MEMORANDUM

TO: Members of the Authority
FROM: Caren S. Franzini
       Chief Executive Officer
DATE: September 9, 2008
SUBJECT: Agenda for Board Meeting of the Authority September 9, 2008

1. Notice of Public Meeting
2. Roll Call
3. Approval of Previous Month’s Minutes
4. Chief Executive Officer’s Monthly Report to the Board
5. Authority Matters
6. Bond Projects
7. Loans/Grants/Guarantees
8. BEIP
9. Board Memorandums
10. Real Estate
11. Commerce Division
12. Public Comment
13. Adjournment
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
August 12, 2008

MINUTES OF THE MEETING

Members of the Authority present: Carl Van Horn, Chairman; James Kelly, representing the State Treasurer; Angie McGuire representing the Governor’s Office; Eric Wachter representing the Commissioner of the Department of Environment Protection; Michael Sheridan representing the Commissioner of the Department of Banking and Insurance; Marilyn Davis representing the Commissioner of the Department of Labor and Workforce Development; Steve Plofker, Timothy Carden, Thomas Manning and Philip Kirschner, Public Members; Raymond Burke, First Alternate Public Member; Elliot M. Kosloffsky, Second Alternate Public Member, and Rodney Sadler Non-Voting Member.

Absent from the meeting: Joseph McNamara, Vice Chairman; and Public Members: Richard Tolson, and Charles Sarlo.

Also present: Caren Franzini, Chief Executive Officer of the Authority; bond counsel for the Authority; Bette Renaud, Deputy Attorney General, James Petrino, Office of Public Finance; Robert Shane, Governor’s Authorities Unit; and guests.

Chairman Van Horn 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 8, 2008 meeting minutes of the Board. A motion was made to approve the minutes by Mr. Plofker, seconded by Mr. Manning and was approved by the 11 voting members present.

The next item of business was the approval of the August 1, 2008 special meeting minutes of the Board. A motion was made to approve the minutes by Mr. Carden, seconded by Mr. Sheridan and was approved by the 11 voting members present.

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

The next item was to approve the Edison Innovation Clean Energy Manufacturing Fund (“CEMF”), a new Clean Energy program offering funded by the New Jersey Board of Public Utilities Office of Clean Energy and to be administered by the New Jersey Economic Development Authority; and the enabling Memorandum of Understanding.

MOTION TO APPROVE: Mr. Carden  SECOND: Plofker  AYES:11
RESOLUTION ATTACHED AND MARKED EXHIBIT:1

The next item was to approve the New Jersey Economic Development Authority’s participation in the New Jersey State Employees Deferred Compensation Plan.

MOTION TO APPROVE: Mr. Sheridan  SECOND Mr. Plofker  AYES:11
RESOLUTION ATTACHED AND MARKED EXHIBIT:2

The next item was to designate Marcus Saldutti, Legislative Officer in the Governance and Communications Division, as the Authority’s “Records Custodian.”

MOTION TO APPROVE: Mr. Manning  SECOND: Mr. Carden  AYES:11
RESOLUTION ATTACHED AND MARKED EXHIBIT:3

The next item was to adopt on an interim basis the operating authorities for administrative, fiscal, and programmatic functions previously approved by the NJ Commerce Commission to provide business continuity during this organizational transition period.

MOTION TO APPROVE: Ms. Davis  SECOND: Ms. McGuire  AYES:11
RESOLUTION ATTACHED AND MARKED EXHIBIT:4

The next item was to approve a contract with UCEDC for delivery of technical assistance to support the growth and expansion of small businesses throughout New Jersey. The contract is $300,000 per year and can be extended for two years (at the sole discretion of the EDA) for a total expense of $900,000.

MOTION TO APPROVE: Ms. Davis  SECOND: Mr. Manning  AYES:11
RESOLUTION ATTACHED AND MARKED EXHIBIT:5

BOND RESOLUTIONS

The next item was a report by the Office of Public Finance providing an update of the restructuring of the Authority’s portfolio of auction rate securities. Jim Petrino of the Office of Public Finance was present to update the board on the restructuring of the EDA’s auction rate portfolio, including the Business Employment Incentive Program bonds and the NJ Transit Light Rail Transit System project.

The next item was a request from the Office of Public Finance seeking approval of six supplemental bond resolutions authorizing the application of certain available funds in the Long Term Funding Obligation and Capital Expenditure Fund for the purpose of paying and defeasing certain outstanding bonds issued by the Authority whose debt
service is paid from the general fund pursuant to a lease or contract, subject to annual appropriation, and other actions detailed in the board memo. The EDA State Appropriation/Contract Bonds subject to defeasance under this program are:

New Jersey Economic Development Authority (School Facilities Construction Bonds)
MOTION TO APPROVE: Mr. Carden  SECOND: Ms. Davis  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT:6

New Jersey Economic Development Authority (Business Employment Incentive Program)
MOTION TO APPROVE: Mr. Manning  SECOND: Mr. Carden  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT:7

New Jersey Economic Development Authority (Designated Industries Economic Growth & Development Program)
MOTION TO APPROVE: Mr. Plofker  SECOND: Mr. Carden  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT:8

New Jersey Economic Development Authority, State Lease Revenue bonds (Green Lights Conservation Project)
MOTION TO APPROVE: Mr. Carden  SECOND: Mr. Sheridan  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT:9

New Jersey Economic Development Authority, Pooled Financing Program Bonds (Department of Human Services Pooled Financing Program)
MOTION TO APPROVE: Mr. Manning  SECOND: Mr. Plofker  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT:10

New Jersey Economic Development Authority, Lease Rental Bonds (Liberty State Park Project)
MOTION TO APPROVE: Mr. Carden  SECOND: Ms. Davis  AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT:11

PROJECT: Mark Rea Real Estate LLC  APPL.#20321
LOCATION: Newark/Essex Cty.
PROCEEDS FOR: bldg acquisition and renovation
FINANCING: $1,717,950 Tax-Exempt Bond
MOTION TO APPROVE: Ms. Davis  SECOND: Mr. Sheridan  AYES:11
RESOLUTION ATTACHED AND MARKED EXHIBIT:12
PUBLIC HEARING: No
PUBLIC COMMENT: None

PROJECT: Newco Associates, LLC &
National Electric Wire Company, Inc.  APPL.#22733
LOCATION: Plumsted Twp./Ocean Cty.
PROCEEDS FOR: building acquisition and renovation
FINANCING: $4,000,000 Tax-Exempt Bond
MOTION TO APPROVE: Mr. Plofker SECOND: Mr. Sheridan AYES:11
RESOLUTION ATTACHED AND MARKED EXHIBIT:13
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: The Peddie School
LOCATION: Hightstown/Mercer Cty.
PROCEEDS FOR: renovations
FINANCING: $27,000,000 Tax-Exempt Bond
MOTION TO APPROVE: Mr. Carden SECOND: Mr. Sheridan AYES:11
RESOLUTION ATTACHED AND MARKED EXHIBIT:14
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Tompkins Point Industrial Park, LLC
LOCATION: Newark/Essex Cty.
PROCEEDS FOR: facility repairs
FINANCING: $150,000 Tax-Exempt Bond
PUBLIC HEARING: No
PUBLIC COMMENT: None

PROJECT: Tompkins Point Industrial Park, LLC
LOCATION: Newark/Essex Cty.
PROCEEDS FOR: refinance existing debt
FINANCING: $1,225,000 Tax-Exempt Bond
MOTION TO APPROVE: Mr. Carden SECOND: Mr. Sheridan AYES:11
RESOLUTION ATTACHED AND MARKED EXHIBIT:15
PUBLIC HEARING: No
PUBLIC COMMENT: None

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

PROJECT: NewPoint Behavioral Care, Inc.
LOCATION: Washington Twp./Gloucester Cty.
PROCEEDS FOR: refinance existing debt
FINANCING: $1,450,000 Tax-Exempt Bond
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: NewPoint Behavioral Care, Inc.
LOCATION: Various/Gloucester Cty.
PROCEEDS FOR: refinance existing debt
FINANCING: $540,000 Tax-Exempt Bond
MOTION TO APPROVE: Mr. Carden  SECOND: Mr. Manning  AYES:11
RESOLUTION ATTACHED AND MARKED EXHIBIT:16
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PRELIMINARY RESOLUTIONS

PROJECT: The Atlantic City Sewage Company  APPL.#22952
LOCATION: Atlantic City/Atlantic Cty.
PROCEEDS FOR: project implementation
MOTION TO APPROVE:  Mr. Manning  SECOND: Ms. Davis  AYES:11
RESOLUTION ATTACHED AND MARKED EXHIBIT:17
PUBLIC HEARING: No
PUBLIC COMMENT: None

BOND RESOLUTIONS WITH AUTHORITY EXPOSURE

PROJECT: 633 Nassau Realty, LLC  APPL.#23047
LOCATION: North Brunswick/Middlesex Cty.
PROCEEDS FOR: building acquisition
FINANCING: $2,225,000 Tax-Exempt Bond
RESOLUTION ATTACHED AND MARKED EXHIBIT:18
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: 633 Nassau Realty, LLC  APPL.#23037
LOCATION: North Brunswick/Middlesex Cty.
PROCEEDS FOR: building acquisition
FINANCING: $742,000 Direct Loan
MOTION TO APPROVE:  Mr. Ploffker  SECOND: Ms. Davis  AYES:11
RESOLUTION ATTACHED AND MARKED EXHIBIT:19
PUBLIC HEARING: No
PUBLIC COMMENT: None

Mr. Kirschner entered the meeting at this time.

STATEWIDE LOAN POOL

PROJECT: Green Horse Media, LLC and
Green Horse Properties, LLC  APPL.#21636
LOCATION: Bellmawr/Camden Cty.
PROCEEDS FOR: building acquisition & machinery purchase
FINANCING: $1,250,000 participation in $4,250,000 bank loan
MOTION TO APPROVE: Mr. Carden  SECOND: Mr. Kirschner  AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:20

PROJECT:  Total Turf Experience, LLC  APPL.#21915
LOCATION: Pitman/Gloucester Cty.
PROCEEDS FOR: building construction
FINANCING: $1,250,000 participation in $5,645,000 bank loan
MOTION TO APPROVE: Mr. Manning  SECOND: Mr. Carden  AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:20

NEW MARKETS LOAN PROGRAM

PROJECT:  Landis Theater Properties, LLC  APPL.#22125
LOCATION: Vineland/Cumberland Cty.
PROCEEDS FOR: building renovation
FINANCING: $8,000,000 New Market Tax Credit Allocation
MOTION TO APPROVE: Mr. Carden  SECOND: Mr. Sheridan  AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:21

CAMDEN ECONOMIC RECOVERY BOARD

PROJECT:  M&M Development, LLC  APPL.#20891
LOCATION: Camden/Camden Cty.
FINANCING: $3,584,260 ERB Soft Loan
REQUEST: modify the scope of the project, increase the ERB soft loan by $611,428 to a total of $3,584,260 to M&M Development, LLC, and allow the exception to exceed the $60,000 per unit maximum by $7,628 pursuant to Section 7 of the ERB Guide to Program Funds.
MOTION TO APPROVE: Mr. Manning  SECOND: Mr. Sheridan  AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:22

PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

PROJECT:  Lucy Johnson  APPL.#22404
LOCATION: Shrewsbury/Monmouth Cty.
PROCEEDS FOR: site remediation
FINANCING: $120,390 Petroleum UST Remediation, Upgrade, & Closure Fund Grant
MOTION TO APPROVE: Mr. Carden  SECOND: Mr. Sheridan  AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:23

PROJECT:  Estate of Jeanette Brain  APPL.#23014
LOCATION: Maple Shade/Burlington Cty.
PROCEEDS FOR: site remediation
FINANCING: $80,038 Petroleum UST Remediation, Upgrade, & Closure Fund Loan

PROJECT: West Milford Board of Education  APPL.#22735
LOCATION: West Milford/Passaic Cty.
PROCEEDS FOR: site remediation
FINANCING: $45,585 Petroleum UST Remediation, Upgrade, & Closure Fund loan

The next item was a summary of all Petroleum Underground Storage Tank Program Delegated Authority Approvals for the month of July 2008. *(For Informational Purposes Only)*

**HAZARDOUS DISCHARGE SITE REMEDIATION FUND PROGRAM**

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

PROJECT: Camden Redevelopment Agency (Sycamore Street Housing)  APPL.#23306
LOCATION: Camden/Camden Cty.
PROCEEDS FOR: remedial action
FINANCING: $186,753 Hazardous Discharge Site Remediation Fund
MOTION TO APPROVE: Ms. Davis    SECOND: Mr. Carden    AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:24

PROJECT: Township of Haddon (Spadea Manufacturing Property)  APPL.#22915
LOCATION: Haddon Twp./Camden Cty.
PROCEEDS FOR: remedial and site investigation
FINANCING: $225,650 Hazardous Discharge Site Remediation Fund

PROJECT: Township of Montgomery (North Princeton Development)  APPL.#23067
LOCATION: Montgomery Twp./Somerset Cty.
PROCEEDS FOR: remedial investigation
FINANCING: $1,517,521 Hazardous Discharge Site Remediation Fund

PROJECT: City of Paterson (Columbia Textile Mill)  APPL.#22718
LOCATION: Paterson/Passaic Cty.
PROCEEDS FOR: remedial investigation
FINANCING: $168,142 Hazardous Discharge Site Remediation Fund
PROJECT: Sayreville Economic Redevelopment Agency  APPL.#23276
LOCATION: Sayreville/Middlesex Cty.
PROCEEDS FOR: remedial investigation
FINANCING: $1,242,103 Hazardous Discharge Site Remediation Fund

PROJECT: South Amboy Redevelopment Agency (Conrail Property)  APPL.#22850
LOCATION: South Amboy/Middlesex Cty.
PROCEEDS FOR: remedial investigation
FINANCING: $215,677 Hazardous Discharge Site Remediation Fund

The next item was a summary of the Hazardous Discharge Site Remediation Fund Program Delegated Authority Approvals for the month of July 2008. (For Informational Purposes Only)

EDISON INNOVATION FUND

PROJECT: WorldExtend, LLC  APPL.#22276
LOCATION: Camden/Camden Cty.  BUSINESS: software developer
PROCEEDS FOR: growth capital
FINANCING: $1,000,000 Edison Innovation Fund investment
MOTION TO APPROVE: Mr. Carden  SECOND: Ms. Davis  AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:25

PROJECT: WorldExtend, LLC  APPL.#23156
LOCATION: Camden/Camden Cty.  BUSINESS: software developer
PROCEEDS FOR: lease payments
FINANCING: $30,795 Business Lease Incentive Grant

BUSINESS EMPLOYMENT INCENTIVE PROGRAM

PROJECT: Axcan Pharma US, Inc.  APPL.#23062
LOCATION: TBD  BUSINESS: pharmaceuticals
GRANT AWARD: 40% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Carden  SECOND: Mr. Kirschner  AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:26

PROJECT: Cecilware Corporation and Affiliates  APPL.#23035
LOCATION: Moonachie/Bergen Cty.  BUSINESS: industrial/electrical equipment
GRANT AWARD: 50% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Manning  SECOND: Mr. Sheridan  AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:26
PROJECT: Integrated Packaging Corporation and Affiliates  APPL.#22908
LOCATION: New Brunswick/Middlesex Cty.  BUSINESS: paper/wood
GRANT AWARD: 80% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Carden SECOND: Mr. Kirschner AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:26

PROJECT: NUCRYST Pharmaceuticals, Inc.  APPL.#22635
LOCATION: TBD.  BUSINESS: pharmaceuticals
GRANT AWARD: 35% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Ms. Davis SECOND: Ms. McGuire AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:26

PROJECT: Soft Tissue Regeneration, LLC  APPL.#23070
LOCATION: Newark/Essex Cty.  BUSINESS: medical device technology
GRANT AWARD: 80% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Sheridan SECOND: Mr. Manning AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:26

BOARD MEMORANDUMS

The next item was to approve the Technology Venture Fund and Urban Development Fund Investment Guidelines.
MOTION TO APPROVE: Mr. Sheridan SECOND: Mr. Carden AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:27

PROJECT: Pivotal Utility Holdings, Inc.  APPL.#08623
LOCATION: Various
FINANCING: $39,000,000 Tax-Exempt Bond
MODIFICATION: As the Modification Request allows the Borrower to remarket the 1996 Bonds with a direct-pay letter of credit, similar to the other series of Bonds, staff recommends the approval of the Modification Request.
MOTION TO APPROVE: Mr. Carden SECOND: Mr. Manning AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:28

PROJECT: MEPT Journal Square Urban Renewal, LLC  APPL.#19569
LOCATION: Jersey City/Hudson Cty.
FINANCING: $15,522,500 New Markets Tax Credits Loan
MODIFICATION: remove three closing requirements from the Authority’s NMTC loan approval. Approval is also requested to allow for a change to the project scope, in the event that the project as originally approved is deemed not viable.
MOTION TO APPROVE: Mr. Carden SECOND: Mr. Sheridan AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:29
PROJECT: Agilence, Inc.  APPL.#18390
LOCATION: Camden/Camden Cty.
FINANCING: $1,000,000 Edison Innovation Fund investment
MODIFICATION: consent to bridge a loan of up to $400,000 from Next Stage Capital to be pari passu in collateral with the EDA.
MOTION TO APPROVE: Mr. Plofker  SECOND: Mr. Sheridan  AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:30

PROJECT: AT&T Corp.  APPL.#09731
LOCATION: Middletown/Monmouth Cty.
FINANCING: $1,313,940 Business Employment Incentive Program Grant
MODIFICATION: 1.) approval of the acquisition of AT&T Corp. by SBC Communications, Inc. resulting in a subsequent name change to AT&T Corp. 2.) addition of several entities to the AT&T Corp. BEIP grant.
MOTION TO APPROVE: Mr. Sheridan  SECOND: Mr. Carden  AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:31

PROJECT: Daiichi Pharmaceutical Corporation/ Daiichi Medical Research, Inc.  APPL.#16117
LOCATION: Madison/Morris Cty.
FINANCING: $1,330,304 Business Employment Incentive Program Grant
MODIFICATION: 1.) Merger of Daiichi Pharmaceutical Corporation (“DPC”)/Daiichi Medical Research, Inc. (“DMR”) with Sankyo Pharma, Inc. 2.) Resulting name change from Daiichi Pharmaceutical Corporation/Daiichi Medical Research, Inc. to Daiichi Sankyo, Inc. 3.) Resulting location change from 3 Giralda Farms, Madison Boro to Two Hilton Court, Parsippany.
MOTION TO APPROVE: Mr. Plofker  SECOND: Mr. Carden  AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:32

PROJECT: Morgan/Stanley & Co./Morgan Stanley Dean Witter Trust/Morgan Stanley Services, Inc./Morgan Stanley Investment Advisors, Inc./Morgan Stanley DW, Inc./Morgan Stanley Management Services II, Inc.  APPL.#11321
LOCATION: Jersey City/Hudson Cty.
FINANCING: $2,314,360 Business Employment Incentive Program Grant
MODIFICATION: 1.) Name change from Morgan Stanley Dean Witter to Morgan Stanley Trust 2.) Addition of several entities to the Morgan Stanley & Co. Grant Agreement 3.) Continuation of the BEIP grant without disqualification.
MOTION TO APPROVE: Mr. Plofker  SECOND: Mr. Carden  AYES:12
RESOLUTION ATTACHED AND MARKED EXHIBIT:33
The next item was a list of all BEIP modifications that were approved in the quarter ending June 30, 2008. (For Informational Purposes Only).

The next item was a summary of projects approved under Delegated Authority for July 2008. (For Informational Purposes Only).

**New Jersey Business Growth Fund:** Eastern Properties, LLC and Eastern Sign Tech, LLC, Entity to be formed and Center for Adult Medicine, Gulton, Incorporation, Klarr Transport Services, Inc. Vineland Realty Holdings, LLC

**Preferred Lender Program:** Harold L. Heinrich, Inc., Patham Real Estate Holdings, LLC

**PNC Business Growth Fund – Modification:** Nicholson Properties, LLC

**FastStart Direct Loan Program:** Uni-Serv Associates, Inc.

## URBAN & SITE DEVELOPMENT/REAL ESTATE

The next item was approval for the Authority’s CEO to enter into the Development Assistance Agreement with the Bayonne Local Redevelopment Authority (BLRA) to provide technical assistance for financing and development of the Peninsula at Bayonne Harbor Project.

**MOTION TO APPROVE:** Mr. Plofker  **SECOND:** Mr. Carden  **AYES:**12  **RESOLUTION ATTACHED AND MARKED EXHIBIT:**34

## COMMERCE DIVISION

The next item was to approve Urban Enterprise Zone (UEZ) Energy Sales Tax Exemption Renewal Application of Church & Dwight, Inc., which continues the exemption through September 4, 2009.

**MOTION TO APPROVE:** Mr. Plofker  **SECOND:** Mr. Carden  **AYES:**12  **RESOLUTION ATTACHED AND MARKED EXHIBIT:**35

The next item was to approve Urban Enterprise Zone (UEZ) Energy Sales Tax Exemption Renewal Application of Gerresheimer Glass, Inc., which continues the exemption through September 30, 2009.

**MOTION TO APPROVE:** Mr. Manning  **SECOND:** Mr. Carden  **AYES:**12  **RESOLUTION ATTACHED AND MARKED EXHIBIT:**36

The next item was approval of the Application Amendment Request, amending the original BRRAG application submitted by Deloitte to the Commerce Commission and approved by the Commission.

**MOTION TO APPROVE:** Mr. Carden  **SECOND:** Mr. Sheridan  **AYES:**12  **RESOLUTION ATTACHED AND MARKED EXHIBIT:**37
PUBLIC COMMENT

There was no comment from the public.

There being no further business, on a motion by Mr. Plofker, and seconded by Mr. Kirschner, the meeting was adjourned at 11:22 a.m.

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

Maureen Hassett, Assistant Secretary
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: September 9, 2008

RE: Chief Executive Officer’s Report to the Board

EDISON INNOVATION FUND

The EDA closed financing on 20 Edison Innovation Fund projects through the end of August totaling more than $12.4 million. This assistance is expected to result in total project investments of just under $56 million in New Jersey, as well as the creation of an estimated 604 new jobs and support for 4,678 existing jobs. Seven of the projects involve direct, equity-like investments totaling $2.8 million.

The first two low-interest $100,000 loans under the Edison Innovation R&D Fund Wraparound Program were finalized in August with Aestus Therapeutics, Inc. of North Brunswick and TreadStone Technologies, Inc. of Princeton. This supplemental financing for companies that have received Edison R&D Fund grants from the New Jersey Commission on Science and Technology enhances the state’s commitment to grow technology and life sciences companies in New Jersey and can be used for non-research and development costs such as rent, construction and utilities.

The most recent Business Employment Incentive Program grants to be executed were with IBM Corporation, for the creation of 100 new jobs in its IBM Lender Business Process Services unit in Englewood Cliffs (10 years/$3.5 million), and with Novel Laboratories, for the creation of 100 new research and development jobs at its generic pharmaceutical development and manufacturing facility in Franklin Township, Somerset County (10 years/$602,000).

NEW JERSEY URBAN FUND

Through the end of August, the EDA closed 41 financings totaling just over $61 million in the urban centers of Camden, Elizabeth, Jersey City, Newark and Paterson under the New Jersey Urban Fund. These projects, in which more than $152 million will be invested, are expected to create 1,922 new jobs.
Atalanta Corporation, a multinational food importer specializing in meat, cheese, groceries, fruit juice concentrates and fish product, closed a $5.5-million New Markets Tax Credits loan and a $2-million Urban Plus direct loan with the EDA in August to construct and equip a 73,000-square-foot building in Elizabeth that will accommodate future growth and help the company centralize storage capacity. The company expects to create 65 new jobs.

**OTHER URBAN ACTIVITY**

Through August, the EDA closed 49 projects in other Urban Aid cities, providing nearly $39.5 million in bonds, loans, loan guarantees and environmental assistance grants for borrowers investing almost $100 million in the state’s economy. This support is expected to result in the creation of 624 jobs and the maintenance of 983 existing jobs.

 Included in this activity was a $70,000 FastStart for Small Business loan to Uni-Serv Associates, a specialty advertising services business located in Neptune. The company is using the loan to refinance a line of credit that was used to purchase equipment.

**CORE ACTIVITY**

Through the first eight months of the year, core financing totaling $75.6 million was finalized with 77 other projects that plan to make total investments of nearly $120 million, create 436 new jobs and maintain 1,488 jobs.

Core financing closing in August included an $8 million in tax-exempt bond that will help the Count Basie Theatre in Red Bank to continue major renovation and to refinance existing debt.

**Speaking Engagements:**

Throughout the month of July, EDA representatives participated as speakers at three New Jersey events. I joined Governor Corzine and other state and local officials on August 13 to participate in a celebratory event hosted by Amicus Therapeutics in Cranbury marking the hiring of its 100th employee. Amicus represents a notable example of the success businesses can achieve when they take advantage of the resources available to companies looking to grow in New Jersey. The company was the first graduate of the EDA’s Commercialization Center for Innovative Technologies in North Brunswick, and has benefited from the state’s Technology Business Tax Certificate Transfer Program and the Garden State Life Sciences Venture Fund, which was created by the EDA and Quaker BioVentures to invest in emerging life sciences companies in New Jersey. Additionally, on Aug. 28, Senior Vice President Tim Lizura addressed attendees at the New Jersey State Association of Pipe Trades Conference in Jersey City. And Business Development Officer Derrick Benns made a presentation at the U.S. Small Business Administration’s “Building and Financing Your Small Business” program in Vineland.
AUTHORITY MATTERS
MEMORANDUM

To: Members of the Authority

From: Carl Van Horn
Chairman

Date: September 9, 2008

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 traditionally been recommended, the position of Board Treasurer will be held by State Treasurer R. David Rousseau. 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 in her absence is also required. I am recommending that Stanley Kosierowski, Maureen Hassett, Kathleen Stuey, Gregory Ritz and John Rosenfeld serve as Assistant Secretaries.

The Members are also asked to approve several changes to the By Laws, regarding Board membership and committee structure, necessitated by the Commerce Commission’s merger with the Authority in accordance with P.L. 2008 c 27. The changes reflect that an officer or employee of the Executive Branch of State government appointed by the Governor will now serve on the Authority’s Board, as an ex officio member, as well as the Commissioner of the Department of Environmental Protection. The Commissioner of the Department of Education will no longer serve on the Authority’s Board.

The By Laws also provide for the formation and appointment of the Members to the various committees charged with advising the Authority in its operations. I am recommending changes as follows to the By Laws as a result of P.L. 2008, c 27: 1) The Executive Branch designee will serve on the Policy Committee; 2) The Commissioner of the Department of Environmental Protection and the State Treasurer will serve on the Real Estate Committee; and 3) the Commissioner of the Department of Labor and Workforce Development will serve on the Director’s Loan Review Committee. The By Law changes are included as an attachment.
The Authority has four 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, Tim Carden, Steven Ploker, the Executive Branch Designee, 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, Carl Van Horn, 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, Carl Van Horn, Philip Kirshner, 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, Tom Manning, Elliott Kosoffskey, the Commissioner of the Department of Environmental Protection and the State Treasurer.

The Real Estate Committee will review all monthly real estate matters with Authority exposure prior to the Board meeting and will meet quarterly and at such other times as determined by the CEO in consultation with the Chair.

**Compensation Committee** – Chairman Carl Van Horn, Joe McNamara and Tim Carden.

The Compensation Committee was formed at the direction of the Chairman in 2007 to advise 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 and Director’s Loan Committee meetings through September 2009. 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) By Law changes as attached; 2) committee appointments as noted above; 3) appointment of the Assistant Secretaries; and 4) election of a Vice Chair and Treasurer.

[Signature]
Carl Van Horn

Attachments
EXEMPLARY AMENDMENTS TO BY-LAWS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Changes in BOLD
New Text
[Deleted text]

ARTICLE II

MEMBERS AND DESIGNEES

Section 1. Members. The Authority shall consist of the [Chief Executive Officer of the New Jersey Commerce and Economic Growth Commission] Commissioner of Labor, the Commissioner of Banking and Insurance, [Commissioner of the Department of Education] the Commissioner of Environmental Protection, an officer or employee of the Executive Branch of State government appointed by the Governor, and the State Treasurer, who shall be members ex-officio, eight public members and three alternate members appointed by the Governor for terms of three years.

ARTICLE IV

OFFICERS

Section 6. The Secretary. The [Executive Director] Chief Executive Officer of the Authority shall serve as Secretary of the Authority.

ARTICLE IX

DIRECTORS’ LOAN REVIEW COMMITTEE

Section 1. Members. The Chairperson of the Directors’ Loan Review Committee shall be appointed by the Chairperson of the Authority. The Directors’ Loan Review Committee shall consist of the [Secretary of the Commerce and Economic Growth Commission] Commissioner of Labor and Workforce Development, the Commissioner of the Department of Banking and Insurance and from one to four members of the Board appointed by the Chairperson for a minimum total of three members and not more than six members.
ARTICLE X

REAL ESTATE COMMITTEE

Section 1. Members. The Chairperson of the Real Estate Committee shall be appointed by the Chairperson of the Authority. The Real Estate Committee shall consist of [members of the Board appointed by the Chairperson] the Commissioner of Environmental Protection, the State Treasurer and from one to four members of the Board appointed by the Chairperson for a minimum total of three members and not more than six members.

ARTICLE XI

POLICY COMMITTEE

Section 1. Members. The Chairperson of the Policy Committee shall be appointed by the Chairperson of the Authority. The Policy Committee shall consist of [the Secretary of the Commerce, Economic Growth and Tourism Commission] the Commissioner of the Department of Labor and Workforce Development and an officer or employee of the Executive Branch of State government appointed by the Governor and from one to four members of the Board appointed by the Chairperson for a minimum total of three members and not more than six members.
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

BOARD MEETING DATES

The below meeting dates are on the second Tuesday of each month, with the exception of November, which will be on Wednesday.

October 14, 2008

November 12, 2008

December 9, 2008

January 13, 2009

February 10, 2009

March 10, 2009

April 14, 2009

May 12, 2009

June 9, 2009

July 14, 2009

August 11, 2009

September 8, 2009
DIRECTOR'S LOAN REVIEW COMMITTEE

MEETING DATES

The below meeting dates are on the first Monday of each month, except for September's meeting which will be held on the fifth Monday in August.

October 6, 2008
November 3, 2008
December 1, 2008
January 5, 2009
February 2, 2009
March 2, 2009
April 6, 2009
May 4, 2009
June 1, 2009
July 6, 2009
August 3, 2009
August 31, 2009
MEMORANDUM

To: Members of the Board

From: Caren Franzini
      Chief Executive Officer

Date: September 9, 2008

Subject: Appointment of Executive Director of the New Jersey Motion Picture and Television Commission

Pursuant to P.L. 2008 c 27, the Members are asked to reaffirm the appointment of Steven Gorelick to the position of Executive Director by The New Jersey Motion Picture and Television Commission ("Commission"). The Commission appointed Mr. Gorelick Executive Director on August 1, 2008.

Mr. Gorelick has been with the Commission since 1980 and has served in the capacity of Associate Director since 1991. The Commission, which has a staff of four, promotes film and television production in the state and assists filmmakers in scouting and securing of location and services. Last year, the Commission attracted over 945 productions to New Jersey, including 95 feature films. Since its inception in 1977, the Commission has assisted on over 14,400 projects, enriching the local economy by more than $1.2 billion. In addition, Mr. Gorelick has worked closely with the Authority in the implementation of the Film Tax Credit Program and the Edison Innovation Digital Media Tax Credit Program.

Recommendation:

Pursuant to P.L. 2008 c 27, the Members are asked to reaffirm the appointment of Steven Gorelick to the position of Executive Director by The New Jersey Motion Picture and Television Commission.

