



# New Jersey Economic Development Authority Annual Report 2011



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

# 2011 Annual Report

2011 was a busy and exciting year at the New Jersey Economic Development Authority (EDA) as we continued to support the bold economic development agenda of Governor Chris Christie and Lieutenant Governor Kim Guadagno: a more favorable tax climate, a common-sense, predictable regulatory process, competitive business incentives, and a proactive business outreach strategy.

Over the course of 2011, the Christie Administration's focus on making New Jersey a home for growth prompted the introduction of new programs and policies that bolstered the EDA's ability to spur lending activity for small businesses, generate and maintain jobs and encourage private investment in our communities. As a result, the EDA finalized over \$882 million in financing assistance, business incentives and tax credits in 2011 to support New Jersey-based businesses, not-for-profit organizations and municipalities. Compared to 2010, the impact of this assistance is significant:

- More than doubled the amount of total public/private investment, from \$1.4 billion in 2010 to \$3.4 billion in 2011;
- More than doubled the number of estimated new jobs, from 5,200 in 2010 to over 13,000 in 2011;
- More than doubled the number of existing jobs supported, from 12,350 in 2010 to 26,942 in 2011.

The expansion of the Business Retention and Relocation Assistance Grant (BRRAG) and Urban Transit Hub Tax Credit programs were particularly critical to New Jersey's ability to retain companies and jobs in the state, and encourage major investment in our cities. In tandem with administering the still powerful Business Employment Incentive Program (BEIP), the transformational Economic Redevelopment and Growth (ERG) program, and various lending programs, the EDA has enthusiastically continued its role as the state's "bank for business" to encourage economic development and job creation.



*The Partnership for Action team joined Governor Chris Christie and Lt. Governor Kim Guadagno at the February 2011 New Jersey Economic Summit, a roundtable discussion with business leaders from across the state at Rutgers Business School in Newark.*

Working under the leadership of Lt. Governor Guadagno, EDA collaborates closely with the Business Action Center and Choose New Jersey as part of the New Jersey Partnership for Action. The Partnership has successfully attracted new businesses to the state and helps existing businesses thrive by zeroing in on relationship-building and person-to-person outreach, promoting state incentives and resources, developing pro-growth policies, and helping businesses navigate state government and programs.

Through advocacy and business incentives, the Partnership for Action team has: encouraged companies such as Archimedes Pharma, Fluitec International and Allergan, Inc. to locate new facilities in New Jersey; supported Watson Pharmaceuticals, Bayer Healthcare and Church & Dwight as they sought to remain and expand here; and, assisted Panasonic Corporation, Revel Entertainment and Wakefern Food Corporation as they advanced projects that will result in significant private investment in New Jersey's urban centers.

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The Urban Transit Hub Tax Credit (UTHTC) and Economic Redevelopment and Growth (ERG) programs have been critical to New Jersey's ability to advance transformational, catalytic redevelopment projects in New Jersey's cities and other geographic areas targeted for growth.

Through 2011, 14 projects have been approved through the UTHTC for a total benefit of more than \$887 million in tax credits. These projects are expected to leverage an estimated \$1.7 billion in private investment, and spur the creation of 2,330 new jobs and 8,400 construction jobs, as well as help to ensure the retention of 2,270 jobs that were certified as "at risk" of leaving the state. Under ERG, 12 projects have been approved for incentives totaling approximately \$370 million over an average term of 19 years. These projects are spurring an estimated \$2.2 billion in private investment, and are expected to create an estimated 9,190 new jobs and over 7,975 construction jobs. The net benefit to the state tied to these projects is estimated to be \$877.5 million over the term.

Our focus on supporting entrepreneurs and small businesses was also expanded in 2011 as the state worked to create new funding and technical assistance opportunities for this critical sector of New Jersey's economy. In October, the Christie Administration announced that New Jersey was allocated \$33.8 million in funding through the federal Small Business Jobs Act. These funds strengthen EDA's existing lending programs, with a focus on supporting small manufacturers, women and minority-owned enterprises, and businesses that are located in underserved communities throughout the state.

## Support for Small Businesses

The EDA Board took action in November and December to further support small business development in New Jersey. This included doubling the EDA's line of credit guarantee assistance from \$250,000 to \$500,000; increasing the number of banks from 15 to 44 that can participate in a new Premier Lenders banking program to expedite loan approvals; strengthening the lending capacity of microlenders and other financial intermediary organizations through the Fund for Community Economic

Development; and entering into a new contract with UCEDC and awarding first-time contracts to Rising Tide Capital, Inc. and the Latin American Economic Development Association (LAEDA) to expand the array of training, technical and financial assistance services available to small, women and minority-owned businesses. In 2011, UCEDC trained or mentored over 2,400 entrepreneurs across the state and offered 82 business training and informational workshops. Additionally, 16 small business owners received a total of nearly \$430,000 in loans to start or expand their business.

In an effort to educate more small businesses across New Jersey on available financial and advocacy assistance, EDA hosted several small business forums in coordination with Urban Enterprise Zones (UEZs) and other local business community members. In 2011, events were held in Asbury Park, Trenton, Lakewood and Carteret. EDA also launched a new website landing pages, with a focus on key audience segments, including bankers, small business owners, manufacturers, and not-for-profit organizations. In addition, EDA launched e-mail newsletters that inform these key audiences about updates on products, success stories and related business news from around the state. In 2011, EDA completed its first video testimonial which highlighted North Bergen-based Sequin City and the small manufacturing company's experience working with the Partnership for Action team.

## Growing the Innovation Economy

With a continued focus on growing New Jersey's "innovation" economy, EDA took significant steps in 2011 to expand the availability of capital for life sciences and technology companies. In August, the EDA introduced three new programs under the Edison Innovation Fund to support emerging companies that have attracted capital through angel and venture capital investors. EDA also worked with the state's technology community to create New Jersey's first Technology Accelerator Initiative, which will provide a competitive environment for entrepreneurs to showcase their products, ideas and business model in a mentor driven program that leverages EDA's initial investment with private capital.

# 2011 Annual Report

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## Encouraging Sustainability

To help promote a green economy in New Jersey, EDA enhanced its Clean Energy Solutions portfolio in 2011 with the introduction of the Edison Innovation Green Growth Fund (EIGGF) and Energy Efficiency Revolving Loan Fund (EERLF). The EIGGF is a program funded by the New Jersey Board of Public Utilities (BPU) that offers growth capital loans to assist New Jersey clean technology companies in advancing energy efficient and renewable energy products.

Through EERLF, New Jersey-based commercial, institutional or industrial entities that have already received an approved Energy Reduction Plan under the BPU's Pay for Performance program can apply for a low-interest loan to help achieve energy efficiency improvements that benefit New Jersey ratepayers, reduce operating costs for businesses, and enhance the environment.

2011 also marked the official launch of EDA's internal sustainability initiative. Through this effort, we are striving to become a more sustainable organization by focusing on the triple bottom line – people, planet and profits. This approach will allow EDA to plan for and respond to current and future challenges and opportunities through adaptive decision making that accounts for social, economic and environmental protections and enhancements.

EDA is also staff to the Fort Monmouth Economic Revitalization Authority (FMERA), which kept busy in 2011 with the closing of the Fort Monmouth post in September 2011.



*EDA's new sustainability logo and tagline, "Invested in the Business of Sustaining New Jersey."*

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The essential component of FMERA's initial redevelopment effort is the transfer of the 1,100-acre property from the U.S. Army to FMERA, which takes place through the Economic Development Conveyance (EDC) agreement. The Memorandum of Agreement (MOA) is the overarching agreement between the U.S. Army and FMERA, which lays out the deal points for the future EDC agreement. Drafts of both documents were submitted to the U.S. Army in December 2011 and we expect that both agreements will be in place by April, with action on transferring the land parcels identified for Phase 1 of the redevelopment beginning soon after.

