>11 Antenna Software, Inc.</td>
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<td>12 BlackLight Power, Inc.</td>
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<td>13 Bluenog Corp.</td>
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<td>14 Celator Pharmaceuticals, Inc.</td>
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<td>15 Celldex Research Corporation</td>
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<td>16 CircuLite, Inc.</td>
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<td>17 Conolog Corporation</td>
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<td>18 Connoteate Technologies, Inc.</td>
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<td>24 Edge Therapeutics, Inc.</td>
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<td>25 Electromagnetic Technologies Industries, Inc.</td>
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<td>29 EverestTV, Inc.</td>
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<td>30 Genta, Inc.</td>
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<td>31 Global Bay Mobile Technologies, Inc.</td>
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<td>32 Hemispherx Biopharma, Inc.</td>
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<td>33 Hycrete, Inc.</td>
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<td>34 I.D. Systems, Inc.</td>
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<td>35 iBiquity Digital Corporation</td>
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<td>36 Immunogenetics, Inc.</td>
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<td>37 IntegriChain, Inc.</td>
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<td>38 Kirusa, Inc.</td>
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<td>39 Lightscape Materials, Inc.</td>
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<td>40 LOG-NET</td>
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<td>41 Lux Biosciences, Inc.</td>
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<td>42 MDx Medical, Inc.</td>
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<td>43 netForensics, Inc.</td>
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* Orchid Cellmark is going through a merger with Lab Corp. and may not be able to make the required certification in the closing documents that they have no current intention of ceasing to be a new or emerging technology business. The approval is contingent on the applicant being able to make the required certification prior to the allocation of the $60M or they will receive no allocation in this program cycle.
URBAN TRANSIT HUB TAX CREDIT PROGRAM
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: September 14, 2011

SUBJECT: Urban Transit Hub Tax Credit Program
Pearson, Inc. and related entities

Request
The Members are asked to approve the Urban Transit Hub Tax Credit (“UTHTC”) program application for Pearson, Inc. and related entities (“Pearson”) under P.L. 2007, c.346, P.L. 2008, as amended on July 26, 2011, as a tenant in the proposed new commercial real estate project on an eligible site, with at least 250 employees, in Hoboken, New Jersey for a tax credit in the amount up to $82,548,489. However, if Pearson does not create at least 200 new jobs over the next 10 years at the site, pursuant to the requirements of the program, they will only qualify for an 80% tax credit of $66,038,791 over 10 years. The Project’s total qualified cost is $82,548,489. The net benefits to the State are calculated over 11.625 years reflecting 75% of the proposed 15.5 year lease with two five year options.

Project Description
SJP Properties (the “Developer”) is the owner and developer of a property located at 221 River Street in Hoboken (the “Project Site”). The developer is proposing to construct a new facility totaling 500,000 ± square feet, of which 210,052 ± square feet will be leased to Pearson for use as office space under a 15.5 year lease at rents in excess of $50.00 per square foot.

Pearson has applied for the UTHTC as a tenant in a commercial real estate project on an eligible site in Hoboken. The Project Site has been verified to be in an eligible municipality and located within one-half mile of an Urban Transit Hub (Hoboken PATH and Hoboken Terminal).