Caren S. Franzini

Prepared By: Maureen Hassett
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
       Chief Executive Officer

DATE: September 9, 2008

RE: New Program – Urban Transit Hub Tax Credit Program

Request:

The Members are requested to approve the proposed regulations implementing the Urban Transit Hub Tax Credit Program in accordance with the Urban Transit Hub Tax Credit Act, signed into law by Governor Corzine in January 2008.

Background:

The Urban Transit Hub Tax Credit program is a new State tax credit program designed to spur major private capital investment in urban areas served by heavy rail. The program supports the Governor’s Economic Growth Strategy goals of urban revitalization, reduction in greenhouse gas emissions and leveraging our investments in mass transit by providing tax credits for businesses that invest private capital in 9 designated urban centers within ½ mile of transit hubs.

In accordance with the Urban Transit Hub Tax Credit Act, the Commerce Commission published proposed regulations in the May 8, 2008 edition of the New Jersey Register. Several substantive comments were received during the public comment period. Upon further review of the comments as well as discussion with State agency partners, the Governor’s Office of Economic Growth and the Division of Taxation, substantial changes to the rule proposal have been suggested.

As such, staff recommends advancing a new proposal for promulgation in the NJ Register.
Program Description

Description: The Act established a tax credit program for businesses making at least $75 million 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 in order to catalyze economic development in those areas. Mixed use projects, including residential elements, are eligible projects pursuant to the capital investment criteria described in the attached draft regulations.

Eligibility:
- Locate in an Urban Transit Hub, defined as areas located within one-half mile of a New Jersey Transit, PATH and PATCO commuter rail station in nine eligible municipalities; Camden, East Orange, Elizabeth, Jersey City, Newark, New Brunswick, Paterson, Trenton and Hoboken.
- Make or acquire capital investments totaling not less than $75 million in a qualified business facility.
- Lease space in a qualified business facility totaling not less than $75 million and represent at least $25 million of the capital investment in the facility
- Employ not fewer than 250 full-time employees
- Stay in the qualified business facility for a term of not less than 10 years.

Terms/Conditions:
- Businesses may apply for the tax credits within five years of the Act’s January 13, 2008 effective date and satisfy the conditions for award of the credits within eight years of that date.
- The tax credits are equal to up to 100 percent of the claimants’ qualified capital investments if at least 200 new jobs are created. For business relocating within the state and creating less than 200 new full time jobs, the tax credits are equal to 80 percent of the claimant’s qualified capital investments.
- Taxpayers may apply 10 percent of the total credit amount per year over a 10-year period against their corporate business tax, insurance premium tax or gross income tax liability.
- Tax credits may not exceed the lease payments for a tenant in a qualified business facility.

Penalties:
- Companies reducing their total statewide employment by more than 10 percent in one year would forfeit their tax credit for that year.
- Companies reducing their employment at the qualified business facility to below 250 in one year would forfeit their tax credit for that year.
- If the business in a tenant, it may not pass the credits through a sublease.
EDA Fees:
- Application fee: $5,000 for developer or owner; $2,500 for tenants
- Servicing fee: 0.25% annually of credits taken, capped at $40,000 annually for certain targeted industries

Approval Process:
- A business may apply for tax credits by January 13, 2013, and the 10-year tax credit period begins no later than 2016.
- A developer may apply to have a building approved as a qualified business facility by January 13, 2013.
- The application is a two-stage process, with the first being the application for eligibility of a hub project, and the second being a certification by the business evidencing completion of the project and satisfaction of the conditions for award of the hub tax credits. Board approval will be required for both applications.

Reporting Requirements:
- A certified annual report is required 30 days prior to each anniversary of the date the business has executed the project agreement and 30 days prior to each anniversary of the date the business has been issued a tax credit certificate.

Other Notes:
- Businesses shall not receive tax credits if they participate in BEIP grants for the same capital and/or employees.
- Businesses shall not receive tax credits if they participate in the BRRAG program or the Municipal Rehabilitation and Economic Recovery Act for the same site.
- Eligible businesses may consist of members of a controlled group of corporations or a group of organizations under common control.
- The business satisfying the capital investment requirement does not need to be the same as the business satisfying the employment requirement.
- Tax credits may be allocated between participating affiliates on an annual basis.
Recommendation:

The Members are requested to approve the attached proposed rules for the Urban Transit Hub Tax Credit Program in accordance with the Urban Transit Hub Tax Credit Act.

The Members are also requested to authorize staff to submit program rules for promulgation and adoption in the NJ Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law (OAL). The Authority will operate with the proposed rules upon submission to OAL, with risk to the applicant if changes are not adopted as proposed.

Careen S. Franzini

Prepared by: Maureen Hassett
OTHER AGENCIES
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Authority Assistance Programs
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 2008-154. CHANGE

Submit written comments by December 19, 2008:

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 reproposing a new subchapter of rules to implement the Urban Transit Hub Tax Credit Act, P.L. 2007, c. 346 (the Act). Pursuant to P.L. 2008, c. 27, all powers, duties and functions relating to the administration of the Act was transferred from the New Jersey Commerce Commission to the Authority. The rules were originally proposed on May 5, 2008. The EDA has determined to repropose the rules in order to incorporate references to the Authority and to make substantive changes that have been suggested by commentors and by staff.
The Act establishes a tax credit program for businesses making at least $75 million 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 in order to catalyze economic development in those urban areas. Businesses may apply for the tax credits within five years of the Act's January 13, 2008 effective date and satisfy the conditions for award of the credits within eight years of that date. 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 $25 million of the capital investment in the facility and employ at least 250 full-time employees in that facility. The tax credits are reduced 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 have at least 30 percent of their real property value exempt from property taxes, and that have a specified commuter rail station, excluding any rail station located at an international airport and all light rail stations. The Act further provides that the urban transit hub tax credit program is to be administered by the EDA and that the Authority consult with the Director of Taxation when adopting rules for the program.

The following summarizes the content of each section of the proposed new rules:

**Subchapter 9. Urban Transit Hub Tax Credit Program**

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

This section addresses the statutory authority for the Urban Transit Hub Tax Credit Program and summarizes the purpose and scope of the program.

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

This section defines certain terms used in this subchapter, incorporates terms defined in the Act pertaining to the program, clarifies specified statutory terms (for example, “business,”
“capital investment,” “eligible municipality,” and “urban transit hub”), and provides additional terms included in the implementation of the program (“leasable area,” “net leasable area,” “light rail station,” and “site preparation”).

**N.J.A.C. 19:31-9.3 Eligibility criteria**

This section addresses the capital investment and employment eligibility criteria for owners and lessees of qualified business facilities, as well as providing specific guidance on the calculation of capital investment in a leasing context and on determining full-time employment for an accounting or privilege period.

**N.J.A.C. 19:31-9.4 Restrictions**

This section provides for certain restrictions on program eligibility, such as ineligibility with respect to the same capital investment, employees, and site that are included in a Business Employment Incentive Program grant or a Business Retention and Relocation Assistance Grant Program grant.

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

This section includes a substantial number of application submission requirements organized into business information, project information, and employee information.

**N.J.A.C. 19:31-9.6 Application and servicing fees**

This section addresses non-refundable application fees, with one amount if the business is the owner of the proposed qualified business facility, and a lesser amount if the business is the tenant of the proposed qualified business facility. The application fee also is intended to assist the Authority in recouping the administrative costs in processing applications, including cost of a survey performed by the New Jersey Transit Corporation to determine the location of a hub. An annual servicing fee also is provided, based upon a fixed percentage of the tax credit taken.
N.J.A.C. 19:31-9.7 Review of application and certification of project completion

This section outlines a two-stage review process, with the first being a review to determine eligibility of a hub project, and the second being a review to determine whether the Authority accepts the business's certification of having met the capital investment and employment requirements for issuance of the tax credits. The first stage of the review process, focusing on project eligibility, entails a Board determination and notification of the business and the Division of Taxation of the determination. The second stage entails a review of the business's certification of having completed the project and having met the requirements for the Authority to issue the tax credit certificate. If the Authority accepts the certification, it will notify the business and the Director of the Division of Taxation. The regulations also outline a developer application in order to pre-approve a site as a qualified business facility.

N.J.A.C. 19:31-9.8 Project agreement

This section requires that all applicants execute a project agreement with the Authority to establish the terms and conditions for the tax credits. It sets forth a number of those terms and conditions such as the requirement that the business agree that the applicable statute of limitations for the collection and assessment of tax will be extended to the 10-year eligibility period, the requirement that the project comply with prevailing wage law, and the allocation of tax credits to a business and its affiliate or affiliates.

N.J.A.C. 19:31-9.9 Tax credit amount; application and allocation of the tax credit

This section addresses the total amount of tax credit allowed, the amount of tax credit that may be applied each tax accounting or privilege period, the allocation of tax credits to owners of a partnership, the allocation of tax credits to a business and its affiliate or affiliates for the eligibility period, when a new entity may be allocated tax credit, the tax liabilities against which the credit may be applied, and the limitation on the amount of credit for tenants such that the amount of credit for a tax period may not exceed the business's total lease payments for occupancy for the tax period.
N.J.A.C. 19:31-9.10 Reduction and forfeiture of tax credits

This section presents the circumstances prompting the reduction of the credit amount, when the number of new full-time positions at the qualified business facility drops below 200. Also addressed are several scenarios for a business to forfeit tax credits, such as a greater than 10 percent reduction in the number of full-time employees in its Statewide workforce, a drop in the number of full-time employees at the qualified business facility below 250, or a sale of the qualified business facility or a sublease of the business's tenancy. The section also provides for the restoration of the jobs that would permit the availability of the full amount of tax credit for subsequent tax periods.

N.J.A.C. 19:31-9.11 Reporting requirements

This section imposes the annual reporting requirements of the business during the term of the project agreement, both before and during the eligibility period, and the sanction for failure to submit a copy of an annual report to the Authority. It further requires that the Authority annually report to the Governor and the Legislature the impact of the program on employment in urban transit hubs.

N.J.A.C. 19:31-9.12 Events of default

This section sets forth the events of default, the process for curing a default, and the rule that violation of the “events of default” provision in the project agreement shall be the cause for immediate termination of the tax credit certificate as provided by law and repayment of State tax.

N.J.A.C. 19:31-9.13 Remedies

This section sets forth the broad range of remedies that the Authority may exercise in the event of default. They include, but are not limited to, requiring the business to surrender the tax credit certificate, recapturing all or a portion of tax credits based upon the proportional value of the tax credits that corresponds to the amount and period of noncompliance (sometime referred
to as a “clawback”), recovering damages for the loss of a bargain, terminating the project agreement, or proceeding by appropriate court action to enforce the terms of the project agreement. The rights and remedies of the Authority are cumulative and not exclusive of other rights or remedies of the Authority allowed by law with respect to any event of default under this subchapter.

N.J.A.C. 19:31-9.14 Appeals

This section provides for several appeal procedures, a discretionary informal hearing process, a formal hearing process, and the option in the event of a contested case, that the Authority retain the matter for a hearing or transmit the matter for a hearing before the Office of Administrative Law.

N.J.A.C. 19:31-9.1 Severability

This section states that if any portion of this subchapter is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remaining portions of the subchapter are severable and shall not be affected by that determination.

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

Social Impact

The proposed new subchapter implements 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 program is intended to have a positive social impact by providing the Authority a new economic development tool to attract capital investment and jobs to transit hubs in municipalities that are eligible for urban aid and that have at least 30 percent of their real property value exempt from property taxes.
**Economic Impact**

The proposed new subchapter implements a tax credit program that will assist the Authority in encouraging businesses to make substantial capital investments in the State of New Jersey and create and retain full-time jobs to be housed in those newly acquired facilities located in urban transit hubs in eligible municipalities. The direct fiscal impact of the program cannot be gauged with precision because of the number of future credit applications, the amount of creditable capital investments, and the tax liability against which the credits could be applied are not known. Nonetheless, it may be noted that there may be a small number of claimants, but that each applicant may each receive a significant tax credit. This is based upon the stringent capital investment and employment eligibility criteria for the credit. There will also be an indeterminate indirect fiscal impact to the State to offset the direct cost of awarding the credits. The indirect revenue gain would result from behavior induced by the tax credits, encompassing purchases by businesses from their suppliers to spending by employees of all impacted firms, as well as 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.

Businesses participating in the new program can expect to incur a cost to comply with the reporting requirements. The certification of having met the capital investment and employment requirements and the annual reports of employment during the eligibility period are required to determine compliance with the terms and conditions of the program.

The Authority is proposing reasonable application fees and annual servicing fees to recoup some of the administrative costs in processing applications and monitoring the compliance of projects with program requirements.

**Federal Standards Statement**

A Federal standards analysis is not required because the proposed new rules are not subject to any Federal requirements or standards.
**Jobs Impact**

The Authority believes that the proposed new rules 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 program.

**Agriculture Industry Impact**

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

**Regulatory Flexibility Statement**

The proposed new rules 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 house a minimum of 250 full-time employees in a qualified business facility. Therefore, a regulatory flexibility analysis is not required.

**Smart Growth Impact**

The proposed new rules 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**

[TEXT TO FOLLOW]
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"). 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 consult 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 $75 million 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 $25 million of the capital investment in the facility and employ at least 250 full-time employees in that facility. The tax credits are reduced 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 have a least 30 percent of their real property
value exempt from property taxes, and that have a specified commuter rail station, excluding any rail station located at an international airport and all light rail stations.

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.

“Acquisition” means the purchase of a qualified business facility between unrelated parties pursuant to an arm's length transaction. The value of the land shall be appraised as vacant and subtracted from the purchase price to determine the amount of the capital improvement. If the acquisition is of a facility that existed prior to the January 13, 2008 effective date of the Act, the buyer shall undertake capital investments of a value not less than 50 percent of the total cost to acquire the facility in order for the acquisition of such facility to be included in this program.


“Affiliate” means an entity that directly or indirectly controls or is controlled by the business. Evidence of such control shall include whether the entity is a member of a controlled group of corporations as defined pursuant to Section 1563 of the Internal Revenue Code of 1986, as amended, 26 U.S.C. §1563 or the entity being an organization in a group of organizations under common control as defined in Section 414(b) or (c) of the Internal Revenue Code of 1986, as amended, 26 U.S.C. §414(b), (c). An affiliate is an entity that contributes to meeting either the capital investment or employment requirements or both for the project.

“Agreement” or “project agreement” means an agreement between a business and the Authority that sets the forecasted schedule for completion and occupancy of the project, the date the 10-year eligibility period is scheduled to commence, the estimated amount of tax credits, and other such provisions which further the purposes of P.L. 2007, c. 346.

“Authority” means the New Jersey Economic Development Authority.
“Board” means the Board of the New Jersey Economic Development Authority.

“Business” means a corporation that is subject to the tax imposed pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5), a corporation that is subject to the tax imposed pursuant to sections 2 and 3 of P.L. 1945, c. 132 (N.J.S.A. 54:18A-2 and 54:18A-3), section 1 of P.L. 1950, c. 231 (N.J.S.A. 17:32-15) or N.J.S.A. 17B:23-5, or is an entity classified as a partnership for Federal income tax purposes. If a business is using an affiliate to satisfy the employment or capital investment requirements, or both of the program, a business shall include such affiliate or affiliates. For purposes of identifying full-time employees of a business, any such employees hired by or taxes paid by a professional employer organization (PEO) with which the business has entered into an employee leasing agreement shall be allocable to the business.

“Capital investment” in commercial development means the site preparation and construction, repair, renovation, improvement, equipping, or furnishing of a building, structure, facility or improvement to real property. Capital investment includes obtaining and installing furnishings and machinery, apparatus or equipment for the operation of a business in a building, structure, facility or improvement to real property, site-related utility and transportation infrastructure improvements, plantings or other environmental components required to attain the level of silver rating or above in the LEED (R) building rating system, except that it does not include soft costs such as financing and design, furniture or decorative items such as artwork or plants, or office equipment with a useful life of under five years. (The United States Green Building Council has developed the Leadership in Energy & Environmental Design (LEED) Green Building Rating System for measuring the energy efficiency and environmental sustainability of buildings. The LEED Rating System is a third party certification program and the nationally accepted benchmark for the design, construction and operation of high performance buildings.) Also included is remediation of the qualified business facility site, but only to the extent that such remediation has not received financial assistance from any other Federal, State, or local funding source. In residential development, only core and shell elements of the project shall constitute capital investment, for example all finishes, furnishings, plumbing and lighting fixtures, and tenant amenities shall be excluded. With respect to both commercial...
and residential development, to be included the capital investment must be undertaken after the January 13, 2008 effective date of the Act and completed by the eighth anniversary of that date. To be considered, the project consisting of construction of a new building shall not have progressed beyond site preparation prior to January 13, 2008; the project consisting of acquisition of an existing building shall not have closed title prior to January 13, 2008; and the project consisting of renovation or reconstruction of an existing building shall not have commenced construction prior to January 13, 2008.

“Eligibility period” means the 10-year period in which a business may claim an urban transit hub tax credit, beginning with the tax period in which the Authority accepts the certification of the business that it has met the investment capital and employment qualifications of the program.

“Eligible municipality” means a municipality: which qualifies for State aid pursuant to P.L. 1978, c. 14 (N.J.A.C. 52:27D-178 et. seq.) or which was continued to be a qualified municipality thereunder pursuant to P.L. 2007, c. 111; and in which 30 percent or more of the value of real property is exempt from local property taxation. The percentage of exempt property shall be calculated by dividing the total exempt value by the sum of the net valuation, which is taxable and that which is tax exempt. For State fiscal year 2008, the eligible municipalities are: Camden, East Orange, Elizabeth, Jersey City, Newark, New Brunswick, Paterson, Trenton and Hoboken. For subsequent State fiscal years, the Authority, after consultation of the Department of Community Affairs, shall annually publish at www.newjerseybusiness.gov a notice listing the eligible municipalities.

“Full-time employee” means a person employed by the business for consideration for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment and whose wages are subject to withholding as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., or who is a partner of a business who works for the partnership for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as determined by the Authority as full-time employment, and whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof is subject to the payment of estimated taxes, as
provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq. "Full-time employee" shall not include any person who works as an independent contractor or on a consulting basis for the business.

“Leasable area” means rentable area of the building as calculated pursuant to the measuring standards of the project. This standard will be defined in the lease for tenant applicants. The rentable area measures the tenant's pro rata portion of the entire office floor, including public corridors, restrooms, janitor closets, utility closets and machine rooms used in common with other tenants, but excluding elements of the building that penetrate through the floor to areas below. The rentable area of a floor is fixed for the life of a building and is not affected by changes in corridor sizes or configuration.

“Light rail station” is a location where passengers board or alight River Line Light Rail, the Hudson-Bergen Light Rail, the Newark Light Rail services, or any other light rail service in the State of New Jersey. Light rail is a transit mode with a lighter volume traffic capacity compared to commuter rail service and characterized by lighter vehicles operating in one or two-car trains on fixed rails, powered by electric or diesel, and not regulated by the Federal Railroad Administration unless covered by a waiver for shared-use operation of freight and light rail passenger service.

“Net leasable area” means the usable area or actual occupiable area of a building, a floor or an office suite. The amount of usable area can vary over the life of a building as corridors expand and contract and as floors are remodeled, and thus is not fixed for the life of a building as would be the case with leasable area.

“New full-time position” means a position created by the business at the qualified business facility that did not previously exist in this State. New full time position shall also include new full-time positions that a business creates after receipt of approval pursuant to N.J.A.C.19:31-97 that are transferred to the qualified business facility upon completion thereof.

“Partnership” means an entity classified as a partnership for Federal income tax purposes.
“Program” means the Urban Transit Hub Tax Credit Program created pursuant to P.L. 2007, c. 346 and provided in this subchapter.

“Project” or “hub project” means employment by the business of a minimum of 250 full-time employees at a facility that meets the capital investment criteria of the Act in a qualified business facility located within a designated urban transit hub in an eligible municipality.

“Qualified business facility” means any building, complex of buildings or structural components of buildings, and all machinery and equipment as defined under capital investment, located within a designated urban transit hub in an eligible municipality, used in connection with the operation of a business.

“Rail station” shall include a rail station of the New Jersey Transit Corporation, Port Authority Transit Corporation or Port Authority Trans-Hudson Corporation, but shall not include any rail station located at an international airport or any light rail station.

“Site preparation” means the clearing, excavation, or removal of existing buildings, structures, vegetation, or facilities, and the site grading or other earthwork, which is necessary for the construction of a qualified business facility.

"Tax accounting period” or “tax privilege period” or “tax period” shall mean tax year for purposes of this chapter.

“Urban transit hub” means property located within a 1/2 mile radius surrounding the midpoint of a New Jersey Transit Corporation, Port Authority Transit Corporation or Port Authority Trans-Hudson Corporation rail station platform area, 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 real stations change and to reflect changes in station midpoints.

“Urban transit hub tax credit” or “tax credit” means the tax credit permitted under P.L. 2007, c. 346 and this subchapter, which may be applied against the tax liability otherwise due for corporation business tax, 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), pursuant to N.J.S.A. 17B:23-5, or pursuant to the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq.

19:31-9.3 Eligibility criteria

(a) To qualify for the tax credit, a business shall enter into a project agreement with the Authority to undertake a project as follows:

1. If the business is other than a tenant, the business shall:

   i. Make or acquire capital investments, or in a mixed-use facility capital and residential capital investments totaling not less than $75,000,000 in a qualified business facility. The capital improvements of the owner may include any tenant allowance provided by the owner in the lease and any tenant improvements funded by a tenant(s), provided that the owner so indicate in his application or certification and further provided that such tenant allowance or tenant improvements meet the definition of capital investment; and

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

2. If the business is a tenant in a qualified business facility:

   i. The owner of the qualified business facility shall make or acquire capital investments, or in
a mixed-use facility capital and residential capital investments in the facility totaling not less than $75,000,000. The capital improvements of the owner may include any tenant allowance provided by the owner in the lease and any tenant improvements funded by a tenant(s) provided that the owner so indicate in his application or certification and further provided that such tenant allowance or tenant improvements meet the definition of capital investment;

ii. The tenant shall occupy a leased area of the qualified business facility that represents at least $25,000,000 of the capital investment in the facility;

iii. The tenant business shall employ not fewer than 250 full-time employees at the qualified business facility; and

iv. The business shall lease the qualified business facility for a term of not less than 10 years.

(b) In order to determine whether the tenant's leasable area of the qualified business facility satisfies the capital investment eligibility threshold, the Authority shall multiply the owner’s capital investment by the fraction the numerator of which is the leased net leasable area and the denominator of which is the total net leaseable area.

(c) Full-time employment for an accounting or privilege period shall be determined as the average of the monthly full-time employment for the period.

(d) A business that acquires a qualified business facility shall also be deemed to have acquired the capital investment made or acquired by the seller. Any right by the seller to the tax credits terminates upon sale of the qualified business facility and such tax credits may not be transferred to the buyer.

(e) Because a business may include an affiliate or affiliates, the capital investment and employment requirements may be met by the business or by one or more of its affiliates, and the entity satisfying the capital investment requirement does not need to be the same as the entity satisfying the employment requirement.
(f) A business shall be treated as owner of a qualified business facility if it holds title to the facility, whether it ground leases the land underlying the facility for at least 50 years or holds title to the land underlying the facility.

(g) In order to meet the employment eligibility requirement, the 250 full-time employees shall be new to the site of the qualified business facility.

19:31-9.4 Restrictions

(a) A business shall not be allowed urban transit hub tax credits if:

1. The business participates in a Business Employment Incentive Program grant pursuant to P.L. 1996, c. 26 (N.J.S.A. 34:1B-124 et seq.) relating to the same capital investment, employees, and site that qualify the business for urban transit hub tax credits;

2. The business receives assistance from the Business Retention and Relocation Assistance Grant Program pursuant to P.L. 1996, c. 25 (N.J.S.A. 34:1B-112 et seq.) for the same employees and site that qualify the business for urban transit hub tax credits; or

3. The business is a casino as defined by licensee as pursuant to section 33 of P.L. 1977, c. 110 (N.J.S.A. 5:12-33).

(b) A business that is allowed a tax credit under this section shall not be eligible for incentives authorized by the Municipal Rehabilitation and Economic Recovery Act pursuant to P.L. 2002, c. 43 (N.J.S.A. 52:27BBB-1 et seq.).

(c) Capital investments in a qualified business facility must be incurred after the effective date of P.L. 2007, c. 346, which is January 13, 2008, but before the end of the eighth-year after the effective date, and thus, before the end of 2016. This eighth year limit is expected to afford businesses applying toward the end of the five-year application period at least three years to
complete the project.

(d) If a business participating in a Business Employment Incentive Program grant or receiving assistance from the Business Retention and Relocation Assistance Grant Program seeks to qualify for urban transit hub tax credits for the same capital investment, employees, and site, it shall first repay and terminate assistance pursuant to the rules governing the Business Employment Incentive Program or Business Retention and Relocation Assistance Grant Program, as applicable.

19:31-9.5 Application submission requirements

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

1. Business information, including information on all affiliates contributing either full-time employees or capital investment or both to the project, shall include the following:

i. The name of the business;

ii. The contact information of the business;

iii. Prospective future address of the business (if different);

iv. The type of the business;

v. Principal products and services and three-digit North American Industry Classification System number;

vi. The New Jersey tax identification number;

vii. The Federal tax identification number;
viii. The total number of employees in New Jersey;

ix. The total list of New Jersey operations;

x. Certification that the business applying for the program is not in default with any other program administered by the State of New Jersey;

xi. Disclosure of legal matters in accordance with the Authority debarment and disqualification rules at N.J.A.C. 12A:4-12;

xii. Submission of a tax clearance certificate, pursuant to P.L. 2007, c. 101;

xiii. A list of all the development subsidies, as defined by P.L. 2007, c. 200, that the applicant is requesting or receiving, the name of the granting body, the value of each development subsidy, and the aggregate value of all development subsidies requested or received. Examples of development subsidies are tax benefits from programs authorized under P.L. 2004, c. 65; P.L. 1996, c. 26; and P.L. 2002, c. 43;

xiv. In the event that the business is a partnership and chooses to allocate the amount of credit other than as a proportion of the owners’ distributive share of income or gain of the partnership, the business shall provide an agreement that sets forth the allocation among the owners which at minimum must conform with N.J.A.C. 19:31-9.8(b)11. This agreement will be submitted to the Director of the Division of Taxation in the Department of Treasury by such time and with such information as the Director may require, and

xv. Any other necessary and relevant information as determined by the Authority for a specific application;

2. Project information shall include the following:
i. An overall description of the proposed project;

ii. A description of the capital investments planned by the business, if other than a tenant at the proposed qualified business facility, or, if the business is a tenant, represented by the leased area of the business, at the proposed qualified business facility;

iii. The estimated value of the capital investment;

iv. Identification of the site of the proposed qualified business facility, including the block and lot of the site as indicated upon the local tax map and evidence that the site is located wholly or partially (over 50 percent) within an urban transit hub in the form of a survey or other documentation acceptable to the Authority;

v. A project schedule that identifies projected move dates for the proposed qualified business facility;

vi. A schedule of short-term and long-term employment projections of the business in the State taking into account the proposed project;

vii. 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;

viii. The total number of anticipated new full-time positions that would be created in New Jersey and occupy the qualified business facility and the total number of full-time employees that would occupy the qualified business facility, and the distribution of such totals identified by business entity; and

ix. Any other necessary and relevant information as determined by the Authority for a specific application; and
3. Employee information shall include the following:

   i. A written certification that the employees that are the subject of this application are full-time employees as defined in this chapter and are subject to withholding as provided in the New Jersey Gross Income Tax Act;

   ii. The average annual wage and benefit rates of full-time employees and new full-time positions that would occupy the qualified business facility;

   iii. 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

   iv. Any other necessary and relevant information as determined by the Authority for a specific application.

   (b) A developer may apply to have a building approved as a qualified business facility by submitting the information required pursuant to subsection (a)2i-ix of this section. Any tenant seeking an approval of tax credits for a qualified business facility so approved will be required to submit the information required pursuant to subsections (a)1, 2v-ix and 3 of this section.

   (c) The business or developer applying to the program shall submit an application fee set forth at N.J.A.C. 19:31-2.7

19:31-9.6 Application and servicing fees

   (a) A business applying for benefits under this program shall submit the following one-time non-refundable application fee, with payment in the form of a check, payable to the "New Jersey Economic Development Authority":

   1. If a business is an owner of the proposed qualified business facility, the application fee is
2. If a business is a tenant of the proposed qualified business facility, the application fee is $2,500.

3. If a business is a developer of the proposed qualified business facility, the application fee of $5,000.

(b) A business shall pay to the Authority an annual servicing fee, beginning the tax accounting or privilege period in which the Authority accepts the certification that the business has met the investment capital and employment qualifications, and for the duration of the eligibility period. The annual servicing fee shall be paid to the Authority by the business at the time the business submits information to the Authority required for an annual review of full-time employment at the qualified business facility. The annual servicing fee shall be .25 percent of the amount of tax credit taken for each tax accounting or privilege period of the business. If the tenant or owner is a business engaged in financial services, life sciences and technology, communications, logistics, renewable energy and manufacturing, this fee shall not exceed $40,000 per year, as adjusted pursuant to the consumer price index.

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

(a) A business may apply for tax credits within five years after January 13, 2008, the effective date of the Act (that is, by January 13, 2013). The application is a two-stage process, with the first being the application for eligibility of a hub project, and the second being a certification by the business within the timeframe of (d) below evidencing completion of the project and satisfaction of the conditions for award of the hub tax credits. A developer may apply to have a building approved as a qualified business facility within five years after January 13, 2008, the effective date of the Act (that is, by January 13, 2013). Any tenant seeking an approval of tax credits for a qualified business facility so approved may apply after this date provided its application and certification are received by the date set forth in subsection (d)3 hereof.
(b) The Authority shall conduct a review of the applications commencing with the application bearing the earliest submission date. The Authority may require the submission of additional information to complete the application or may require the resubmission of the entire application, if incomplete. The review will determine whether the applicant:

1. Complies with the eligibility criteria;

2. Satisfies the submission requirements; and

3. Adequately provides information for the subject application.

(c) Upon completion of the review of an application pursuant to (b) above, and receipt of a recommendation from Authority staff on the application, the Board shall determine whether or not to approve the application and promptly notify the applicant and the Director of the Division of Taxation of the determination.

1. If the application is approved, the project approval is subject to the terms and conditions of the project agreement, and any benefits under the program are subject to the completion of the project and satisfaction of the investment capital and employment qualifications required for the urban transit hub tax credits.

2. In the approval notice to the business, the Authority shall set a date by which its approval will expire.

(d) Upon completion of the investment capital and employment requirements of the program, the business shall submit a certification of a certified public accountant to the Authority evidencing that it has satisfied such investment capital and employment requirements, and is therefore eligible to be awarded the tax credits.

1. The certification with respect to the capital investment shall define the amount of the benefit and shall not be increased regardless of additional capital investment in the qualified
2. In general, this certification shall be submitted to the Authority no later than five years after execution of the project agreement.

3. For project applications approved in the fifth year that the Act is in effect, the certification shall be submitted no later than eight years after the effective date of the Act (that is, by January 13, 2016). For developer applications approved in the fifth year that the Act is in effect, any tenant’s application and certification relating to a qualified business facility so approved shall be submitted no later than eight years after the effective date of the Act (that is, by January 13, 2016).

4. The Authority may seek additional information from the business and or information from the Department of Labor and Workforce Development to support the certification.

(e) Once the Authority accepts the certification of the business that it has satisfied the capital investment and employment requirements of program, it shall notify the business, notify the Director of the Division of Taxation, and issue a tax credit certificate to the business.

19:31-9.8 Project agreement

(a) Within one year following application approval by the Authority, all applicants shall execute a project agreement to establish the terms and conditions of the tax credits.