As we continue to cultivate an environment conducive to economic growth and job creation, the EDA looks forward to working with the Christie Administration to build on the success the Partnership for Action achieved in 2011. As we move ahead in 2012, we are focused on increasing our lending activity for small and mid-size businesses, supporting companies looking to expand globally, and ensuring our policies are aligned with the new State Strategic Plan, which is focused on growing targeted industries, including advanced manufacturing, transportation, logistics and distribution, life sciences, technology, green energy, health and finance.

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The EDA remains committed to growing New Jersey's economy through financial assistance, facilitation and partnerships; optimizing internal workforce effectiveness to improve and strengthen the customer experience; and, advancing a financially sustainable business platform to ensure we are able to meet the state's economic development needs while exercising financial stewardship. Our success as an organization is a testament to our talented and dedicated staff, a business philosophy that facilitates quick adaptability to marketplace needs, and productive partnerships with public, private and community organizations across New Jersey.

The following pages highlight the various ways EDA supported and encouraged economic development in 2011. We invite you to visit [www.njeda.com](http://www.njeda.com) or the state's business portal at [www.NewJerseyBusiness.gov](http://www.NewJerseyBusiness.gov) to learn more about opportunities for business growth throughout the state.



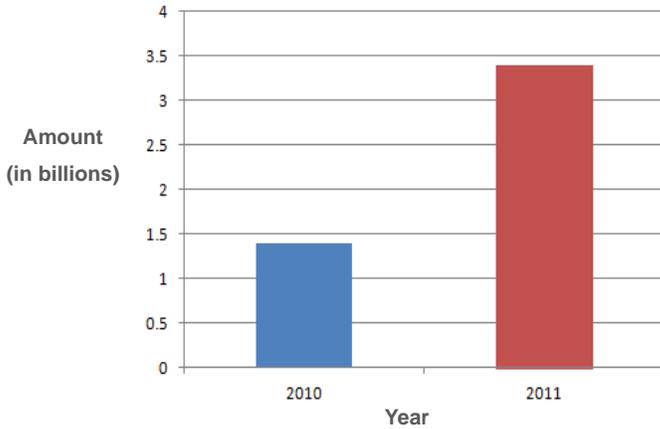
Al Koepp  
Chairman of the Board



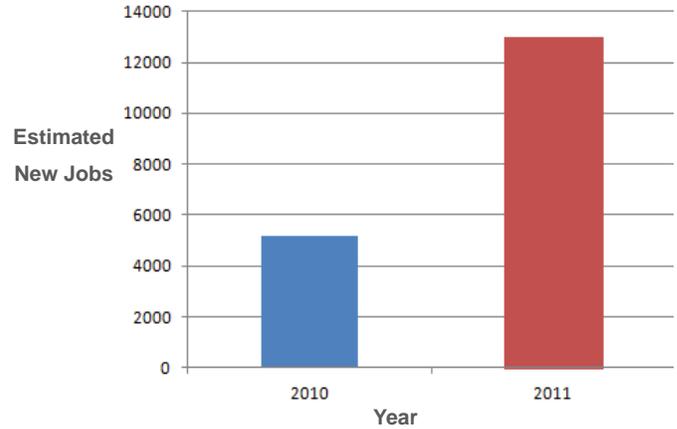
Caren S. Franzini  
Chief Executive Officer

# 2011 Results

**EDA Leveraged Public/Private Investment**



**Estimated New Jobs**



<b>EDA Results 2011</b>	
Projects Assisted	<b>301</b>
Total Assistance	<b>\$882.7 million</b>
Public/Private Investment	<b>\$3.44 billion</b>
Estimated New Permanent Jobs	<b>13,025</b>
Estimated Construction Jobs	<b>13,942</b>

<b>EDA Results 1974-2011</b>	
Projects Assisted	<b>11,081</b>
Total Assistance	<b>\$21.6 billion</b>
Public/Private Investment	<b>\$47.8 billion</b>
Estimated New Permanent Jobs	<b>322,882</b>
Estimated Construction Jobs	<b>332,759</b>

<b>EDA Mission</b>
<p>The New Jersey Economic Development Authority (EDA) is an independent State agency that serves as the State's "bank for business" by financing small and mid-sized businesses, administering tax incentives to retain and grow jobs, revitalizing communities through redevelopment initiatives, and supporting entrepreneurial development by providing access to training and mentoring programs.</p>

# Supporting Entrepreneurial Development and Business Growth

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2011 was marked by the Christie Administration's staunch commitment to support small and mid-size businesses in New Jersey. The state's efforts are strengthened by EDA's relationship with New Jersey's banking community. In partnership with commercial banks, nearly 100 small and mid-size companies and not-for-profit organizations across New Jersey received approximately \$867 million in total public/private assistance through the state's small business lending and bond financing programs.

**Sequin City** represents a great example of the unprecedented responsiveness that defines the Partnership for Action and its efforts to support the needs of New Jersey businesses, large and small.

With 40 years of experience in the textile industry and a desire to make his son proud, Raymond Hill acquired Sequin City in 2002, making him the owner of the only sequin fabrics manufacturing company in the United States. The company supplies its fabrics to the fashion district in New York City, Broadway costume designers, and major American theme parks such as Disneyland. In March 2011, Mr. Hill was told by his landlord that the building housing his company would be demolished that April. After experiencing difficulty in obtaining a conventional bank loan to purchase a new property, Mr. Hill wrote Governor Christie seeking help. Lt. Governor Guadagno immediately reached out to Mr. Hill to discuss his issues and how the state could assist with his facility needs. The New Jersey Partnership for Action stepped in, and with advocacy from the Business Action Center and a \$225,000 Small Business Fund loan from the EDA, Sequin City was able to relocate into new space. Mr. Hill credits the Christie Administration and the Partnership for Action for keeping his business operational and growing in New Jersey. Sequin City plans to retain its staff of six and create three new jobs as it continues to grow at its new facility in North Bergen.



## Sequin City

*Raymond Hill, President of Sequin City, pictured in the company's new North Bergen-based manufacturing facility.*

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The Small Business Fund program provides below-market rate financing to eligible businesses through direct loans or guarantees, with the choice of a variable or fixed interest rate. Roselle Park-based **Hexacon Electric** has been manufacturing soldering parts and equipment longer than any other company of its kind worldwide. The company, which has been family-owned since it was established in 1932, was the pioneer developer of long-life, iron-plated tip technology and also introduced the first industrial pencil-style soldering iron, the first temperature-controlled soldering station, and the first irons and tips for surface mount technology. These technological developments were essential to the creation of high-reliability military electronic applications and to advancing space program resources for achieving moon landing. To support the company's continued growth in New Jersey, Hexacon closed a \$70,000 loan through the Small Business Fund. The low-interest financing was used to purchase new equipment. Hexacon expects to maintain its existing staff of 28.

# Supporting Entrepreneurial Development and Business Growth

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To help facilitate its expansion in East Rutherford, **MamaMia Produce** closed on a \$2.8 million mixed credit facility from EDA Premier Lender Provident Bank that included a \$250,000 EDA guarantee through the Main Street Business Assistance Program. With three generations of agricultural experience, the company utilizes greenhouse and hydroponic technology to offer premium fruits and vegetables under the MamaMia and La Vita™ brands. MamaMia plans to add six new employees to its existing staff of 26 as it continues to grow in Bergen County. Based in Berlin, **Interlock Device of New Jersey (IDNJ)** provides installation and monitoring of interlock devices, which are breath alcohol analysis devices that are installed in motor vehicles to prevent an alcohol-impaired person from starting their vehicle. Through the Main Street program, EDA provided this company with a 50 percent guarantee of a \$200,000 Fulton Bank of NJ line of credit. Fulton Bank is also an EDA Premier Lender.