Under the UTHTC rules, the applicant must employ at least 250 full time employees at the Project Site by January 13, 2016. Pearson anticipates meeting this requirement upon issuance of the Certificate of Occupancy by the end of 2014 at which time they will relocate approximately 646 full time employees primarily from an existing location in Upper Saddle River, New Jersey to the Project Site. The President of Pearson has certified to material facts that the lease in Upper Saddle River expires in December 2014, the Company has the capacity to accommodate its Upper Saddle River operations at other sites outside the State of New Jersey, and that these jobs are “at risk.” Pursuant to the program requirements, CEO (or equivalent officer) certification was received in order to include the 646 “at risk” jobs in the application as part of the Authority’s Net Benefits Analysis calculation. The alternative site option is 330 Hudson Street in Lower Manhattan, New York which is proximate to where Pearson has current operations and is desirous from both the talent pool with the skill sets the company seeks combined with the co-location of certain related business and editorial activities within facilities to enhance collaboration and productivity.
The estimated total capital investment in the project as it relates to the development of Pearson’s space is $90,025,766. The eligible capital investment of the costs relative to the development of the applicant’s space was determined to be $82,548,489 which does not include land, lease-up interest, real estate taxes during construction, marketing, developer fees, project administration, equipment with useful life less than five years, graphics, art, moving and cleaning costs. The estimated cost to develop the entire project site is approximately $240,000,000 (which includes 25,000 square feet of retail and a 250 car parking deck along an aggregate 475,000 square feet of office space). Pearson is eligible as a tenant under this program as their allocable share of the total leasable space exceeds the UTHTC’s minimum requirement ($17.5 million in a multi-suite facility). Pearson will be responsible for payment of the majority of tenant improvements made to their leased space. The Authority recommends approval of this project for a tax credit in an amount estimated at $82,548,489 based on the results of the net benefit analysis and qualifying cost breakdown attached hereto. Pearson expects to execute a lease with the Developer prior to the start of the construction of this building. Construction is expected to begin by the end 2012 with Pearson’s occupancy of the space to occur in second half of 2014.

**Finding Regarding Jobs At Risk**

Staff has reviewed the economic analysis presented by the applicant that details the cost differential between these alternative locations that indicates significant cost savings were the company to move out of state. The company did not acknowledge, and staff review did not reveal any facts that would tie the company’s existing NJ jobs to NJ, i.e. union contracts, NJ regulated entities or services, specialized labor force needs, or stranded assets. As such, staff has included the economic activity of these “at risk” jobs in its calculation of the net benefits to the State.

Based upon details provided as part of the application and in conjunction with their corporate facility consultant, the net present value of the New York alternative (consisting of the relocation of 1,275 employees) equals $167 million (and includes $113 million in incentives subtracted from capital and operating costs) as compared with the net present value of the New Jersey/New York alternative (consisting of the relocation of 550 employees to New York and 725 employees to Hoboken) equals $206 million prior to any incentives. The $38 million difference between the two scenarios represents the minimum amount necessary to make the New Jersey option economically viable.

Pursuant to the Act, as amended on July 26, 2011, which requires staff to make a factual finding regarding “Jobs at Risk”, staff has reviewed the “full economic analysis of all locations under consideration by Pearson, including lease agreements and ownership documents for all existing Pearson locations in New Jersey; and documentation for the potential out-of-state location in New York and has independently made a factual finding that the 646 jobs which have been certified by the President of Pearson as being “at risk” meet the statutory requirement of same under the Act, as amended.

**Project Ownership**

Pearson, Inc. (applicant) is a wholly owned subsidiary of Pearson Plc (headquartered in London, England and shares listed on the London Stock Exchange and ADR’s on the New York Stock Exchange) based in New York, New York along with major US operating entities Pearson Education, Inc. (wholly owned subsidiary of Pearson, Inc.) headquartered in Upper Saddle River, New Jersey and NCS Pearson, Inc. (wholly owned subsidiary of Pearson Education, Inc.). Three other significant operations include Penguin Group (in the US and worldwide) as well as Financial Times Group and Pearson International. Main business lines include learning materials, technologies and services, publishing and business information. More specifically: Pearson Education is the world’s leading provider of content, testing and education technology (from pre-school to higher education) in the US
and worldwide serving 50% of US schools with curricula, and instructional and/or financial management software as well as 3 million college students with on-line services. Penguin Group was founded in 1935 and is the world’s leading publisher of English language titles per year in more than 100 countries. Financial Times was founded in 1888 and is one of the world’s leading business information companies providing a broad range of information and multimedia services to the international business community.

2010 consolidated revenues were $8.7 billion, net income was $956 million and operating profit margin was 15%. Pearson Plc has over 36,000 employees in 70 countries. Approximately 55% of sales and assets are generated and domiciled in the US during fiscal year 2010. Pearson first operated in the US in 1929 and commenced New Jersey operations in 1971. Currently, 2,083 full time jobs in five locations are linked to Pearson in the State. Pursuant to the Act, Pearson has represented they will maintain at least 80% (representing approximately 1,666 positions) of their existing New Jersey workforce during the tax credit term. Failure to meet this requirement in any given year will result in forfeiture of the tax credits for that year.