(b) The project agreement shall include, but not be limited to, the following terms and conditions as determined by the Authority:

1. Terms establishing the starting date, or event that will determine the starting date and ending date, of the eligibility period;

2. An agreement by the applicant that the applicable statute of limitations for the collection
and assessment of corporation business tax, insurance premiums tax, and gross income tax will be extended to the duration of the eligibility period;

3. Requirements and time period for undertaking the project;

4. Representations pertaining to the capital investment for the project;

5. Requirements for maintaining full-time employees and new full-time positions at the qualified business facility and maintaining full-time employees in the business's Statewide workforce;

6. Representations that the business is in good standing, the project complies with all applicable law, and specifically, that the project complies with the Authority's prevailing wage requirements (P.L. 2002, c. 78; N.J.S.A. 52:27C-73.1; and N.J.A.C. 19:31-3) and the project does not violate any environmental law;

7. Indemnification and insurance requirements;

8. Limitations on the award of tax credits;

9. In the event that the Board has approved an application for a business using one or more affiliates in order to satisfy the employment and or capital investment requirements of the program, an agreement by the business to notify the Authority and the Division at least 30 days prior to date of filing relating to each tax accounting or privilege period the proposed allocation of tax credits by the business. Any affiliate that receives an allocation must have contributed either capital improvements or employees to the business facility. In the event the business allocates to an affiliate that was not included in the business’s initial application, the business shall submit the name of the affiliate and the information required pursuant to N.J.A.C. 19:31-9.5(a)1vi-xv to the Authority staff at least 30 days prior to the date of filing for its review. Upon satisfactory review, the schedule to the project agreement that lists eligible affiliates shall be amended;
10. Designation of the tax year in the event the business is using one or more affiliates in order to satisfy the employment and or capital investment requirements of the program;

11. In the event that the business is a partnership and chooses to allocate the amount of credit other than as a proportion of the owners’ distributive share of income or gain of the partnership, the business shall notify the Authority and the Division at least 30 days prior to the date of filing relating to each tax accounting or privilege period the proposed allocation of the tax credits;

12. Events that would trigger reduction and forfeiture of tax credit amounts;

13. Default and remedies; and

14. Reporting requirements, such as an annual report and an annual tax clearance certificate issued by the Division of Taxation pursuant to P.L. 2007, c. 200.

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

(a) The amount of tax credit allowed shall be equal to the capital investment made by the business or the capital investment represented by the business' leased area, subject to any reduction or disqualification provided in the Act, this subchapter, or the project agreement.

(1) If the owner uses space in a qualified business facility, in order to determine the amount of the owner’s capital investment that will be attributed toward the amount of its tax credit, the Authority shall multiply the owner’s capital investment by a fraction, the numerator of which is the net leaseable area of the qualified business facility not leased to tenants and the denominator of which is the total net leaseable area. For purposes of this calculation, unless the business that owns or operates the residential space qualifies under N.J.A.C. 19:31-9.3, residential space leased or offered for lease or sale shall not be included in the numerator.

(2) In order to determine the amount of the tenant’s capital investment that will be attributed
toward the amount of its tax credits, the Authority shall add the amount of capital improvements that results from the calculation in N.J.A.C. 19:31-9.3(b) to any tenant allowance provided by the owner in the lease and any tenant improvements funded by a tenant, provided that the owner has not included such tenant allowance or tenant improvements in its calculation of capital improvements and further provided that such tenant allowance or tenant improvements meet the definition of capital investment.

(b) For the 10 consecutive years following the satisfaction of the investment capital and employment requirements of the program to be awarded the tax credit, a business may apply 10 percent of the total credit amount per each tax accounting or privilege period.

(c) A business that is a partnership shall not be allowed a credit under this program directly, but the amount of credit of any owner of a business shall be determined by allocating to each owner of the partnership that proportion of the credit of the business that is equal to the owner of the partnership's share, whether or not distributed, of the total distributive income or gain of the partnership for its tax period ending within or with the owner's tax period, or that proportion that is allocated by an agreement, if any, among the owners of the partnership that has been provided to the Director of the Division of Taxation in the Department of the Treasury pursuant to N.J.A.C. 19:31-9.5(a)xiv.

19:31-9.10 Reduction and forfeiture of tax credits

(a) Unless excepted pursuant to (a)2 below, the amount of the credit otherwise determined pursuant to final calculation of the award of tax credits shall be reduced by 20 percent for that tax period if:

1. Fewer than 200 full-time employees of the business at the qualified business facility 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 positions has been approved, for the current tax period and each subsequent tax period the full amount of the credit shall be allowed.

2. 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 10 percent from the number of full-time employees in its Statewide workforce in the last tax accounting or privilege period prior to January 13, 2008, which is the effective date of P.L. 2007, c. 346, or in the last tax accounting or privilege period prior to the credit amount being approved, whichever is greater, 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' 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, then the business shall forfeit its 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 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.

(d) The tax credit amount shall be forfeited in the event of sale of the qualified business facility or sublease of the business's tenancy as follows:
1. If the qualified business facility is sold in whole or in part during the 10-year eligibility period, the new owner shall not acquire the capital investment of the seller and the seller shall forfeit all credits for the tax period in which the sale occurs and all subsequent tax periods, except that any credits of tenants shall remain unaffected. The new owner may not apply for tax credits based upon the seller's capital investment. If the business merges with or consolidates with another entity, and the surviving, resulting or transferee entity assumes in writing the obligations of the business under the project agreement, the surviving, resulting or transferee entity shall not be considered the new owner.

2. If a tenant subleases its tenancy in whole or in part during the 10-year eligibility period, the sublessee shall not acquire the credit of the sublessor, and the sublessor tenant shall forfeit all credits for the tax period of its sublease and all subsequent tax periods, except that if the sublessor tenant retains sufficient capital investment and employment to remain eligible for the program, the forfeiture shall affect only the credits attributable to the subleased portion of the facility.

19:31-9.11 Reporting requirements

(a) During the term of the project agreement, the business shall furnish to the Authority a certified report in a format as may be determined by the Authority, which shall contain the following information:

1. A certification indicating whether or not the business is aware of any condition, event or act which constitutes a default or an event of default of the project agreement, of which would constitute an event of default with the giving of notice or passage time, or both, under the project agreement;

2. Prior to the submission of the certificate that the project is complete and the business has satisfied the capital investment and employment requirements for the award of credit, a written description of the present status of construction of the qualified business facility, a description of
any anticipated material change in the project or in the number of full-time employees and new full-time positions employed at the qualified business facility, and information on any anticipated change in the identity of the entities comprising the business elected to claim all or a portion of the credit; and

3. After the submission of the certificate that the project is complete and that the business has satisfied the capital investment and employment requirements for the award of credit, 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, 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.

(b) The certified report required under (a)2 above is due 30 days prior to each anniversary of the date the business has executed the project agreement. The certified report required under (a)3 above is due 30 days prior to each anniversary of the date the business has been issued a tax credit certificate.

(c) 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 tax credits to be received by the business and the recapture of any tax credits issued to the business unless the Authority determines that there are extenuating circumstances excusing the business from the timely filing required.

(d) The project agreement may provide for additional reporting requirements.

(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.

19:31-9.12 Events of default
(a) The occurrence of any one or more of the following events (whether such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) shall constitute an "event of default" under the project agreement:

1. The business fails to strictly observe or comply with the limitations and conditions of the use of the tax credits as set forth in this subchapter, the tax credit certificate and the project agreement;

2. Any representation or warranty made by the business in its application or in the project agreement that is false, misleading, or inaccurate in any material respect; or

3. The business fails to serve or perform in any other material respect any other term, covenant or condition of the business under the project agreement and this subchapter and such failure shall have continued for 30 days after the earlier of delivery to the business of written notice thereof from the Authority or the business's actual or constructive knowledge of such failure; provided, however, that if such failure is capable of cure, but cannot be cured by the payment of money or by diligent efforts within such 30-day period, but diligent efforts are properly commenced within the cure period and business is diligently pursuing, and shall continue to pursue diligently, remedy of such failure, the cure period shall be extended for an additional period of time, not to exceed an additional 45 days and in no case to extend beyond the expiration of the project agreement. Violations of the "events of default" provision of the project agreement shall be cause for immediate termination of the tax credit certificate as provided by law and repayment of State tax.

19:31-9.13 Remedies

(a) Upon the occurrence of any event of default as described in N.J.A.C. 19:31-9.12 and the project agreement, the Authority may, so long as such event of default is continuing, do one or more of the following as the Authority in its sole discretion shall determine, without limiting any
other right or remedy the Authority may have on account of such event of default:

1. The Authority may require the surrender by the business to the Authority of the tax credit certificate for suspension or cancellation; and/or

2. The Authority may exercise any other right or remedy that may be available under applicable law or under the project agreement, including, without limitation:

i. Recapturing all or a portion of the tax credits (for example, if a representation of the business is false, misleading, or inaccurate in any material respect) by notifying the Director of the Division of Taxation, who shall issue a recapture assessment which shall be based upon the proportional value of the tax credits that corresponds to the amount and period of noncompliance;

ii. Recovering damages for loss of a bargain for any default during the eligibility period;

iii. Terminating the project agreement; or

iv. Proceeding by appropriate court action (legal or equitable) to enforce the terms of the project agreement.

(b) The rights and remedies of the Authority under this subchapter and the project agreement shall be cumulative and shall not exclude any other rights and remedies of the Authority allowed by law with respect to any event of default under this subchapter or the project agreement.

19:31-9.14 Appeals

(a) The procedure for an appeal of the Authority's action on an application to the program shall be as follows. An applicant may appeal the Authority's action on an application to the program by submitting in writing to the Authority, within 30 days from the date of the Authority's action, an explanation as to how the applicant has met the program criteria and may
also request an informal hearing. In the event the application is reconsidered as eligible for the program, such application shall be presented for action to the Board.

(b) In the event of an adverse decision after an informal hearing under (a) above, or if a business determines not to seek an informal hearing, and providing further, that the dispute or controversy is a contested case, as defined in N.J.S.A. 52:14B-2(b), a business may request, within 45 days of the written decision resulting from the informal hearing or the determination of the Authority if any informal hearing is not sought, a formal hearing.

(c) Upon filing of the initial pleading in a contested case, the Authority may either retain the matter for hearing directly or transmit the matter for hearing before the Office of Administrative Law. Such hearings shall be governed by the provisions of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq. and 52:14F-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

(d) Every determination of a dispute or controversy arising from this subchapter by the Authority, constituting final agency action by the Authority, shall be embodied in a written decision, which shall set forth findings of fact and conclusions of law pursuant to the applicable rules of the Office of Administrative Law.

19:31-9.15 Severability

If any section, subsection, provision, clause, or portion of this subchapter is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remaining portions of this subchapter shall not be affected thereby.
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Recommendation to Make Structural Correction in Fees on EDA Loan and Guarantee Products and the Business Employment Incentive Program (BEIP)

DATE: September 9, 2008

Request:

The Members are requested to approve structural corrections in fees for our various loan, guarantee and incentive programs. These changes will enhance EDA’s capacity to provide services that support business development and encourage job creation and community revitalization throughout the State. This initiative was reviewed by the EDA Policy Committee at the meeting of July 24, 2008. The specific program recommendations are outlined below and in the attached exhibits.

Background:

In 2007, staff first met with the Policy Committee of the Board to consider recommendations for changes to our product pricing levels. At the request of the committee, staff has spent further time reviewing our existing programs and conducting research to compare our fees with those of several outside programs. Based on this analysis, we now propose changes to the current fee structures of various loan, guarantee and incentive programs.

As background to our recommendations to follow, EDA research has found that while the number, size, and exposure risk of the EDA loan and guarantee portfolio as well as the complexity to administer same has increased significantly over the years, EDA has not restructured fees on most of our loan programs, some dating back to our inception in 1974. Additionally, coupling EDA’s lowered rates with increased exposure risk and operational expenses, and loan fees unchanged over the years, it became apparent that current fee revenue did not cover our true cost of business.
Concurrently, EDA Business Development input from customers indicates a willingness and ability to pay higher fees for a number of our programs to better reflect the market value derived from these programs. Other programs, specifically those targeted to our small business segment, are highly price elastic. We do not recommend restructuring fees for these customers.

From a competitive perspective, we have also noticed that other States are either beginning to restructure their loan program fees, or their fees are already substantially higher than those of the EDA. (Exhibit 1 in the Appendix illustrates some examples of how other States are setting or changing their comparable loan fees).

From a customer usage standpoint, as we have added new programs into our portfolio over the years, our fee structure has become increasingly complex and divergent, with some programs charging percentage fees for various fee elements, others charging straight dollar amounts. A corollary of this exercise is therefore to standardize and streamline our fee structure for our customers.

In April 2008, the EDA took action to reduce interest rate floors by 100 basis points on several loan and guarantee programs. Although we are recommending changes to the fee structure, our products will remain cost beneficial to our customers. The new APR (Interest rate + Proposed fees) is still considerably lower than the interest rate floor prior to the reduction. (Reference: Table 2).

Lastly, we are also recommending changes to the BEIP fees, in line with internal analysis and external stakeholder feedback.

**Recommendations:**

**Recommendation 1: Restructure EDA Loan and Guarantee fees**

In order to map efficiently to the market and competitive environment, and align with inherent program operational costs, we propose restructuring a number of the major fee components of our loan and guarantee programs. Table 1 below summarizes the general families of changes along with the rationale for same while Exhibit 2 provides the specific change proposal data in detail. This exhibit also includes, on a per program basis, examples of what the new fee structure could cost the customer and shows the differences from current.

(Note that the changes recommended in this memo relate only to the major fee components of EDA loan and guarantee programs – specifically, application fees, commitment fees, closing fees, and guarantee fees. The secondary administrative fee elements – including extension fees, modification fees, and late fees are currently being reviewed and may be addressed in a later memo.)

In general, EDA is recommending to change program application fees from $500 to $1000, and modifying the other major fee components (Commitment, Closing, Guarantee) to 0.875% of loan amounts, from a typical 0.5% at present. Exceptions are the bank partner/participation programs (New Jersey Business Growth Fund, Preferred Lender Program, Statewide Loan Pool) where market and partner conditions will not support these alterations, the Edison portfolio of products,
which have a graduated fee structure, based on product program, and the FastStart programs supporting small business (fees unaffected).

Table 1: 2008 Loan and Guarantee Fee Change Recommendations

<table>
<thead>
<tr>
<th>Product Group</th>
<th>Recommendation(s) ¹</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Small Business:</strong></td>
<td>Not recommending to restructure fees for programs directly related to small business</td>
<td>• Market Conditions for small business will not support fee restructuring at this time</td>
</tr>
<tr>
<td>• FastStart</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Technology:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Edison Innovation</td>
<td>Modify fees</td>
<td>• High Risk Factor for EDA</td>
</tr>
<tr>
<td>R&amp;D Wraparound</td>
<td></td>
<td>• High Work effort for EDA</td>
</tr>
<tr>
<td>• Edison Innovation</td>
<td></td>
<td>• Customers ability and willingness to pay higher fees for value</td>
</tr>
<tr>
<td>Commercialization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Edison Innovation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Application: $1000 ($500)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Commitment: none (none)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Closing: none (none)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Application: $1000 ($500)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Commitment: 0.5% (0.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Closing: 0.5% (0.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Application: 0.25% of the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>loan amount, $2500 cap ($500)²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Commitment: 0.75%, with</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1500 of application fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>applied towards commitment if</td>
<td></td>
<td></td>
</tr>
<tr>
<td>loan closes (0.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Closing: 0.75% (0.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business Development:</strong></td>
<td>Modify Fees</td>
<td>• Work effort for EDA</td>
</tr>
<tr>
<td>• Brownfields Revolving Loan</td>
<td></td>
<td>• Customers ability and willingness to pay higher fees for value</td>
</tr>
<tr>
<td>• Direct Loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Fund for Community</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Loan GTE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Smart Growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Statewide Loan Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Preferred Lender Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• NJ Business Growth Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Application: $1000 ($500)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Commitment, Closing,</td>
<td></td>
<td>• Market and Partner Conditions will not support commitment/ closing/</td>
</tr>
<tr>
<td>Guarantee: No fee modification recommended</td>
<td></td>
<td>guarantee fee restructuring on participation programs at this time</td>
</tr>
<tr>
<td>• Closing: 0.875% (0.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Guarantee: 0.875% (0.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Urban:</strong></td>
<td>Modify fees</td>
<td>• Work effort for EDA</td>
</tr>
<tr>
<td>• Urban Plus</td>
<td></td>
<td>• Customers ability and willingness to pay higher fees for value</td>
</tr>
<tr>
<td>• New Markets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• LDFF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Application: $1000 ($500)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Commitment: 0.875% (0.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Closing: 0.875% (0.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Application: $1000 ($500)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Commitment: 0.875% (none)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Closing: 0.875% (none)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ (Current fees in brackets)

² For a $1MM loan, equates to a $1000 application fee if the applicant pursues through commitment ($2500-$1500 = $1000)
Table 2 below compares current and new fee recommendations in terms of Annual Percentage Rate (APR) impact to the customer, where APR reflects the true cost of credit to the borrower, incorporating one-time fees. Of particular note is the minimal customer APR impact of the proposed change recommendations to the borrowers. Specifically, given EDA’s recent actions to lower interest rate floors⁴, even with the combined adjustment in fees, in some cases the net APR is still more favorable to the customer than the prior interest rate floors. The changes range from a low of 2 basis points to a high of 35 basis points overall.

<table>
<thead>
<tr>
<th>Program</th>
<th>Previous Interest Rate Floor</th>
<th>Current Interest Rate Floor</th>
<th>APR (Interest Rate + Current Fees⁶)</th>
<th>APR (Interest Rate + Proposed Fees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIR</td>
<td>4%</td>
<td>3%</td>
<td>3.22%</td>
<td>3.41%</td>
</tr>
<tr>
<td>LDFF</td>
<td>4%</td>
<td>2%</td>
<td>2.12%</td>
<td>2.40%</td>
</tr>
<tr>
<td>Urban Plus</td>
<td>3%</td>
<td>2%</td>
<td>2.23%</td>
<td>2.40%</td>
</tr>
<tr>
<td>Edison Innovation Commercialization</td>
<td>4%</td>
<td>4%</td>
<td>4.23%</td>
<td>4.26%</td>
</tr>
<tr>
<td>New Markets</td>
<td>3%</td>
<td>3%</td>
<td>4.09%</td>
<td>4.11%</td>
</tr>
<tr>
<td>FCED (Loans to Lenders)</td>
<td>3%</td>
<td>3%</td>
<td>3.44%</td>
<td>3.79%</td>
</tr>
</tbody>
</table>

Recommendation 2: Institute a Fee Bundling Structure

An additional recommendation is made to approve changes to our current application fee structure for select product program scenarios. Specifically, bundling our application fees in certain cases would make our products more attractive and the NJEDA experience more positive to our customer base. From a competitive perspective, after reviewing the application fee structure of a sample of states, it is clear that while most states do charge application fees, many states do waive application fees when a customer applies for multiple products at one time. Those who waive application fees generally do so out of courtesy to the customer (Reference: Exhibit 1).

In order to incent and reward our customers who apply for multiple products, and also be aligned with our competition, we are proposing bundling application fees on two fronts. First, for “like” product programs (e.g., loans and guarantees), the second application fee will discounted by 50%. For example, if a customer applies for more than one type of loan (e.g., Urban Plus and LDFF), they will not have to pay two application fees. Rather, there will be a 50% discount off the second fee. Secondly, in cases where an applicant will be applying for more than one loan

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³ APR = Annual Percentage rate; an expression of the effective interest rate the borrower will pay on a loan, taking into account one-time fees
⁴ Reference April 8, 2008 EDA Board Action: Recommendation to Modify Program Interest Rates Floors for Select Programs
⁵ Used $500,000 loan as a reference, 10 year term, exception FCED where 5 year term was used
⁶ Fee components in APR calculation include application fee, commitment, guarantee, closing fee only
product within a reasonable timeframe (immediate to 12 months post-closing of first product) and is in good standing, the application fee will be reduced by 50%. This is intended to encourage relationship-building.

The specific application fee bundling recommendations are summarized in Table 3.

<table>
<thead>
<tr>
<th>TRANSACTION TIMEFRAME</th>
<th>SCENARIO</th>
<th>CURRENT FEE STRUCTURE</th>
<th>PROPOSED FEE STRUCTURE</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concurrent application</td>
<td>2 Loan Products</td>
<td>2 application fees</td>
<td>50% off the lower application fee</td>
<td>Customer-Friendly</td>
</tr>
<tr>
<td>Returning Customer, good standing, 12 months from closing</td>
<td>Standard application fee</td>
<td>Processing Fee in place of Application Fee (50% off traditional Application Fee)</td>
<td>Relationship-building</td>
<td></td>
</tr>
</tbody>
</table>

From a financial perspective, the net revenue impact should be minimal. Specifically, it is expected that net reduced fees will be offset by expected gains in transaction volume.

Recommendation #3: Restructure BEIP fees

The EDA currently charges a $500 Application Fee, an Extension fee of $750, and an annual Servicing Fee of 1.5% of the annual disbursement, with a $500 floor, and a $10,000 cap for BEIP grantees. Based on Policy Committee request for industry stakeholder feedback to the EDA BEIP fee proposal presented at the May 20, 2008 Policy Committee, EDA staff now recommends a revised fee structure, as summarized in Table 4, and as follows:

**Application Fee:** We are recommending the fee be changed from $500 to $1000 to compensate for EDA staff work effort to be in line with our proposed application fees for other programs. By EDA program staff estimation, BEIP application review and processing involves multiple times the work effort versus other base EDA programs, for which we charge a $500 fee, on average. As well, the current application fee is significantly lower than what other states charge for comparable programs to BEIP, a sample of which are provided below.

<table>
<thead>
<tr>
<th>STATE</th>
<th>APPLICATION FEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>NC</td>
<td>$5000</td>
</tr>
<tr>
<td>SC</td>
<td>$2000</td>
</tr>
<tr>
<td>NE</td>
<td>$1000 - $5000</td>
</tr>
<tr>
<td>MI</td>
<td>$5000</td>
</tr>
<tr>
<td>&gt;&gt;&gt; NJ</td>
<td>$500</td>
</tr>
</tbody>
</table>

Closing, Commitment, Extension, and Modification Fees: We are recommending introducing a $1000 closing fee and a $1000 commitment fee, to reflect work effort, and in line with general EDA fee practice on our other programs. For the case of modification fees, $750 would be
charged for administrative changes (Delegated Authority) and $1500 for major changes requiring extensive staff time and Board Approval.

**Servicing and Post-Benefit Servicing Fees:** We are recommending that the annual servicing fee be changed from 1.5% of annual disbursement, with a $500 floor, $10,000 cap, to 2% of annual disbursement, with no floor, and a $75,000 cap. This new fee structure reflects EDA’s goals to support smaller companies as well as capture fees for companies that are obtaining significant awards and require a substantial work effort. Currently, with a $500 floor and $10,000 cap, smaller companies are subsidizing the work effort to support larger BEIP recipients.

Under the proposed structure, the smaller BEIP recipients would no longer be required to pay the $500 floor if the 2% is less than that amount, while the larger recipients would pay greater than $10,000 if 2% exceeds that amount, but would be capped at $75,000.

Exhibit 4 illustrates not only the revenue impact to EDA but also the net impact to the various customer stakeholders if this change is implemented. Based on historical data from program inception in 1996 through to 2007 (389 projects), nearly 20% of the BEIP population (70 companies) fall below the $500 floor, while 15% of recipients (57 companies) are above the $10,000 cap. Excluding these outliers, the average BEIP servicing fee for this aggregate population is $5,178. Removing the $500 floor would benefit all of the smaller BEIP recipients (100%), while only 4 projects (1% of population) would be affected by the new $75,000 ceiling. Under this model, the average servicing fee would move only slightly upwards to $5,746.

This recommendation would have the dual result of ensuring the fee structure is more equitable for both smaller and larger BEIP recipients as well as being a source of necessary administrative fee revenue for EDA.

We are also recommending that a new Post Benefit Servicing Fee (after the grant disbursement phase ends and maintenance of jobs begins) be created in order to reinforce and reward accountability, to be set at 20% of the final financial award deducted at the time of disbursement. This fee can be ‘earned back’ at the end of the reporting requirement if all post award reporting is done pursuant to the grant agreement. EDA will retain 1% per year as a maintenance fee.

**Table 4: BEIP Fee Change Recommendations**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CURRENT</th>
<th>PROPOSED</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application Fee</td>
<td>$500</td>
<td>$1,000</td>
<td>• To reflect EDA work effort</td>
</tr>
<tr>
<td>Commitment Fee</td>
<td>None</td>
<td>$1,000</td>
<td>• To reflect EDA work effort</td>
</tr>
<tr>
<td>Closing Fee</td>
<td>None</td>
<td>$1,000</td>
<td>• To reflect EDA work effort</td>
</tr>
<tr>
<td>Extension Fee</td>
<td>$750</td>
<td>$750</td>
<td>• Unchanged</td>
</tr>
<tr>
<td>Modification Fee</td>
<td>None</td>
<td>$750 (administrative change); $1500 (major change)</td>
<td>• To reflect EDA work effort</td>
</tr>
<tr>
<td>ITEM</td>
<td>CURRENT</td>
<td>PROPOSED</td>
<td>RATIONALE</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Servicing Fee</td>
<td>1.5% annual disbursement, $500 floor, $10K ceiling</td>
<td>2% annual disbursement, no floor, $75K ceiling</td>
<td>• To reflect EDA work effort</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• More equitable fee structure</td>
</tr>
<tr>
<td>Post Benefit Servicing Fee</td>
<td>None</td>
<td>20% of the final disbursement Refunded at end of reporting requirement if all post award reporting is done pursuant to grant agreement, with EDA retaining 1% per year for servicing.</td>
<td>• To reinforce and reward post-benefit reporting</td>
</tr>
</tbody>
</table>

In addition to the recommended reductions in interest rates, the Members are further requested to authorize staff to submit amendments to the program rules for promulgation and adoption in the NJ register, subject to final review and approval by the office of the Attorney General, and the Office of Administrative Law (OAL). The changes approved by the Board contained in the memo will be effectuated by the Rule Amendments presented to the Board in the complementary memo “Recommendation to Modify Program Interest Rate Floors for Select Programs” which will eliminate the existing higher rates of interest terms and set forth the Board approved process for loan products going forward.

Caren S. Franzini

Prepared By: Cristina Jones
## Exhibit 1: COMPETITIVE LOAN FEE DATA

<table>
<thead>
<tr>
<th>State</th>
<th>Application Fee</th>
<th>Commitment Fee</th>
<th>Closing Fee</th>
<th>Guarantee Fee</th>
<th>Other Fees</th>
<th>Interest Rates</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>NJEDA</td>
<td>$300</td>
<td>1/2%</td>
<td>1/2%</td>
<td>1/2%</td>
<td>Extension $750</td>
<td>Fixed rate loans of $50,000 or more must not exceed Prime Plus 2.25% if the maturity is less than 7 years, and Prime Plus 2.75% if the maturity is 7 years or more. For loans between $25,000 and $50,000, maximum rates must not exceed Prime Plus 3.25% if the maturity is less than 7 years, and Prime Plus 3.75% if the maturity is 7 years or more. For loans of $25,000 or less, the maximum interest rate must not exceed Prime Plus 4.25% if the maturity is less than 7 years, and Prime Plus 4.75% if the maturity is 7 years or more.</td>
<td></td>
</tr>
<tr>
<td>SBA</td>
<td>Bank that provides loan can set fee</td>
<td>none</td>
<td>none</td>
<td>For loans of $150,000 or less 2%. For loans more than $150,000 but up to and including $700,000 3%. For loans greater than $700,000 3.5%. For loans greater than $1,000,000, an additional 0.25% guaranty fee will be charged for that portion greater than $1,000,000. The portion of $1,000,000 or less 3.5%.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CT</td>
<td>$250</td>
<td>1.5% - $25,000 cap</td>
<td>2% annual fee (based on the amount guaranteed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DE</td>
<td>$250 (Tech Projects $500)</td>
<td>1% (with PLP program refunded if loan is closed)</td>
<td>None listed</td>
<td>None</td>
<td>None</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MASS</td>
<td>$250</td>
<td>1%</td>
<td>None</td>
<td>2 - 3%</td>
<td>None</td>
<td>Guideline minimum set each quarter. Currently 5 year Treasuries plus 1 3/4 %.</td>
<td></td>
</tr>
<tr>
<td>NY</td>
<td>None</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Loan program is 2% less than applicable bank rate</td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>up to $2,000</td>
<td>1% up to $5,000</td>
<td>Varies up to 3%</td>
<td>Not applicable</td>
<td>Up to 3%</td>
<td>Range from 2% to 5.5%</td>
<td></td>
</tr>
<tr>
<td>VA</td>
<td>$500</td>
<td>1 - 2%</td>
<td></td>
<td>$200</td>
<td>None listed</td>
<td>Real estate: initial 7 years - 7 year Treasury rate + 1.9%, remainder of term - 10 year Treasury rate + 2.5% Equipment: 7 year Treasury rate + 1.9%</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
- **Fast Start Program Only**
- **If applying for multiple products, would waive Application Fees (depends on timing).**
## EXHIBIT 2: PROPOSED LOAN FEES

<table>
<thead>
<tr>
<th>EDA PROGRAMS</th>
<th>Proposed Application Fee</th>
<th>Proposed Commitment Fee</th>
<th>Proposed Closing Fee</th>
<th>Proposed Guarantee Fee</th>
<th>Fee Comparison (1)</th>
<th>Current Fees</th>
<th>Proposed</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brownfields Revolving Loans</td>
<td>$1000 ($500)</td>
<td>0.875% (5%)</td>
<td>0.875% (0.5%)</td>
<td></td>
<td>$5,500</td>
<td>$9,750</td>
<td>$4,250</td>
<td></td>
</tr>
<tr>
<td>Direct Loan</td>
<td>$1000 ($500)</td>
<td>0.875% (greater of 5% of $500)</td>
<td>0.875% (0.5%)</td>
<td></td>
<td>$5,500</td>
<td>$9,750</td>
<td>$4,250</td>
<td></td>
</tr>
<tr>
<td>Edison Innovation Commercialization Fund</td>
<td>$1000 ($500)</td>
<td>0.8% (0.5%)</td>
<td>0.6% (0.5%)</td>
<td></td>
<td>$5,500</td>
<td>$6,000</td>
<td>$500</td>
<td></td>
</tr>
<tr>
<td>Edison Innovation Growth Fund</td>
<td></td>
<td>0.25%, with $5000 cap ($500)</td>
<td>0.75% (0.5%)</td>
<td></td>
<td>$5,500</td>
<td>$7,250</td>
<td>$1,750</td>
<td></td>
</tr>
<tr>
<td>Edison Innovation R&amp;D Wraparound Fund</td>
<td>$1000 ($500)</td>
<td>none (none)</td>
<td>none (none)</td>
<td></td>
<td>$500</td>
<td>$1,000</td>
<td>$500</td>
<td></td>
</tr>
<tr>
<td>FastStart for small business</td>
<td>$300 ($300)</td>
<td>0.5% (0.5%)</td>
<td>0.5% (0.5%)</td>
<td>0.5% (0.5%)</td>
<td>$5,300</td>
<td>$5,300</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>FastStart for small business - Gtee</td>
<td>$300 ($300)</td>
<td>0.5% (0.5%)</td>
<td></td>
<td>0.5% (0.5%)</td>
<td>$2,800</td>
<td>$2,800</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Fund for Community Economic Development</td>
<td>$1000 ($500)</td>
<td>0.875% (0.5%)</td>
<td>0.5% or $500</td>
<td></td>
<td>$5,500</td>
<td>$9,750</td>
<td>$4,250</td>
<td></td>
</tr>
<tr>
<td>Loan Guarantee</td>
<td>$1000 ($500)</td>
<td>0.875% ($750)</td>
<td>0.875 (0.5%)</td>
<td></td>
<td>$3,750</td>
<td>$9,750</td>
<td>$6,000</td>
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<td>New Jersey Business Growth Fund (PNC Program)</td>
<td>$1000 ($500)</td>
<td>$750 ($750)</td>
<td>0.5% (0.5%)</td>
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<td>$3,750</td>
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<td>New Markets Tax Credit</td>
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<td>other fees</td>
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<td>$500</td>
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<td>$1,250</td>
<td>$1,750</td>
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<tr>
<td>Preferred Lender Program - Gtee</td>
<td>$1000 ($500)</td>
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<td>0.5% (0.5%)</td>
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<td>Smart Growth Pre-Development</td>
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<td>Statewide Loan Pool</td>
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<td></td>
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<tr>
<td>Statewide Loan Pool - Gtee</td>
<td>$1000 ($500)</td>
<td>$750 ($750)</td>
<td>0.5% (0.5%)</td>
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<td>$4,250</td>
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<td>$11,000</td>
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### MANAGED / AGENCY PROGRAMS