The Main Street Business Assistance Program was advanced to help businesses in New Jersey access capital. The program provides financial support to commercial banks in New Jersey to assist in offering loans, guarantees and line of credit guarantees to small businesses and not-for-profit organizations. Among the actions taken in December to enhance the state's small business support, the EDA Board voted to double the line of credit guarantee available through the Main Street program from \$250,000 to \$500,000. Additionally, the Board voted to reduce the interest rate for the program from 5-percent fixed to the Five Year U.S. Treasury plus 300 basis points with a 3-percent floor, fixed at closing.

The EDA Board voted to launch the new Premier Lenders Program in December to be more responsive to the needs of businesses and bank partners. The Program helps to expedite approvals for small business loans and increase activity with all of the EDA's banking partners. The streamlined loan approval process involves the EDA reviewing finance applications within three days, the result of which speeds the flow of capital to growing businesses in the state. Quick turnaround time from approval to closing provides a strong incentive for borrowers, while the EDA's exposure by participating in or guaranteeing a portion of a loan reduces the lender's risk.

Through the Statewide Loan Pool Program, Premier Lender TD Bank worked in partnership with EDA to provide **Specialty Vehicle Solutions (SVS)** an \$810,000 bank loan supported by a \$180,000 EDA participation. The manufacturing company specializes in custom law enforcement and government vehicles, with a customer base of both domestic and international clients. As a result of this financing, SVS was able to purchase a 22,800-square-foot facility that it had previously leased in Trenton. The company expects to add five positions to its existing staff of 25.



## Hexacon Electric

*The owners of Hexacon Electric, Kathi and Art Schwaiger, pictured in front of their new CNC Machine, acquired with financing from the Small Business Fund.*

# Supporting Entrepreneurial Development and Business Growth

The Statewide Loan Pool Program also proved beneficial to **Hays Sheet Metal, Inc.** when it sought to purchase a building in Pennsauken to house its sheet metal contracting business. With an \$800,000 mortgage loan from Premier Lender Citizens Bank that included a \$240,000 EDA participation, the company is acquiring its new facility on Kaighn Avenue, where it expects to grow from a staff of 12 to 16. Under the Statewide Loan Pool Program, EDA can participate in or guarantee up to 50 percent of a bank loan, up to \$1.5 million for fixed assets or working capital.

The EDA partners exclusively with PNC Bank to support credit-worthy companies that are retaining or creating jobs in the state through the New Jersey Business Growth Fund. Small and mid-sized businesses may be eligible for up to a \$3 million PNC Bank loan with a 25 percent or 50 percent EDA guarantee.

Companies that received assistance through this partnership in 2011 include **Wipe Out Productions**, which used a \$330,000 PNC Bank loan, backed by a 25 percent EDA guarantee, to purchase a new facility in West Berlin for its video and radio programming production company. **Bennie's Bread**, a wholesale and retail Italian bakery located in Ocean City, utilized a \$580,000 PNC Bank loan that included a \$290,000 EDA guarantee to refinance existing debt. **Interfashion Cosmetics Corp.**, a second generation family-owned cosmetic and skin care custom house contract manufacturer and formulator, utilized a \$500,000 PNC Bank loan, backed by a 50 percent EDA guarantee, to purchase new equipment and machinery for its Teterboro-based facility.



**Kontos Foods**

*Kontos President Evris Kontos pictured with his employees.*

Through tax-exempt bond financing, the EDA supports manufacturing companies and not-for-profit organizations across the state. The EDA serves as a conduit issuer of these private activity bonds, which provide long-term, tax advantaged financing, with either a fixed or variable interest rate.

With nearly \$9 million in tax-exempt bond financing, **Kontos Foods** purchased and made renovations to a 60,000-square-foot facility in Paterson, as well as a nearby 25,000-square-foot facility. Additional proceeds from the tax-exempt bonds were used to finance equipment and machinery. Kontos, a manufacturer of authentic, hand-stretched flatbread, was founded by Evris Kontos, a master fillo maker who emigrated to the United States from Capri in 1949. Utilizing the preparation process that Mr. Kontos has perfected through the years, Kontos has seen considerable growth, and the additional space will accommodate new equipment and product lines. Kontos expects to add 20 new employees to its existing staff of 160. The bond was directly purchased by EDA Premier Lender TD Bank.

# Supporting Entrepreneurial Development and Business Growth

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**Century Packaging, Inc.** of East Brunswick utilized a \$1.62 million tax-exempt bond to acquire a new printing press that will allow the manufacturing company to increase business by an estimated 20 percent. Founded in 1986, Century Packaging is a full service manufacturer that specializes in designing folding cartons for a variety of industries, including cosmetic, pharmaceutical, healthcare, bakery products, automotive and pet products. In October, Century Packaging became the 79th stop on the Lt. Governor's "100 Business Initiative" tour, which began in mid-February with the goal of visiting businesses across key industries to foster a stronger dialogue with New Jersey's job creators. Century Packaging expects to maintain its staff of 53 and create seven new jobs. The bond was directly purchased by People's Capital and Leasing Corp.

The **South Brunswick Family YMCA** benefited from \$2.25 million in tax-exempt bond financing, which will allow the not-for-profit organization to refinance existing debt and undertake a roof replacement capital project. The community and family-centered organization runs a childcare facility, summer camps, and after school programs. The facility boasts a teaching pool, dance studio and fitness center, and offers a wide range of programs, including parent/tot gymnastics classes and classes for seniors. The bonds were directly purchased by EDA Premier Lender TD Bank.



**South Brunswick Family YMCA**

*The childcare facility at the South Brunswick Family YMCA*

Enhancing Governor Christie's commitment to economic growth and entrepreneurial development, the EDA entered into a new contract with UCEDC in November 2011. The EDA formed a strategic partnership with the not-for-profit economic development corporation in 2008 to deepen the state's reach into underserved communities and provide greater access to resources for aspiring entrepreneurs and small business owners.

UCEDC offers various training workshops that are available in English and Spanish, including a series of courses that help develop financial and business literacy for business owners at all stages of maturation, and a comprehensive Entrepreneurial Training Initiative that walks entrepreneurs through all aspects of starting a business, culminating in the development of a business plan. All UCEDC clients receive one-on-one business counseling customized to meet the specific needs of their business. Through its microloans, SBA 7(a) loans and business growth fund, UCEDC also offers a range of financing vehicles to address business needs at every stage of growth.

**Jersey Farm Produce, Inc.** was founded in 2009 by Hector Perez, a former agricultural engineer from Mexico who came to the United States in 2000. Jersey Farm operates from a 46-acre farm in Milford and grows a wide variety of vegetables, fruit, flowers and plants year-round. In addition to serving neighborhoods in New York, Perez has also been the featured farmer at the Golden Nugget Green Market in Lambertville. In 2011, Perez received a \$15,000 microloan and one-on-one mentoring from UCEDC to support the continued growth of his business. Jersey Farm expects to grow from a staff of three to 10 in the next few years.

# Supporting Entrepreneurial Development and Business Growth

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**Jersey Farm Produce**

*Hector Perez of Jersey Farm Produce tends to his 46-acre farm in Hunterdon County.*

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With a lifelong interest in biology, Olive Lynch turned her enthusiasm into a business idea two years ago when she sought to use bugs to recycle food waste. Today, Lynch is utilizing UCEDC's training and mentorship services to successfully launch **Green Waste Technologies**. The Plainfield entrepreneur, a recent graduate of UCEDC's Entrepreneurial Training Initiative, recently had her first taste of success when she won the business plan contest sponsored by the Central Jersey Chapter of the National Association of Women Business Owners.