Pearson has a BEIP (with 397 jobs reported as of 12/31/2010 of which 217 positions are located at the Upper Saddle River site and the remainder at Cranbury and Parsippany) and a Structured Finance (including equipment at the Upper Saddle River Site) with NJEDA. The compliance period on the BEIP ends in June of 2016. Disbursements as of 7/27/2011 are $1,291,252 under the BEIP and $1,902,452 under the Structured Finance. This memo assumes the BEIP and Structured Finance are repaid in compliance with Authority regulations (otherwise there will be reductions in the UTHTC amount).

**Project Budget for the 210,052 Square Foot Development (Pearson’s Space Only):**

<table>
<thead>
<tr>
<th>Item</th>
<th>Total Development Cost</th>
<th>Eligible Capital Investment</th>
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<tbody>
<tr>
<td>Land and Real Estate Taxes</td>
<td>$3,859,075</td>
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<tr>
<td>Site Preparation, Core &amp; Shell, and Parking</td>
<td>$43,325,340</td>
<td>$43,325,340</td>
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<tr>
<td>Tenant Improvements, Equipment/Furnishing, and Contingency</td>
<td>$35,897,526</td>
<td>$34,162,663</td>
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<tr>
<td>Soft Costs (Includes Financing Costs)</td>
<td>$6,943,825</td>
<td>$5,060,486</td>
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<tr>
<td>TOTAL</td>
<td>$90,025,766</td>
<td>$82,548,489</td>
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</table>

**Net Positive Benefit Analysis**

Pursuant to the UTHTC rules, the Authority calculates the Net Positive Benefit of the project based on the new jobs to the state, unless the applicant submits material facts to demonstrate the “at risk” nature of any relocated employees. Pearson has certified that the 646 employees, considered for relocation, are “at risk.” Therefore, the Net Positive Benefit Analysis considers these jobs as new jobs consistent with the treatment of existing jobs under the net benefits test for the UTHTC program which was approved by the Board in June 2010.

The Authority conducted the required Net Benefit Analysis for this project based on 646 “at risk” jobs at the Project Site and has found that the present value of the Net Positive Benefits to the state of New Jersey over 11.625 years (75% of the proposed initial 15.5 year lease term) is approximately $111.5 million using a 6% discount rate.
The total Net Benefit to the State is calculated by utilizing the net present value of direct tax revenue (Corporate Business Tax, Gross Income Tax, Real Estate Tax and Utility Tax) and the indirect tax revenue expected to be generated by the company over 11.625 years. Also included in the analysis are the one-time construction costs associated with the construction of the space specific to Pearson. The calculated net benefit meets the standard of being at least 110% of the recommended grant assistance which is approximately $101.33 million. The total project is thereby eligible for a tax credit amount not to exceed $82,548,489 which equates to 100% of the total eligible capital investment.

As of September 1, 2011, a total of $281,249,871 Commercial UTHTC Credits and $105,748,677 Residential UTHTC Credits have been approved for a total of $386,998,548 for the UTHTC program.

**Recommendation**

Staff has reviewed the application for consistency with the Act and Rules, as amended, implementing the UTHTC Program and recommends approval of the following:

1. Application for a tax credit in an amount estimated at $82,548,489. The annual award cannot exceed the yearly lease payments Pearson will make to occupy the space at the site per NJ Statute 34:1B-209 Section 6 Part c (1). The NJEDA will provide the applicant with an approval letter for the total amount of the credit. The approval is subject to BEIP and Structured Finance repayment to the satisfaction of the Authority.

2. The factual finding that the 646 “at risk” jobs, as represented in the application and certified by the President of Pearson, are actually at risk of leaving the State.

Pursuant to the rules governing the program, the project will need to meet certain milestones for within 12 months of approval in order to maintain the project’s credit approval.