<table>
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<tr>
<th>Program</th>
<th>Proposed Application Fee</th>
<th>Proposed Commitment Fee</th>
<th>Proposed Closing Fee</th>
<th>Proposed Gtee Fee</th>
<th>Fee Comparison (1)</th>
<th>Current Fees</th>
<th>Proposed</th>
<th>Difference</th>
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<td>Local Development Financing Fund</td>
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<td>0.875% (none)</td>
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<td>BEIP</td>
<td>$1000 ($500)</td>
<td>$1000 (none)</td>
<td>$1000 (none)</td>
<td>see memo</td>
<td>see memo</td>
<td>see memo</td>
<td>see memo</td>
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</tbody>
</table>

### LEGEND:
- Bold: Proposed Fees
- Brackets: Current Fees
- Grey: Not Applicable

### NOTES:
Calculated using $500,000 as standard loan or guarantee amount, although actual program limits may be lower.
<table>
<thead>
<tr>
<th>State</th>
<th>Program</th>
<th>Fees</th>
<th>Key Elements</th>
</tr>
</thead>
</table>
| New Jersey    | BEIP                             |                                                                    | • Tax Credit  
• Tech companies create 10 jobs, others create 25  
• Maximum 80% of state income tax; no maximum dollar amount  
• $500 application fee, 1.5% service fee |
| Maryland      | Job Creation Tax Credit          |                                                                    | • Tax Credit  
• 2.5% of annual wages for all newly created, full-time jobs  
($1000/employee cap)                                                                                       |
| Massachusetts | Economic Development Incentive Program |                                                                | • Tax Credit  
• 5% of newly created taxable payroll  
• Fees determined on a municipal basis - subjective                                                             |
| New York      | Investment Tax Credit            |                                                                    | • Tax Credit  
• May qualify for tax credits of up to 10% of their eligible investment  
• May elect to receive a refund of certain credits unused credits can be carried forward for 15 years.         |
| North Carolina| Job Development Investment Grant Program |                                                    | • 25 grants/year  
• Can result in payments to a business for up to 12 years  
• Total amount paid out in any one of those years cannot exceed $15 million  
($180 million to allocate in benefits to the 25 businesses over a 12-year period.)  
• Application fee $5,000 |
| Pennsylvania  | Job Creation Tax Credit Program   |                                                                    | • Tax Credit  
• $1000/employee cap  
• The maximum grant amount is $5,000 for each created or retained job.  
DCED has discretion to modify this amount for special circumstances                                           |
| Virginia      | Major Business Facility Job Tax Credit |                                                      | • Tax Credit  
• Credits are distributed as 3 equal payments over a 3 year period  
• Program ends 1/1/2010                                                                                       |
EXHIBIT 4: BEIP SERVICING FEE RESTRUCTURE ANALYSIS

Current: 1.5%, $500 floor, $10K cap

- Companies below floor: 70 (18%)
- Companies above cap: 57 (15%)
- Average Yearly Servicing Fee: $5,178
- EDA Revenue Impact: $1.10 MM

Proposed: 2%, no floor, $75K cap

- Companies below floor: 0 (0%)
- Companies above cap: 4 (1%)
- Average Yearly Servicing Fee: $5,746
- EDA Revenue Impact: $2.24 MM

Difference: $1.14 MM (100%)

---

7 Based on historical data 1996-2007 (389 projects)
8 Excluding 3 outliers
EXHIBIT 5: PROPOSED RULE AMENDMENTS

OTHER AGENCIES
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Administrative Rules/Authority Assistance Programs
Fees on Loan and Guarantee Products and the Business Employment Incentive Program (BEIP)
Proposed Amendments: N.J.A.C. 19:30- and 19:31-

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

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

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

Proposal Number: PRN 2008-

Submit written comments by December 19, 2008:

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

The agency proposal follows:

Summary

The EDA is an independent, self-supporting State agency, which does not receive or rely on General Fund support for administrative or program costs.

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

Full text of the proposal follows (additions indicated in boldface thus; deletions indicated in brackets [thus]):
CHAPTER 30. SUBCHAPTER 6. FEES

19:30-6.1. Application fee

(a) Except as set forth in (b) and (c) below, [A] a non-refundable fee of [[$500.00] $1,000] shall accompany every application for Authority assistance, except for an application under the Downtown Beautification Program for which the fee is $250.00. Edison Innovation Growth Fund, for which the fee is .25 percent of the loan amount, not to exceed $2,500. The non-refundable application fee of [[$500.00] $1,000] for a guarantee of a bond issued by the Authority is in addition to the bond application fee.

(b) For applicants filing concurrent applications for Authority assistance for multiple products of equivalent type, e.g., all loans, the application fee for a subsequent application shall be reduced by 50 percent.

(c) For applicants filing application(s) for Authority assistance within 12 months of closing a previous financing, a non-refundable processing fee in an amount equaling 50 percent of the regular application fee shall be paid.

19:30-6.2. Commitment fees

(a) A non-refundable commitment fee of [[$750.00] .75 percent of the guarantee or direct loan amount] is charged with the acceptance by an applicant of a guarantee or direct loan commitment from the Authority, except for the Statewide Loan Pool, Preferred Lender Program and the New Jersey Business Growth Fund, wherein a non-refundable commitment fee of $750.00 shall be charged with the acceptance by an applicant of a guarantee or direct loan commitment from the Authority.

(b) [A non-refundable commitment fee of $300.00 is charged with the acceptance by an applicant of a direct loan commitment under the Downtown Beautification Program.] A non-refundable commitment fee of .75 percent of the loan amount is charged with the acceptance by an applicant of a direct loan commitment under the Edison Innovation Growth Fund. If closing occurs, up to $1,500 of the application fee will be applied towards the commitment fee. A non-refundable fee of .5 percent of the loan amount is charged with the acceptance by an applicant of a direct loan commitment under the Edison Innovation Commercialization Fund.
(c) A non-refundable commitment fee of [$500.00, or one-half of one percent].**875 percent of the loan amount**, whichever is greater, is charged with the acceptance by an applicant of any direct loan commitment other than as described in (b) above.

(d) A non-refundable extension fee of $750.00, per extension requested by the borrower, shall be charged for the granting of an extension of the commitment letter beyond the original expiration date.

19:30-6.3. Closing fees

(a) (No change.)

1.-3. (No change.)

(b) For guaranteed Authority-issued bonds or guaranteed conventional financing other than Authority issued bonds, the guarantee fee, to be paid at closing, is [one-half of one percent]**875 percent** of the initial amount of the guaranteed portion of the financing multiplied by the number of years the guarantee is to be in effect. This fee is in addition to the fee described in (a) above if the Authority's guarantee relates to repayment of a bond issued by the Authority.

(c) (No change.)

(d) For direct loans from the Authority, other than loans under the Statewide Loan Pool, Preferred Lender Program and the New Jersey Business Growth Fund [Urban Centers Small Loan Program], the fee, to be paid at closing[,] is [$500.00, or one-half of one percent]**875 percent** of the of the loan amount [whichever is greater]. For direct loans under the Edison Innovation Growth Fund, the fee to be paid at closing is .75 percent of the loan amount; and, for the Edison Innovation Commercialization Fund, the fee to be paid at closing is .5 percent of the loan amount.

(e)-(f) (No change.)
[(g) For guarantees under the Angel Investor Program, there shall be an annual fee equal to two percent of the Authority's guarantee exposure.]

[19:30-6.6. Guarantee incentive fees]

On a case by case basis, where the Authority's financial assistance consists of a guarantee under the Angel Investor Program, the Authority may charge an annual incentive fee for the term of the guarantee not to exceed, in the aggregate, 50 percent of the original guarantee amount. The annual incentive fee will be predetermined at approval based upon an analysis of the Authority's risk exposure and the financial benefit expected to be derived by the applicant resulting from the Authority's participation.]

CHAPTER 31. SUBCHAPTER 2. LOAN GUARANTEE PROGRAMS

19:31-2.1 Program description

(a)-(b) (No change.)

(c) There are five types of guarantees available: Fixed Asset Guarantees, Working Capital Guarantees, Special Guarantees, Film Production Program Assistance Guarantees and Smart Growth Pre-development Guarantees.

1. Under the Fixed Assets Guarantee program:
   i.-iv. (No change.)

2. Under the Working Capital Guarantee program:

   i.-iii. (No change.)
3. Under the Special Guarantee program:

i.-ii. (No change.)

4. Under the Film Production Assistance Program:

i.-vii. (No change.)

5. Under the Smart Growth Pre-development Guarantee Program:

i.-iv. (No change.)

[6. Under the Angel Investor Program, the Authority may guarantee a portion of a loan or equity investment by an individual or business to an early stage company for a period not to exceed five years. The amount of the guarantee shall not exceed $500,000.]

(d) (No change.)

19:31-2.5 Approval process

(a) Only the Members can approve a guarantee, either directly or through delegation.

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

1. (No change.)
2. Except for the [Angel Investor Program guarantee and the] Structured Finance Program, usually, life insurance on the applicant's principal officer(s) is required in an amount equal to the Authority's guarantee. The life insurance must name the Authority as collateral assignee.

3. Except for the [Angel Investor Program guarantee and the] Structured Finance Program, personal guarantees of owners of 10 percent or more of the applicant are usually required, and there may be a requirement for collateral apart from the applicant's collateral to secure the personal guarantees.

(e)-(f) (No change.)

[CHAPTER 31. SUBCHAPTER 4. DOWNTOWN BEAUTIFICATION PROGRAM]

19:31-4.1 Program description

(a) The Authority is empowered to make direct loans to owners and operators of retail and commercial businesses located in downtown urban areas who are unable to obtain funding from conventional sources to upgrade their properties and to remain in such areas.

(b) Applicants may be eligible for loans in amounts ranging from $5,000 to $100,000.

(c) Proceeds of loans are to be used primarily to renovate, remodel or expand the interior and/or exterior of the facility, but a limited amount of the funds can be used for working capital.

(d) Interest on these loans is equal to one percent below the Federal Discount Rate at the time of loan closing, with a minimum of three percent and a maximum of 10 percent.

(e) The term of the loan is a maximum of 10 years, although the repayment schedule may be for a longer term based on the applicant's ability to repay.

19:31-4.2 Eligibility standards
To be eligible, an applicant must be located in the downtown area of a targeted municipality (see N.J.A.C. 19:30-5).

19:31-4.3 Application procedures

(a) The prospective applicant should consult with the Authority to determine if the project is eligible for consideration.

(b) To apply, a completed Application for Financial Assistance (Application) concerning the project must be submitted to the Authority for review, together with the Application fee.

(c) A completed Application includes:

1. A history and description of the applicant's business;

2. A description of the proposed project and a detailed breakdown of the use of the loan proceeds;

3. Annual financial statements for the three most recent years, including the balance sheets, operating statements and reconciliations of the source and application of funds;

4. A current interim statement, if the most recent annual financial statement is more than six months old;

5. Three years of projections, including the balance sheets, operating statements, reconciliation of the source and application of funds, and a detailing of the assumptions used in preparing the projections;
6. A list of the applicant's five largest suppliers, including the supplier name, address, telephone number, and contact person; and

7. A schedule of all officers, directors and stockholders (owning 10 percent or more of the stock), including resumes and signed, dated personal financial statements.

(d) The Authority may also require:

1. Appraisal(s) on real property and/or machinery and equipment;

2. Aging of accounts payable; and/or

3. Any additional information deemed necessary to evaluate the Application.

(e) Applications are processed through several layers of staff review, and may then be recommended for consideration and official action of the Members at a public meeting. The applicant has no right to have its Application presented to the Members.

19:31-4.4 Evaluation process

(a) When all of the required information is received, the Authority will perform its own credit evaluation based on the following:

1. Visitation to the applicant's place of business, which may take place prior to the Application as part of the meeting to determine eligibility;

2. An analysis of historic and projected financial statements and a comparison to industry peers;
3. An independent industry study using source material such as the U.S. Department of Commerce's Industrial Outlook and the Standard & Poor's Industry survey, comparing the applicant's projections to the study, and considering the short term and long term outlook for the industry;

4. Contact with applicant's suppliers to ascertain the length of the relationship, the amount of credit extended, the amount of purchases, payment history, the likelihood of the relationship being continued, and possibly an opinion of applicant's management;

5. Contact with applicant's bank(s) to ascertain credit history and an opinion of the applicant's management;

6. An analysis of collateral available to secure the requested financing as to adequacy of amount, quality, condition and marketability; and

7. Independent credit investigations of the applicant and its principals, which may include real estate searches, financing statement searches, and judgment and lien searches.

(b) After completing the above, a determination is made as to the merits of the request, the likelihood of repayment, and the adequacy of the collateral available to secure the requested financing.

(c) If a positive determination is made, the requested financing is presented to the Members for approval.

CHAPTER 31. SUBCHAPTER 7. LOCAL DEVELOPMENT FINANCING FUND

19:31-7.3 Application for financial assistance
(a) Each application for financial assistance from the Fund shall be accompanied by a non-refundable application fee of [$500.00] $1,000. A non-refundable commitment fee of .875 percent of the loan amount, is charged with the acceptance by an applicant of a direct loan commitment under the Local Development Financing Fund. The fee to be paid at closing is .875 percent of the loan amount.

(b)-(f) (No change.)

CHAPTER 31. SUBCHAPTER 10. BUSINESS EMPLOYMENT INCENTIVE PROGRAM

19:31-10.12. Fees

(a) A non-refundable application fee of [$500.00] $1,000 shall accompany every application for grant assistance.

(b) An annual servicing fee shall be paid to the Authority by the business and shall be deducted from the annual grant payment to the business. The servicing fee shall be [1.5] 2.0 percent of the annual grant disbursement with [a floor of $500.00 and] an annual cap of [$10,000] $75,000.

(c) A non-refundable Commitment Letter extension fee of [$750.00] $1,000 shall be paid for every extension of a Commitment Letter expiration date beyond the initial expiration date.

(d) A non-refundable fee of $750.00 shall be paid for each request for any administrative changes, additions or modifications to the grant; and, a non-refundable fee of $1,500 shall be paid for any major changes, additions or modifications to the grant, i.e., such as those requiring extensive staff time and Board approval.

(e) A non-refundable fee of $750.00 shall be paid for any extension to the expiration date of a grant.
(f) A non-refundable fee of $1,000 shall be paid at closing.

(g) A non-refundable post-benefit servicing fee of 20 percent of the final award shall be deducted at the time of disbursement for costs associated with monitoring annual job creation reports which, if all post award reporting is done pursuant to the grant agreement, shall be refunded at the end of the required reporting period with EDA retaining 1.0 percent per year for servicing costs.
BOND RESOLUTIONS
APPLICANT: Buona Vita, Inc.

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 1 South Industrial Blvd Bridgeton City (T/UA) Cumberland

GOVERNOR'S INITIATIVES:
( ) Urban Fund (X) Other Urban ( ) Edison ( ) Core ( ) RFG

APPLICANT BACKGROUND:
Buona Vita, Inc., founded in 1988, operates a 25,000 sq. ft. specialty food processing plant that manufactures precooked meatballs, meatloaf and beef braciola for major food service chains, package goods companies and retailers.

The Applicant received Authority assistance in 2000 and closed on a $1,970,000 tax-exempt bond to acquire new machinery and equipment. The 2000 Bond was purchased by Susquehanna Bank, formerly Minotola National Bank, for 10 years at fixed rate of 4.95%. The 2000 Bond is outstanding and in compliance.

APPROVAL REQUEST:
Authority assistance will enable the Applicant to purchase machinery and equipment for its manufacturing business. The new equipment will be more efficient than the current equipment and the Applicant estimates it will quadruple output.

FINANCING SUMMARY:

BOND PURCHASER: Susquehanna Bank DV (Direct Purchase)

AMOUNT OF BOND: $3,100,000 (Tax-exempt bond)

TERMS OF BOND: 10 years; Fixed rate of 4.25%.

ENHANCEMENT: N/A

PROJECT COSTS:

<table>
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<tr>
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<th>Amount</th>
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<tbody>
<tr>
<td>Purchase of equipment &amp; machinery</td>
<td>$3,100,000</td>
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<tr>
<td>Legal fees</td>
<td>$55,000</td>
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<td>Finance fees</td>
<td>$50,000</td>
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</table>

TOTAL COSTS $3,205,000

JOBS: At Application 55 Within 2 years 5 Maintained 0 Construction 0

PUBLIC HEARING: 09/09/08 (Published 08/26/08)

BOND COUNSEL: Obermayer, Rebmann, Maxwell &

DEVELOPMENT OFFICER: H. Friedberg

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

APPLICANT: Children's Choice of New Jersey, Inc. 
PROJECT USER(S): Same as applicant 
PREFERRED LOCATION: 211 Benigna Boulevard 
GOVERNOR'S INITIATIVES: ( ) Urban Fund ( ) Other Urban ( ) Edison (X) Core ( ) RFG 

APPLICANT BACKGROUND:
Children's Choice of New Jersey, Inc. was founded in 1982 as a nonprofit child welfare agency. Today, the focus is foster child case management, family placement, and child adoption services. With relocation of its National Headquarters to New Jersey, the applicant is planning on expanding services to include subsidized independent living, congregate care housing for the mental retardation population, day care and foster care charter schools. In 2007, 399 children were placed, 50% reunited with their birth families, and the balance adopted or have their kin achieving permanent legal custodianship. The applicant employs more than 200 staff and engages with 860 resource parents, who care for 1,117 children at present.

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 move its National Headquarters from Philadelphia to Bellmawr Borough and acquire a 39,000 s.f. building, situated on 1.5 acres.

FINANCING SUMMARY:
BOND PURCHASER: Oppenheimer & Co. Inc. (Underwriter) 
AMOUNT OF BOND: $4,000,000 Tax-Exempt Bond 
TERMS OF BOND: 30 years; 3 years interest only, followed by 27 year amortization of principal and interest; fixed rate to be determined at time of closing. The indicative rate as of August 19, 2008 is 6.85%.

ENHANCEMENT: N/A 

PROJECT COSTS:

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TOTAL COSTS $3,930,081
PUBLIC HEARING: 09/09/08 (Published 08/26/08)
DEVELOPMENT OFFICER: D. Benns
BOND COUNSEL: Obermayer, Rebmann, Maxwell &
APPROVAL OFFICER: M. Krug
APPLICANT: Mizco International, Inc. or Nominee

PROJECT USER(S): Same as applicant

GOVERNOR’S INITIATIVES:
( ) Urban Fund (X) Other Urban ( ) Edison ( ) Core ( ) RFG

APPLICANT BACKGROUND:
Mizco International, Inc. (Mizco), formed in 1990 in Brooklyn, is the oldest and largest manufacturer of aftermarket accessories for wireless phones, digital cameras, MP3 players and iPods under the Cellular Innovations and Digipower brands. The applicant is a family owned business and employs 70 people at the Brooklyn Army Terminal. Digipower’s products are well known as aftermarket batteries for all cell phone and digital camera models on the market. At peak production, the applicant assembles 7,000 battery packs per day. A number of the products are manufactured overseas. The applicant’s customer base includes 5,000 specialty retailers, with distribution to over 17,000 store fronts throughout the United States.

APPROVAL REQUEST:
Authority assistance will enable Mizco to acquire and renovate an 80,711 s.f. facility on 5 acres in Avenel, Middlesex County, and purchase machinery and equipment. The new facility will allow the company to consolidate all its operations into one facility. In 2007, the Authority approved for the applicant a ten year BEIP grant (P19347), with an estimated value of $357,000 over the term. The BEIP grant is anticipated to close on finalizing the purchase of the facility. In addition, at the June 10, 2008 Authority meeting, approval for a $2,000,000 LDFF loan was granted. To complete the project funding, Capital One, N.A. will be providing a $3,250,000 conventional loan and purchasing the $2,000,000 bond, in addition to Mizco’s $1,390,000 equity contribution to complete the funding of the $8,640,000 project cost.

FINANCING SUMMARY:
BOND PURCHASER: Capital One, N.A. (Direct Purchase)

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

TERMS OF BOND: 20 year term; 6 months interest only; variable interest rate equal to the tax-exempt equivalent of one-month Libor plus 150 basis points, with a call option at the end of ten years. On the closing date, the Borrower will enter into a 10 year swap agreement to a fixed rate (indicative rate as of 5/12/2008 is 4.10%)

ENHANCEMENT: N/A

PROJECT COSTS:

<table>
<thead>
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<th>Amount</th>
</tr>
</thead>
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<td><strong>TOTAL COSTS</strong></td>
<td><strong>$8,640,000</strong></td>
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JOBS: At Application 0 Within 2 years 85 Maintained 0 Construction 9

PUBLIC HEARING: 06/10/08 (Published 05/27/08) BOND COUNSEL: Wolff & Samson
DEVELOPMENT OFFICER: M. Abraham APPROVAL OFFICER: M. Krug
COMBINATION PRELIMINARY AND BOND RESOLUTIONS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: R.N. Foster Associates, LLC

PROJECT USER(S): Trolex Corporation *

PROJECT LOCATION: 20 Bushes Lane Edgewater Borough (N) Bergen

GOVERNOR'S INITIATIVES:
( ) Urban Fund ( ) Other Urban ( ) Edison (X) Core ( ) RFG

APPLICANT BACKGROUND:
R.N. Foster Associates, LLC, is a real estate holding company formed to acquire real estate for its operating company Trolex Corporation, a manufacturer of automatic dampers for HVAC systems. For over 40 years, Trolex dampers have been continually operating in homes and businesses throughout the world. Trolex manufactures a complete line of dampers for Original Equipment Manufacturers ("OEM"). The Company is currently operating from two buildings in Elmwood Park, NJ with 35 full-time employees.

APPROVAL REQUEST:
Authority assistance will enable the Applicant to acquire and renovate a 15,700 sq. ft. building on approximately 1 acre to consolidate its manufacturing operations into one building. The difference between the bond amount and the project costs will be funded by a line of credit provided by Capital One and the Applicant's equity.

FINANCING SUMMARY:
BOND PURCHASER: Capital One, N.A. (Direct Purchase)

AMOUNT OF BOND: $2,200,000 (Tax-exempt bond)

TERMS OF BOND: 20 years; Variable interest rate based on the tax-exempt equivalent of 30-day LIBOR plus 225 basis points, subject to 10 year call option. On the closing date, the Applicant will enter into a 10 year swap agreement with an interest rate estimated at 4.60%.

ENHANCEMENT: N/A

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of existing building</td>
<td>$1,845,000</td>
</tr>
<tr>
<td>Refinancing</td>
<td>$450,000</td>
</tr>
<tr>
<td>Renovation of existing building</td>
<td>$275,000</td>
</tr>
<tr>
<td>Legal fees</td>
<td>$100,000</td>
</tr>
<tr>
<td>Finance fees</td>
<td>$25,000</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$2,695,000</strong></td>
</tr>
</tbody>
</table>

JOBS: At Application 35 Within 2 years 15 Maintained 0 Construction 8

PUBLIC HEARING: 09/09/08 (Published 08/26/08)  BOND COUNSEL: Wolff & Samson
DEVELOPMENT OFFICER: P. Ceppi  APPROVAL OFFICER: T. Wells
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: Beth Medrash Govoha of Lakewood, Inc., a New Jersey Nonprofit P23197

PROJECT USER(S): Beth Medrash Govoha of America, a New Jersey * - indicates relation to applicant

PROJECT LOCATION: Several lots and blocks Lakewood Township (T/UA) Ocean

GOVERNOR'S INITIATIVES:
( ) Urban Fund (X) Other Urban ( ) Edison ( ) Core ( ) RFG

APPLICANT BACKGROUND:
Beth Medrash Govoha of Lakewood, Inc., a New Jersey Nonprofit Corporation ("BMG Lakewood" or "Applicant"), is a 501(c)(3) organization. It is organized and operated exclusively for charitable, religious, literary, scientific and educational purposes, particularly to: (a) help Orthodox Jewish religious and charitable organizations acquire support through contributions, endowments and foundations; and (b) to provide auxiliary services to the students of Rabbinical Seminaries, particularly Beth Medrash Govoha of America, a New Jersey Nonprofit Corporation and 501(c)(3) tax-exempt educational institution ("BMG America" or "Indirect Beneficiary/User"), including providing student housing among others.

BMG America, a Talmudic studies higher learning school, is a sectarian/religiously affiliated educational institution. BMG America, the owner of the project facilities, will master lease (long term lease) the student housing facilities to BMG Lakewood through a long term capital lease that will be financed with an upfront payment equal to the value of the full term of the lease, as determined by a qualified appraiser, and an ongoing lease obligation of $1 per year.

BMG Lakewood wishes to finance its upfront long term master lease payment to BMG America. BMG America will use the upfront long term lease payment for the acquisition of properties for new classroom space and refinancing its existing debt ($7.4 million NJEFA 2000 Bond issue, and $11.4 million Bank of America Credit Line) incurred for constructing and equipping a dining hall building, renovating a portion of a single-student dormitory, renovation of the main administrative building among others and for acquisition of properties for married student housing and dorm renovation among others, respectively.

The student housing facility will be open to the students of BMG America exclusively. The school is open to all male members of the community regardless of race, religious affiliation or color.

Applicant is a 501(c)(3), not-for-profit entity for which 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. The Project will have significant impact in this targeted urban municipality by helping maintain existing 98 full-time and 103 part-time jobs and by creating 60 new full-time and 35 part-time jobs within two years.
APPROVAL REQUEST:
Authority assistance will enable the Applicant to acquire interest in the real property located at the project location (by funding its purchase of long term lease interest) plus pay the costs of issuance.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT:  N/A

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Lease</td>
<td>$27,571,250</td>
</tr>
<tr>
<td>Finance fees</td>
<td>$195,000</td>
</tr>
<tr>
<td>Legal fees</td>
<td>$120,000</td>
</tr>
<tr>
<td>Appraisal,Title Ins</td>
<td>$90,750</td>
</tr>
<tr>
<td>Other</td>
<td>$23,000</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$28,000,000</strong></td>
</tr>
</tbody>
</table>

JOBS:  At Application  98  Within 2 years  60  Maintained  0  Construction  0

PUBLIC HEARING: 09/09/08 (Published 08/25/08)  BOND COUNSEL:  Archer & Greiner
DEVELOPMENT OFFICER:  R. Fischer  APPROVAL OFFICER:  D. Sucsuz
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: American Water Capital Corp.  P23612

PROJECT USER(S): New Jersey-American Water Company, Inc. *  * - indicates relation to applicant
PROJECT LOCATION: Various Statewide (N) Multi Count

GOVERNOR'S INITIATIVES:
( ) Urban Fund ( ) Other Urban ( ) Edison (X) Core ( ) RFG

APPLICANT BACKGROUND:
American Water Capital Corp., incorporated in May 2000, was formed to facilitate low cost financings for the subsidiaries of American Water Works Company, Inc., including New Jersey-American Water Company, (NJAWC) and the former Elizabethtown Water Company, which was merged into NJAWC in 2006. NJAWC is a regulated public utility corporation, engaged in the production, treatment and distribution of water and collection of sewage within its defined service territory within the State of New Jersey. NJAWC's service territory includes portions of the following counties: Atlantic, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Union and Warren. Within its territory, NJAWC serves approximately 590,250 water customers and approximately 27,000 sewer customers in 177 municipalities. Today, NJAWC is a wholly-owned subsidiary of American Water Works Company, Inc., the largest investor-owned U.S. water and wastewater utility company, with headquarters in Voorhees, N.J.

The NJAWC and the former Elizabethtown Water Co. have been long-standing EDA applicants since 1979 totalling over $500 million in tax exempt bond financing. The outstanding bond financings subject of this refunding request are:

<table>
<thead>
<tr>
<th>CLOSED</th>
<th>AMOUNT</th>
<th>PURPOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>P6992</td>
<td>11/8/94</td>
<td>$65,000,000 Construct/renovate/upgrade treatment &amp; water facilities in various municipalities within 13 counties</td>
</tr>
<tr>
<td>P9561</td>
<td>6/6/97</td>
<td>$50,000,000 Construct Treatment Plant in Franklin Twp. Somerset Co.</td>
</tr>
<tr>
<td>P13325</td>
<td>5/30/02</td>
<td>$35,000,000 Upgrade treatment plants in Somerset, Mercer and Union Counties</td>
</tr>
</tbody>
</table>

This project qualifies for Authority assistance as an Exempt Public Facility (water treatment) under Section 142(a)(4) of the Internal Revenue Code of 1986 as amended and is exempt from the $20 million capital expenditure limitation.

REFUNDING REQUEST:
Authority assistance will enable the Applicant to refund the outstanding balance of the existing Water Facilities Bonds of NJ-American Water Company Project Series 1994A; Elizabethtown Water Company Project Series 1997A, 1997B and 2002A. The difference between the bond amount and project costs will be funded with Applicant's equity. BPU approval of the proposed refunding was received on August 20, 2008.
FINANCING SUMMARY:

BOND PURCHASER: Morgan Stanley (Senior Manager)

AMOUNT OF BOND: $150,000,000 (Tax-exempt bond)

TERMS OF BOND: 40 years (max.); Fixed interest rate not to exceed 10% with an estimated rate of 6.785%.

ENHANCEMENT: N/A

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal amount of bond to be refunded</td>
<td>$150,000,000</td>
</tr>
<tr>
<td>Finance fees</td>
<td>$937,500</td>
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<tr>
<td>Legal fees</td>
<td>$100,000</td>
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<tr>
<td>Accounting fees</td>
<td>$10,000</td>
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<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$151,047,500</strong></td>
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</tbody>
</table>

Within 2 years

PUBLIC HEARING: 09/09/08 (Published 08/26/08)  BOND COUNSEL: Wolff & Samson

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

APPLICANT: Accurate Box Co. Inc.

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 86 Fifth Avenue Paterson City (T/UA) Passaic

GOVERNOR'S INITIATIVES:
(X) Urban Fund ( ) Other Urban ( ) Edison ( ) Core ( ) RFG

APPLICANT BACKGROUND:
Accurate Box Co. Inc., established in 1945, is a manufacturer of folding paper boxes, cartons, and display cards for the hardware, toy, food and beverage industries. It currently operates from a 287,000 sq. ft. facility in Paterson, Passaic County.

In 2006, Accurate Box closed on a $7,735,000 tax-exempt and taxable bond issue (Appl. P17540 & P17541), proceeds of which refunded the $1.9 million outstanding balance of prior EDA bonds, the refinancing of conventional debt and the purchase of certain machinery and equipment. The 2006 Bonds were underwritten by Wells Fargo Brokerage Services at a variable interest rate, reset weekly, for a term of 15 years. Sun National Bank issued a direct pay letter of credit to secure the 2006 Bonds, with a confirming letter of credit from Wells Fargo Bank.

