



MEMORANDUM

TO: Members of the Authority
FROM: Melissa Orsen
Chief Executive Officer
DATE: July 14, 2016
SUBJECT: Agenda for Board Meeting of the Authority July 14, 2016

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chief Executive Officer's Monthly Report to the Board

Incentive Programs

Bond Projects

Loans/Grants/Guarantees

Office of Recovery

Real Estate

Board Memorandums

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

June 14, 2016

Waterfront Technology Center, Camden, NJ

MINUTES OF THE MEETING

Members of the Authority present: Acting Chairman Larry Downes; Peter Simon representing Acting State Treasurer Ford M. Scudder; Jeffrey Stoller representing Commissioner Hal Wirths of the Department of Labor and Workforce Development; Fred B. Dumont, David Huber, Philip Alagia, Massiel Medina Ferrara, Patrick Delle Cava, First Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Members Present via conference call: Patrick Mullen representing Commissioner Richard Badolato of the Department of Banking and Insurance; Colleen Kokas representing Commissioner Bob Martin of the Department of Environmental Protection; Public Members Charles Sarlo, William J. Albanese, Sr., Second Alternate Public Member; and Harold Imperatore, Third Alternate Public Member.

Absent: Al Koeppel, Chairman; and Public Member Joseph McNamara, Vice Chairman.

Also present: Melissa Orsen, Chief Executive Officer of the Authority; Timothy Lizura, President and Chief Operating Officer; Bette Renaud, Deputy Attorney General; Michael Collins, Governor's Authorities' Unit; and staff.

Also present via conference call: Assistant Attorney General Kavin Mistry.

Chairman Larry Downes called the meeting to order at 10 a.m.

Pursuant to the Internal Revenue Code of 1986, Ms. Orsen 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. Orsen 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 May 13, 2016 regular and executive session meeting minutes. A motion was made to approve the minutes by Mr. Stoller and seconded by Mr. Delle Cava, and was approved by the 12 voting members present.

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

AUTHORITY MATTERS

ITEM: 2015 Comprehensive Annual Report

REQUEST: To approve the Authority's comprehensive annual report for 2015, as required under Executive Order No. 37 (2006).

MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Delle Cava **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT:1

INCENTIVE PROGRAMS

Economic Redevelopment and Growth Grant Program

ITEM: One Cooper Residential Urban Renewal, LLC APPL.#42320

REQUEST: To approve the application of One Cooper Residential Urban Renewal, LLC for a project located in the City of Camden, Camden County, for the issuance of tax credits. The recommendation is to award 40% of the eligible costs, not to exceed \$20,429,600 in tax credits based on the budget submitted.

MOTION TO APPROVE: Mr. Delle Cava **SECOND:** Mr. Stoller **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT:2

ITEM: Parking Authority of the City of Camden APPL.#42221

REQUEST: To approve the application of the Parking Authority of the City of Camden for a project located at 100 Federal Street, Camden, Camden County for the issuance of tax credits. The recommendation is to award 100% of the eligible costs, not to exceed \$14,000,000 in tax credits based on the budget submitted.

MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Delle Cava **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT:3

Grow New Jersey Assistance Program

ITEM: CompoSecure LLC. APPL.#42516

REQUEST: To approve the finding of jobs at risk.

MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Delle Cava **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT:4

REQUEST: To approve the application of Compo Secure LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Franklin Township, NJ. Project location of Franklin Township, Somerset County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Targeted Industry (Manufacturing). The estimated annual award is \$533,750 for an 8-year term.

MOTION TO APPROVE: Mr. Delle Cava **SECOND:** Mr. Stoller **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT:5

ITEM: Edison Lithographing & Printing Corp. APPL.#42610

REQUEST: To approve the application of Edison Lithographing & Printing Corp. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Pennsauken Township, NJ. Project location of Pennsauken Township, Camden County qualifies as a Distressed Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Capital Investment in Excess of minimum (non-Mega), Targeted Industry (Manufacturing), and a location in Camden County 2007 Revitalization Index greater than 465. The estimated annual award is \$807,500 for a 10-year term.

MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Delle Cava **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT:6

ITEM: Greener Cleaner Inc. APPL.#42595

REQUEST: To approve the finding of material factor in the decision to make capital investment and locate in Camden.

MOTION TO APPROVE: Ms. Ferrara **SECOND:** Mr. Stoller **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT:7

REQUEST: To approve the application of Greener Cleaner Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Camden City, NJ. Project location of Camden City, Camden County qualifies as a Garden State Growth Zone under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Deep Poverty Pocket, Transit Oriented Development, and location in Camden County 2007 Revitalization Index greater than 465. The estimated annual award is \$418,000 for a 10-year term.

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Delle Cava **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT:8

ITEM: H&M Hennes & Mauritz LP APPL.#42618

REQUEST: To approve the finding of jobs at risk.

MOTION TO APPROVE: Ms. Ferrara **SECOND:** Mr. Delle Cava **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

REQUEST: To approve the application of H&M Hennes & Mauritz LP for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Secaucus, NJ. Project location of Secaucus, Hudson County qualifies as a Distressed Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Jobs with Salary in Excess of County Average. The estimated annual award is \$425,000 for a 10-year term.

MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Delle Cava **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT:10

Mr. Sarlo joined the meeting via conference call at this time.

ITEM: The Hibbert Company

APPL.#42476

REQUEST: To approve the finding of jobs at risk.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT:11

REQUEST: To approve the application of The Hibbert Company for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Trenton, NJ. Project location of Trenton City, Mercer County qualifies as a Garden State Growth Zone under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Deep Poverty Pocket, Jobs with Salary in Excess of the GSGZ Average, Large Number of New/Retained/ Full-Time Jobs, Targeted Industry (Manufacturing), Industrial Project with Cap Investment in Excess of Minimum and On Site Solar Generation of ½ of Project's Electricity Needs. The estimated annual award is \$3,367,000 for a 10-year term.

MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Huber **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT:12

ITEM: iCIMS, Inc.

APPL.#42594

REQUEST: To approve the finding of jobs at risk.

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT:13

REQUEST: To approve the application of iCIMS, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Holmdel Township, NJ. Project location of Holmdel, Monmouth County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Large Number of New/Retained/ Full-Time Jobs, Targeted Industry (Technology) and Vacant Commercial Building in excess of 1,000,000 sq ft. The estimated annual award is \$3,829,500 for a 10-year term.

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

ITEM: Manhattan Telecommunications Corporation

APPL.#42590

REQUEST: To approve the application of Manhattan Telecommunications Corporation for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Holmdel Township, NJ. Project location of Holmdel, Monmouth County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Vacant Commercial Building in excess of 1,000,000 sq ft. The estimated annual award is \$400,000 for a 10-year term.

MOTION TO APPROVE: Mr. Delle Cava **SECOND:** Mr. Dumont **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT:15

ITEM: Nobel Biocare Procera, LLC

APPL.#42335

REQUEST: To approve the finding of jobs at risk.

MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT:16

REQUEST: To approve the application of Nobel Biocare Procera, LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Mahwah Township, NJ. Project location of Mahwah, Bergen County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Capital Investment in Excess of Minimum (non-Mega) and Targeted Industry (Manufacturing). The estimated annual award is \$245,196 for a 10-year term.

MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT:17

ITEM: PuraCap Pharmaceutical LLC

APPL.#42608

REQUEST: To approve the finding of jobs at risk.

MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT:18

REQUEST: To approve the application of PuraCap Pharmaceutical LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Piscataway Township, NJ. Project location of Piscataway, Middlesex County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Targeted Industry (Healthcare). The estimated annual award is \$314,100 for a 10-year term.

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT:19

ITEM: US Mobile Phones, Inc.

APPL.#42315

REQUEST: To approve the application US Mobile Phones, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Elizabeth City, NJ. Project location of Elizabeth, Union County qualifies as an Urban Transit HUB Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Deep Poverty Pocket or Choice Neighborhood and Transit Oriented Development. The estimated annual award is \$1,700,000 for a 10-year term.

MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Delle Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT:20

Grow New Jersey Assistance Program – Modifications

ITEM: Conopco, Inc. d/b/a Unilever APPL.#39350
REQUEST: To extend the deadline to complete the project from May 16, 2017 to May 16, 2018.
MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Delle Cava **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT:21

BOND PROJECTS

Bond Resolutions

ITEM: Allied Specialty Foods, Inc. APPL.#41908
LOCATION: Vineland City, Cumberland County
PROCEEDS FOR: Renovation/Acquisition/Equipment and Machinery
FINANCING: \$7,500,000 Tax-exempt bond
MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Delle Cava **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT:22
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

ITEM: Yeshiva Tifereth Torah, Inc. APPL.#42393
LOCATION: Lakewood Twp., Ocean County
PROCEEDS FOR: Refinancing
FINANCING: \$6,600,000 Tax-exempt bond
MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Stoller **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Amended Bond Resolutions

ITEM: Uncommon Properties, LLC APPL.#37823
REQUEST: Consent to project location change.
MOTION TO APPROVE: Ms. Ferrara **SECOND:** Mr. Stoller **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT:24

ITEM: Uncommon Properties, LLC APPL.#40207
REQUEST: Consent to project location change.
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Stoller **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 25

Preliminary and Combination Bond Resolutions

ITEM: Congregation Yeshiva Yesodei Torah, Inc. APPL.#42710
LOCATION: Lakewood Twp., Ocean County
PROCEEDS FOR: Refinancing
FINANCING: \$6,000,000
MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Stoller **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 26
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

ITEM: Lakewood Cheder School, Inc. APPL.#42653
LOCATION: Lakewood Twp., Ocean County
PROCEEDS FOR: Refinancing
FINANCING: \$18,100,000
MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Alagia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 27
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Bond Resolutions

ITEM: Congregation Knesses Bais Levi, Inc. APPL.#42536
LOCATION: Lakewood Twp., Ocean County
PROCEEDS FOR: Refinancing
FINANCING: \$2,000,000 Tax-exempt bond
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Delle Cava **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 28
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

LOANS/GRANTS/GUARANTEES

Petroleum Underground Storage Tank Program

ITEM: Summary of NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Mr. Delle Cava **SECOND:** Ms. Ferrara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 29

PROJECT: Sabino Guanci APPL.#42092
LOCATION: Bloomfield Township/Essex
PROCEEDS FOR: Remediation
FINANCING: \$112,303

PROJECT: John Both and Shirley Both APPL.#42024
LOCATION: Vernon Township/Sussex
PROCEEDS FOR: Upgrade, Closure, & Remediation
FINANCING: \$101,313

PROJECT: Michele C. Davies APPL.#42218
LOCATION: Teaneck Township/Bergen
PROCEEDS FOR: Remediation
FINANCING: \$387,550

Hazardous Discharge Site Remediation Fund Program

ITEM: Summary of NJDEP Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Delle Cava **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT:30

PROJECT: Borough of Madison APPL.#42354
LOCATION: Madison Borough/Morris
PROCEEDS FOR: Remedial Action
FINANCING: \$215,063

PROJECT: City of Paterson APPL.#42347
LOCATION: Paterson City/Passaic
PROCEEDS FOR: Remedial Investigation
FINANCING: \$124,938

OFFICE OF RECOVERY

Stronger New Jersey Business Loan Program

ITEM: Amendment to Stronger NJ Business Loan Program Policies
REQUEST: To approve modifications to the Stronger NJ Business Loan Program to allow for extensions of the Principal and Interest moratoriums.
MOTION TO APPROVE: Mr. Albanese **SECOND:** Mr. Stoller **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 31

PROJECT: Key Harbor Marina LLC, et al APPL.#40968
LOCATION: Ocean Twp., Ocean County
PROCEEDS FOR: Construction
FINANCING: \$2,600,578
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Delle Cava **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 32

REAL ESTATE

ITEM: Leasing Brokerage Services Contracts, Technology Centre of New Jersey
REQUEST: Approve the award of a leasing brokerage services contract to Jones Lang LaSalle for the Technology Centre of New Jersey, as well as the Waterfront Technology Center at Camden, if required.