Two guys, fresh out of college, couldn't get past their dream of selling ice cream at the Jersey shore. Despite having full-time jobs, they used their own money and sweat equity from family and friends to open **Ensign Ice Cream** last summer. But as a seasonal startup business, Ensign's co-owners didn't know where to turn when additional funds were needed to keep their business moving forward. UCEDC's help came in the form of a \$15,000 microloan that allowed the owners to obtain vending permits for the 2011 summer season and purchase and convert additional vehicles to sell their ice cream in Beach Haven, Harvey Cedar, Barnegat Light and Toms River. With a successful summer, Ensign Ice Cream has already paid off its microloan.

In addition to its partnership with UCEDC, EDA also manages the New Jersey Small Business Development Centers (SBDCs) contract on behalf of the Business Action Center. The SBDC network is comprised of 11 centers across the state. Small business owners and entrepreneurs can use these centers to develop a business plan, create marketing strategies, learn principles of accounting and financial analysis and identify capital financing.

# Encouraging Business Attraction, Retention and Expansion

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Governor Christie provided an immediate economic boost to the state by advancing competitive business incentives that complement his tax and regulatory reform policies and further demonstrate that New Jersey is well-positioned for business expansion, economic growth and job creation.

Statutory revisions signed into law by the Governor in January 2011 enhanced the effectiveness of the Business Retention and Relocation Assistance Grant (BRRAG), which is a key incentive for businesses committed to retaining jobs in New Jersey. The BRRAG program involves the utilization of corporation business tax credits, or insurance premiums tax credits, to businesses to encourage economic development and job creation while preserving existing jobs in the state. The program now offers up to \$2,250 per year for up to six years, per job retained in the state. With a meaningful incentive for retention, activity under BRRAG in 2011 significantly increased.

Since 1996, companies that have chosen to locate new facilities in New Jersey have taken advantage of the Business Employment Incentive Program (BEIP), which continues to be a powerful tool to attract and encourage businesses to grow in the state. Approved businesses receive annual cash grants for up to 10 years. Grant amounts are based on a percentage – up to 80 percent – of the state income taxes withheld from the employees who fill the newly created jobs, and grants are disbursed to companies only after verification of new employment.

Governor Christie and Lt. Governor Guadagno joined global industry leader **Church & Dwight** in October 2011 to announce the company's decision to build their new global headquarters in Ewing Township, further expanding their manufacturing and R&D footprint in New Jersey. Founded in 1846, the company manufactures and markets a wide range of personal care, household and specialty products, under the ARM & HAMMER brand name and other trademarks.

Church & Dwight currently has its global headquarters and R&D center in Princeton and a manufacturing plant in

“I commend the pro-business efforts of Governor Christie’s Administration and the incredible customer service that we received throughout our decision-making process. That coupled with the incentives is what our company needed to maintain our headquarters in New Jersey and keep our employees in the state.”

– James R. Craigie, Chairman and Chief Executive Officer, Church & Dwight



*Governor Christie and Lt. Governor Guadagno join James R. Craigie of Church & Dwight to break ground on the company's new headquarters in Ewing.*

Lakewood. The company was approved for a \$2.7 million BEIP and a \$13.5 million BRRAG to support the relocation of its corporate headquarters to a new, 250,000-square-foot facility in Ewing, rather than a competing location in Pennsylvania. In addition to this new corporate center, the company remains committed to the Princeton location, which will become its new R&D center. The company also will be expanding their facility in Lakewood with the help of a \$719,000 BEIP tied to the creation of 28 new positions at this manufacturing plant. Together, this is resulting in the retention of over 1,000 jobs, the creation of more than 130 new jobs, and the private investment of nearly \$80 million in New Jersey's economy.

# Encouraging Business Attraction, Retention and Expansion

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Two years ago, **Realogy Corporation** had essentially made the decision to move its headquarters from New Jersey to North Carolina. The leading provider of real estate and relocation services needed to move due to a stalled economy, and its lease in Parsippany was set to expire in 2013. Dubbed “the state’s first retention save” by Lt. Governor Guadagno, the proactive outreach by the Christie Administration and enhanced BRRAG helped encourage Realogy to remain and invest in New Jersey. The company announced in late November 2011 plans to move its corporate headquarters to a new facility currently under development in Madison. The EDA approved a BRRAG in April 2011 estimated at \$10.7 million and a \$1.4 million sales tax exemption to help retain the company and its 953 employees. Realogy signed a 17-year lease and will be the sole tenant of the 270,000-square-foot state-of-the-art facility that is being developed by The Hampshire Companies of Morristown. The building will house all current Realogy corporate headquarters location employees, including the Realogy Franchise Group and its leading franchise brands, Realogy’s brokerage subsidiary, NRT, as well as NRT’s Eastern Seaboard Support Center and its local brokerage, Coldwell Banker Residential Brokerage.

Other state-assisted projects in 2011 also proved that New Jersey had successfully redefined itself in the marketplace, as a host of out-of-state and international companies chose to expand in or relocate to the Garden State.

**Biomeasure Inc.**, a U.S.-based subsidiary of Ipsen, announced in December 2011 that the company will relocate its U.S. headquarters from Brisbane, California to Bridgewater, New Jersey. The company expects to begin operating from its new 30,000-square-foot facility by April 2012. To encourage the company to locate in New Jersey, EDA approved a BEIP grant worth an estimated \$4.47 million over 10 years based on the creation of 91 new, high-wage positions. Based in Paris, France, Ipsen is a global biopharmaceutical specialty care group.



*An artist's rendering of the Realogy Corp.'s future headquarters at 175 Park Ave. in Madison. Courtesy of The Hampshire Companies.*

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**Archimedes Pharma US Inc.** is a recently formed subsidiary of United Kingdom-based specialty biopharmaceutical company Archimedes Pharma Ltd. In early 2011, the company decided to locate its first U.S. operations in Bedminster with the support of a 10-year, \$2-million BEIP grant. The company expects to create 75 new, high-wage jobs.

**Crane Group International** produces steel framed, all inclusive commercial and residential structures, with a focus on providing quality, sustainable living environments. A BEIP grant worth an estimated \$1 million over 10 years helped to encourage the company to grow its New Jersey workforce from a staff of six to over 180. The company invested approximately \$4.25 million to support its move to a new, 200,000-square-foot manufacturing facility in Hillside. The company also explored facilities in Louisiana.

# Encouraging Business Attraction, Retention and Expansion

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When **Revolution Foods** was looking to expand its market reach in the Northeast, a BEIP grant worth an estimated \$222,000 over 10 years helped to encourage the company to lease and build out a 25,000-square-foot facility in Elizabeth over competing locations in Connecticut and New York. The company delivers healthy meals and nutrition education to schools and community programs across the country. Revolution expects to create 75 new jobs and invest an estimated \$2.83 million in its new facility.

**SSM Industries**, a manufacturer of heating, ventilation and air conditioning products, shifted operations from Philadelphia to West Deptford with the help of a 10-year, \$609,750 BEIP tied to the creation of 70 new, high-wage jobs and the private investment of \$2.15 million.

SSM is another great representation of the proactive efforts and responsiveness that defines the Christie Administration and the Partnership for Action. After hearing that SSM was considering relocating to New Jersey, Lt. Governor Guadagno personally called the company to encourage them to move to the state. As the process moved forward, the Lt. Governor called SSM again and was told that the company was facing an unexpected issue that threatened to scuttle the project. The Partnership for Action team worked fervently to successfully resolve the issue, and today the company is thriving at its new location in Gloucester County.

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*In October, Lt. Governor Kim Guadagno announced the relocation of Damascus Bakery from Brooklyn, N.Y. to Newark with owners Ed and David Mafoud. The EDA previously provided the bakery tax-exempt bond financing, two loans through the Local Development Financing Fund, and a Business Employment Incentive Program grant tied to the creation of 180 new manufacturing jobs in New Jersey.*

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“The State of New Jersey really stepped up to help make sure the transition to Gloucester County was a smooth one.”