These milestones include:

1) Site control
2) Site plan approval
3) Executed lease between SJP and Pearson
4) Other project specific items which may be added

Upon project completion, the Authority shall issue a tax credit certificate based on the final qualified costs, not to exceed the approved amount. The tax credit certificate shall indicate that the applicant may take one tenth of the total credit annually, not to exceed the business’ total lease payments for occupancy of the qualified business facility for the tax period, over ten years when accompanied by a letter issued by EDA indicating the project is compliant with program guidelines. In addition, pursuant to the Act, Pearson has represented they will maintain at least 80% (equating to approximately 1,666 positions) of their existing New Jersey workforce during the tax credit term. Failure to meet this requirement in any given year will result in forfeiture of the tax credits for that year.

\[\text{Caren S. Franzini} \]

Chief Executive Officer

Prepared by: Michael Conte
### NJEDA Economic Impact Model

#### NJEDA Economic Impact Model

<table>
<thead>
<tr>
<th>Country Number</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address County</td>
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<td>646</td>
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<tr>
<td>One Time Jobs (Direct)</td>
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#### State & Local Direct Ongoing

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<thead>
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<td>Property Tax</td>
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<tr>
<td>Direct Ongoing Annual Taxes</td>
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#### State Indirect Ongoing

| Annual Corp Spending | $494.07 |
| Final Demand Output Multiplier | 1.51x |
| Indirect Annual Spending | $253.60 |
| At 3.5% Tax Rate | $8.88 |
| Annual Payroll | $40.60 |
| Indirect Effect Earnings Multiplier | 1.57x |
| Indirect Earnings | $23.04 |
| At 4% Tax Rate | $0.92 |
| Indirect Ongoing Annual Taxes | $8.88 |

#### Total State Ongoing Net Benefits

| Annual Net Benefit | $11.92 |
| Cumulative Net Benefit (20yrs w/3% yearly inflation) | $152.61 |
| Present Value @6% | $107.56 |

#### One Time

| Construction Value | $777.50 |
| Direct One Time Taxes on Spending | $2.70 |
| Direct Construction Multiplier | 1.46x |
| Indirect One Time Spending | $35.51 |
| Spending Tax Rate | 3.5% |
| Ind One Time Taxes on Spending | $1.20 |

##### Assumed Portion of Const. on Labor

| 50% |
| 38.74 |
| 5% |
| 1.98 |

##### Direct Effect Earnings Multiplier

| 1.37x |
| Indirect One Time Earnings (50% of Construction) | 14.42 |
| Earnings Tax Rate | 5% |
| Ind One Time Taxes on Earnings | $0.70 |

##### Total One Time Tax Benefits

| $39.16 |

#### Total State Benefits

| $39.16 |
| Total State Ongoing Benefits (PV @ 6%) | $107.61 |
| Total Benefits | $111.46 |

| Implied Maximum Loan at 110% Coverage Ratio Before Adjustments | $101.33 |
| Maximum HUB Award Test |
| Total Qualifying Costs (NJEDA Cost Analysis sheet) | $82.50 |
| Max Loan Amount | $101.30 |
| Minimum of (Max loan@110% & Total Qualifying Cost) | $82.50 |
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

SUBJECT: Barclays Bank Plc. (Barclays)/Lehman Brothers Holdings, Inc. (LBHI)
Structured Finance Program

DATE: September 14, 2011

Purpose:
1) Extend the closing date on the transfer to Barclays of EDA’s assets purchased by LBHI under a structured finance agreement with EDA for six (6) months [from September 30, 2011 until March 30, 2012] to allow for the LBHI plan to be confirmed in bankruptcy.

In exchange for the extension, Barclays will sign a Letter of Understanding (“LOU”) with EDA’s standard indemnification language, and will also be required to:

• Escrow the $117,829 at EDA reset fee owed in conjunction with the asset transfer;
• Certify the number of jobs it employs in New Jersey at time of closing;
• Retain at least 900 jobs until the earlier of five (5) years or December 31, 2016.

2) Delegate approval to staff to provide up to two (2) additional six (6) month extensions if the LBHI bankruptcy plan is not confirmed by March 29, 2013. All delegated extension approvals will be reported to the Members along with other delegated actions.