Accurate Box has been a customer of the NJEDA since 1980 and in addition to prior tax exempt bond financings to acquire the Paterson facility and the purchase of machinery and equipment, the Applicant has received EDA direct and LDFF loans for working capital and the purchase of machinery and equipment. The EDA loans have been paid in full.

APPROVAL REQUEST:
Authority assistance will enable the Applicant to purchase various machinery and equipment (press, compressor, and laminator), make leasehold improvements to the manufacturing area to accomodate the new equipment and upgrade existing equipment.

In addition to the tax-exempt bond, the Project will be funded with the proceeds of $3 million of Authority assistance (Appl. P22835) under the Urban Plus program and the Applicant’s equity contribution. The Urban Plus loan is also being presented at the September 9, 2008 Board meeting.

FINANCING SUMMARY:

BOND PURCHASER: Wells Fargo Brokerage Services, LLC (Underwriter)

AMOUNT OF BOND: $7,000,000 (max.) (Tax-exempt bond)

TERMS OF BOND: 11 years; Variable interest rate not to exceed 10%. (Estimated rate as of 8/26/2008 is 1.76%)

ENHANCEMENT: ( L/C - Sun National Bank - 1.0 Yr.)

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of equipment &amp; machinery</td>
<td>$9,150,000</td>
</tr>
<tr>
<td>Renovation of existing building</td>
<td>$1,025,000</td>
</tr>
<tr>
<td>Renovation of existing equipment &amp; machi</td>
<td>$250,000</td>
</tr>
<tr>
<td>Legal fees</td>
<td>$30,000</td>
</tr>
<tr>
<td>Engineering &amp; architectural fees</td>
<td>$25,000</td>
</tr>
<tr>
<td>Finance fees</td>
<td>$25,000</td>
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</tbody>
</table>

TOTAL COSTS $10,505,000
JOBS:  At Application  150  Within 2 years  15  Maintained  0  Construction  31

PUBLIC HEARING: 09/09/08 (Published 08/26/08)  BOND COUNSEL:  Wolff & Samson
DEVELOPMENT OFFICER: M. Abraham  APPROVAL OFFICER: T. Wells
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - DIRECT LOAN PROGRAM

APPLICANT: Accurate Box Co. Inc.  
PROJECT USER(S): Same as applicant  
PROJECT LOCATION: 86 Fifth Avenue  
GOVERNOR'S INITIATIVES: (X) Urban Fund  
APPLICANT BACKGROUND:
Accurate Box Co., Inc. ("ABOX") was founded in 1944 by Henry E. Hirsh, the father of Charles Hirsh, Chairman, and the grandfather of Lisa Hirsh, President & CEO. ABOX manufactures paperboard packaging and displays, and sells to customers throughout the United States. Subject operates out of a 285,000 square foot facility in Paterson which is leased from a real estate company controlled by the founders.
This project involves new financing for equipment (primarily a KBA Planeta Printing Press, Bobst Asitrade Laminator as well as a used aerator, repair of an existing printing press) and to a lesser extent the related architectural, engineering, finance and legal fees.

APPROVAL REQUEST:
The applicant has requested a $3 million loan under the Urban Plus Program.

FINANCING SUMMARY:
LENDER: NJEDA
AMOUNT OF LOAN: $3,000,000
TERMS OF LOAN: Fixed at 3/2 of the Federal Discount Rate at closing for five years with a floor of 2.00%. Rate reset at the five-year anniversary at a similar index with a floor of 2.00%. Ten-year term, ten-year amortization.

PROJECT COSTS:

<table>
<thead>
<tr>
<th>JOBS</th>
<th>TOTAL COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td></td>
</tr>
<tr>
<td>150</td>
<td>0</td>
</tr>
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<td>15</td>
<td>0</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>Construction</td>
</tr>
<tr>
<td>0</td>
<td>31</td>
</tr>
</tbody>
</table>

* - Indicates that there are project costs reported on a related application.

DEVELOPMENT OFFICER: M. Abraham  
APPROVAL OFFICER: M. Conte
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: ONB Holding Group LLC and The Exhibit Company Inc.  P23484

PROJECT USER(S): The Exhibit Company Inc. *
* - indicates relation to applicant

PROJECT LOCATION: 239 Old New Brunswick Road   Piscataway (T)  Middlesex County

GOVERNOR'S INITIATIVES:
( ) Urban Fund  ( ) Other Urban  ( ) Edison  (X) Core  ( ) RFG

APPLICANT BACKGROUND:
ONB Holding Group LLC is a real estate holding company formed to acquire real estate for its operating company, The Exhibit Company, a manufacturer of custom-built exhibits and displays. The Exhibit Company provides detailed management, cutting-edge design, meticulous fabrication and attentive field service of custom-built exhibits and displays. The Exhibit Company is currently located in Long Island City, NY and intends to relocate into New Jersey.

APPROVAL REQUEST:
Authority assistance will enable the Applicant to purchase 5 acres of land and an 88,000 sq. ft. building; make renovations and purchase machinery and equipment to relocate its operations into New Jersey and create 40 new jobs.

Other sources of funds include EDA direct loan of $1,250,000 (Appl. P23554) and the Applicant’s equity. The direct loan application is also being presented at the September 9, 2008 Board meeting.

FINANCING SUMMARY:

BOND PURCHASER: Sovereign Bank (Direct Purchase)

AMOUNT OF BOND: $4,639,000 (Tax-exempt bond)  $500,000 (Tax-exempt bond)

TERMS OF BOND: 25 years; 6 mos. interest only; Variable interest rate based on the tax exempt equivalent of 30-day LIBOR plus 200 basis points, subject to call options and rate resets on 10th and 20th anniversaries at the same rate index. On the closing date, the Borrower will enter into a 10 year swap agreement, estimated interest rate is 4.45%.

10 years; Variable interest rate based on the tax exempt equivalent of 30-day LIBOR plus 200 basis points; subject to 5 yr. call option and rate reset at the same rate index. On the closing date, the Borrower will enter into a 5 yr. swap agreement to a fixed rate, estimated at 4.29%.

ENHANCEMENT: N/A

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of existing building</td>
<td>$6,139,000</td>
</tr>
<tr>
<td>Purchase of equipment &amp; machinery</td>
<td>$500,000</td>
</tr>
<tr>
<td>Renovation of existing building</td>
<td>$361,000</td>
</tr>
<tr>
<td>Legal fees</td>
<td>$20,000</td>
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<tr>
<td>Finance fees</td>
<td>$20,000</td>
</tr>
<tr>
<td>Accounting fees</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

TOTAL COSTS $7,060,000
JOBS: At Application 0  Within 2 years 64  Maintained 0  Construction 11

PUBLIC HEARING: 09/09/08 (Published 08/26/08)  BOND COUNSEL Wolff & Samson
DEVELOPMENT OFFICER: M. Abraham  APPROVAL OFFICER: T. Wells
APPLICANT: ONB Holding Group LLC and The Exhibit Company Inc.  P23554

PROJECT USER(S): The Exhibit Company *

PROJECT LOCATION: 239 Old New Brunswick Road Piscataway (T) Middlesex

GOVERNOR'S INITIATIVES:
( ) Urban Fund ( ) Other Urban ( ) Edison (X) Core ( ) RFG

APPLICANT BACKGROUND:
The Exhibit Company (TEC), through a newly created real estate holding company ONB Holding Group LLC (ONB), is purchasing a building and property located at 239 Old New Brunswick Road, Piscataway for $6,139,000.

ONB is owned by Frank Geraci (2%), Gaetano Geraci (49%) and Richard Realbuto (49%). Richard Realbuto, Vice President/CFO of TEC, is the son-in-law of Frank and is expected to acquire some ownership in TEC in the near future.

TEC provides management, design, fabrication and field service of custom-built exhibits and displays. Frank Geraci owns 90% and his son Gaetano Geraci owns 10% of the company.

APPROVAL REQUEST:
Approve a $1,250,000 Direct Loan.

FINANCING SUMMARY:
LENDER: NJEDA

AMOUNT OF LOAN: $1,250,000

TERMS OF LOAN: 10-Year Term/20-Year Amortization
Fixed Rate at the 5-Year UST, with a floor of 3% or a Variable Rate of Prime - 4% with a floor of 2%.
After Year-5 the rate will be reset at the same index.
5-Year Call Provision

PROJECT COSTS:

<table>
<thead>
<tr>
<th>TOTAL COSTS</th>
<th>$0 *</th>
</tr>
</thead>
</table>

* - Indicates that there are project costs reported on a related application.

JOBS:
At Application 0 Within 2 years 0 Maintained 0 Construction 0
Jobs on Related 23484 0 64 0 11

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: J. Wentzel
DIRECT LOANS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - DIRECT LOAN PROGRAM

APPLICANT: Print Tech LLC
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 1154 Route 22 West, Mountainside Borough (N), Union

GOVERNOR'S INITIATIVES:
( ) Urban Fund ( ) Other Urban ( ) Edison (X) Core ( ) RFG

APPLICANT BACKGROUND:
Print Tech, LLC ("PTL") was formed in 1978 as a provider of commercial and retail printing services. The company currently has 37 employees and operates from two facilities (Westfield and Mountainside). PTL is seeking to refinance a $400,000 equipment lease for a Xerox digital press that was purchased in 2005 to improve its cash flow. The proposed loan will be secured by the real estate located at 361 South Avenue, which is owned by a related entity, Evans Real Estate Partnership ("ERE").

Of note, the EDA provided two participation loans to Russell and Mitchell Evans in 1993 that totaled $250,000. Both loans were paid as agreed and have paid in full.

APPROVAL REQUEST:
Approval is requested for a $400,000 loan as proposed.

FINANCING SUMMARY:
LENDER: NJEDA
AMOUNT OF LOAN: $400,000
TERMS OF LOAN: Rate fixed at five-year Treasury plus 50bp with a floor of 3% or floating at Prime minus 300bp with a floor of 2%. 5-year term, 10-year amortization.

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refinancing</td>
<td>$400,000</td>
</tr>
<tr>
<td>Finance fees</td>
<td>$4,000</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$404,000</strong></td>
</tr>
</tbody>
</table>

JOBS: At Application 37 Within 2 years 0 Maintained 37 Construction 0

DEVELOPMENT OFFICER: M. Abraham
APPROVAL OFFICER: S. Brady
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - DIRECT LOAN PROGRAM

APPLICANT: TJM Properties II, LLC
PROJECT USER(S): In Moda.Com, Inc. *
PROJECT LOCATION: 87 Goffle Road
                  Hawthorne Borough (N) Passaic
GOVERNOR'S INITIATIVES:
                     ( ) Urban Fund ( ) Other Urban ( ) Edison (X) Core ( ) RFG

APPLICANT BACKGROUND:
In Moda.com, Inc. ("IMC") was formed in 2002 as a designer and wholesaler of woman's garments. The business currently has 25 employees and operates from a 25,000 square-foot leased facility in Brooklyn, NY. IMC has also been utilizing public storage facilities as the current location can no longer support operations due to increasing demand. The company is seeking to purchase a 158,000 square-foot facility in Hawthorne, NJ for $3.4 million to facilitate business expansion. IMC will occupy 51% of the property with 12 existing tenants in the remaining space. Cross River Bank has approved a $1,550,000 mortgage contingent upon a $1,000,000 EDA loan.

TJM Properties II, LLC ("TJM") is a related real estate holding company that was formed for the purchase and management of the project property.

APPROVAL REQUEST:
Approval is requested for a $1,000,000 loan as proposed.

FINANCING SUMMARY:
LENDER: NJEDA
AMOUNT OF LOAN: $1,000,000
TERMS OF LOAN: Rate fixed at five-year Treasury plus 150bp with a floor of 3% or floating at Prime minus 100bp with a floor of 2%. 10-year term, 20-year amortization with a rate reset at the end of year five at the same index.

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of existing building</td>
<td>$3,400,000</td>
</tr>
<tr>
<td>Finance fees</td>
<td>$13,000</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$3,413,000</strong></td>
</tr>
</tbody>
</table>

JOBS: At Application 0 Within 2 years 25 Maintained 0 Construction 0

DEVELOPMENT OFFICER: M. Abraham
APPROVAL OFFICER: S. Brady
STATEWIDE LOAN POOL PROGRAM
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STATEWIDE LOAN POOL PROGRAM

APPLICANT: LLC Entity To Be Formed

PROJECT USER(S): D.L. Myers Corp. t/a SP Sheet Metal Co. *
SP Marine Services, LLC *

PROJECT LOCATION: 446 North Main Street Barnegat Township (T) Ocean

GOVERNOR'S INITIATIVES:
( ) Urban Fund ( ) Other Urban ( ) Edison (X) Core ( ) RFG

APPLICANT BACKGROUND:
Applicant is a real estate holding company to be formed to acquire a 4,500 square foot building which will be occupied entirely by D.L. Myers Corp. t/a SP Sheet Metal Co. and SP Marine Services, LLC. All three entities are controlled by Darren Myers who purchased D.L. Myers in 1997. D.L. Myers fabricates and manufactures stainless steel marine fuel tanks and does HVAC work for the pharmaceutical industry, supermarket refrigeration systems, and custom sheet metal fabrication. SP Marine Services provides warranty and repair work for individual boat owners and was started in April of 2007.

APPROVAL REQUEST:
Approval of a $347,625 NJEDA participation in a $695,250 loan with NJM Bank FSB under the Statewide Loan Pool program is requested.

FINANCING SUMMARY:
LENDER: NJM Bank FSB

AMOUNT OF LOAN: $695,250 bank loan with a $347,625 (50%) Authority participation

TERMS OF LOAN: Fixed at 6.75% for ten years. Twenty-year term with a rate reset at the ten-year anniversary (reset index at the then prevailing FHLBNY rate plus 2.00% for an additional 10 years).

TERMS OF PARTICIPATION: Fixed for five years at the time of closing at the five-year US Treasury plus .50% with a floor of 3.00%. Rate reset after 5 years at the same index. Ten year term based on a twenty-year amortization.

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of existing building</td>
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<td>Renovation of existing building</td>
<td>$30,000</td>
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<tr>
<td>Closing Costs</td>
<td>$19,650</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$822,150</strong></td>
</tr>
</tbody>
</table>

JOBS: At Application 11 Within 2 years 4 Maintained 0 Construction 1

DEVELOPMENT OFFICER: R. Fischer

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

APPLICANT: ULCO Realty, LLC                   P22205
PROJECT USER(S): AMB Enterprises, LLC dba Baker Adhesives * * - indicates relation to applicant
PROJECT LOCATION: 125 5th Avenue                Paterson City (T/UA)          Passaic

GOVERNOR'S INITIATIVES:
(X) Urban Fund  () Other Urban  () Edison  () Core  () RFQ

APPLICANT BACKGROUND:
AMB Enterprises LLC ("AMB") was formed in 2005 by Anthony Bucco and William Zelman to acquire the
assets of Baker Adhesives, a manufacturer of commercial adhesives that was founded in 1971. AMB
currently has 10 employees and operates from a 25,000 square foot facility in Newark. The property is
owned by a related entity, ULCO Realty, LLC ("ULCO"), and the purchase was funded with a $500,000 BGF
loan that had a 50% ($250,000) EDA guarantee. ULCO is now seeking to sell the Newark facility and
purchase the 27,000 square-foot property located at 125-139 and 126-128 5th Avenue in Paterson for
$1,275,000.

Heritage Community Bank ("HCB") has approved a $765,000 mortgage contingent upon a $255,000 LDFF
loan and a $255,000 equity contribution.

APPROVAL REQUEST:
Approval is requested for a $255,000 LDFF loan as proposed.

FINANCING SUMMARY:
LENDER: LDFF
AMOUNT OF LOAN: $255,000
TERMS OF LOAN: Rate fixed at closing at 1/2 of the Federal Discount rate with a floor of 2%,
10-year term with a 20-year amortization with a rate reset at the end of the fifth
year at the same index.

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of existing building</td>
<td>$1,275,000</td>
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<tr>
<td>Finance fees</td>
<td>$8,000</td>
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<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>$1,283,000</strong></td>
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</table>

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

DEVELOPMENT OFFICER: M. Abraham
APPROVAL OFFICER: S. Brady
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
       Chief Executive Officer

DATE: September 9, 2008

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

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

Private Grant:
Kevin Davenport ............................................................. $109,965
Dorothy Sloan .............................................................. $203,128
Carol Zajac ................................................................. $113,379

Total UST funding for September 2008 ................................ $426,472

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

APPLICANT: Kevin Davenport
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 2431 Allenwood Lakewood Rd. Wall Township (N) Monmouth
GOVERNOR'S INITIATIVES:
( ) Urban Fund ( ) Other Urban ( ) Edison ( ) Core ( ) RFG

APPLICANT BACKGROUND:
Kevin Davenport 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 $109,965 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $10,997 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: $109,965
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Upgrade, Closure, Remediation</td>
<td>$109,965</td>
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<tr>
<td>NJDEP oversight cost</td>
<td>$10,997</td>
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<tr>
<td>EDA administrative cost</td>
<td>$250</td>
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<td><strong>TOTAL COSTS</strong></td>
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APPROVAL OFFICER: L. Petrizzi
APPLICANT: Dorothy Sloan

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 28 Maplewood Place

GOVERNOR'S INITIATIVES:
( ) Urban Fund ( ) Other Urban ( ) Edison ( ) Core ( ) RFG

APPLICANT BACKGROUND:
Dorothy Sloan received a grant in August 2007 under P18430 in the amount of $4,505 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 soil and groundwater remediation 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 $203,128 to perform the approved scope of work at the project site, for a total funding to date of $207,633.

The NJDEP oversight fee of $20,313 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: $203,128

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Upgrade, Closure, Remediation</td>
<td>$203,128</td>
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<tr>
<td>NJDEP oversight cost</td>
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<td>EDA administrative cost</td>
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<td><strong>TOTAL COSTS</strong></td>
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</table>

APPROVAL OFFICER: L. Petrizzi
APPLICANT: Carol Zajac
PROJECT USER(S): Same as applicant
PROJECT LOCATION: 310 Cambourne Dr. Dover Township (T) Ocean
GOVERNOR'S INITIATIVES:
( ) Urban Fund ( ) Other Urban ( ) Edison ( ) Core ( ) RFG
APPLICANT BACKGROUND:
Carol Zajac is a homeowner seeking to remove a leaking 500-gallon residential #2 heating underground storage tank (UST) and perform extensive remediation and site restoration. 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 $113,379 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $11,338 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 $113,379
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Upgrade, Closure, Remediation</td>
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<td>TOTAL COSTS</td>
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APPROVAL OFFICER: L. Petrizzi
TO: Members of the Authority
FROM: Caren S. Franzini
Chief Executive Officer
DATE: September 09, 2008
SUBJECT: Petroleum Underground Storage Tank Program - Delegated Authority Approvals
(For Informational Purposes Only)

Pursuant to the Boards approval on May 9, 2006, the Chief Executive Officer ("CEO") and Sr. Vice-President ("SVP") of Operations have been given the authority to approve initial grants under the Hazardous Discharge Site Remediation Fund and Petroleum Storage Tank programs up to $100,000 and supplemental grants up to an aggregate of $100,000.

In August 2006, the Petroleum Underground Storage Tank Program legislation was amended to allow funding for the removal/closure and replacement of non-leaking residential underground storage tanks. The limits allowed under the amended legislation are $1,200 for the removal/closure and $3,000 for the removal/closure and replacement of a non-leaking residential underground storage tank.

Below is a summary of the Delegated Authority approvals processed by Program Services for the period August 01, 2008 to August 31, 2008

<table>
<thead>
<tr>
<th>Summary:</th>
<th># of Grants</th>
<th>$ Amount</th>
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<tbody>
<tr>
<td>Leaking tank grants awarded</td>
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<td>$1,947,067</td>
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<tr>
<td>Non-leaking tank grants awarded</td>
<td>167</td>
<td>$422,972</td>
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<table>
<thead>
<tr>
<th>Applicant</th>
<th>Description</th>
<th>Grant Amount</th>
<th>Awarded to Date</th>
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<tbody>
<tr>
<td>Andersen, Paul (P23238)</td>
<td>Initial grant for upgrade, closure and remediation</td>
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<td>$21,840</td>
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<td>Bartley, Richard (P22416)</td>
<td>Initial grant for upgrade, closure and remediation</td>
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<td>Bauer, Bhagavan (P23356)</td>
<td>Initial grant for upgrade, closure and remediation</td>
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<td>Initial grant for upgrade, closure and remediation</td>
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<td>Bennett, Peter and Janet (P22423)</td>
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<td>Initial grant for upgrade, closure and remediation</td>
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<td>Brennan, Patti (P23166)</td>
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<tr>
<td>Applicant</td>
<td>Description</td>
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<td>------------------------------------------</td>
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<tr>
<td>Brodie, Rick and Geraldine (P22892)</td>
<td>Initial grant for upgrade, closure and remediation</td>
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<tr>
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<td>Davis, Charles (P22343)</td>
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<td>Duffy, Raymond (P23154)</td>
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<td>Evanoff, Gilbert and Linda (P22745)</td>
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<tr>
<td>Applicant</td>
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<td>Awarded to Date</td>
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<tr>
<td>-----------</td>
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<td>Katok, Marting and Dinah (P22383)</td>
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<tr>
<td>Applicant</td>
<td>Description</td>
<td>Grant Amount</td>
<td>Awarded to Date</td>
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<tr>
<td>-----------</td>
<td>-------------</td>
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<tr>
<td>Mack, Henry (P22547)</td>
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<td>Marella, John (P22846)</td>
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<tr>
<td>Marx, Giovanna (P22632)</td>
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<td>McGuire, George W. and Carol (P23176)</td>
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<td>Norcross, Jack (P22804)</td>
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<td>O'Connor, Timothy and Stephanie (P22601)</td>
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<td>O'Hara, Edward and Judith (P22103)</td>
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<td>Pannullo, Mary (P23206)</td>
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<td>Petry, Robert (P22706)</td>
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<tr>
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108 Grants

Total Delegated Authority funding for Leaking applications. $1,947,067

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<td>$1,200</td>
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</tr>
<tr>
<td>Wisniewski, Kenneth C. Sr.</td>
<td>Grant to remove an underground storage tank and install an above ground storage tank</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>(P23104)</td>
<td></td>
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</tr>
<tr>
<td>Wooding, Charles (P23169)</td>
<td>Grant to remove an underground storage tank and install an above ground storage tank</td>
<td>$3,000</td>
<td>$3,000</td>
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<tr>
<td>Woods, John (P23253)</td>
<td>Grant to remove an underground storage tank and install an above ground storage tank</td>
<td>$3,000</td>
<td>$3,000</td>
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<tr>
<td>Zhang, Jun (P23237)</td>
<td>Grant to remove an underground storage tank</td>
<td>$1,200</td>
<td>$1,200</td>
</tr>
</tbody>
</table>

**167 Grants**

**Total Delegated Authority funding for Non-Leaking applications:** $422,972

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

Prepared by: Lisa Petrizzi, Finance Officer
HAZARDOUS DISCHARGE SITE REMEDIATION FUND PROGRAM
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
      Chief Executive Officer

DATE: September 9, 2008

SUBJECT: Hazardous Discharge Site Remediation Fund Program

The following municipal projects have been approved by the Department of Environmental Protection for grants to perform preliminary assessment site, site investigation, remedial investigation, and remedial action activities. The scope of work is described on the attached project summaries.

Municipal Grants:
Camden Redevelopment Agency (ABC Barrel Company) ................... $81,425
Jersey City Redevelopment Agency (Turnpike Dump #5) ................... $4,337,346

Total HDSRF funding for September 2008 ................................... $4,418,771

Prepared by:  Lisa Petrizzi
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIAION - MUNICIPAL GRANT

APPLICANT: Camden Redevelopment Agency (ABC Barrel Company) P23392
PROJECT USER(S): Same as applicant *
PROJECT LOCATION: 314-322 North Front Street Camden City (T/UA) Camden

GOVERNOR'S INITIATIVES:
(X) Urban Fund  () Other Urban  () Edison  () Core  () RFG

APPLICANT BACKGROUND:
The Camden Redevelopment Agency received grant funding to perform a Preliminary Assessment (PA) in the amount $102,779 at the ABC Barrel Company project site on 10/9/96 under P8678, a grant to perform a Site Investigation (SI) in the amount of $30,349 on 12/9/98 under P8678s and a grant to perform a Remedial Investigation (RI) in the amount of $20,952 on 11/15/07. The project site was previously used as a commercial drum storage facility and has areas of environmental concerns (AOC's) based on the investigation activities performed to date. NJDEP is currently requiring and has approved the Remedial Investigation (RI) activities for the project site. The Camden Redevelopment Agency currently owns the project site and has satisfied Proof of Site Control. It's the City's intent, upon completion of the environmental investigation activities, to redevelop the project site for mixed-use.

NJDEP has approved supplemental RI grant funding on the above-referenced project site and finds the project technically eligible under the HDSRF Program, Category 2, Series A.

APPROVAL REQUEST:
The Camden Redevelopment Agency is now requesting additional grant funding to perform RI activities required by NJDEP in the amount of $81,425 at the ABC Barrel Company project site, for total funding to date of $235,505.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT $81,425
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remedial investigation</td>
<td>$74,023</td>
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<tr>
<td>NJDEP oversight cost</td>
<td>$7,402</td>
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<tr>
<td>EDA administrative cost</td>
<td>$500</td>
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<tr>
<td>TOTAL COSTS</td>
<td>$81,925</td>
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</tbody>
</table>

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

APPLICANT: Jersey City Redevelopment Agency (Turnpike Dump #5) P23625
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 325 Skinner Memorial Drive Jersey City (T/UA) Hudson
GOVERNOR'S INITIATIVES:
(X) Urban Fund ( ) Other Urban ( ) Edison ( ) Core ( ) RFG

APPLICANT BACKGROUND:
Jersey City Redevelopment Agency received a grant in April 2008 in the amount of $483,524 under P21229 to perform a Preliminary Assessment (PA) and Remedial Investigation (RI) and a grant in August 2008 in the amount of $98,984 under P22305 to perform additional RI activities. The project site, identified as Block 60, Lot 19H, 19R and 19Q has been historically used for operations associated with the rail road, which had tracks running through the site, is located in a Brownfield Development Area (BDA) and has potential environmental areas of concern (AOC's). The City of Jersey City currently owns the project site and has satisfied Proof of Site Control. It is the Agency's intent, upon completion of the environmental investigation activities, to redevelop the project site for commercial and residential re-use.

NJDEP has approved the request for RA funding on the above-referenced project site and finds the project technically eligible under the HDSRF Program, Category 2, Series A. According to the Legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of RA for projects within a BDA. The total annual amount allowed for a municipality, county or redevelopment entity that contains a BDA is $5,000,000 per calendar year. This grant award is under the 75% allowable limit and will not exceed the balance of funding for 2008.

APPROVAL REQUEST:
The Jersey City Redevelopment Agency is requesting supplemental grant funding to perform RA in the amount of $4,337,346 at the Turnpike Dump #5 project site, for a total funding to date of $4,919,854.

FINANCING SUMMARY:
GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: $4,337,346
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Remedial Action</td>
<td>$8,177,685</td>
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<td>EDA administrative cost</td>
<td>$500</td>
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<td><strong>TOTAL COSTS</strong></td>
<td><strong>$8,178,185</strong></td>
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</table>

APPROVAL OFFICER: L. Petrizzi
TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: September 9, 2008

SUBJECT: Hazardous Discharge Site Remediation Fund - Delegated Authority Approvals
(For Informational Purposes Only)

Pursuant to the Board's approval on May 9, 2006, the Chief Executive Officer ("CEO") and Sr. Vice-President of Operations ("SVP") have been given the authority to approve initial grants under the Hazardous Discharge Site Remediation Fund and Petroleum Underground Storage Tank programs up to $100,000 and supplemental grants up to an aggregate of $100,000.

Below is a summary of the Delegated Authority approval processed by the Division of Program Services for the month of August, 2008.

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Description</th>
<th>Grant Amount</th>
<th>Awarded to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Burlington (Aqua Lane Redevelopment Area) P23212</td>
<td>Initial grant to perform remedial action activities to redevelop for affordable housing</td>
<td>$64,625</td>
<td>$64,625</td>
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<tr>
<td>Borough of Butler (Tri-Boro First Aid Squad) P21872</td>
<td>Initial grant to perform preliminary assessment and site investigation activities to redevelop for recreational use</td>
<td>$23,122</td>
<td>$23,122</td>
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<tr>
<td>Town of Kearny (941 Passaic Avenue, LLC) P22855</td>
<td>Initial grant to perform site investigation and remedial investigation activities to redevelop for open space/recreation</td>
<td>$98,973</td>
<td>$98,973</td>
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<tr>
<td>Organization</td>
<td>Grant Purpose</td>
<td>Amount</td>
<td>Total</td>
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</tr>
<tr>
<td>Main Pacific and Petroleum, Inc. P22841</td>
<td>Supplemental 25% matching grant to perform remedial action activities</td>
<td>$86,124</td>
<td>$1,162,859</td>
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<tr>
<td></td>
<td>*this amount includes grant approved previously by the Board and this does not exceed the supplemental aggregate limit</td>
<td></td>
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<tr>
<td>County of Middlesex (Former Red’s Marina) P22713</td>
<td>Supplemental grant to perform remedial action activities to redevelop for open space/recreation</td>
<td>$98,707</td>
<td>$162,742</td>
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<tr>
<td>City of Paterson (Salvatore Verga) P22721</td>
<td>Supplemental grant to perform site investigation activities to redevelop for mixed-use</td>
<td>$26,438</td>
<td>$33,588</td>
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<tr>
<td>City of Perth Amboy (1027 State Street) P23475</td>
<td>Supplemental grant to perform site investigation activities to redevelop for commercial use</td>
<td>$7,624</td>
<td>$43,107</td>
</tr>
<tr>
<td>City of Plainfield (Arlington) P22183</td>
<td>Initial grant to perform preliminary assessment, site investigation and remedial investigation activities to redevelop for residential</td>
<td>$45,948</td>
<td>$45,948</td>
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<tr>
<td>South Amboy Redevelopment Agency (Spectreserve Property) P22858</td>
<td>Initial grant to perform preliminary assessment, site investigation and remedial investigation activities to redevelop for transportation</td>
<td>$96,371</td>
<td>$96,371</td>
</tr>
<tr>
<td><strong>9 Grants</strong></td>
<td><strong>Approved in August 2008</strong></td>
<td><strong>$547,932</strong></td>
<td></td>
</tr>
</tbody>
</table>
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
       Chief Executive Officer

DATE: September 9, 2008

SUBJECT: Technology Business Tax Certificate Transfer Program

SUMMARY

The Authority received 107 applications for the $60 million, 2008 program cycle. The applicants include 86 companies that participated in the program last year and 21 new applicants to the program.

The returning companies submitted a total of 86 applications, including 28 applications to request only an allocation of benefits that were approved for sale in prior years but not allocated last year, 24 applications for approval of both new benefits along with benefits that were approved for sale in prior years but not allocated last year to be sold, and 34 requests by prior applicants for new benefits only. The bottom line is there are 131 requests for approval of new benefits, prior approved benefits or a combination of the two.

BACKGROUND

The 1998 Technology Business Tax Certificate Transfer Program allows technology and biotechnology companies with fewer than 225 employees to sell their net operating losses and/or research and development tax credits to profitable corporate entities. Proceeds from those sales are required to be re-invested in the seller’s business. Last year, the ninth year of the program, $60 million was provided to 91 technology and biotechnology companies in need of capital and liquidity. This year, $60 million is again available to be distributed in State fiscal year 2009. 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 2009.
Selling businesses are required to meet legislatively stated threshold criteria, including the requirement to meet the definition of a high technology or biotechnology company; meet a business size criterion of 224 U.S. employees or fewer, with 75% or more of those U.S. employees required to be New Jersey based. Companies are not eligible if they had a profit within either of the most recent two years, had operating revenues in excess of 110% of operating expenses, have a profitable parent or are part of a group of affiliated companies that have positive earnings, in the aggregate, in either of the most recent two years. A company’s lifetime benefit remains at a $10 million cap.