MOTION TO APPROVE: Mr. Ferrara **SECOND:** Mr. Huber Cava **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 33

ITEM: License Agreement between Public Service Electric and Gas Company and the Authority Barnes Street Parking Lot

REQUEST: Approval to enter in to a License Agreement with PSE&G to allow the Authority to install security cameras on existing light poles.

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Alagia **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 34

ITEM: Camden Waterfront Development and Option Agreement.

REQUEST: To approve The Amended Letter Agreement; The Restated and Amended Third Amendment to the D&O Agreement; The Restated Fourth Amendment to the D&O Agreement; The First Amendment to the Declaration of Easements, Covenants, and Restrictions

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Huber **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 35

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Projects approved under Delegated Authority

Premier Lender Program: Global Furniture USA, Inc. (P42582)

New Jersey Advantage Program: Garden State Consumer Credit Counseling, Inc. d/b/a Navicore Solutions(P42514)

Stronger NJ Business Loan Program: Michael H. Strunk d/b/a Michael H. Strunk Architect LLC (P39510 & P40083)

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

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

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Delle Cava **AYES:** 10

RESOLUTION ATTACHED AND MARKED EXHIBIT: 36

The Board returned to Public Session.

The next item was to approve a 10 year loan restructure of the subject loans for AC Beach Development Partners, LLC, et al.

MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Imperatore **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 37

The next item was to approve the settlement of the litigation matter in accordance with the terms and conditions discussed in executive session.

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Delle Cava **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 38

There being no further business, on a motion by Mr. Dumont, and seconded by Mr. Delle Cava, the meeting was adjourned at 11:12am.

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.



Erin Gold, Director, Marketing and Public Affairs
Assistant Secretary



MEMORANDUM

TO: Members of the Authority

FROM: Melissa J. Orsen
Chief Executive Officer

DATE: July 14, 2016

RE: Monthly Report to the Board

EDA IMPACT EVIDENT THROUGHOUT STATE

The impact of State programs for businesses and municipalities was evident in the last month, as EDA-supported projects reached important milestones. Just last Friday, EDA staff joined local officials for a topping-off ceremony at the emerging headquarters and manufacturing facility of Holtec in Camden, which is supported by Grow New Jersey tax credits. The final beam was placed, marking the completion of the mammoth steel frame of the facility, which is destined to play a major role in the rejuvenation of Camden and the region for many years to come.

Late in June, the EDA visited Riding High Farm in Monmouth County, a not-for-profit 501c(3) corporation, dedicated to providing special needs riders with recreational and therapeutic instruction. Riding High consists of an indoor riding facility and stable on more than ten acres in Allentown. The organization first received a direct loan from the EDA through its Small Business Fund in 2010 to refinance existing debt. The savings generated from this refinancing were used to support a program called "Equine Care and Farm Management Day Program for the Disabled." Riding High recently closed on a refinancing of its loan, enabling it to maintain a low-interest rate and manageable payments.

Moving north, on June 25, a ribbon cutting was held at Berry Lane Park in Jersey City, marking the transformation of 17.5 acres in one of the city's poorest neighborhoods into a recreational area featuring basketball courts, tennis courts, a baseball field, a soccer field, a splash pad waterpark, a playground, and a skate park. This project was supported by a \$5 million Stronger New Jersey Neighborhood and Community Revitalization grant.

In an effort to better illustrate the impact of EDA programs, we entered into a contract in June with Policy Map, which provides maps indicating the location of EDA-supported projects throughout the State. Policy Map enables users to filter by type of project, legislative district, and targetted area, such as Garden State Growth Zone or Urban Transit Hub.