– Thomas Szymczak, President, SSM Industries

# Growing New Jersey's Innovation Economy

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The success of New Jersey's technology and life sciences companies is critical to growing the state's economy and essential to maintaining the Garden State's role as a leader in the development of innovative technologies that enhance and save lives, while creating new jobs and attracting private investment. The EDA offers a continuum of assistance through the Edison Innovation Fund to support these companies throughout their lifecycle of growth.

As part of the Edison Innovation Fund, the EDA helps increase available capital for emerging technology and life sciences companies by investing as a limited partner in venture capital firms that invest in New Jersey-based companies. Venture capital serves as a lifeline for many promising companies that need a large infusion of cash prior to becoming commercially viable. EDA's venture fund investments include: NextStage Capital, NJTC Venture Fund, Edison Venture Fund, NewSpring Health Capital, the Garden State Life Sciences Fund, managed by Quaker BioVentures and OmniCapital Group. Investments made by the EDA are expected to earn a reasonable rate of return, which is measured in financial terms and by job growth. Funds in which the EDA invest in demonstrate an ability to leverage the EDA's investment with other investment dollars at a minimum ratio of 3:1. Gains resulting from these investments are utilized to offer new funding opportunities to support New Jersey businesses.

In August 2011, Governor Christie and Lt. Governor Guadagno announced three new programs offered through the Edison Innovation Fund to support emerging companies that have attracted capital through angel and venture capital investors. The three programs – the Edison Innovation Angel Growth Fund; Edison Innovation VC Growth Fund; and, Edison Innovation Growth Stars Fund - are structured as subordinated convertible debt and will benefit early stage, emerging technology and life sciences companies by providing growth capital to directly fund uses such as hiring key staff, product marketing and sales.

“In late 2009, Replication Medical was in trouble. With revenues totaling just \$9,000 for the year, we were quickly running out of cash. Because of Pennsylvania's close proximity and our existing relationships with researchers in that state, I very seriously considered moving the company out of New Jersey. Why are we still here? The State's Technology Business Tax Certificate Transfer Program.”

- Ann Prewett, Chief Executive Officer,  
Replication Medical, Inc.

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In September 2011, EDA approved the first project under the Edison Innovation VC Growth Fund with its support of **CareKinesis, Inc.** The company, which began operating in 2010, is a provider of personalized medication management and customized medication distribution for elderly and other at-risk individuals. The Moorestown-based company was approved for a \$500,000 loan from EDA for growth capital. CareKinesis plans to maintain its staff of 50 and create 40 new jobs as it continues to grow in Burlington County.

In support of the Christie Administration's commitment to entrepreneurial development within the technology industry, the EDA is working with the state's technology community to advance a Technology Accelerator Initiative. The initiative will provide a competitive, “in search of excellence” environment for technology-focused entrepreneurs to showcase their products, ideas and business model in a mentor driven program in return for an opportunity to receive funding. The program will be funded with \$450,000 over three years through the EDA and is modeled on successful accelerators in other states.

# Growing New Jersey's Innovation Economy

As companies progress beyond the venture funding stage, they have access to a full range of services provided by the EDA, including the competitive Technology Business Tax Certificate Transfer (NOL) Program. The program allows emerging technology and life sciences businesses to sell New Jersey net operating losses and/or research and development tax credits to profitable businesses in order to raise cash to finance their growth and operations. Recognizing the importance of this program, Governor Christie's Fiscal Year 2012 budget increased funds by \$30 million over the Fiscal Year 2011 allocation. The 75 applicants approved this year will share the \$60 million allocation, and on average, receive approximately \$800,000 each, more than double last year's average. Companies that benefited include Bridgewater-based **Nistica, Inc.**, **Immunogenetics, Inc.** of Buena, New Providence-based **KIRUSA, Inc.**, **Akers Laboratories, Inc.** of Thorofare, and Manalapan-based **Tobira Therapeutics**.

**Replication Medical, Inc.** of Cranbury also benefited from the program in 2011. The medical device company's Chief Executive Officer Ann Prewett noted that the vital injection of cash her company received through the NOL program in 2010 kept them in business and in New Jersey. "In late 2009, our company was in trouble. With revenues totaling just \$9,000 for the year, we were quickly running out of cash. Because of Pennsylvania's close proximity and our existing relationships with researchers in that state, I very seriously considered moving Replication Medical out of New Jersey," Prewett said. "Why are we still here? The State's Technology Business Tax Certificate Transfer Program."

In the heart of the state's bioscience cluster is the EDA's Technology Centre of New Jersey, which offers young, growing firms, as well as large established companies, customizable laboratory and production facilities.



*Replication Medical, Inc. CEO Ann Prewett pictured at the Annual Meeting of the North American Spine Society with Luis Gonzalez and Luis Holl of the John D. Thompson Hospice Institute for Education, Training and Research, Inc.*

The Centre complex sits on more than 50 acres, and consists of approximately 325,000 square feet of lab, production and office space. The Centre's proximity to prestigious institutions of higher learning and major research corporations provides occupants with access to a highly educated and skilled labor pool.

In August 2011, EDA approved a BEIP grant worth an estimated \$569,910 over three years to encourage **Watson Pharmaceuticals** to locate its new Global R&D Center at the Technology Centre. Watson intends to initially invest approximately \$4.5 million in outfitting its new 32,000-square-foot facility, and will immediately retrofit roughly 19,000 square feet for product development and analytical laboratories. The remaining 13,000 square feet will accommodate future expansion. The new facility will house approximately 50 scientists, chemists, engineers and support staff.

# Growing New Jersey's Innovation Economy

“Watson is pleased to continue to work with Governor Chris Christie, Lieutenant Governor Kim Guadagno and the Partnership for Action team as we expand our presence in New Jersey. The location of the new Global R&D Technology Center will enable Watson to leverage our proximity to such educational centers of excellence as Rutgers University. This will enable Watson to establish collaborations with University departments including pharmaceuticals, chemistry and engineering and permit us to benefit from the talent pool in the heart of the pharmaceutical industry of New Jersey.”

- Paul Bisaro, President and CEO, Watson Pharmaceuticals

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With its new location at the Technology Centre of New Jersey complex, Watson joins such prestigious companies as **Merial Limited**, **Chromocell Corporation** and **Rutgers Technology Center II** — home to **WINLAB** and **Energy Storage Research Group**.

The complex also includes the Commercialization Center for Innovative Technologies (CCIT), which houses 22 emerging biotech companies and is one of only 23 business incubation programs from around the world that have earned the Soft Landings International Incubator designation from the National Business Incubation Association. The designation recognizes incubators that are especially capable of helping nondomestic companies enter the domestic market with translation services, cutting through red tape, accessing capital, providing domestic market research, and other assistance programs.



*Chromocell Corporation is a drug discovery company focused on the identification and development of novel therapeutics. When Chromocell moved to CCIT, the company occupied one lab and employed a staff of three. It has since grown to occupy 26,000 square feet at the Biotechnology Development Center (BDC) - “tweener” space that is also on the Tech Centre campus. The company recently celebrated its 100th employee.*

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CCIT is one of the more significant incubation facilities in the nation dedicated to life sciences and biotechnology companies. The 46,000-square-foot facility offers the most wet labs in the state for incubation, in addition to business accelerator office space and flexible conference facilities. Among other unique features, business development and collaborative opportunities are provided to tenants through a “corporate technology transfer” initiative exclusive to CCIT and working relationships with over a dozen global bioscience research parks and incubators. Current tenants include **ShanghaiBio Corporation**, a U.S.-based subsidiary of Shanghai Biochip Co. Ltd., one of the largest biotech companies in China, and **Actinobac Biomed**, a UMDNJ spin-out focused on the development of pharmaceutical technologies based upon agents which target Leukocyte Function Antigen-1.