2008 PROGRAM CYCLE

During the latter part of 2005 through first quarter 2006, Authority staff conducted a review of the program and developed recommendations on how the program should be administered in the future. The primary goal of the changes was to focus the available Program benefits on those New Jersey based technology/biotechnology companies most likely to achieve long term success and contribute to the growth of New Jersey’s economy, as well as to better verify the companies’ compliance with the program’s eligibility criteria and to insure the integrity of the information on which applicants were evaluated. The changes were reviewed by the Attorney General’s Office and discussed with the other stakeholders involved in the program including the New Jersey Division of Taxation, the New Jersey Commission on Science and Technology, as well as representative’s from the State’s technology and biotechnology industries through the NJ Technology Council and BioNJ. The changes were approved at the Authority’s March 14, 2006 Board meeting and were subsequently published for promulgation in the N.J. Register. In January 2008, further changes were made to make the program more business friendly. The maximum employment of 224 (with 75% working in NJ) was limited to only those employees in the U.S. rather than total global employment.

As a result of the program changes and careful review of the applications submitted by EDA and Commission staff, this year’s recommended disapproval of 41 benefit requests (31.3%) which failed to meet the higher eligibility thresholds is a slightly lower percentage versus the 2007 disapprovals of 45 (31.7%). However, as a result of implementing the changes, the applicants recommended for approval are estimated to receive, on average, an increase in program benefits to $674,000 or 2% over the 2007 average awards.

Based on evaluations by the Authority and by the Commission on Science and Technology, the attached lists identify the applicants recommended for approval and for disapproval (along with the reason for all disapprovals).

RECOMMENDATION:

Based on the above, approval is recommended for a total of 89 benefit requests 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 41 benefit requests that failed any of the threshold criteria. These companies have not met the criteria for approval as described in the Project Scoresheets. The CMWare project is being held pending a determination of staff’s recommendation on a legal issue.

Prepared by: J. Rosenfeld
### A: NEW APPLICATIONS

<table>
<thead>
<tr>
<th>RECOMMENDED FOR APPROVAL</th>
<th>RECOMMENDED FOR DISAPPROVAL</th>
<th>REASON(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advaxis, Inc.</td>
<td>Accoona Corporation</td>
<td>5, 8</td>
</tr>
<tr>
<td>Chromis Fiberoptics</td>
<td>Avance Connections, Inc. t/a Basecamp Ventures, LLC</td>
<td>1, 5, 6, 8, 9, 10, 11, 12</td>
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<tr>
<td>Empiron Inc.</td>
<td>Dor Biopharma, Inc.</td>
<td>18</td>
</tr>
<tr>
<td>Innovation Engineering, Inc.</td>
<td>Factor Systems, Inc.</td>
<td>1, 9, 11</td>
</tr>
<tr>
<td>IntegriChain, Inc.</td>
<td>IPP of America, Inc.</td>
<td>7, 8, 12</td>
</tr>
<tr>
<td>Majesco Entertainment</td>
<td>IVVI Technologies, Inc.</td>
<td>10, 11, 18</td>
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<tr>
<td>Medasorb Technologies, Inc.</td>
<td>Novel Laboratories, Inc.</td>
<td>8, 9, 10, 11, 12</td>
</tr>
<tr>
<td>Nistica, Inc.</td>
<td>Sapphire Therapeutics, Inc.</td>
<td>8</td>
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<tr>
<td>Reldata, Inc</td>
<td>Silicon Wafer Technologies, Inc.</td>
<td>5, 6</td>
</tr>
<tr>
<td>Sophion BioSciences</td>
<td>VaxinNnate Corporation</td>
<td>8</td>
</tr>
<tr>
<td>Sun Biomedical Laboratories, Inc.</td>
<td></td>
<td></td>
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</tbody>
</table>
### B: RECERTIFICATION APPLICATIONS

<table>
<thead>
<tr>
<th>RECOMMENDED FOR APPROVAL</th>
<th>RECOMMENDED FOR DISAPPROVAL</th>
<th>REASON(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Cerametrics, Inc</td>
<td>American Beryllia, Inc.</td>
<td>10, 11</td>
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<tr>
<td>Akers Biosciences, Inc.</td>
<td>Bioarray Solutions</td>
<td>5, 8, 14</td>
</tr>
<tr>
<td>Antenna Software, Inc.</td>
<td>Bullrun Financial, Inc.</td>
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<tr>
<td>Arkados Inc.</td>
<td>Coates International, LTD.</td>
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<tr>
<td>Bigstring Corporation</td>
<td>Elusys Therapeutics, Inc.</td>
<td>6</td>
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<tr>
<td>ClassLink, Inc.</td>
<td>Epv Solar, Inc.</td>
<td>7</td>
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<tr>
<td>Connotate Technologies</td>
<td>Exclaim, Inc. (formerly DotPhoto)</td>
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<tr>
<td>Conolog, Corporation</td>
<td>ExSar Corporation</td>
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<tr>
<td>Corente, Inc.</td>
<td>Globalprint Systems, Inc.</td>
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<tr>
<td>Dynamic Mobile Data</td>
<td>iVoice Technology, Inc.</td>
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<tr>
<td>El3 Corporation</td>
<td>Kirusa, Inc.</td>
<td>7, 19</td>
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<tr>
<td>Immunogenetics (IGI), Inc.</td>
<td>Knite Inc</td>
<td>13, 19</td>
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<tr>
<td>Juvent Medical, Inc.</td>
<td>Lamina</td>
<td>5, 16</td>
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<tr>
<td>Lux Biosciences, Inc.</td>
<td>Lumeta Corporation</td>
<td>6, 8</td>
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<tr>
<td>Milestone Scientific</td>
<td>Magnolia</td>
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<tr>
<td>Nofire Technologies, Inc.</td>
<td>NetForensics</td>
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<td>NuVim, Inc.</td>
<td>New Jersey Microsystems</td>
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<td>Pharmacopeia, Inc.</td>
<td>NovaDel Pharma, Inc.</td>
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<td>Princeton Lightwave</td>
<td>Orthocon, Inc.</td>
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<tr>
<td>Provid Pharmaceuticals, Inc</td>
<td>Phytomedics, Inc.</td>
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<td>PTC Therapeutics</td>
<td>Princeton Optronics</td>
<td>2, 5, 7</td>
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<tr>
<td>Pure Energy Corporation</td>
<td>StrikeForce Technologies, Inc.</td>
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<td>SightLogix Inc</td>
<td>Synthemed, Inc.</td>
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<td>Signum, Biosciences, Inc.</td>
<td>Tetragenex Pharmaceuticals Inc.</td>
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<tr>
<td>Songbird Hearing, Inc.</td>
<td>Transave, Inc.</td>
<td>8</td>
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<tr>
<td>Speech Switch, Inc.</td>
<td>VioQuest Pharmaceuticals, Inc.</td>
<td>5, 6</td>
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<tr>
<td>TYRX Pharma, Inc.</td>
<td>Vpissystems Corporation</td>
<td>17</td>
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<tr>
<td>WellGen, Inc.</td>
<td>VYTERIS</td>
<td>6, 8</td>
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<tr>
<td>X-Cell Medical, Inc.</td>
<td></td>
<td>6, 13</td>
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</tbody>
</table>

Pending Staff Recommendation Concerning Disqualification Issue

CMWare, Inc.
<table>
<thead>
<tr>
<th>RECOMMENDED FOR APPROVAL</th>
<th>RECOMMENDED FOR DISAPPROVAL</th>
<th>REASON(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Akers Biosciences, Inc.</td>
<td>Airtrax Inc.</td>
<td>16</td>
</tr>
<tr>
<td>2. Alfacell Corporation</td>
<td>Lamina</td>
<td>16</td>
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<tr>
<td>3. Alphion Corporation</td>
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<tr>
<td>4. Audible, Inc.</td>
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<tr>
<td>5. Barrier Therapeutics</td>
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<tr>
<td>6. Bigstring Corporation</td>
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<td>7. Bioarray Solutions</td>
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<td>8. Cape Systems, Inc.</td>
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<tr>
<td>9. Cirqit.com, Inc</td>
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<tr>
<td>10. Columbia Laboratories</td>
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<td>11. Corente, Inc.</td>
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<td>12. Elusys Therapeutics, Inc.</td>
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<td>14. EveresTV</td>
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<td>15. Evident Software, Inc.</td>
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<td>17. GoAmerica Communications Corp.</td>
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<td>19. Immunogenetics (IGI), Inc.</td>
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<td>20. Immunomedics, Inc.</td>
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<tr>
<td>21. Infocrossing, Inc.</td>
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<td>22. INTTRA, Inc.</td>
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<td>23. Inventa Technologies, Inc.</td>
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<td>24. Lux Biosciences, Inc.</td>
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<td>25. Magnolia</td>
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<td>26. Milestone Scientific</td>
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<tr>
<td>27. Multiplex Inc.</td>
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<td>28. NexMed Inc</td>
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<td>29. NovaDel Pharma, Inc.</td>
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<td>30. Orchid Cellmark Inc.</td>
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<td>31. Palatin Technologies, Inc.</td>
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<td>32. Pharmacopeia, Inc.</td>
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<tr>
<td>33. Pharmos Corporation</td>
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<td>34. Princeton eCom Corporation</td>
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<td>35. Princeton Lightwave</td>
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<td>36. Princeton Optronics</td>
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<td>37. PTC Therapeutics</td>
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<td>38. Pure Energy Corporation</td>
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<td>39. Redpoint Bio, Inc</td>
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<td>40. Scivanta Medical Corp.</td>
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<td>41. Songbird Hearing, Inc.</td>
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<td>42. StrikeForce Technologies, Inc.</td>
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<td>44. Transave, Inc.</td>
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<td>45. TYRX Pharma, Inc.</td>
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<td>46. Unigene Laboratories, Inc.</td>
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<td>47. Universal Display Corporation</td>
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<td>48. VioQuest Pharmaceuticals, Inc.</td>
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</tr>
<tr>
<td>49. Vonage Holdings Corporation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50. VYTERIS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CODE TO REASONS FOR DISAPPROVAL RECOMMENDATIONS

1 = Applicant was deemed not to be a Technology/Biotechnology company by NJCS&T.
2 = Applicant had positive Net Income in either of the last 2 years.
3 = Parent company had positive Net Income in either of the last 2 years.
4 = Applicant had Operating Revenues in excess of 110% of Operating Expenses in either of last 2 years.
5 = Applicant failed to provide required documentation demonstrating that 75% or more of its U.S. employees work in
6 = Applicant failed to demonstrate that permanent full-time jobs will be created in NJ.
7 = Applicant failed to demonstrate that it has insufficient resources to operate in the short term.
8 = Applicant failed to demonstrate that it will experience a positive trend in its net income.
9 = Applicant failed to demonstrate that it has Protected Proprietary Intellectual Property (PPIP).
10 = Applicant failed to provide adequate documentation supporting its rights to PPIP.
11 = Applicant failed to demonstrate that its technology is Scientifically and Technologically Viable.
12 = Applicant failed to demonstrate that its technology provides it with a Competitive Advantage.
13 = Applicant failed to provide the required independent CPA prepared Financial Statements.
14 = Applicant failed to demonstrate that it has fewer than 225 employees in the U.S.
15 = Applicant failed to provide all 3 of the most recent 3 years' Financial Statements.
16 = Applicant is not currently operating as a Technology/Biotechnology Company.
17 = Applicant failed to provide the required independent CPA prepared Financial Statements of its parent.
18 = Applicant failed to demonstrate that 75% or more of its U.S. employees work in NJ at application.
19 = Applicant failed to submit application by the June 30 Statutory deadline.
BUSINESS EMPLOYMENT INCENTIVE PROGRAM
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: API Nanofabrication and Research Center, Inc. P23534

PROJECT LOCATION: 1600 Cottontail Lane Franklin Township (N) Somerset County

GOVERNOR'S INITIATIVES:
( ) Urban Fund ( ) Other Urban (X) Edison ( ) Core ( ) RFG

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
API Nanofabrication and Research Center, Inc. (APINRC), a wholly owned subsidiary of API Nanotronics Corporation (API), was formed in 2007 to establish high tech material processing and fabrication capabilities. The product mix ranges from silicon wafer processing to the very latest electronics, optical fabrication, and hybrid optics technologies based on Nanoscience and Micro Electro Mechanical Systems (MEMS). The applicant customer list includes the U.S. Dept of Defense, Honeywell/Allied Signal, General Dynamics, Lockheed Martin, and numerous other top technology-based firms in more than 34 countries. API's state of the art manufacturing and technology centers are currently located in New York, New Jersey, Canada, China, along with a distribution center in Britain. API trades on the OTC Bulletin Board under the symbol APIO. The applicant is economically viable.

MATERIAL FACTOR:
APINRC is requesting a BEIP grant to support creating 20 new jobs in its 20,000 s.f. state of the art facility in Somerset. Also under consideration is expanding the operation in its 75,000 s.f. facility in Ronkonkoma, NY, near its corporate headquarters. The Somerset facility, including its clean room are ISO 9001:2000 registered nanofabrication facility. APINRC is estimating project cost will be approximately $100,000. A favorable decision by the Authority to award the BEIP grant is a material factor in the applicant's decision to expand in New Jersey.

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 API Nanofabrication and Research Center, 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: $365,200
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 17

ELIGIBLE BEIP JOBS: Year 1 8 Year 2 12 Base Years Total = 20

ANTICIPATED AVERAGE WAGES: $75,000

ESTIMATED PROJECT COSTS: $100,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $456,500

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $319,550

PROJECT IS: (X) Expansion ( ) Relocation

CONSTRUCTION: ( ) Yes (X) No

PROJECT OWNERSHIP HEADQUARTERED IN: New York

APPLICANT OWNERSHIP: (X) Domestic ( ) Foreign

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

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td>1. Location:</td>
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<tr>
<td>2. Job Creation:</td>
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<td>4. Industry:</td>
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**Bonus Increases (up to 80%):**

- Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan
  - 20% [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% [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% [30%]

**Total Bonus Points:**

**Total Score:**

- Total Score per formula: 8 = 30%
- Construction/Renovation: 0%
- Bonus Increases: 65%
- Total Score (not to exceed 80%): 80%
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: Bausch & Lomb Incorporated

PROJECT LOCATION: Block 0, Lot 0 Locations Unknown (N) Unknown County

GOVERNOR'S INITIATIVES:
( ) Urban Fund ( ) Other Urban (X) Edison ( ) Core ( ) RFG

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
Bausch & Lomb Incorporated (B&L) was formed in 1853, in Rochester, N.Y., which remains its global headquarters. The applicant employs approximately 13,000 people worldwide, with revenues in excess of $2 billion and its products available in more than 100 countries. The core businesses include soft and rigid gas permeable contact lenses, lens care products, ophthalmic surgical and pharmaceutical products. The Bausch & Lomb name is one of the best-known and most respected eye healthcare brands in the world. On October 26, 2007 B&L announced Warburg Pincus’, a global private equity firm, acquisition of Bausch & Lomb, formerly a public traded company on the New York Stock Exchange, for a total purchase price of approximately $4.5 billion, including $830 million of debt. B&L is economically viable.

MATERIAL FACTOR:
Bausch & Lomb Incorporated, in its ongoing consolidation to improve efficiency, is requesting a BEIP grant to support the move of 70 Global and US Pharmaceuticals division corporate headquarters jobs, currently located in Rochester, NY and Tampa Florida, to a 30,000 s.f. facility in central New Jersey. Also under consideration is consolidating the two offices to Rochester, NY, corporate global headquarters, Tampa, Florida or Aliso Viejo, California. The applicant is estimating $1 million in capital investment, with an additional $6.4 million in relocation expense. A favorable decision by the Authority to award the BEIP is a material factor in the applicant’s decision to expand in New Jersey.

APPROVAL REQUEST:

PERCENTAGE: 55%
TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Bausch & Lomb Incorporated 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: $ 3,500,000
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 9

ELIGIBLE BEIP JOBS: Year 1 35 Year 2 35 Base Years Total = 70

ANTICIPATED AVERAGE WAGES: $187,000

ESTIMATED PROJECT COSTS: $1,000,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $6,811,000

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $6,716,500

PROJECT IS: ( ) Expansion (X) Relocation Rochester, NY & Tampa

CONSTRUCTION: ( ) Yes (X) No

PROJECT OWNERSHIP HEADQUARTERED IN: New York

APPLICANT OWNERSHIP: (X) Domestic ( ) Foreign

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: M. Krug
FORMULA EVALUATION

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<th>Score</th>
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<td>6. Capital Investment: $1,000,000</td>
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<td>7. Average Wage: $187,000</td>
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**Bonus Increases (up to 80%):**

- Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan 20% 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 occupant 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:** 20%

**Total Score:**

| Total Score per formula:                      | 10 = 35% |
| Construction/Renovation:                      | 0%       |
| Bonus Increases:                               | 20%      |
| **Total Score (not to exceed 80%):**           | 55%      |
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: The MLB Network, LLC and Major League Baseball Properties, P23521

PROJECT LOCATION: 40 Hartz Way Secaucus Town (N) Hudson County

GOVERNOR’S INITIATIVES: ( ) Urban Fund ( ) Other Urban ( ) Edison (X) Core ( ) RFG

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
The MLB Network, LLC (Network) and Major League Baseball Properties, Inc. (MLB), are considering entering into a lease as co-tenants for a 142,271 s.f. facility in Secaucus. The two applicants, which have common ownership as will be described below, will combine efforts to create a 24 hour TV production studio, dedicated to broadcasting professional and amateur baseball games, classic games like the All-Star game and World Series, from a central location. MLB Network Holdings, LLC, was formed in January 2008 for the purpose of launching the MLB Network in January 2009. Under current cable distribution agreements the Network will be delivered to approximately fifty million cable customers upon launch.

The Network’s members include Direct TV, Comcast, Time Warner and Cox (33.3%), with the balance owned by MLB Network Holdings, LLC (66.7%). Major League Baseball Enterprises, Inc is the Managing Member (1%) of MLB Network Holding, LLC. MLB Network Holdings, LLC and Major League Baseball Enterprises, Inc. are owned by the Major League Baseball Clubs.

MLB Productions, a division of Major League Baseball Properties, Inc. is the television, video production and licensing division, producing programming and content for Fox, ESPN, other regional and national networks, and movie studios. The co-applicants are economically viable.

MATERIAL FACTOR:
The co-applicants are requesting a BEIP grant to support creating 201 new television production jobs in Secaucus. Also under consideration is a site in Harlem Park, New York City, in close proximity to Major League Baseball’s corporate headquarters. The co-applicants are estimating project costs will be approximately $54.1 million. A favorable decision by the Authority to award the BEIP grant is a material factor in the co-applicant’s decision to expand in New Jersey.

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 The MLB Network, LLC to increase employment in New Jersey. The recommended award percentage is based on the company meeting the criteria as set forth on the attached Formula Evaluation and is contingent upon receipt by the Authority of evidence that the company has met said criteria to substantiate the recommended award percentage. If the criteria met by the company differs from that shown on the Formula Evaluation, the award percentage will be raised or lowered to reflect the award percentage that corresponds to the actual criteria that have been met.
TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: $ 8,048,929
(not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 14

ELIGIBLE BEIP JOBS: Year 1 166  Year 2 35  Base Years Total = 201

ANTICIPATED AVERAGE WAGES: $117,413

ESTIMATED PROJECT COSTS: $54,100,000

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $10,061,159

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $7,042,811

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

CONSTRUCTION: (X) Yes  ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: New Jersey

APPLICANT OWNERSHIP: (X) Domestic  ( ) Foreign

DEVELOPMENT OFFICER: M. Abraham  APPROVAL OFFICER: M. Krug
# FORMULA EVALUATION

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<th>Score</th>
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<td>5. Leverage:</td>
<td>3 to 1 and up</td>
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<td>6. Capital Investment:</td>
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<td>7. Average Wage:</td>
<td>$117,413</td>
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<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>13</strong></td>
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**Bonus Increases (up to 80%):**

- Located in Planning Area 1 or 2 of the State's Development and Redevelopment Plan
  20% 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% 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:**

**Total Score:**

Total Score per formula: \( \frac{13}{40} \) %

Construction/Renovation: 5%

Bonus Increases: 35%

Total Score (not to exceed 80%): 80%
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - BUSINESS EMPLOYMENT INCENTIVE PROGRAM

APPLICANT: Sun Pharmaceutical Industries, Inc. P22652

PROJECT LOCATION: 270 Prospect Plains Rd Cranbury Township (N) Middlesex County

GOVERNOR’S INITIATIVES:
( ) Urban Fund ( ) Other Urban (X) Edison ( ) Core ( ) RFG

APPLICANT BACKGROUND/ECONOMIC VIABILITY:
Sun Pharmaceutical Industries, Inc. (SPI), a Michigan Corporation with U.S. corporate headquarters in Detroit, is a wholly owned subsidiary of Sun Pharmaceutical Industries Ltd, India. The parent company is an international specialty pharmaceutical company, with a presence in 30 markets, that manufactures active pharmaceutical ingredients. In December 2005, SPI completed the purchase of Able Labs’ (Cranbury) dosage form manufacturing operations in the US for $23.15 million from the US Bankruptcy Court of the District of New Jersey, Trenton. The Cranbury plant expects to receive FDA approval in the near term. Based on the support of the parent company the applicant is economically viable.

MATERIAL FACTOR:
SPI is requesting a BEIP grant to support creating 318 new manufacturing jobs and retain 82 jobs based on receiving USFDA plant approval in the near term. Under consideration is subletting the Cranbury operation and moving it to Detroit, where they have a 135,000 s.f. FDA approved facility. The City of Detroit and the State of Michigan have historically provided SPI’s U.S. corporate headquarters significant incentives. Sun is estimating project cost will be approximately $4 million. A favorable decision by the Authority to award the BEIP grant is a material factor in the applicants’ decision to expand in New Jersey.

APPROVAL REQUEST:
PERCENTAGE: 65% TERM: 10 years

The Members of the Authority are asked to approve the proposed BEIP grant and award percentage to encourage Sun Pharmaceutical Industries, 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: $ 2,382,217 (not to exceed an average of $50,000 per new employee over the term of the grant)

NJ EMPLOYMENT AT APPLICATION: 82

ELIGIBLE BEIP JOBS: Year 1 220 Year 2 98 Base Years Total = 318

ANTICIPATED AVERAGE WAGES: $50,000

ESTIMATED PROJECT COSTS: $4,093,400

ESTIMATED GROSS NEW STATE INCOME TAX - DURING 10 $3,664,950

ESTIMATED NET NEW STATE INCOME TAX - DURING 15 $3,115,207

PROJECT IS: (X) Expansion ( ) Relocation

CONSTRUCTION: (X) Yes ( ) No

PROJECT OWNERSHIP HEADQUARTERED IN: Michigan

APPLICANT OWNERSHIP: ( ) Domestic (X) Foreign India

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

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<td>6. Capital Investment: $4,093,400</td>
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<td><strong>TOTAL:</strong></td>
<td><strong>13</strong></td>
</tr>
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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% 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:** 20%

**Total Score:**

**Total Score per formula:** 13 = 40%
**Construction/Renovation:** 5%
**Bonus Increases:** 20%
**Total Score (not to exceed 80%):** 65%
MEMORANDUM

TO:          Members of the Authority

FROM:        Caren S. Franzini
             Chief Executive Officer

DATE:        September 9, 2008

SUBJECT:     A J Stairs, Inc.
             Lakewood, Ocean County, NJ
             P015348 – Direct Loan
             Original Loan Amount: $400,000
             Principal Balance: $304,348
             Risk Rating: Doubtful

Proposal:

Write off the subject loan with recourse.

Background:

Established in 1980 by Arlene Hasse, A J Stairs, Inc., manufactured custom made wooden stairs for the residential construction industry. This $400,000 EDA direct loan was originated in December 2003 for working capital. The loan was transferred to SLM in December 2005 due to payment default.

As early as December 2004, the company began to exhibit signs of financial stress starting with a series of internal problems stemming from management issues. Subsequently, the company principal made staffing changes and attempted to improve margins and cash flow. Sporadic loan payments were made, however, the company’s cash flow problems continued and EDA loan payments fell further behind.

In February 2008, EDA approved a loan modification under delegated authority to reduce the borrower’s monthly payments, but the modification was never executed by the borrower. Consequently, EDA accelerated the subject loan and made formal demand on the obligors.
In June 2008, A J Stairs, Inc. and Arlene Hasse both filed Chapter 7 Bankruptcy. The business is now closed and the matter is being handled by a Bankruptcy Trustee.

The loan is secured by a first mortgage on Arlene Hasse’s residence located in Brick with a tax equalization value of $303M and a second lien on business equipment offering no liquidation value due to senior lien amounts. It is also personally guaranteed by Arlene Hasse. Arlene Hasse’s only substantial asset is her personal residence, though its value is likely lower than the assessed value due to the current market conditions.

The Bankruptcy Trustee is in the process of evaluating the company and personal assets of Arlene Hasse. Once the Trustee determines the value of Mrs. Hasse’s personal residence, the property will be liquidated or abandoned. If the value exceeds the lien amounts, and the Trustee liquidates, the EDA loan will be paid in full. If the lien amounts exceed the value, the Trustee will likely abandon the property and the EDA will commence foreclosure of its first mortgage and liquidate the property on its own. Either of the above scenarios will be a lengthy process. Arlene Hasse is no longer personally obligated for repayment of the debt under her bankruptcy filing and no longer represents a source recovery of the loan.

**Recommendation:**

Due to the anticipated lengthy collection process ahead and the uncertain value of the real estate collateral in the current housing market, it is recommended the EDA write off the loan with recourse.

SLM will continue to monitor the bankruptcy case closely and will initiate foreclosure if necessary. Future amounts collected will be taken as loss recovery.

[Signature]

Prepared by: Jerome T. Stesney
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Executive Director

DATE: September 9, 2008

SUBJECT: YWCA of Central New Jersey, Inc.
Plainfield, Somerset County, New Jersey

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<td>$750,000 LDFF Direct Loan</td>
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</tr>
<tr>
<td>Balance:</td>
<td>$744,715 (Risk Rating: Doubtful)</td>
<td></td>
</tr>
</tbody>
</table>

Total EDA Exposure: $1,228,434

Proposal:
1) Bayonne Community Bank (bondholder) requests EDA’s consent to modify the subject bonds from a 20 year term to a 30 year term. Bond Counsel has verbally opined that this can be processed as a modification without refunding the bonds. The extension of the bond term will not extend the EDA guarantee which expires March 1, 2012.

2) Grant a 12 month principal moratorium on the subject EDA Direct Loan.

The proposed modifications will reduce the borrowers debt service and provide additional cash flow to the borrower.

Background:
Founded in 1907, The YWCA of Central New Jersey, Inc., is a not-for-profit association that provides girls, women and families with a variety of programs and services in Plainfield and surrounding areas.
The guaranteed bonds and EDA Direct Loan originated in July 2005 and April 2007 respectively to renovate and expand the project facility for the creation of an Early Childhood Learning Center. As part of this financing package, The New Jersey Nonprofit Finance Fund also made a $650M loan.

The Early Childhood Learning Center opened in October 2006 but was unable to reach its projected enrollment levels resulting in significant cash flow problems. The organization fell behind on the bond payments and EDA and NFF loan payments in July 2007. In addition, the YWCA accumulated significant unpaid payables including cost over-runs to its contractor. To reduce its operating expenses and improve cash flow, the YWCA closed several of its programs including the Early Childhood Learning Center, the gymnasium, and the pool. Staff has also been reduced from 40 to 20 employees.

In addition to the above cost cutting measures, the organization implemented a financial growth plan under a new Executive Director in July 2008. The plan includes selling an investment property, seeking additional grants and private contributions, performing additional fund raising activities and securing additional tenants to increase rental income. The YWCA is now leasing space in its Early Childhood Learning Center to a local preschool, Little Hearts Day Care, which has recently expressed interest in leasing additional space to expand. It is also negotiating with three potential new tenants to lease space at the facility.

As a result of the organization’s streamlining and increased rental income, its financial condition has improved during the first six months of 2008. Company projections suggest this trend will continue with the company maintaining positive cash flow. The bond payments are now current through July, with August being due. The EDA loan has been paid regularly from March through July with no payment remitted yet for August. The organization has also been able to make small but consistent payments to its vendors on past due payables including its contractor.

The YWCA has requested a restructure of the bonds and a 12 month principal moratorium on the EDA Direct Loan to improve its cash flow. The Nonprofit Finance Fund has already restructured its loan by extending the term. The additional cash flow provided by these restructures will be used to increase payments on its past due payables and for working capital.

Bayonne Community Bank has approved a restructure of the bonds subject to EDA approval. The bonds will be restructured from a 20 year to a 30 year term resulting in a monthly debt service reduction of approximately $4M. The NFF restructure reduced the monthly debt service by approximately $2M. The proposed 12 month principal moratorium on the EDA Direct Loan will reduce the monthly debt service by approximately $2M. These restructures will result in aggregate annual debt service reduction of approximately $96M.

As previously stated, Bond Counsel has indicated that the bond modification can be processed without a refunding of the bonds which would incur significant costs to the borrower. Bond counsel will provide a written approval opinion in accordance with the terms of the bond documents at closing.

Collateral:
The bonds are secured by a first mortgage position on the project property appraised at $2.8MM “as is” and $4.9MM “as completed” dated June 2004. It is also secured by a first lien on business assets deemed to have no liquidation value.
The EDA direct loan is secured by a second mortgage on the project property and a second lien on business assets shared with the $650M loan provided by the Nonprofit Finance Fund. There are no personal guarantors.

This financing project was originally undertaken to assist a not for profit organization that provides valuable services and programs to the local community and was not specifically based on the strength of the collateral.

**Recommendation:**
The proposed bond restructure and EDA loan modification will provide additional cash flow to the borrower to enable the organization to grow and improve its financial condition.

At the end of the 12 month principal moratorium, based on the organizations operating performance, it is anticipated the EDA Direct Loan will return to a principal and interest payment schedule.

Based on the above circumstances, consent to the proposed bond restructure and 12 month principal moratorium is recommended.

Prepared by: Jerome T. Stesney
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: September 9, 2008

SUBJECT: Preferred Lender Program

Request:

The Members are asked to approve the addition of Susquehanna Bank as a Preferred Lender.

Background:

Susquehanna Bank DV ("DV") is a wholly owned subsidiary of Susquehanna Bancshares, Inc. (SUSQ). DV is one of three wholly owned banking subsidiaries of SUSQ, which was created from several completed mergers in Suburban Philadelphia and southern New Jersey. At FYE07, DV operated 48 banking offices. The executive offices of DV are located in Camden, NJ. DV is a Pennsylvania chartered bank and is regulated by the Pennsylvania Department of Banking and the Federal Reserve Board. DV had total assets of $3.14 billion at FYE07, with $2.14 billion being loans and leases and generated revenues of $112.6 million in FY07.

SUSQ is a publicly traded company on NASDAQ, which was formed in 1982. SUSQ is headquartered in Lititz, PA. SUSQ had in excess of $13 billion in total assets at FYE07 and generated $396.6 million in revenues in FY07. In whole, the company operates over 250 banking offices in four states.

DV provided its lending policy for review, which was comprehensive and adhered to standard lending practices. Topics addressed in the policy include, but are not limited to, Commercial Lending Area, Regulatory Limitations, Asset Concentration, Lending Authority, Unacceptable Credits, Collateral, Underwriting and Portfolio Monitoring. In addition, DV provided two commercial loan-underwriting samples, which were consistent with its loan policy and the Authority’s credit standards.

Recommendation:

Based on the above, it is recommended that Susquehanna Bank DV be added as a Preferred Lender.