FISCAL YEAR 2017 BUDGET CONTINUES TAX RELIEF FOR BUSINESSES

On June 30, the Governor signed the seventh consecutive balanced budget, which includes over \$3 billion in business tax cuts and reforms that began as part of the 2012 budget. These tax cuts and reforms include: long-awaited changes to a single sales factor formula that incentivizes businesses to invest in New Jersey;

income/loss netting and loss carry-forward reform; a 25 percent reduction in the minimum tax on S-corporations, which is how many small businesses file their taxes; research and development incentives; and the elimination of the Transitional Energy Facility Assessment. The Governor's Fiscal Year 2017 Budget continues to provide this essential tax relief for New Jersey businesses of all sizes, fully phased in and unchanged.

EXPANDED OUTREACH RESULTS IN NEW NOL APPLICATIONS

The EDA's Technology & Life Sciences (TLS) division noted an increase in new applicants for the State's Technology Business Tax Certificate (NOL) Program in 2016. This year, the program, which deadlined June 30, had 16 first-time applicants and three that returned after not applying last year. TLS attributed the uptick in new applicants to expanded marketing efforts, social media activities, and increased direct outreach to applicants by TLS employees, leading to broader visibility for the program.

Long-seen as a lifeline to startups in need of cash, the NOL Program offers non-dilutive funding to emerging technology and biotechnology companies in New Jersey. Since the program was established in 1999, more than 500 unique businesses have been approved for awards totaling \$860 million.

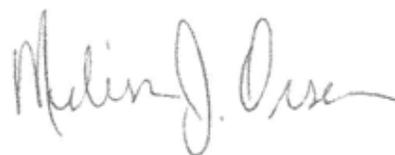
CLOSED PROJECTS

Through June 2016, EDA closed on \$136.7 million in traditional lending assistance to support 114 projects, leveraging \$252.4 million in public/private investment and the creation of an estimated 358 new permanent jobs, 495 construction jobs and 1,812 existing jobs supported.

In addition to the assistance provided through traditional lending programs, EDA also executed agreements pending certification with 16 incentive projects for \$267.7 million, leveraging \$510.8 million in public/private assistance, the creation of 1,364 new jobs, 1,216 construction jobs and the retention of 1,814 jobs at risk of leaving New Jersey.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

EDA representatives participated as speakers, attendees or exhibitors at 26 events in June. These included the New Jersey Future Smart Growth Awards in Newark, the CIANJ Real Property Roundtable in Saddle Brook and the grand opening of Liscio's Italian Bakery in Glassboro.



INCENTIVE PROGRAMS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: July 14, 2016

SUBJECT: Business Employment Incentives Program (“BEIP”)
Job Reporting Requirements for BEIP Terminations and Recaptures

Request:

Add a two (2) year job reporting requirement (CEO certification) to existing BEIP delegations to shorten up the term of the grant or sliding scale recapture. Failure to report jobs and/or to meet jobs as required in the termination will result in recapture. Pursuing full recapture will only apply to companies that move out of state or downsize; not those that close due to financial hardship.

Matters requiring legal review or that have multiple/complex restructures to end their grants will continue to be presented to the members for approval. All matters approved under previously granted delegations for these actions will be reported to the members quarterly.

Background:

BEIP was enacted in 1996 as the State’s first major business attraction program to incent companies to create jobs in New Jersey.

In 2004 based on recommendations from Bloustein School of Public Policy, EDA adopted a recapture policy to address companies moving out of New Jersey during their contract term (full recapture), companies remaining in the state, but unable to fulfill their promised job numbers due to other business factors (proportional [sliding scale] recapture) and those that became insolvent (no recapture). 55 grants (roughly 14%) have been recaptured in whole or in part over the 20 year life of the program. The 2004 policy was adopted in rules and is administered by staff.

In February, 2016, the members authorized staff [Level 3: SVP or Managing Director with Director/Staff] to shorten up the BEIP term and the 1.5 times commitment duration for applicants pursuing Grow NJ incentives that were willing to forego unpaid and future awards.

EDA has recently received interest from companies wishing to terminate their grants early due to the extensive reporting requirement under the program and other factors.