Background:
LBHI closed on a structured finance project with the Authority in July 2005. Under the Structured Finance Program, the Authority acquired leasehold improvements and equipment which it then leased to LBHI for the useful life of the equipment and for 15 years for the leasehold improvements.

In LBHI’s bankruptcy, Barclays purchased LBHI’s facilities at which the Authority’s leasehold improvement and equipment are located. Subsequent to the purchase, Barclays expressed an interest in purchasing the rights, titles and interest of the structured finance assets in exchange for a five-year job commitment using Barclays’ job numbers.
In July 2010, the members granted a short term extension of the date by which EDA would transfer its interests in the structured finance assets to provide time for Barclays to negotiate a reset fee and execute necessary documentation for the asset acquisition.

In August, 2010, the members formally approved Barclays’ offer to purchase the structured finance assets in exchange for a number of items including but not limited to maintaining a minimum statewide job count, the payment of a reset fee of $117,829, and making no further purchases under this program.

In September 2010, the members approved another short term extension to provide additional time for Barclays to evaluate the proposed asset acquisition.

Due to certain concerns raised by Barclays outside bankruptcy attorneys, EDA was asked and the members approved two additional extensions, first to March 31, 2011, and then to September 30, 2011 to provide time for LBHI bankruptcy’s plan to be confirmed by the court.

The bankruptcy plan confirmation continues to be delayed and there is uncertainty regarding how long it will take to resolve. Rather than consider another short term extension, staff recommends extending the closing date by six (6) months to March 30, 2012 in exchange for the Barclays signing the LOU with specific provisions to protect EDA’s interests and escrowing the $117,829 reset fee. Also requested is the members consent to delegate authority to staff to extend up to two (2) additional six (6) month extensions should additional time be required to finalize LBHI’s bankruptcy.

**Recommendation:**

1) Extend the closing date to March 30, 2012 to allow confirmation of LBHI’s bankruptcy plan contingent upon Barclay’s executing the LOU that will contain EDA’s standard indemnification language, will certify to, and agree to meet job retention criteria and will require Barclays to escrow the $117,829 reset fee;

2) Delegate to staff the ability to provide 2 additional six (6) month extensions in the event that the LBHI bankruptcy plan is not confirmed by March 30, 2012.

Prepared by: Lisa Coane
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: September 14, 2011

SUBJECT: Randall Enterprises, LLC
Wayne Township, Passaic County, NJ
$2,040,000 Tax Exempt Stand-alone Bond (P14907) (the “Bond”)

Request:
Consent to modifications to the Bond to (i) change the existing fixed interest rate of 4.26% to the tax exempt equivalent of LIBOR + 275 basis points; (ii) change the amortization schedule to reflect the new interest rate, (iii) change call date to the tenth (10) year from the effective date of the modification date; and modify related rate reset provisions. The Borrower and TD Bank will enter into an interest rate swap that will permit the Borrower to obtain a lower fixed rate and reduce debt service on the Bond.

Background:
Randall Enterprises, LLC was formed for the purpose of leasing manufacturing space to InterMarket Technology, Inc. a related company that designs and manufactures display units for the retail market such as gas stations and stores to showcase liquid refreshments (i.e., Pepsi and Coca Cola) as well as by supermarkets for food and spice displays.

In March 2003, the Members approved a $2,040,000 tax exempt (Series A) bond and a $775,200 taxable (Series B) bond to finance the purchase of a 32,500 sq ft manufacturing facility and equipment of occupied by InterMarket Technology, Inc., and another 16,500 sq ft building. The Bonds were purchased by Commerce Bank (now TD Bank) and is a conduit financing for which the Authority has no credit exposure. A previous NJEDA guarantee of 50% the principal amount of the Series A Bond expired in 2008. The current balance of the Series A Bond is $1,885,000. The Series B bond has $35,200 outstanding and will amortize fully by January 1, 2012; accordingly, Series B bond is not part of this modification request.