# Growing New Jersey's Innovation Economy

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The EDA's Waterfront Technology Center at Camden is a 100,000-square-foot facility designed exclusively to accommodate the work of established businesses and startups in the biosciences, microelectronics, advanced materials, information technology and other high-tech and life sciences fields. The five-story building is in close proximity to other technology companies, universities and research centers, offering an ideal location convenient to a pool of talented people and important local and regional resources.

Waterfront Technology Center tenant **Agilence, Inc.** is a leading provider of Event-based Video Analytics (eVA) and the developer of "Hawkeye," an industry leading video auditing solution that enables retailers to quickly identify losses caused by operational errors, promotion execution, systemic errors, and associate fraud. Agilence is supported by NextStage Capital, an early stage venture capital fund focused on investing in undiscovered software and hardware technology and/or services companies in the Mid-Atlantic region. EDA is a Limited Partner in this fund.

For more established companies, the BEIP has proven to be an especially powerful incentive for encouraging technology and life sciences businesses to expand in or relocate to New Jersey. In order to qualify for BEIP, businesses must create at least 25 new jobs within a 2-year period; however, the eligibility threshold for technology and life sciences companies is 10 new jobs.

In October 2011, a BEIP grant worth an estimated \$125,190 over 10 years helped encourage **Vertellus Specialties, Inc.** to locate a new 6,5000-square-foot R&D center in Roxbury, over competing locations in Delaware and Pennsylvania. The specialty chemicals company, focused on the manufacture of ingredients used in pharmaceuticals, personal care, nutrition, agriculture, and a host of other market areas, expects to create 13 new, high-wage positions at its new facility in Morris County.

**Celsion Corporation** executed a BEIP in December 2011 worth an estimated \$1.1 million over 10 years tied to its relocation from Maryland to Lawrenceville and the creation

of 35 new, high-wage jobs. When the company was deciding where to relocate their growing drug company, President and CEO Michael Targudno initially reached out to the Business Action Center hotline. With his call returned in less than 24 hours, Targudno was immediately impressed. Of its decision to ultimately choose New Jersey over Massachusetts and Pennsylvania, Targudno notes, "there was a sense of urgency from the economic development people and a commitment that was palpable. That was an important aspect."

In Mercer County, **Mednet Healthcare Technologies Inc.** expects to create 65 new jobs as it expands its footprint by up to 8,000 square feet in Ewing. The company, a leader in specialized non-invasive cardiac monitoring services and products, finalized a BEIP grant in January tied to its expansion and also executed a BRRAG to support the retention of 66 existing jobs in New Jersey. The company also considered relocating its operations to Pennsylvania.

To accommodate its growth in the U.S. market, **ThromboGenics US** executed a BEIP grant in November 2011 worth an estimated \$1.5 million over 10 years to help establish a facility in Woodbridge and create 60 new, high-wage jobs. ThromboGenics US is the U.S. subsidiary of ThromboGenics NV, a Belgium-based biopharmaceutical company focused on the discovery and development of innovative therapies and medicines for the treatment of eye disease, vascular disease and cancer. Middlesex County also welcomed the new Northeastern facility for **Vitech Systems Group** in 2011. The company executed a BEIP grant worth an estimated \$1.3 million over 10 years tied to the relocation of 50 jobs from New York to New Jersey and the creation of an additional 50 new jobs in the state. Vitech is a leading provider of insurance, investment and benefit administration software. Its new state-of-the-art facility in Iselin includes a data center, on-site cafeteria and fitness center.

# Nurturing the Growth of New Jersey's Green Economy

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Promoting and advancing a more sustainable New Jersey is a top priority of the Christie Administration, and the Partnership for Action aims to help business and industry leaders identify ideas, programs and funding sources to help them reduce energy costs and their carbon footprint.

EDA's significant incentives - BEIP, BRRAG, the Urban Transit Hub Tax Credit and Economic Redevelopment and Growth programs - all have green building elements integrated into the program as either a requirement or tied to priority funding.

In 2011, EDA unveiled two new "green" programs in partnership with BPU. The Edison Innovation Green Growth Fund offers loans of up to \$2 million to Class I renewable or energy efficient clean technology companies that are seeking funding to grow and support their technology business. The loan, which may be converted to a 50 percent performance grant, must be used for growth capital, including key hires, product iteration/rollout, product enhancement and marketing/sales. The program requires that a business employ 75 percent of its workforce in New Jersey or commit to growing 10 high paying jobs in the state within two years.

The Energy Efficiency Revolving Loan Fund (EERLF) provides funding for those applicants that have already been approved under BPU's Pay for Performance (PFP) program or the Large Energy Users (LEUP) Program, which became available in 2011. BPU's PFP is a comprehensive energy efficiency program that provides incentives towards whole-building energy improvements. To support this effort, the EERLF provides up to a \$2.5 million loan to support up to 100 percent of the eligible project costs of commercial or industrial entities that received BPU rebates.

These programs complement the existing Clean Energy Manufacturing Fund (CEMF), which is another EDA/BPU offering that provides up to \$3.3 million in the form of low-interest loans and grants to companies manufacturing renewable energy, clean energy and energy-efficiency

products in New Jersey. Up to \$300,000 is available as a grant to assist with site identification and procurement, design and permits, and up to \$3 million is available as a loan to support site improvements, equipment purchases and facility construction and completion. To be eligible, products manufactured must contribute to the cost-competitiveness of renewable energy and energy efficiency in New Jersey, and other tangible ratepayer benefits, including economic development and environmental benefits, must result from either the production or the direct use of a company's products.

In October 2011, **Fluitem International** became the first wind project to be approved through CEMF. The \$3.3 million award will help the company establish the manufacturing of wind turbine lubricating systems in New Jersey. The Belgium-based clean energy startup relocated its U.S. operations to Jersey City from Florida. To encourage the company to consolidate its U.S. operations and all global corporate functions in New Jersey, EDA approved a \$463,800 BEIP grant over 10 years that proved to be a key factor in the company's decision-making process.

Fluitem is growing by an estimated 70 percent annually and expects to create 25 new, high-paying jobs in Jersey City by next year and 80 by 2017. Fluitem invested approximately \$5.6 million to support its move to New Jersey.

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“With its talented workforce, diverse population, excellent transportation network and supportive State partners like Lt. Governor Guadagno, we are very pleased to announce our plans to relocate to and grow in New Jersey. We expect to bring more than 80 jobs to New Jersey over the next five years and hope to soon be counted as one of the State's many Fortune 500 companies.”

- Frank Magnotti, CEO of Fluitem.

# Nurturing the Growth of New Jersey's Green Economy

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In 2011, the EDA closed on six projects that received funding through the Clean Energy Solutions ARRA Combined Heat and Power (CHP) Program, a competitive grant program supported by the American Recovery and Reinvestment Act and jointly administered by the EDA and BPU. The program made project based grants available to commercial, institutional or industrial entities (including public and not-for-profit entities) in New Jersey with a CHP project. The federally allocated funding was available in an amount of \$450 per kW of installed electric generation.

With the help of a \$1.36 million grant, RED-Burlington, LLC is developing an ultra-efficient CHP generating facility that will serve the Burlington-based manufacturing facility of the National Gypsum Company (NGC), one of the largest gypsum board producers in the world. The facility will produce approximately 3.4 megawatts of clean electricity and deliver more than 210,000 MMBtu of thermal energy, resulting in an overall efficiency of greater than 90 percent and reducing the company's energy costs, consumption, and greenhouse gas emissions. The project, developed by CHP specialist Recycled Energy Development, is expected to create over 50 construction jobs.