Prepared by: Jay M. Wentzel, Credit Underwriter
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: September 9, 2008

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

The following projects were approved under Delegated Authority in August 2008:

New Jersey Business Growth Fund:

1) Exothermic Molding, Inc. (P23228), located in Kenilworth Borough, Union County, was started in 1970 as a custom reaction injection molding company, specializing in mold design and fabrication, parts molding and finishing. PNC Bank has approved a $135,000 loan with a five-year, 25% guarantee, not to exceed $33,750. Loan proceeds will be used to purchase new manufacturing equipment. Currently, the company has 20 jobs and plans to create five additional jobs over the next two years.

2) Joos USA, Inc. (P23186), located in Manalapan Township, Monmouth County, was established in 1998 as a wholesaler of high quality industrial wood working machinery from Germany. PNC Bank has approved an $800,000 loan with a five-year, 25% guarantee, not to exceed $200,000. Loan proceeds will be used to purchase commercial property. The company currently has three employees and plans to create four jobs within the next two years.

3) Klarr Transport Services, Inc. (P23629), located in Lakewood Township, Ocean County, was formed in 2004 as a provider of bus transportation for local school districts and individual charters. PNC Bank has approved a $470,000 loan with a five-year, 25% guarantee, not to exceed $117,500. Loan proceeds will be used to purchase equipment to facilitate expansion. The company currently has 34 employees and plans to create seven jobs over the next two years.

4) RLC Plus, Inc. and Tom Carroll Scenery, Inc. (P23438) is located in Jersey City, Hudson County. RLC Plus, Inc. is the related real estate holding company that owns the project property. Tom Carroll Scenery, established in 1994 as a provider of interior design services, operates from the project property. PNC Bank has approved a $466,000 loan with a five-year, 25% guarantee, not to exceed $116,500. Loan proceeds will be used by RLC Plus, Inc. to refinance an existing mortgage, which will improve the cash flow of Tom Carroll Scenery to fund growth. The company currently has nine jobs and plans to create an additional nine positions over the next two years.
Camden ERB:

1) Heaven’s Little Angels Learning Center (P21114), located in Camden City, Camden County, is a newly formed non-profit provider of childcare services, including afternoon care. The company was approved for a $36,900 Business Lease Incentive Grant. The company currently has twelve employees and plans to create an additional eight jobs over the next two years.

2) WorldExtend, LLC (P23156), located in Camden City, Camden County, was formed in 2005 as a service provider that has developed software that allows corporations to provide secure remote access to corporate data and applications to its employees. The company was approved for a $30,795 Business Lease Incentive Grant. The company currently has seven employees and plans to create 34 new jobs within the next two years.

Edison Innovation Fund Program:

1) SterraClimb, LLC (P22840) is located in Princeton Borough, Mercer County. The company was formed in 2004, and invented, prototyped and successfully demonstrated the world’s first portable, affordable, motorized stair climbing hand truck that enables users to transport loads across uneven surfaces and up and down stairs effortlessly and without physical exertion or strain. The NJEDA has approved a $200,000 loan under the Edison Innovation Fund. Loan proceeds will be used as growth capital. The company currently has two employees and plans to create twenty jobs within the next three years.

Preferred Lender Program:

1) 265 Pennsylvania Realty, LLC (P22932), located in Linden City, Union County, was established as a real estate holding company formed to acquire the project property. Project user, Everflow Supplies, Inc. was founded in 1998 as a wholesaler of plumbing and hydronic heating supplies. TD Bank, N.A. approved a $5.63 million loan, with a $750,000 (13.32%) participation. Loan proceeds will be used to purchase the project property. The company currently has fifteen employees and plans to create fifteen new jobs over the next two years.

2) Air World, Inc. or Nominee (P22821), located in Mahwah Township, Bergen County, was established in 1996 as a manufacturer of press pads, laundry covers and air bags for the dry cleaning industry. TD Bank, N.A. has approved a $2,000,000 loan, with a $750,000 (37.5%) participation. Loan proceeds will be used to purchase the project property. The company currently has twelve employees and plans to create four new jobs within the next two years.

3) BSD Realty (P22493), located in Union Township, Union County, was formed as a real estate holding company to purchase the project property. Project user, Pac ‘N’ Wrap Supply Corp. is a wholesale distributor of plastic packing envelopes and other packaging materials used in the shipment of goods. Capital One Bank has approved a $2,800,000 loan with a $700,000 (25%) participation. Loan proceeds will be used to purchase the project property. Currently, the company has eight employees and plans to create fifteen new jobs over the next two years.
4) Shields Holdings, LLC (P23126), located in Hoboken City, Hudson County, is a newly created real estate holding company. Harbour Mechanical Corporation, a commercial and industrial provider of HVAC services, and Harbour Technical Services, Inc. are the project users. Sun National Bank has approved a $2,000,000 loan with a $1,000,000 (50%) participation. Loan proceeds will be used to purchase the project property. The company plans to move to New Jersey from New York and create 39 new jobs over the next two years.

**Fast Start Direct Loan Program:**

1) Arborsys Group LLC (P21893), located in Lawrence Township, Mercer County, was formed in 2006 as a provider of IT consulting services. The NJEDA approved a $200,000 loan. Loan proceeds will be used to refinance existing debt and purchase equipment for business expansion. The company currently has eleven employees and plans to create six new jobs within the next two years.

**Community Economic Development Program:**

1) The Food Trust (P23130), a non-profit organization, together with the EDA, The Robert Wood Johnson Foundation and the Reinvestment Fund are seeking to establish an Urban Supermarket Financing Fund to promote health food environments by developing supermarkets in under-served communities in New Jersey. The organization was approved for a Community Economic Development Program loan in the amount of $50,000. Loan proceeds will be used to conduct a feasibility study for the creation of Urban Supermarket Financing Fund in New Jersey.

Prepared by: S. Mania
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Budget Amendment
Greystone Park Psychiatric Hospital

DATE: September 9, 2008

Summary
I am asking the Members to amend the comprehensive development budget for the Greystone Park Psychiatric Hospital project and to increase the budgets for Architectural/Engineering and Construction Management services to accommodate additional work requested by the Department of Human Services.

Background
In July, the Department of Human Services (DHS) moved patients into the new Greystone Psychiatric Hospital, a 450 bed, state-of-the-art facility financed by the Health Care Facilities Financing Authority (HCFFA) and developed by the Authority at a cost of approximately $200 million. Construction of the new hospital was completed on budget. The Authority's work on the hospital campus will continue into 2009, involving demolition of former hospital buildings and installation of site improvements.

DHS has now requested that the Authority undertake additional capital improvements and arrange for associated consulting services to assist in consolidation of the new campus wide maintenance (such as new salt storage barn, new fueling station and maintenance yard expansion), and recreational facilities (such as reservoir dam abandonment and restoration, waterfront access and dock improvements), as well as improvement to existing infrastructure within the new campus. In addition, DHS has requested that the Authority employ additional technical and clinical consulting services in order to advance the design and construction of the additional capital improvements, and to effectuate the occupancy and use of their new and technologically improved clinical facilities. These above-mentioned improvements and consulting services were requested subsequent to the original award of the consultant and construction contracts.

At the August 13, 2002 meeting of the Authority, the Members approved the award of a contract to Vitetta Group Incorporated as the prime Architecture/Engineering firm for this project, and at the August 9, 2005 meeting, the Members approved the award of a contract to Torcon, Inc. as the At-Risk Construction Management firm.
The additional work is integral to work that has already been performed under the Vitetta contract and Torcon contract. Costs for these DHS proposed additional services have been calculated. Vitetta’s cost increase amounts to $1,163,000 which includes $745,000 for clinical subconsultant, thereby increasing Vitetta’s budget from $10,480,000 to $11,643,000. Torcon’s cost increase amounts to $3,713,000, increasing Torcon’s budget from $169,040,000 to $172,753,000. Funding for these additional costs are available from two sources: contingency funds contained in the $199.8 million Construction Fund, which was approved by the Members in August 2005, and from interest earnings on the Construction Fund account. No Authority funds will be utilized to fund these additional costs.

Other project costs which were not included in the original Construction Fund Budget are also now included in the amended budget; including extended warranties and service agreements in the amount of $650,000 and utilities services in support of the new facility during construction in the amount of $982,000. No Authority funds will be utilized to fund these additional costs.

Bond counsel for the project has been consulted and has advised HCFFA, DHS and the Authority that bond interest may be used for these purposes and that all of the uses of funds are permitted Project Costs under the bond documents. Attached, for the Members’ review and approval, is an amended Construction Fund Budget incorporating the additional work and the use of bond interest.

To date, the total net interest earnings on the Construction Fund account amounts to approximately $8,143,000. Of this amount, $6,607,000 is allocated for project costs on the attached Amended Construction Fund Budget. The disposition, allocation and use of the balance of interest earnings on the Construction Fund account shall be mutually determined in cooperation with the Department of the Treasury, DHS and HCFFA.

Recommendation
In summary, I am requesting the Members’ approval to increase the Vitetta and Torcon budgets to provide additional services at Greystone Psychiatric Hospital as requested by the Department of Human Services, and to increase the Construction Fund Budget with regard to above-mentioned project cost items, and to amend the Construction Fund Budget as set forth on the attachment to this memorandum utilizing contingency and interest earnings from the project Construction Fund. No Authority funds will be utilized to fund these additional costs.

Attachment

Prepared by: Thomas P. Catapano
Senior Project Officer
### GREYSTONE PARK PSYCHIATRIC HOSPITAL
CONSTRUCTION FUND BUDGET - AMENDED SEPT 2008

<table>
<thead>
<tr>
<th>I. Improvements</th>
<th>Amended</th>
<th>Original</th>
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<tbody>
<tr>
<td>1. Demolition - Mazzocchi Contract</td>
<td>$7,715,000</td>
<td>$7,865,000</td>
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<tr>
<td>2. Construction - Torcon Base Contract</td>
<td>159,472,000</td>
<td>159,472,000</td>
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<tr>
<td>3. W.W. Treatment Plant - Utilities</td>
<td>500,000</td>
<td>500,000</td>
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<td>4. Environmental</td>
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<td>1,000,000</td>
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<td>5. Roadways - Renda Roads Contract</td>
<td>3,593,100</td>
<td>3,952,000</td>
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<td>6. Public Art</td>
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<td>7. Miscellaneous Improvements</td>
<td>2,053,900</td>
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<td>8. Pond Improvements</td>
<td>595,000</td>
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<tr>
<td>9. Warranties and Service Agreements</td>
<td>650,000</td>
<td>0</td>
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<tr>
<td>10. Utilities</td>
<td>982,000</td>
<td>0</td>
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<tr>
<td>11. Contingency</td>
<td>10,346,000</td>
<td>7,886,000</td>
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<td><strong>Subtotal</strong></td>
<td>187,507,000</td>
<td>181,775,000</td>
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<th>II. Consulting</th>
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<tr>
<td>1. Architect/Engineering - Base Contract Fee</td>
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<td>8,400,000</td>
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<td>2. Misc. Planning &amp; A/E</td>
<td>1,550,000</td>
<td>1,550,000</td>
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<tr>
<td>3. CM Fee - Preconstruction Phase</td>
<td>650,000</td>
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<td>4. Contingency</td>
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<td><strong>Subtotal</strong></td>
<td>12,322,000</td>
<td>11,130,000</td>
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<th>III. Administration</th>
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</thead>
<tbody>
<tr>
<td>1. Administration Fees</td>
<td>5,844,000</td>
<td>5,566,000</td>
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<tr>
<td>2. Permits</td>
<td>500,000</td>
<td>500,000</td>
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<td>3. Insurance</td>
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<tr>
<td>4. Miscellaneous</td>
<td>300,000</td>
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<tr>
<td>5. Contingency</td>
<td>60,000</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>7,204,000</td>
<td>6,926,000</td>
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**Grand Total - Construction Funds**

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<thead>
<tr>
<th></th>
<th>Amended</th>
<th>Original</th>
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</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>207,033,000</td>
<td>199,831,000</td>
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</table>

**Notes:**
- This budget includes 450 new beds plus 10 Cottages.
- This budget excludes bond transaction, issuance and finance costs.
- This budget includes $595,000 fund transfer from Treasury for Pond Improvements.
- This budget includes $6,607,000 allocation from net interest earnings from Construction Fund account on deposit.
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
       Chief Executive Officer

RE: Retail Lease Extension – Laboratory Corporation of America Holdings
    Renaissance Place at Trenton Office Complex

DATE: September 9, 2008

Summary
At the September meeting of the Authority, I will seek your approval to extend to December 31, 2010 the lease with Laboratory Corporation of America Holdings (Lab Corp), a current tenant at the Trenton Office Complex’s retail space.

Background
Pursuant to the guidelines of the Capital City Redevelopment Corporation, the Authority included 23,000 square feet of ground floor retail space within the Motor Vehicles Services building on East State Street. As part of our sublease agreement with the New Jersey Department of the Treasury, the Authority has installed all necessary improvements and marketed this space to retail and professional office tenants.

Lab Corp, a medical testing lab company, presently occupies 1,380 square feet in Renaissance Place. At the March, 2008 meeting, the Members approved a two-year extension which will terminate on December 31, 2008. Lab Corp was a holdover tenant in 2007 while the current lease extension was being negotiated. Lab Corp has now requested an additional two-year lease extension from January 1, 2009 through December 31, 2010 incorporating a three percent rental increase which is consistent with current market rates. Lab Corp has performed in accordance with the terms of its existing lease.

Recommendation
In conclusion, I am requesting the Members’ approval to enter into this third lease extension with Laboratory Corporation of America Holdings at the Trenton Office Complex on terms generally consistent with the attached outline.

Attachment
Prepared by: Christine Roberts

Caren S. Franzini
ATTACHMENT

Trenton Office Complex – Renaissance Place
225 East State Street

Premises

Ground level retail/office: Unit 10 – 1,380 square feet

Term

Two Years: January 1, 2009 thru December 31, 2010

Rent

Years 1-2: $15.45/sf, NNN or $21,321 per ANNUM plus operating expenses

Building & Tenant Improvements

As is.

Security Deposit

Existing security deposit of $2,300
THIRD LEASE EXTENSION AGREEMENT

THIS THIRD LEASE EXTENSION AGREEMENT, made the ______ day of ______________________, 2008 (the "Third Lease Extension Agreement") is by and between LABORATORY CORPORATION OF AMERICA HOLDINGS ("Tenant"), and the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY ("Landlord").

WHEREAS, the Tenant and the Landlord entered into a certain Lease Agreement made as of September 23, 1997 (the "Lease");

Whereas, the Tenant and the Landlord entered into a certain Lease Term Extension Agreement made as of January 1, 2005;

Whereas, the Tenant and the Landlord entered into a certain Second Lease Term Extension Agreement made as of January 1, 2007; and

WHEREAS, the Landlord and Tenant wish to further extend the term of the Lease as more fully set forth below.

NOW, THEREFORE, in the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties amend the Lease as follows:

1. The term of the Lease shall be extended for a period beginning on January 1, 2009 and ending on December 31, 2010 (the "Third Extension Period").

2. Fixed Minimum Rent. During the Third Extension Period, TENANT shall pay to LANDLORD Fixed Minimum Rent as follows:

<table>
<thead>
<tr>
<th>Annual Fixed Rent</th>
<th>Monthly Fixed Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>$21,321.00</td>
<td>$1,776.75</td>
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</tbody>
</table>

3. Landlord hereby re-affirms its represents and warrants as set forth in Article XIX, Section 19.01, Paragraph (x) of the Lease, to wit: Landlord is an instrumentality of the State of New Jersey, and as such, no physician or immediate family member of a physician has an ownership or investment interest in the Demised Premises or the Retail Center, either directly or indirectly, through debt, equity or otherwise. Subject to the Landlord’s public purpose of serving for the betterment of New Jersey generally, Landlord further represents that no physician or immediate family member of a physician shall receive or share directly or indirectly in the proceeds of the lease.

4. Except as expressly modified hereby, all terms, conditions, definitions, undertakings and covenants of the Lease shall remain in full force and effect and are in no way abrogated by this Third Lease Extension Agreement. Capitalized terms used in the within Third Lease Extension Agreement but not otherwise defined herein shall have the meanings ascribed to them in the Lease.
5. This Third Lease Extension Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

6. If any provision of this Third Lease Extension Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or of the Lease.

IN WITNESS WHEREOF, the parties hereto have duly executed this Third Lease Extension Agreement as of the date first written above.

ATTEST: NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY, LANDLORD

By: ________________________________
NAME: Caren S. Franzini
TITLE: Chief Executive Officer

ATTEST: LABORATORY CORPORATION OF AMERICA HOLDINGS, TENANT

By: ________________________________
NAME: ________________________________
TITLE: ________________________________
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Due Diligence Extension - Ground Lease between L'Oreal USA Products, Inc. and the New Jersey Economic Development Authority (“Ground Lease”)

DATE: September 9, 2008

Summary:
I am requesting that the Members authorize an amendment to the December 18, 2007 Ground Lease with L’Oreal USA Products, Inc. extending L’Oreal’s Due Diligence Period until January 30, 2009 for certain limited items that remain outstanding.

Background:
At the November 2007 meeting of the Authority, the Members authorized execution of a Ground Lease with L’Oreal to develop a first phase, 200,000 to 300,000 sq. ft. R&D U.S. headquarters in North Brunswick. The Ground Lease provides that numerous conditions precedent must be met to confirm that the property is suitable for L’Oreal’s intended use. Most of the conditions required in the Ground Lease have been satisfied, however, a few items, including off-site easements, pollution legal liability insurance coverage, the applicability of an affordable housing construction fee, and re-negotiation of highway and roadway improvement agreements with NJDOT and a neighboring property owner, remain outstanding. Therefore, the parties seek to extend the Due Diligence Period until January 30, 2009 to allow sufficient time to satisfy all of the outstanding due diligence conditions contained in the Ground Lease.

Recommendation:
I am asking that the Members authorize the Chief Executive Officer to execute an amendment to the Ground Lease between L’Oreal USA Products, Inc. and the New Jersey Economic Development Authority extending L’Oreal’s Due Diligence Period through January 30, 2009 on final terms acceptable to the CEO and the Attorney General’s Office.

Prepared by: Donna T. Sullivan
Development Manager

Caren S. Franzini
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Waterfront Technology Center Camden
Lease Agreement with myLeaderboard, Inc.

DATE: September 9, 2008

Summary
I am requesting the Members’ approval to amend the lease agreement with myLeaderboard, Inc., ("myLeaderboard") in accordance with the attached amendment, to relocate their business from 2,053 square feet to 1,077 square feet of research and development space on the first floor of the Waterfront Technology Center Camden ("WTCC") in the Tech One building. All other terms of the existing lease will remain the same.

Background
At the June 2004 meeting, the Members approved the construction of the WTCC Tech One building, a 100,000 square foot, five-story, multi-tenant facility. Project costs for the first phase are approximately $20.25 MM. Funding sources include a USEDA grant award, the Camden Economic Recovery Board, NJEDA equity and private debt.

At the June 12, 2007 meeting, the Members approved a five year lease for myLeaderboard for 2,053 square feet on the first floor of WTCC. myLeaderboard now wishes to lease a 1,077 square foot suite on the first floor instead of the existing space. Their staff frequently travels and telecommutes, and they have found the larger space to be unnecessary.

myLeaderboard is a service provider of real time event information transmitted electronically to spectators via a wireless network to a handheld device.

The Members approved the company’s application for Edison Innovation Fund financing in April, 2007. myLeaderboard was also approved for a Business Lease Incentive Grant through the Camden Economic Recovery Board, which will be amended to reflect the change in square footage.
Recommendation
In summary, I am requesting the Members' approval for the following: 1) execution of the attached form of lease amendment with myLeaderboard replacing their existing 2,053 square feet with 1,077 square feet of research and development space at the Waterfront Technology Center at Camden's Tech One building, and 2) any and all other documents required to effectuate this transaction, on final terms acceptable to the Attorney General's Office and the Authority's Chief Executive Officer.

Caren S. Franzini

Attachment
Prepared By: Christine Roberts
Asset Manager
LEASE AMENDMENT AGREEMENT

THIS LEASE AMENDMENT AGREEMENT (the "LEASE AMENDMENT"), made as of the 1st day of October, 2008 (the "EFFECTIVE DATE") by and between MYLEADERBOARD, INC. ("TENANT"), and the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY ("LANDLORD").

WHEREAS, the TENANT and the LANDLORD entered into a certain LEASE Agreement made the 3rd day of July, 2007 (the "LEASE"); and

WHEREAS, the LANDLORD and TENANT wish to amend the LEASE as more fully set forth below.

NOW, THEREFORE, in the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties amend the LEASE as follows:

1. Definitions of LEASED PREMISES is hereby replaced in its entirety and amended to read as follows:

   The term "LEASED PREMISES" means that portion of the BUILDING delineated on the floor plans constituting EXHIBIT A attached hereto and made a part hereof, bounded by the interior sides of the centers of all demising walls other than exterior BUILDING walls, and the exterior sides of all exterior BUILDING walls. For purposes of this LEASE, TENANT and LANDLORD agree that the LEASED PREMISES consists of One Thousand, Seventy-Seven (1,077) square feet of space on the first floor of the BUILDING. The LEASED PREMISES shall be identified as Suite 129.

2. The RENT to be paid by TENANT from and after the EFFECTIVE DATE shall be reduced to reflect the reduced square footage of the LEASED PREMISES. This Amendment does not change the square foot rental rate of the LEASE.

3. Section 5.5 of the LEASE is hereby replaced in its entirety and amended to read as follows:

   For each month that any installment of RENT or ADDITIONAL RENT, TENANT’s TAX SHARE or PILOT payable by TENANT is not paid within fifteen (15) days after the date due, TENANT will pay to LANDLORD, as ADDITIONAL RENT, a late charge equal to five percent (5%) of the total amount of past due RENT, ADDITIONAL RENT and/or TENANT’s TAX SHARE or PILOT.
4. The first sentence of Section 6.3 of the LEASE is hereby replaced in its entirety and amended to read as follows:

TENANT’s SHARE OF OPERATING EXPENSES shall mean the number (stated as a percentage) arrived at by dividing the usable square footage of the LEASED PREMISES by the total usable square footage of the BUILDING (the "PRO RATA SHARE") of OPERATING EXPENSES (as hereinafter defined in Section 6.4 and Section 6.5) attributable to the BUILDING and the COMMON AREAS to the extent that such OPERATING EXPENSES for a particular year exceed the BASE YEAR OPERATING EXPENSES.

Except as expressly modified hereby, all terms, conditions, definitions, undertakings and covenants of the LEASE shall remain in full force and effect and are in no way abrogated by this LEASE AMENDMENT. Capitalized terms used in the within LEASE AMENDMENT but not otherwise defined herein shall have the meanings ascribed to them in the LEASE.

This LEASE AMENDMENT may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

If any provision of this LEASE AMENDMENT shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or of the LEASE.

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease Amendment Agreement as of the date first written above.

ATTEST: NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY, LANDLORD

By: __________________________________________
NAME: Caren S. Franzini
TITLE: Executive Director

ATTEST: MYLEADERBOARD, INC., TENANT

By: __________________________________________
NAME: 
TITLE: 

-2-
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

RE: Waterfront Technology Center Camden
Lease Agreement with WorldExtend, LLC

DATE: September 9, 2008

Summary
I am requesting the Members’ approval to enter into a lease with WorldExtend, LLC, ("World") for approximately 2,053 square feet of research and development space at the Waterfront Technology Center Camden ("WTCC") in the Tech One building.

Background
At the June 2004 meeting, the Members approved the construction of the WTCC Tech One building, a 100,000 square foot, five-story, multi-tenant facility. Project costs for the first phase are approximately $20.25 MM. Funding sources include a USEDA grant award, the Camden Economic Recovery Board, NJEDA equity and private debt.

World is a service provider that has developed software allowing corporations to provide secure remote access of corporate data and applications to its employees. World has created a complete software-based remote access platform targeting small and medium sized businesses, education, and government markets. World is currently located in Mt. Laurel, NJ.

The Members approved the company’s application for Edison Innovation Fund financing in August 2008. A Business Lease Incentive Grant was also approved through delegated authority.

Recommendation
In summary, I am requesting the Members' approval for the following: 1) execution of the Authority’s standard form of lease with WorldExtend, LLC for approximately 2,053 square feet of research and development space at the Waterfront Technology Center at Camden’s Tech One building on terms generally consistent with the attached sheet, and 2) any and all other documents required to effectuate this transaction, on final terms acceptable to the Attorney General’s Office and the Chief Executive Officer.

Attachment
Prepared By: Christine Roberts
Asset Manager

Caren S. Franzini
ATTACHMENT

LANDLORD: New Jersey Economic Development Authority

PROPERTY: The Waterfront Technology Center at Camden

TENANT: WorldExtend, LLC.

PREMISES: Approximately 2,053 rentable square feet on the first floor.

LEASE TERM: Five (5) years from rent commencement.

RENT COMMENCEMENT: Rent shall commence to accrue upon the earlier of Tenant occupancy of the premises, or October 1, 2008 (the "Rent Commencement Date").

BASE RENTAL RATES: Years 1 - 5: $21.50 psf gross

TAXES AND OPERATING EXPENSES (CAM): The lease is a modified gross lease and the base rent includes CAM (water, sewer, utilities and maintenance), tenant electric, real estate taxes (PILOT), insurance, snow/landscape service, and property management (including office janitorial and security).

BASE YEAR ESCALATIONS: After Year 1, Tenant will be responsible for any taxes, operating expense and CAM charges which exceed Landlord’s Base Year operating expense estimate. Landlord’s Base Year operating expense estimate is $10.95 psf.

TENANT IMPROVEMENTS: Landlord is providing fully fit-out office space.

RENEWAL OPTIONS: Two (2) five (5) year options upon one year written notice at a rent equal to ninety five percent (95%) of the fair market rent but not less than one hundred fifteen percent (115%) of the then current rent.

TRANSFERABILITY: Tenant may sublease or assign the Premises, subject to reasonable consent of the Landlord, to an entity with at least $2 million in net worth. In no event will Tenant be relieved of its obligations under the lease.
MEMORANDUM

TO:       Members of the Board

FROM:     Caren Franzini
          Chief Executive Officer

DATE:     September 9, 2008

SUBJECT:  Approves Sale of Unused Business Retention and Relocation Assistance Grant Tax Credits from Cellco Partnership/Verizon Wireless to Nestle Waters North America Inc.

Request:

The Members are asked to approve the Business Retention and Relocation Assistance Grant Tax Credit Certificate Transfer Program (Transfer Program) application of Cellco Partnership/Verizon Wireless, to sell unused Business Retention and Relocation Assistance Grant (BRRAG) tax credits to Nestle Waters North America, Inc.

Background:

In February 2005, the Commerce Commission Board of Directors approved an application by Cellco Partnership/Verizon Wireless — one of the nation’s largest wireless phone companies — to receive a grant of tax credits under the BRRAG program. The BRRAG incentive was issued to Cellco Partnership/Verizon Wireless to retain 770 full-time jobs and to relocate these employees to a renovated corporate headquarters in Basking Ridge, New Jersey.

Although Cellco Partnership/Verizon Wireless received tax credits valued at $1,155,000 from the New Jersey Division of Taxation on December 20, 2007, the company is unable to use these credits. As a result, Cellco Partnership/Verizon Wireless is seeking final approval to sell these credits as permitted under the Transfer Program.

Cellco Partnership/Verizon Wireless and Nestle Waters North America, Inc. have successfully completed all of the required sections and forms within the Transfer Program application package, a copy of which staff has shared with the New Jersey Division of Taxation. The application package indicates that Cellco Partnership/Verizon Wireless has agreed to sell its unused BRRAG tax credits to Nestle Waters of North
America, Inc. for $927,875. The Division of Taxation has indicated its approval of this transaction by issuing a “Benefit Transfer Certificate,” a copy of which is attached.

The Department of Labor and Workforce Development and the New Jersey Division of Taxation have indicated that there are no delinquencies or outstanding issues associated with Cellco Partnership/Verizon Wireless and Nestle Waters North America, Inc. In addition, legal disclosures from both companies reveal no cause for disqualification or debarment from participation in this program. Therefore, staff recommends granting final approval of the sale of BRRAG tax credits from Cellco Partnership/Verizon Wireless to Nestle Waters North America, Inc.

**Recommendation:**

The Members are asked to approve the Transfer Program application of Cellco Partnership/Verizon Wireless to sell unused BRRAG tax credits to Nestle Waters North America, Inc.

[Signature]

Caren S. Franzini

Attachments
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Cellco Partnership d/b/a Verizon Wireless –
BRRAG Tax Credit Certificate Transfer Program
Applicant/Project Summary, 9/9/08

Applicant Information:

Selling Company

- Cellco Partnership d/b/a Verizon Wireless, 180 Washington Valley Road, Bedminster, Somerset County, NJ.
- Incorporated in 1995, Cellco Partnership, which does business as Verizon Wireless, is one of the largest U.S. wireless phone operators, serving nearly 61 million customers nationwide.

Buying Company

- Nestle Waters North America, Inc., 383 Main Avenue, Norwalk, CT.

Program:

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

Background

- In February 2005, the Commerce Commission Board of Directors recommended approval of an application by Cellco Partnership/Verizon Wireless for a grant of tax credits under the Business Retention and Relocation Assistance Grant (BRRAG) program. With help from the BRRAG incentive, Cellco Partnership/Verizon Wireless retained 770 full-time employees and made a capital investment in excess of $200 million at its new business location on 295 North Maple Avenue in Basking Ridge, Somerset County.
- On December 20, 2007, the New Jersey Division of Taxation issued BRRAG tax credits to Cellco Partnership/Verizon Wireless in the amount of $1,155,000.
- On August 27, 2008, Cellco Partnership/Verizon Wireless submitted a Transfer Program application, identifying Nestle Waters of North America as the proposed buyer of the unused BRRAG tax credits.

Qualification – This project satisfies the following eligibility criteria:

- Cellco Partnership/Verizon Wireless certifies that it is not in default of its BRRAG Project Agreement.
• Cellco Partnership/Verizon Wireless has unused BRRAG tax credits and certifies that it cannot use the BRRAG tax credits originally issued by the New Jersey Division of Taxation.

• Cellco Partnership/Verizon Wireless has incurred expenses for research and development, salaries, construction, and working capital as a result of its retention project within New Jersey.

Benefit:

• Cellco Partnership/Verizon Wireless’ unused BRRAG tax credits are valued at $1,155,000. Nestle Waters of North America, Inc. has agreed to buy Cellco Partnership/Verizon Wireless’ BRRAG tax credits for $927,875, or slightly more than 80 percent of their original value.
MEMORANDUM

To: Members of the Board

From: Caren Franzini
Chief Executive Officer

Date: September 9, 2008

Subject: B&B Poultry Company Inc. – Annual Renewal Application for the Energy Sales Tax Exemption Program (Salem County)

Under the Energy Sales Tax Exemption Program, transferred to the NJEDA under the recently signed Commerce Reorganization Bill, P.L. 2008, c27, Salem County manufacturers with 50 or more employees, at least 50 percent of whom are directly involved in the manufacturing process, are eligible for a sales tax exemption on electric and gas purchases.

The Members are asked to approve the annual renewal application of B&B Poultry Company Inc. Norma, Salem County, for the Energy Sales Tax Exemption. This is the company’s second renewal. The estimated value of the exemption benefit is $58,800, based on company estimates of $840,000 in electric and gas purchases for the coming year, utilizing the 7 percent sales tax exemption. B&B Poultry Company 155 employs people, 153 of whom are directly involved in manufacturing.

The Department of Labor and Workforce Development and the New Jersey Division of Taxation have indicated that there are no delinquencies or outstanding issues associated with B&B Poultry Company. In addition, the company’s legal disclosures reveal no cause for disqualification or debarment from participation in this program. Having met program eligibility requirements, staff recommends approving B&B Poultry Company’s renewal application.