The Bank and Borrower have agreed to modify the rate provisions of the Series A Bond to allow the Borrower to lock in a lower rate for the next 10 years. The existing fixed interest rate is scheduled to reset effective January 1, 2012 based on 110% of the 10 year Treasury. Instead, upon the modification, the rate will be changed to a floating rate of Libor plus 275 basis points, and the Borrower and Bank will enter an interest rate swap at approximately 4%. As a result of the change, a new call provision will occur on the tenth (10) year from effective modification date. The Bond amortization will be adjusted as required to repay the loan by maturity using the new interest rate. Maturity date of June 1, 2025 will remain the same.
Wolff & Samson, bond counsel to the Authority, has reviewed this request and has opined that the tax-exempt status of the Bond will not be adversely affected as a result of this modification.

**Recommendation:**
Consent to the change in the Bond interest rate and accompanying provisions as described above. Members approval will support a New Jersey-based manufacturing company to lock in a lower fixed rate of interest for 10 years and reduce debt service on the Bond.

Prepared By: Nancy C. Meyers
TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: September 14, 2011

SUBJECT: Campbell Soup Company (P36344) – Urban Transit Hub Program

Request

Modify the existing approval of the HUB tax credit to lower the nominal award amount over ten years from $41,224,519 to $34,191,809. The present value of the HUB tax credit will also be reduced from $30,341,605 to $25,165,469. This modification is requested reflecting (1) changes in the applicant’s employee configuration from original approval, (2) an addition of a new requirement to restore 71 positions at the Camden headquarters to increase headcount to a level consistent with the Company’s pre-June 2011 restructuring, and (3) the addition and maintenance of 50 Camden based employees over the ten year credit period in order to qualify for the above credits.

Background

Campbell Soup Company was approved by the Members of the Authority on February 8, 2011 for an Urban Hub Tax Credit regarding a commercial real estate project in Camden, New Jersey for a tax credit in the amount of $41,224,519. Refer to the board memo of same date for further details and analysis.

The applicant has requested the removal of 49 employees from the net benefit analysis used to obtain the original approval from the Members of the Authority. These 49 employees were originally going to be moved to Cherry Hill and then back to Camden. Under the HUB program rules, these 49 jobs were going to move from a suburban to an urban location and therefore qualify for a 25% credit which equated to 12 new jobs in the net benefit analysis. The net benefit analysis per the board approval was based on 50 new jobs and 49 “suburban to urban” jobs (which equated to 12 new jobs) for a total of 62 jobs. The present value calculated net benefit at 110% of the recommended grant assistance in the original approval was $30,341,605.

A revised net benefit analysis has been performed (using only 50 new jobs which are added at a rate of 5 per year for 10 years and thereby removing the 12 new jobs which were previously included due to the suburban to urban credit). Total present value net benefits aggregate $27.7 million. Since the net benefit must be at least 110% of the HUB award, the present value equates to $25.2 million (and since this figure is less than capital investment of $51.9 million it serves as the maximum). The following chart displays the changes in the award:
The present value of the award is the value of the nominal 10 years of credits, which when discounted at 6% provides the 110% net benefits required. In this instance, the nominal award of $34,191,809 is the cumulative value of the award over ten years. Discounted at 6%, the present value of the award to the applicant is $25,165,469. Based solely on the amount of eligible capital investment, the applicant could have received a grant of $51,988,000. But the applicant was not creating 200 new jobs at the site, which reduced the possible grant by 80% to $42 million. This $42 million was further reduced by the net benefits test to lead to a final nominal award of $34,191,809.

Campbell Soup announced in June of 2011 a restructuring which included contraction of their worldwide staff, affecting the 1,221 staff at their Camden, NJ headquarters. Campbell Soup has agreed to a new requirement which will restrict their use of any tax credits for this project until such time that it has restored employment at its Camden headquarters to 1,221 employees. In addition, they will add 50 jobs (5 per year for ten years) and provided this level is achieved the credits will be awarded on a pro rata basis over the ten year HUB period. Upon closing of the HUB, any year in which the applicant does not have the requisite number of Camden, NJ headquarters employees will be counted against the ten year term of the incentive.