With an anticipated opening of May 2012, the new University Medical Center of Princeton at Plainsboro will be among the most sustainable hospitals in New Jersey due, in part, to an on-site Energy Center NRG Thermal is developing. The Energy Center will be comprised of a central utility plant, CHP facility, and a thermal energy storage system, supplying 100 percent of the hospital's heating and cooling needs. The project will reduce the hospital's energy bill and greenhouse gas emissions, as well as increase reliability. NRG Thermal received a \$1.9 million grant to establish the 4.6 megawatt CHP facility. NRG Thermal is a subsidiary of NRG Energy, Inc., a Princeton-based Fortune 500 company that owns and operates one of the country's largest power generation portfolios. NRG will operate the Energy Center for the hospital. The project is expected to create nearly 300 construction jobs.



*NRG Thermal's Energy Center at the new University Medical Center of Princeton at Plainsboro. The hospital is expected to open in May 2012.*

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# Revitalizing Communities through Redevelopment

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“The tax credit showed Wall Street that the State of New Jersey was going to stand behind Atlantic City. It was a huge boost in financing, and I think it would have been very difficult to do without it.”  
– Kevin DeSanctis, CEO, Revel Entertainment

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The revitalization of New Jersey’s cities is essential to the growth of the state’s economy. With a focus on invigorating and restoring underutilized community assets, Governor Christie signed legislation to expand the Urban Transit Hub Tax Credit (UTHTC) and Economic Redevelopment and Growth (ERG) programs in July.

The legislation expanded the ERG program to make growth areas in the Meadowlands eligible. Previously, the program was limited to projects in State Planning Areas, Pinelands growth areas, transit villages and closed federal military bases. ERG is a powerful incentive that provides reimbursement incentive grants so developers can utilize new state and local incremental taxes generated from a project to fund the gap in the total project cost.

Specifically, the program utilizes up to 75 percent of the incremental increase in certain state and local revenue sources attributed to the project to provide gap financing of up to 20 percent of the total project cost, which may be paid out over a 20 year period. The EDA, in conjunction with the Department of the Treasury, undertake rigorous due diligence in order to determine eligibility. Further, the EDA must conduct a comprehensive net benefit test to ensure that the project will result in a positive financial impact to the state. No funding is provided until the project generates revenue to the state in terms of the new incremental tax collection. To achieve greater protection of public funds, the EDA adopted a new policy in February 2011 that entitles the EDA to recoup its investment through ERG for those projects in excess of \$50 million.

UTHTC is another redevelopment tool that the state offers to developers, owners, or tenants making a qualified capital investment within a designated Urban Transit Hub. These Hubs are located within ½ mile of New Jersey Transit,

PATH, PATCO, or light rail stations in: Camden (expanded to one mile), East Orange, Elizabeth, Hoboken, Jersey City, Newark, New Brunswick, Paterson and Trenton. Eligibility was expanded to locations within these municipalities that have active freight adjacent or connected to the proposed building, and utilized by the occupant. The program was designed to spur private capital investment, business development and employment by providing tax credits for businesses planning a large expansion or relocating to a designated transit hub.

Governor Christie signed into law changes to the program in 2011 including: increasing the credit for residential projects from 20 percent to 35 percent of eligible costs over 10 years; providing that affordable housing requirements for UTHTC projects are to be determined at the sole discretion of the municipality; allowing mixed use projects to receive tax credits for both the residential and commercial components of a project; allowing the tax credits to be carried forward for up to 20 years; and, providing new standards and procedures for the net benefit analysis for in-state job moves.

Under the UTHTC program, a developer or owner making a minimum \$50 million capital investment within a designated Hub may be eligible for tax credits equal to up to 100 percent of the capital investment.

The ERG and UTHTC programs have already proven to be successful in stimulating new redevelopment and business growth. Through 2011, 12 projects have been approved under the ERG program for incentives totaling approximately \$370 million over an average term of 19.2 years. These projects are leveraging \$2.2 billion in private sector investment, and spurring the creation of an estimated 9,190 new, permanent jobs and 7,975 construction jobs. The net benefit to the state as a result of these projects is estimated to be \$877.5 million over the term.

In February 2011, **Revel Atlantic City** became the first project to close under the ERG program. Revel was approved for just over \$261 million in tax reimbursements over 20 years for the construction of a 6.3 million-square-

# Revitalizing Communities through Redevelopment

foot entertainment resort that will create an estimated 5,500 new jobs, 5,400 construction jobs, and leverage over \$2 billion in capital investment. Payments will only be made to Revel after the state collects the new taxes. Money from the tax credits will go to revitalize the blighted South Inlet neighborhood, including a host of improvements to the Boardwalk and other areas surrounding the site and improving public access to the beach and recreational areas.

Revel Entertainment announced in late February that it had secured the remainder of the financing necessary to complete the project, which had been stalled for five years. Under the policy change approved by the EDA Board in February, the Revel project will also provide for a return on the state's investment. The policy entitles EDA to recoup its investment through ERG for those projects in excess of \$50 million.

In December 2011, Lt. Governor Guadagno announced the award of a \$2.6 million training grant from the New Jersey Department of Labor and Workforce Development that will help local residents qualify for the new jobs once the resort opens this spring. Revel has committed to hiring locally.

In August 2011, **Saker ShopRites, Inc.** became the second project to close under ERG. The new, 70,000-square-foot world-class ShopRite opened in Somerville in October 2011 with the help of \$5 million over 20 years through ERG. This marked the Borough's first and only supermarket since Pathmark closed in 2007. The project is expected to create 300 new jobs, and 235 employees have been hired to date.



*Governor Chris Christie greets construction workers during an August visit to Revel Atlantic City.*

An estimated 200 construction jobs were created as well. The \$28.1 million project, which was built with the latest sustainable technologies, represents the first element of the Borough's West Main Street Redevelopment project, and is expected to serve as the anchor for a future shopping and residential complex.

In 2011, 14 projects have been approved through UTHTC for a total benefit of more than \$887 million in tax credits. These projects are expected to leverage an estimated \$1.7 billion in private investment, and spur the creation of 2,330 new, permanent jobs and 8,400 construction jobs, as well as help to ensure the retention of 2,270 jobs that were certified as "at risk" of leaving the state.

# Revitalizing Communities through Redevelopment

Supported by both ERG and UTHTC, the \$124.3 million **Teachers Village** is a catalytic redevelopment project moving forward in downtown Newark. The project, being developed by RBH Group, is a 368,993-square-foot development that will include eight low-rise, mixed-use buildings that cover five city blocks. Teachers Village will consist of 224 rental residential units, pre-marketed to Newark teachers; three charter schools and a daycare center totaling 100,000 square feet; and, 70,000 square feet of retail. The project consists of environmentally-conscious, LEED-certified design and construction, and will also include a health club, dry cleaner, café, parking, and shops. The project was approved for up to \$20.5 million for up to 20 years under ERG and up to \$39.45 million under UTHTC.



*Lt. Governor Guadagno greets Panasonic employees at the October 2011 event announcing the company's decision to stay in New Jersey and build its new North American headquarters in Newark*



*A rendering of Teachers Village in downtown Newark. Courtesy of RBH Group.*

The Teachers Village is located on both sides of Halsey Street, connecting the existing University Heights area with the Prudential Center and the rest of downtown Newark's existing core. Designed by world-renowned architect and Newark native Richard Meier, the project represents the first development phase in the SoMa Newark redevelopment plan, which consists of 12 square blocks and 15 million square feet of development in downtown Newark. The Teachers Village project is expected to create 450 construction jobs and 460 permanent jobs.

Upon hearing that **Panasonic Corporation** was considering moving to another state, the Governor and Partnership for Action team worked diligently to ensure that the company's U.S. operations remained in New Jersey. With the help of UTHTC, Panasonic will be moving to a new, state-of-the-art, sustainable facility in Newark that will serve as its North American headquarters and be home to 1,000 of the corporation's employees and contractors, beginning in 2013.