Recommendation:
The Members are asked to approve the Energy Sales and Use Tax Exemption Program Renewal Application of B&B Poultry Company, which continues the exemption through August 31, 2009, pursuant to P.L. 2005, c. 374.

Prepared by: Lauren Moore

Caren S. Franzini
ENERGY SALES TAX EXEMPTION PROGRAM (SALEM COUNTY)
APPLICANT SUMMARY – B&B POULTRY COMPANY, INC.
SEPTEMBER 9, 2008

Applicant:

- B&B Poultry Company Inc., 110 Almond Road, Norma, Salem County, NJ.
- Founded in 1945, B&B Poultry is a private, family-run poultry processing business.
- B&B Poultry employs 155 people, 153 of whom are directly involved in the manufacturing process.

Program:

- Energy Sales and Use Tax Exemption Program (Salem County) - Annual Renewal. Under the Energy Sales Tax Exemption Program, manufacturers in Salem County with 50 or more employees, at least 50 percent of whom are directly involved in the manufacturing process, are eligible for a sales tax exemption on electric and gas purchases.

Qualifications:

The renewal application satisfies the program eligibility criteria as follows:

- B&B Poultry is a manufacturing business in Salem County with 155 employees, 153 of whom are directly involved in manufacturing.
- B&B Poultry certifies that it is not in default of any other program administered by the State of New Jersey.
- The Department of Labor and Workforce Development and the New Jersey Division of Taxation have indicated that there are no delinquencies or outstanding issues associated with B&B Poultry.
- The company’s legal disclosures reveal no cause for disqualification or debarment from participation in this program.

Benefit:

Board approval would renew the B&B Poultry’s sales tax exemption through August 31, 2009. The estimated value of the Energy Sales Tax Exemption benefit is $58,800, based on the company’s projected annual gas charge of $225,000 and projected annual electric charge of $615,000, less 7 percent sales tax.
MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini, Chief Executive Officer

DATE: September 9, 2008

SUBJECT: Business Retention and Relocation Assistance Grant (BRRAG) Program – For Informational Purposes Only

Background:

Pursuant to P.L. 2008, c.27, a number of former New Jersey Commerce Commission programs were transferred to the NJEDA, including the Business Retention and Relocation Assistance Grant (BRRAG) Program. The BRRAG Program provides grants of corporate business tax credits to companies that are relocating operations within New Jersey and retaining jobs. A qualified business can receive grants of up to $1,500 per job retained, payable as a tax credit against a company’s corporate tax liability. The BRRAG Program caps the amount of tax credits that can be issued in any State fiscal year at $20 million. The program also offers businesses relocating 2,000 or more jobs to a designated urban center (Atlantic City, Camden, Newark, Jersey City, New Brunswick, Asbury Park, Elizabeth, and Trenton), a bonus grant of 50 percent in addition to their base grant amount.

Eligibility requirements for BRRAG:

- The applicant must relocate a minimum of 50 retained full-time jobs within New Jersey to a new business location. A new business location means that a company must move from place A to place B or it must rehabilitate an existing facility enough to require a new certificate of occupancy;
- Eligible jobs must be subject to New Jersey income tax withholdings;
- The retained jobs must be covered by medical insurance;
- Qualifying companies must demonstrate that receiving a BRRAG grant is a “material factor” in the company’s decision not to relocate outside New Jersey;
- The business or a predecessor entity must have at least a 10-year history in New Jersey;
- Businesses receiving a BRRAG grant are required to retain the relocation project jobs for a five-year period pursuant to a Project Agreement;
- BRRAG and BEIP grants are mutually exclusive for the same job; and,
- Point-of-purchase/retail facilities are excluded from receiving a BRRAG grant.

Prepared by: N. McGuire
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – BUSINESS RETENTION AND RELOCATION ASSISTANCE GRANT

APPLICANT: Thales Avionics, Inc.  P_________

COMPANY ADDRESS: 3920 Park Avenue  Edison (N)  Middlesex County

PROJECT LOCATION: 140 Centennial Avenue  Piscataway (N)  Middlesex County

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

APPLICANT BACKGROUND:
The Thales Avionics, Inc., company, founded in 1988, is a global electronics company servicing aerospace, defense and security and service markets. The company is considering the relocation of its current corporate headquarters and repair and distribution operation from Edison to either Piscataway, NJ, or to an existing company facility in Seattle, WA.

MATERIAL FACTOR:
The company is requesting a BRRAG grant to support the relocation and retention of 160 full-time employees to a larger, state-of-the-art facility. The lease at the company’s current 44,000 s.f. building in Edison will expire in November 2009. An alternative plan is to relocate all or part of the existing New Jersey production to Seattle, WA, where Thales maintains a facility with enough additional capacity to accommodate the New Jersey operation. If the project moves forward in New Jersey, Thales anticipates signing a lease on the new, 65,000 s.f. site in October 2008. The applicant is estimating project costs at $10 million. Management has indicated a favorable decision by the Authority to award the BRRAG grant is a material factor in the applicant’s decision to remain and expand in New Jersey.

APPROVAL REQUEST:  TERM: 5 years
The Members of the Authority are asked to approve the proposed BRRAG grant to encourage the company to remain and grow in New Jersey. The recommended grant is based on the Project Evaluation Factors set forth on the attached BRRAG Scoresheet, which the former Commerce Commission Board of Directors approved for use at its regular monthly meeting on February 21, 2008.

TOTAL ESTIMATED GRANT AWARD OVER TERM OF GRANT: $208,000
GRANT AMOUNT PER RETAINED EMPLOYEE (see attached scoresheet): $1,300
NEW JERSEY EMPLOYMENT AT APPLICATION: 185
ELIGIBLE BRRAG JOBS: 160
ANTICIPATED AVERAGE WAGES: $72,000
ESTIMATED PROJECT COST: $10,000,000
ESTIMATED TOTAL GROSS PAYROLL: $11,520,000
ESTIMATED TOTAL GROSS STATE WITHHOLDINGS 1-YR & 5YRS: 1-yr: $358,000  5-yr: $1,790,000
PROJECT IS: ( ) Expansion  (X) Relocation
CONSTRUCTION: (X) Yes  ( ) No
APPLICANT OWNERSHIP: ( ) Domestic  ( ) Foreign
APPROVAL OFFICER: N. McGuire
This scoring is used to determine the award amount for BRRAG projects retaining 50 to 499 jobs. The award amount determined under the project evaluation factors is an initial determination and is subject to adjustment under the Act, the regulations thereunder, and the terms and conditions of the Project Agreement. Project Evaluation Factors (NJAC 12A:2-1.8)

Company:  Thales Avionics, Inc.  Date Scored:  8/12/08

1. Full-time jobs retained – maximum points = 5

<table>
<thead>
<tr>
<th>Range</th>
<th>Eligible Jobs Retained</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 = 410 – 499</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 = 320 – 409</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 = 230 – 319</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 = 140 – 229</td>
<td>160</td>
<td>2</td>
</tr>
<tr>
<td>1 = 50 – 139</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Quality of the retained jobs (based on average salary of retained jobs) – maximum points = 4

<table>
<thead>
<tr>
<th>Range</th>
<th>Avg. Salary</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 = $75,001 +</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 = $50,001 – $75,000</td>
<td>$72,000</td>
<td>3</td>
</tr>
<tr>
<td>2 = $30,001 – $50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 = $19,001 – $30,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 = up to $19,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Capital investment by the applicant in project – maximum points = 5

<table>
<thead>
<tr>
<th>Range</th>
<th>Capital Investment</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 = $3,500,000 to $19,000,000+</td>
<td>$10,000,000</td>
<td>5</td>
</tr>
<tr>
<td>4 = $2,900,000 to $3,499,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 = $2,200,000 to $2,899,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 = $1,500,000 to $2,199,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 = $700,000 to $1,499,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 = $0 to $699,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Designated industry type – maximum points = 3

<table>
<thead>
<tr>
<th>Range</th>
<th>Industry</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 = manufacturing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 = targeted = (life science/biotech)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 = non-targeted</td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>
5. Job creation/attraction component (impact on the state if the project moved to another state) - maximum points = 5

<table>
<thead>
<tr>
<th>Range</th>
<th>New Jobs</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 =100 or more new jobs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 = 80-99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 = 70-79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 = 60-69</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 = 50-59</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0= &lt;50</td>
<td>5 - 15</td>
<td>0</td>
</tr>
</tbody>
</table>

6. Smart Growth Targeted Areas – maximum points = 4

<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 = located in an area targeted for growth pursuant to the State Development and Redevelopment Plan, the Pinelands Comprehensive Management Plan, Highlands Commission Management Plan, and the Meadowlands Development Commission Plan. This includes brownfield sites.</td>
<td>PA 1</td>
<td>4</td>
</tr>
<tr>
<td>0 = non- growth area</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. Retained jobs average at least 1.5 times the hourly minimum wage – maximum points = 2

| 2 = yes | X | 2 |
| 0 = no  |   |   |

8. Commitment to the State of New Jersey

   a. Duration of operations - maximum points = 3

<table>
<thead>
<tr>
<th>Range of Years</th>
<th>Year Started in NJ</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 = 20 plus years of operation in the state</td>
<td>1988</td>
<td>3</td>
</tr>
<tr>
<td>2 = 15-19 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 = 10-14 years</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8 b. **Total employees in New Jersey – maximum points = 3**

<table>
<thead>
<tr>
<th>Range</th>
<th>Number of Employees in NJ</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 = 350 or greater</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 = 200-349</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 = 50-199</td>
<td>185</td>
<td>1</td>
</tr>
</tbody>
</table>

9. **Urban Enterprise Zone – maximum points = 3**

<table>
<thead>
<tr>
<th>Score</th>
<th>X</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 = if relocating from non-UEZ site to a site within an UEZ</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 = no</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Totals – Value Per Retained Job and Score**

<table>
<thead>
<tr>
<th>Range</th>
<th>Value Per Retained Job</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>31-36 = $1,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25-30 = $1,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19-24 = $1,300</td>
<td>$1,300</td>
<td>20</td>
</tr>
<tr>
<td>13-18 = $1,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7-12 = $1,100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-6 = $1,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MEMORANDUM

To: Members of the Board

From: Caren Franzini
Chief Executive Officer

Date: September 9, 2008

Subject: Arctic Realty Company, LLC –Brownfield Contaminated Site Reimbursement

Summary:

The Members are asked to approve the brownfield application of Arctic Realty Company, LLC for reimbursement of clean-up costs for an Atlantic City redevelopment project under a Redevelopment Agreement with the New Jersey Economic Development Authority ("Authority") and the State Treasurer, pursuant to the Brownfield and Contaminated Site Remediation Act, P.L. 1997, c. 278 (N.J.S.A. 58:10B-1 et seq.) (the “Act”). The recommended reimbursement is up to $640,000.

Project Description:

- This site is approximately 2.4 acres in Atlantic City at Atlantic Avenue and Leeds Place.
- The site is a Brownfield property as it was formerly a dry cleaner, taxi garage, automotive repair, and a railroad spur.
- Arctic Realty will redevelop this vacant property with the construction of a LEED-Certified, 50,000 sq. ft, three-story building.
- This building will be supported on pile foundation and will house the US Postal Service, a branch bank, retail space of 3,300 sq. ft. on the ground floor, and office space on second and third floors.
- The property was acquired through two transactions, one parcel from the Casino Reinvestment Development Authority (CRDA), and the other from a private entity.
- Remediation will consist of limited soil excavation, the construction of a cap, groundwater monitoring, and construction of a vapor barrier.
- Taxes in the amount of $1,209,574 are expected to be generated during the first eight years following construction.
- Total redevelopment costs are estimated at $13,898,015.
Anticipated remediation costs: $854,000
Recommended reimbursement: Up to $640,000 (75% of $854,000)

The Authority received an application for a Brownfield Redevelopment Agreement from Arctic Realty Company, LLC requesting the reimbursement of up to 75% of approved remediation costs for a Redevelopment Project. In accordance with the Act, approval of the application by the Authority and the State Treasurer requires finding that the site, the redevelopment project and the clean-up meet statutory economic development and fiscal requirements. Reimbursement under the Redevelopment Agreement is contingent upon the Department of the Treasury ("Treasury") finding that the Project generates sufficient tax revenue to exceed the reimbursement amount and upon the Department of Environmental Protection (DEP) determination that the remediation costs are eligible under the Act and the Agreement.

Reimbursement starts once the project has been constructed on the remediated site only after eligible costs have been approved by DEP and new tax revenues have been generated. Treasury annually tracks taxes received from the job site and remits reimbursement equal to a percentage of funds collected during the year.

Recommendation:
Authority staff has reviewed the Arctic Realty Company, LLC application and finds that it is consistent with eligibility requirements of the Act. Treasury, in reviewing the application, has notified the Authority of the adequacy of the Project’s estimated tax revenues and specified the percentage reimbursement of remediation costs. Therefore, it is recommended that the Board of Directors approve the Arctic Realty Company, LLC application and authorize the CEO of the Authority to execute a Brownfield Redevelopment Agreement with Arctic Realty Company, LLC and the State Treasurer.

Caren S. Franzini

Prepared by: Lauren Moore
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
BROWNFIELD AND CONTAMINATED SITE
REMEDICATION ACT PROGRAM (BCSRP)
PROJECT SUMMARY
ARCTIC REALTY COMPANY, LLC
SEPTEMBER 9, 2008

Applicant:
- Artic Realty Company, LLC, Atlantic Avenue and Leeds Place, Block 288 lots 3-5, 7-13, 14-16, 18-22, 23, 26, 27, and a portion of 28; Atlantic City, NJ 08025, Atlantic County.
- NJDEP case numbers: 03-09-02-1342-17, 03-09-02-1355-24, 03-09-02-1407-26, 07-10-01-0911-41, E20050174, and PI #254349.
- The site is a Brownfield property as it was formerly a dry cleaner, taxi garage, automotive repair, and a railroad spur.

Programs:
- The Brownfield and Contaminated Site Remediation Program (BCSRP). This benefit will be administered as a reimbursement of approved remediation costs based on the collection of applicable taxes from the project site.
- Total remediation costs eligible for reimbursement are estimated to be $640,000.

Project:
- This site is approximately 2.4 acres in Atlantic City at Atlantic Avenue and Leeds Place.
- Artic Realty will redevelop this vacant property with the construction of a LEED-Certified, 50,000 sq. ft, three-story building.
- This building will be supported on pile foundation and will house the US Postal Service, a branch bank, retail space of 3,300 sq. ft. on the ground floor, and office space on second and third floors.
- The property was acquired through two transactions, one parcel from the Casino Reinvestment Development Authority (CRDA), and the other from a private entity.
- Remediation will consist of limited soil excavation, the construction of a cap, groundwater monitoring, and construction of a vapor barrier.
- Taxes in the amount of $1,209,574 are expected to be generated during the first eight years following construction.
- Total redevelopment costs are estimated at $13,898,015.

Description of Jobs:

Development of the site can be expected to generate the equivalent of 75 full time prevailing wage jobs in construction and related trades, and an estimated 125 permanent retail and office jobs.
Qualifications:

Arctic Realty Company, LLC (“ARC”) qualifies as an applicant for the Brownfield and Contaminated Site Remediation Program (BCSRP), pursuant to N.J.S.A 58:10B-27, as the entity is not in any way responsible for causing the contamination at the site proposed to be in the redevelopment agreement, and is not a corporate successor to any entity that discharged any contaminant at the site. N.J.S.A. 58:10B-27 further requires the New Jersey Economic Development Authority (“Authority”) to consider seven statutory factors in determining whether or not to enter into a redevelopment agreement, and based upon the following consideration, it is recommended that the Authority enter into a redevelopment agreement:

1. **The economic feasibility of the redevelopment project**

   - Vineland Construction Corporation, ARC’s parent company, is a family-owned business with a portfolio of 2.5M Sq. ft. of real estate properties.
   - ARC has a revolving credit note in the amount of $16,500,000 from Citicorp, USA, providing the financial wherewithal to undertake this development.
   - The developer, ARC, owns the site and is experienced in development of this type.

   **A few selected examples of similar projects include:**
   - A Retail development on a brownfield site in Kearny;
   - The Burberry Distribution Center in Vineland, a 270,000 square foot building completed in 2007 at a cost of over $11 million;
   - The Cumberland county office in Vineland; a 114,000 square foot building completed in 2004 at a cost of nearly $8 million.

2. **The extent of the economic and related social distress in the municipality**

   - Atlantic City is an economically distressed community characterized by tourist destinations where vast sums of money are spent, while blocks away poverty thrives.
   - According to the 2000 Census, 23.6% of individuals lived below the poverty line in Atlantic City; nearly double the national average of 12.4%. The median household income in Atlantic City was $26,969, while the national average was $41,994 (2000 U.S. Census).
   - According to the New Jersey Department of Labor and Workforce Development, in 2006 Atlantic City’s unemployment rate was 8.4%, compared to the state rate of 4.6% and 5.7% for Atlantic County.

3. **The degree to which the redevelopment project will advance State, regional, and local development and planning strategies**

   - Atlantic City is designated as a Metropolitan Planning Area, PA1, on the New Jersey State Development and Redevelopment Plan, an area targeted for increased growth by the State.
   - Arctic Realty Company, LLC has secured a CAFRA permit and RAWP approval from NJDEP.
   - In addition to its consistency with local and state plans, the redevelopment of this brownfield site in lieu of the development of virgin, undeveloped land preserves
open space, a key goal of the New Jersey State Development and Redevelopment Plan.

- The building is planned as a LEED certified construction. LEED is a third-party certification program and the nationally accepted benchmark for the design, construction and operation of high performance green buildings. LEED promotes a whole-building approach to sustainability by recognizing performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.

4. **The likelihood that the redevelopment project shall upon completion be capable of generating new tax revenue in an amount in excess of the amount necessary to reimburse the developer for the remediation costs as provided in the redevelopment agreement**

- The Authority has received a letter from the Treasurer stating that an independent review of the Arctic Realty Company, LLC application was completed with a focus on determining whether new tax revenues derived from the project site would be in excess of the requested reimbursement amount. The Division of Taxation has determined that the developer’s requested reimbursement of **$640,000** is reasonable and economically feasible.

5. **The relationship of the development project to a comprehensive local development strategy, including other major projects undertaken within the municipality**

- Currently the Atlantic City office market consists of casinos, government, and supporting businesses. The construction of this building will eliminate a blighting influence in a newly created commercial shopping area in the downtown.
- This project supports several objectives of Atlantic City and the Casino Reinvestment Development Authority. The relocation of the bank and the U.S. Post Office are required as part of the Atlantic City Walk, a priority redevelopment project along the beach. Locating these uses at the Atlantic Avenue site facilitates that project.
- This development is a priority project for the Casino Reinvestment Development Authority, the “Corridor Retail Entertainment Project” and the “Parking Project,” which will provide parking to support the Walk Project as well as for building tenant customers.
- Construction of this building will spark interest in an as of yet untested market, that of high-end office space. Creation of desirable Class A office space will create a market for additional businesses, thus diversifying Atlantic City’s economic base and meeting a key City objective.
- The relocation of two key properties, Sun Bank and the US Post Office will enable the priority projects of the Dr. Martin Luther King, Jr. Boulevard Revitalization Project and the Corridor Retail-Entertainment Project to move forward.
- Arctic Realty Company, LLC was designated as developer for this project, and the Atlantic City Office Building project has received Site Plan approval by the Atlantic City Planning Board and the Soil Erosion and Sediment Control Plan from the Cape Atlantic Conservation District.
6. **The need of the redevelopment agreement to the viability of the redevelopment project**

- Atlantic City is an unproven market for new Class A office buildings, with no such buildings constructed in the City within the last 20 years. However, Arctic Realty Company, LLC has strong tenants with the bank and U.S. Post Office on the ground floor, and the neighborhood is currently supporting a vibrant commercial development. Though the developer is confident that the remainder of the building will be leased, acquisition of a Redevelopment Agreement is critical to offset the carrying costs that are expected to exist from constructing such a building in an untested market.

- Prior to acquiring the property, ARC conducted appropriate due diligence. The environmental areas of concern include impacts to soil, chlorinated solvents in groundwater as well as historic fill.

- The Reimbursement Agreement is required to offset and justify the additional carrying costs of this type of development. Without the agreement, it is likely that only the U.S. Post Office portion of the redevelopment project will proceed, and the remaining portion of the site will be unremediated and undeveloped. This would result in environmental issues being unaddressed on approximately 1.2 acres of property, approximately 119 fewer jobs created and a loss of over $500,000 in tax revenue during the first eight years as the only occupant of the building that would be a tax-free entity.

- The financial analysis initially conducted for the project included the expected remediation costs of limited excavation and capping. It did not include the costs associated with the vapor mitigation system required by the DEP as a condition for approval of the Remedial Action Workplan.

- The application was submitted as quickly as possible after obtaining DEP approval of the Remedial Action Workplan.

- Shortly after the acquisition of the property, ‘soft costs’ associated with the engineering, architectural, permitting, and environmental assessments have been accruing in association with the project. After obtaining the approval of the RAW, soil excavation commenced for the purpose of constructing pilings at the site to support the building which will house the U.S. Post Office with the understanding that any work performed would be in line with the guidelines associated with the Brownfield Contaminated Site Reimbursement Program (BCSRP). Contaminated soil has been staged on site for future disposal and/or capping purposes.

- The decision to move forward with the start of construction prior to the approval of the Redevelopment Agreement was made because of the contractually tight time frame associated with providing an alternate location for the U.S. Post Office; critical to accommodate other priority projects in the City and to assure the viability of the initial phase of the project.

7. **The degree to which the redevelopment project enhances and promotes job creation and economic development.**

- Development of the site as Class A Office and retail can be expected to generate the equivalent of 75 full time jobs in construction and related trades, all conducted at the state prevailing wage rates. In addition, when fully occupied, the
site is expected to generate an estimated 125 retail and office jobs.

**Recommended Reimbursement**

*(Awaiting Treasury Letter with terms)*

After completing an independent review of the application, the Treasurer recommends authorizing **Arctic Realty Company, LLC** to be eligible for reimbursement of up to $640,000 (75% of $854,000) of approved remediation costs, pending the issuance of a No Further Action Letter (NFA) from the Department of Environmental Protection (DEP).
MEMORANDUM

To: Members of the Board

From: Caren Franzini
Chief Executive Officer

Date: September 9, 2008

Subject: Brownfields Reimbursement Program – For Information Only

Pursuant to P.L. 2008, c.27, a number of former New Jersey Commerce Commission programs were transferred to the EDA, including the Brownfields Reimbursement Program. The Brownfields Reimbursement Program provides viable financial incentives for developers to clean up and redevelop polluted sites and closed municipal landfills. Designed to restore key Brownfields sites to productive use through incentives making the redevelopment more affordable, this reimbursement program is funded by new sales taxes derived from the businesses that are located on these formerly contaminated and unusable properties.

By entering into a redevelopment agreement with EDA, developers have the ability to recover up to 75% of approved costs associated with the remediation effort. The developer must be able to qualify as a non-responsible party, agreeing to undertake and complete the cleanup to the satisfaction of the Department of Environmental Protection (DEP) under an approved oversight document.

Eight state taxes, including sales, business use and corporate taxes are eligible to be used to reimburse the developer for remediation costs. Reimbursements are based on tax collections and there is no financial limitation on the total amount to be recovered.

In deciding whether or not to enter into a redevelopment agreement and in negotiating a redevelopment agreement with a developer, the EDA shall consider the following factors:

1) The economic feasibility of the redevelopment project;
2) The extent of economic and related social distress in the municipality and the area to be affected by the redevelopment project;
3) The degree to which the redevelopment project will advance State, regional and local development and planning strategies;
4) The likelihood that the redevelopment project shall, upon completion, be capable of generating new tax revenue in an amount in excess of the amount necessary to
reimburse the developer for the remediation costs incurred as provided in the redevelopment agreement;

5) The relationship of the redevelopment project to a comprehensive local development strategy, including other major projects undertaken within the municipality;

6) The need of the redevelopment agreement to the viability of the redevelopment project;

7) The degree to which the redevelopment project enhances and promotes job creation and economic development.

Prepared By: Maureen Hassett
MEMORANDUM

To:     Members of the Board

From:  Caren Franzini
        Chief Executive Officer

Date:   September 9, 2008

Subject: ProLogis Teterboro, LLC ("Prologis")– Brownfield Contaminated Site
         Reimbursement

Summary:

The Members are asked to approve the brownfield application of ProLogis Teterboro, LLC for
reimbursement of clean-up costs for a Teterboro redevelopment project under a Redevelopment
Agreement with the New Jersey Economic Development Authority ("Authority") and the State
Treasurer, pursuant to the Brownfield and Contaminated Site Remediation Act, P.L. 1997, c. 278
(N.J.S.A. 58:10B-1 et seq.) (the "Act"). The recommended reimbursement is up to $21,276.225.

Project Description:

- The Project Site is approximately 62.5 acres and is bounded by Route 46, Route 17 and
  Industrial Ave. in Teterboro NJ. The Site consists of the former Honeywell, Sumitomo and
  Quest properties.
- ProLogis plans to develop up to 425,000 square feet of retail space, 200,000 square feet of
  office space, 150,000 square feet of hotel space and 300,000 square feet of industrial space.
- ProLogis has taken title to the Honeywell and Sumitomo property and has entered into a
  Letter of Intent to purchase the Quest property that is in between the Sumitomo and
  Honeywell properties.
- ProLogis will be remediating all areas of concern, which will include soil hot spot removal
  contaminated with PCBs, radiological isotopes, semi-volatile organic compounds, polycyclic
  aromatic hydrocarbons and total petroleum hydrocarbons. The entire site will be capped by
  building slabs, pavement or two feet of clean soil.
- The Project Site is in a New Jersey Meadowlands District Redevelopment Area and is also
designated as a "Smart Growth Area".
• The anticipated annual gross sales revenues from the retail portion of the project is estimated to be $181,000,000, which is anticipated to generate $12,670,000 in annual sales tax.
• The total development costs is estimated to be $168,112,000.

**Anticipated remediation costs:** $28,368,300  
**Recommended reimbursement:** Up to $21,276,225 (75% of $28,368,300)

The Authority received an application for a Brownfield Redevelopment Agreement from ProLogis Teterboro, LLC requesting the reimbursement of up to 75% of approved remediation costs for a Redevelopment Project. In accordance with the Act, approval of the application by the Authority and the State Treasurer requires finding that the site, the redevelopment project and the clean-up meet statutory economic development and fiscal requirements. Reimbursement under the Redevelopment Agreement is contingent upon the Department of the Treasury ("Treasury") finding that the Project generates sufficient tax revenue to exceed the reimbursement amount and upon the Department of Environmental Protection (DEP) determination that the remediation costs are eligible under the Act and the Agreement.

Reimbursement starts once the project has been constructed on the remediated site only after eligible costs have been approved by DEP and new tax revenues have been generated. Treasury annually tracks taxes received from the job site and remits reimbursement equal to a percentage of funds collected during the year.

**Recommendation:**

Authority staff has reviewed the ProLogis Teterboro, LLC application and finds that it is consistent with eligibility requirements of the Act. Treasury, in reviewing the application, has notified the Authority of the adequacy of the Project’s estimated tax revenues and specified the percentage reimbursement of remediation costs. Therefore, it is recommended that the Members approve the ProLogis Teterboro, LLC application and authorize the CEO of the Authority to execute a Brownfield Redevelopment Agreement with ProLogis Teterboro, LLC and the State Treasurer.

[Signature]
Caren S. Franzini

Prepared by: Lauren Moore
Qualifications:

ProLogis Teterboro, LLC qualifies as an applicant for the Brownfield and Contaminated Site Remediation Program (BCSRP), pursuant to N.J.S.A. 58:10B-27, as the entity is not in any way responsible for causing the contamination at the site proposed to be in the redevelopment agreement, and is not a corporate successor to any entity that discharged any contaminant at the site. N.J.S.A. 58:10B-27 further requires the New Jersey Economic Development Authority ("Authority") to consider seven statutory factors in determining whether or not to enter into a redevelopment agreement, and based upon the following consideration, it is recommended that the Authority enter into a redevelopment agreement:

1. **The economic feasibility of the redevelopment project**

   - ProLogis Teterboro, LLC is a single purpose entity wholly owned by ProLogis, which is one of the largest industrial Real Estate Investment Trusts in the world.
   - ProLogis has remediated and redeveloped numerous Brownfields in New Jersey including the former Reichhold Carteret Chemical Facility and the former Honeywell International, Inc. Elizabeth Facility.

2. **The extent of the economic and related social distress in the municipality**

   - The Borough of Teterboro is an industrial and commercial municipality, which has various vacant and contaminated properties, one of which is the ProLogis Teterboro, LLC Property.
   - The Property has been vacant and underutilized for the past twenty years and has been undergoing a long and protracted remediation.

3. **The degree to which the redevelopment project will advance State, regional, and local development and planning strategies**

   - This Redevelopment Project is consistent with state, regional and local development and planning strategies.
   - The Redevelopment Project is consistent with the New Jersey Meadowlands Commission (NJMC) Master Plan.
   - The NJMC has designated the Project Site as "An area in need of redevelopment".
   - Also, it is anticipated that NJMC will be designating ProLogis Teterboro, LLC as the developer for this area of Teterboro.
   - The Site is in Area P-1 and the Project is located in a state-designated Smart Growth Area. Teterboro supports this Project, which is consistent with Teterboro's Principles of Smart Growth.
   - ProLogis has preliminarily agreed to dedicate two acres of land to NJ Transit for 200 commuter parking spaces for the NJ Transit Green Street Station, which is a few hundred feet from the Project Site. ProLogis has also agreed to build a NJ Transit Bus Kiss and Ride facility at the same location.

4. **The likelihood that the redevelopment project shall upon completion be capable of generating new tax revenue in an amount in excess of the amount necessary to reimburse the developer for the remediation costs as provided in the redevelopment agreement**
The Authority has received a letter from the Treasurer stating that an independent review of the ProLogis Teterboro, LLC application was completed with a focus on determining whether new tax revenues derived from the project site would be in excess of the requested reimbursement amount. The Division of Taxation has determined that the developers requested reimbursement of $21,276,225 is reasonable and economically feasible.

5. **The relationship of the development project to a comprehensive local development strategy, including other major projects undertaken within the municipality**

- The Redevelopment Project is consistent with local development and planning strategies and is consistent with the NJMC’s Master Plan.
- The NJMC has designated the Project Site as “An area in need of redevelopment”.
- Teterboro is in support of this Project, which is consistent with Teterboro’s Principles of Smart Growth.

6. **The need of the redevelopment agreement to the viability of the redevelopment project**

- Successfully obtaining reimbursement of 75% of the estimated remediation costs pursuant to a Redevelopment Agreement was a significant consideration in ProLogis’ decision to purchase the Property.
- A financial analysis was performed by the company during its due diligence, one that included an estimate of remediation costs to be reimbursed as a result of successfully obtaining a Redevelopment Agreement with EDA and Treasury.
- The availability of reimbursement of up to 75% of the remediation costs associated with the Teterboro project was a primary consideration in the company’s business decision to further invest in New Jersey.
- Without the possibility of acceptance in the Brownfields Reimbursement Program, it is extremely unlikely that ProLogis would have successfully pursued the acquisition of the Property.

7. **The degree to which the redevelopment project enhances and promotes job creation and economic development.**

- ProLogis projects that the Project will generate approximately 200 temporary jobs in connection with the remediation and construction of the project.
- It is also projected that the operation of the development will create 800-1,000 permanent jobs.

**Recommended Reimbursement**

After completing an independent review of the application, the Treasurer recommends authorizing ProLogis Teterboro, LLC to be eligible for reimbursement of up to $21,276,225 (75% of $28,368,300) of approved remediation costs, pending the issuance of a No Further Action Letter (NFA) from the Department of Environmental Protection (DEP).