**Recommendation:**

Staff has applied the same calculation used in the original approval to the revised net benefit analysis results and recommends a revised nominal tax credit award of $34,191,809 (present value of $25,165,469) as well as a the addition of a new requirement to restore all employment at the Camden headquarters to the date of application (before layoff notice) and the addition and maintenance of 50 new employees in order to qualify for the above credits.

Prepared by: M. Conte
### NJEDA Economic Impact Model

#### Direct Ongoing Jobs
- **Ongoing Jobs (Direct):** 50
- **One Time Jobs (Direct):** 188

#### State & Local Direct Ongoing

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<thead>
<tr>
<th>Description</th>
<th>Type</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>Direct</td>
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<tr>
<td>Corporation Income Tax (CIT)</td>
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#### State Indirect Ongoing

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<td>At 4% Tax Rate</td>
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#### Total State Ongoing Net Benefits

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<tbody>
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<td>Cumulative Net Benefit (20 yrs w/ 3% yearly inflation)</td>
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<tr>
<td>Present Value @6%</td>
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#### One Time

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<td>Direct One Time Taxes on Spending</td>
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#### Total One Time Tax Benefits

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#### Total State Benefits

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#### Implied Maximum Loan at 110% Coverage Ratio Before Adjustments

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#### Adjustment Test

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<tr>
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<td>Total Qualifying Costs (NJEDA Cost Analysis sheet)</td>
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<td>Max Loan Amount</td>
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<tr>
<td>Minimum of (Max loan@110% &amp; Total Qualifying Cost)</td>
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MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: September 14, 2011

SUBJECT: Projects Approved Under Delegated Authority - For Informational Purposes Only

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

New Jersey Business Growth Fund:

1) Ahern Painting, Inc. (P36879), located in Pennsauken Township, Camden County, is a painting contractor that provides painting services to a combination of commercial and residential clients. PNC Bank approved a $180,000 loan with a five-year, 25% guarantee of principal outstanding, not to exceed $45,000. Loan proceeds will be used to purchase commercial real estate. Currently the company has fourteen employees and plans to create five new jobs over the next two years.

2) Wall Associates, LLC (P35261) located in Manasquan Borough, Monmouth County, is a real estate holding company created to purchase the project property. The operating company, Wayne P. Foster M.D. is a facial plastic surgeon who established his practice in 2003 and also has a second location in Toms River. PNC Bank approved a $580,000 loan with a five-year, 25% guarantee of principal outstanding, not to exceed $145,000. Loan proceeds will be used to purchase commercial real estate. The company currently has 21 employees and plans to create four additional jobs within the next two years.

Small Business Fund Program:

1) AMSF Holdings, LLC (P36854), located in Pennsauken Township, Camden County, is a newly formed real estate holding company created to purchase the project property. The operating company, Hays Sheet Metal, Inc. was formed in 1970 as a sheet metal contactor. Citizens Bank approved an $800,000 loan contingent upon a $240,000 (30%) EDA participation. Proceeds will be used to purchase commercial property. The company currently has twelve employees and plans to create four new positions within the next two years.
2) Glass Artistry Architectural Glass & Metal LLC (P36877), located in Trenton, Mercer County, was formed in 1985 as a manufacturer and installer of custom windows and window frames. The company was approved for a $280,000 loan used to purchase commercial real estate. Currently, the company has fourteen employees and plans to create one new position within the next two years.

New Jersey Business Growth Fund – Modification:

1) Abilities of Northwest Jersey, Inc. (P36890), located in Washington Township, Warren County, was formed in 1974 as a private not-for-profit 501(c)(3) community rehabilitation program. Abilities provides vocational training and employment services to the disabled and disadvantaged population of Warren, Hunterdon and Morris counties and is servicing approximately 350 individuals on a daily basis. PNC Bank has approved an extension of a $457,000 loan with a five-year, 25% guarantee of principal outstanding, not to exceed $114,250. Original loan proceeds were used to refinance an existing mortgage. All other terms and conditions of the original approval remain unchanged.

Prepared by: D. Lawyer
DL/gvr