By staying and expanding operations, Panasonic will retain over 800 jobs in New Jersey, and create an additional 200 new, permanent positions. The project will also create over 900 construction jobs. Panasonic's new high-rise office building is being constructed by Matrix Development Group and SJP Properties adjacent to Newark's One Riverfront Center. The \$125.8 million development will total 410,000 square feet, with 250,000 square feet leased to Panasonic. The UTHTC award is estimated to be \$102.4 million. Panasonic is one of the largest electronic product manufacturers in the world.

**Wakefern Food Corp.** and the **Newark Farmers Market** are advancing a \$65 million redevelopment project in Newark that involves the construction of 260,000 square feet of warehouse space. The new distribution facility for Wakefern is expected to create over 280 new jobs at full

# Revitalizing Communities through Redevelopment

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build-out. The project, which is supporting an estimated 550 construction jobs, was approved for a total of up to \$45 million through UTHTC.

The **Gateway Transit Village** is a mixed-used development providing significant economic benefits to the City of New Brunswick. Located adjacent to the New Brunswick Train Station, the project is being developed by the New Brunswick Development Corporation (DEVCO). Gateway was approved for up to \$76.6 million through UTHTC to support the \$326 million redevelopment, which is expected to create over 450 jobs and 3,000 construction jobs.

When completed, the development will include a parking structure; Class A office space; destination retail, including a new Barnes & Noble-operated bookstore for Rutgers University; and, over 190 for-sale and rental units. Situated on the eastbound side of the Northeast rail line, the Wellness Plaza component of the project worked to bring two vital and long-awaited elements to the downtown streetscape: a 50,000-square-foot full-service Fresh Grocer supermarket and a 60,000-square-foot fitness and wellness center, in partnership with Robert Wood Johnson Hospital.

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“The [Gateway] development would not have been able to be built in the current environment but for the benefits of the Urban Transit Hub Tax Credit Program. It has allowed us to bridge a variety of financial challenges.”

– Christopher J. Paladino, President, New Brunswick Development Corporation

DEVCO is working with Middlesex County to create both a local hiring initiative for immediate job opportunities at the grocery store, as well as utilizing the facility as an incubator for a more formal, on-site job training program for careers in the supermarket industry. DEVCO has also created an innovative financing structure to support reduced membership fees at the fitness center and the elimination of initial registration costs for city residents. Through a partnership with the New Brunswick Public Schools, the pool in the privately managed fitness center will be made available during the regular school day to provide swimming instruction for all 6th grade students as part of the Physical Education curriculum.

The Gateway project was a 2011 finalist for the highly coveted “Deal of the Year Awards,” sponsored by the New Jersey Chapter of NAIOP, the commercial real estate development association. It was ultimately rewarded with a Meritorious Recognition Award.



*View of the Gateway Transit Village from the westbound train platform of the New Brunswick Train Station. Courtesy of DEVCO.*

# Revitalizing Communities through Redevelopment

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In addition to ERG and UTHTC, EDA's other incentive and lending programs also help to contribute to the revitalization of New Jersey's cities.

In March 2010, New Jersey received a bond allocation to issue Qualified School Construction Bonds (QSCB). The State Treasurer authorized the transfer of a portion of its allocation to the EDA for the purpose of issuing bonds to benefit charter school projects in the State. QSCBs were issued to help finance the construction, rehabilitation or repair of school facilities or for the acquisition of land where a school will be built.

In 2011, **Camden Academy Charter High School** closed on just over \$2.4 million in QSCB financing. Camden Academy is a part of Camden's Charter School Network – a group of charter schools designed to provide a better educational opportunity for Camden youth. This assistance allowed Camden Academy to renovate the former Camden City YMCA into a 30,000-square-foot Science, Technology, Engineering, and Math (STEM) Center that will serve as many as 525 students. Camden Academy has graduated five classes of seniors with a 90 percent college admissions rate. The bond was directly purchased by EDA Premier Lender TD Bank.

Ace Alliance, Inc. is a not-for-profit community based organization that has purchased several historic properties in the downtown Newark area to house its mission advancing initiatives such as the **Adelaide L. Sanford Charter School**, which currently serves 288 students in grades K-5. The EDA finalized \$6 million in traditional tax-exempt bond financing and a \$3 million QSCB to support an expansion of the Charter School that will result in the addition of grades 6-8, as well as a new cafeteria, auditorium, gymnasium, a special activities learning center and expanded classroom space.

A \$500,000 direct loan from EDA is helping to support the expansion of **Pride Academy Charter School**, a tuition free middle school serving 240 students from Newark, Orange, East Orange, and surrounding communities.

Shining Schools, Inc. was formed in 2007 to provide

educational support services to Essex County charter schools. The organization is acquiring an existing three story building and four adjacent parcels, which will be rehabilitated and leased solely to Pride Academy. EDA's loan provided the gap financing necessary to complete the project, which was supported by a \$1.65 million loan from The Reinvestment Fund (TRF) and a \$500,000 equity contribution from Pride Academy.

## *Fort Monmouth Economic Revitalization Authority*

2011 was an eventful year for the **Fort Monmouth Economic Revitalization Authority (FMERA)** as its staff and Board began activities, the official closing of Fort Monmouth commenced, and the following key principles to accelerate redevelopment were determined:

- Continue interactive and transparent communications with stakeholders/public;
- Identify and target industries to match facilities and investors/employers;
- Utilize New Jersey incentives to attract the best and brightest employers and employees;
- Emphasize the Fort's outstanding location;
- Ensure professional, fast and accurate responses from the FMERA team;
- Uphold a commitment to excellence in all aspects;
- Create a branding strategy to promote the Fort nationally and internationally, with assistance from the New Jersey Partnership for Action.

One of the most noteworthy accomplishments in 2011 came in April when the Governor announced plans to invest New Jersey Turnpike Authority capital funds in a project that will provide an important boost to the redevelopment of the former post. The Turnpike Authority plans to reconfigure the Garden State Parkway in Tinton Falls, adding new ramps from the southbound Parkway to Wayside Avenue and signage in both directions at Exit 105 for Fort Monmouth visitors. The project also includes improving the intersection of Hope Road and Route 36, an area plagued by congestion and traffic delays. The project will improve traffic flow in the vicinity and provide better access to the western portion of the property. These

# Revitalizing Communities through Redevelopment

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improvements will serve to add value to the property and further demonstrate a commitment to development. In late July, the Turnpike Authority Board awarded the design contract to RBA Group of Parsippany. Construction on the new exit and Hope Road improvements are anticipated to start in 2013.

In May 2011, FMERA approved the selection of a professional planning consultant, Phillips Preiss Grygiel LLC, another significant step that will result in the preparation of design guidelines, zoning maps and land use regulations. In addition, the FMERA Board also set forth procedures for land sales and leasing space at the property in accordance with the appropriate land transfer from the U.S. Army. These rules provide a transparent process for FMERA to proceed with the reuse and economic revitalization of Fort Monmouth and were advanced to encourage the use of existing buildings at the post, optimize revenue opportunities to support redevelopment, and prioritize job creation and economic activity.

The FMERA Board approved the Memorandum of Agreement (MOA) with the U.S. Army and Economic Development Conveyance (EDC) application at its December 2011 Meeting. The MOA is the foundation document for the deal with the U.S. Army, and together with the EA, identifies the properties intended for transfer. With this key action taken by the Board of Directors, FMERA now awaits final approval of the conveyance documents from the U.S. Army that will guide the first phase of the redevelopment.

As FMERA moves forward in advancing the redevelopment plan, staff has outlined four central goals tied to its key strategies:

1. Job Creation
2. Re-Investment of Sale Proceeds within the Fort's footprint
3. Ensure Army Resolves Environmental Issues
4. Satisfied Stakeholders



*FMERA staff continues to build upon its early redevelopment efforts, and lay the foundation for the transfer of the 1,100+ acres that make up the former post.*

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