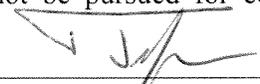
While these recipient are willing to forego future awards in exchange for ending their grants early, they are not repaying in full which puts the state at reputational risk (and monetary loss) if those companies then leave the state after their agreement terminate.

To be flexible to businesses wishing to end their grants early through sliding scale or shortening the term when they are not renewing their commitment to stay in NJ through signing a new incentive agreement, staff recommends adding an annual reporting requirement (CEO certification) of job numbers at the former BEIP site and statewide to demonstrate an ongoing presence in NJ.

Failure to report that the company maintains a business location in NJ would result in recapture of any of the awards not previously repaid through sliding scale recapture of forfeiture. Full recapture will only be exercised against companies that move out of state or downsize and will not be pursued against companies who terminate their EIPs and subsequently go out of business due to financial hardship or insolvency.

Recommendation:

Consent to adding a CEO certification job reporting requirement for two years and ability to recapture in full if reporting requirements are not met for BEIPs terminating early under sliding scale or shortening the term of the grant. As stated above, recapture will be sought from companies that move out of state or downsize and will not be pursued for companies that terminate, but then close due to financial hardship.



Timothy J. Lizura

Prepared by: Lisa Coane



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: July 14, 2016

SUBJECT: Angel Investor Tax Credit Program Delegations

Request: Amend delegations for New Jersey Angel Investor Tax Credit Program to delegate approval to staff [Level 4: Director with recommending Officer] for applications with awards no greater than \$100,000 that otherwise meet the other criteria for existing delegated authority.

Background:

Beginning in July 2003 the Members of the Authority have been asked to delegate signing authority to staff on certain financing and incentive transactions, to create efficiencies for our customers and provide fluidity to our business. Since 2013, the delegations have been reviewed semi-annually to insure that delegations approved by the Members continue to align with business objectives.

NJ Angel Investor Tax Credit Program:

On January 31, 2013, Governor Christie signed the NJ Angel Investor Tax Credit Act (P.L.2013, c. 14) to stimulate the growth of New Jersey's technology and life sciences sectors, by providing tax credits for certain non-refundable investments in emerging technology businesses. Under the Act, which is administered by the EDA in consultation with Division of Taxation, taxpayers are allowed a credit against their corporation business or gross income taxes equal to 10% of the qualified investment amount in a NJ emerging technology business, up to a maximum allowed credit of \$500,000 for each qualified investment.

A qualified investment must be a non-refundable transfer of cash made by an investor that is not a related person of the New Jersey emerging technology business. The transfer must be in exchange for one of the following items: stock, warrants, options, interest in partnerships or joint ventures, licenses, rights to use technology, marketing rights, or for a purchase, production, or research agreement.

To be eligible, the New Jersey emerging technology business must meet the following 4 criteria:

1. Employs fewer than 225 employees, at least 75% of whom work in New Jersey

2. Does business, employs or owns capital or property, or maintains an office in New Jersey
3. Conducts at least one of the following activities in New Jersey:
 - Incurs qualified research expenses,
 - Conducts pilot scale manufacturing,
 - Commercializes one or more of the following eligible technologies: Advanced Computing, Advanced Materials, Biotechnology, Electronic Devices, Information Technology, Life Sciences, Medical Devices, Mobile Communications, and Renewable Energy Technology
4. Has as its primary business an eligible technology (as listed above)

As certain qualified investments are routine in the angel investment community and entail a more straightforward review, in December 2014 the Members of the Authority approved delegated signing authority [Level 3: SVP or Managing Director, and any one Director] to approve tax credits for the following transactions:

1. The application is for an award of up to the cap of \$500,000 in Angel Investor Tax Credits; and
2. The investment is made in exchange for stock, options, warrants, convertible debt that subsequently converted into equity, and interest in partnerships and joint ventures; and
3. The NJ technology business qualifies because it has qualified research expenses, or commercializes one of the eligible technologies

To maintain consistency with other EDA Incentive Programs, staff is requesting delegated signing authority [Level 4: Any one Director with recommending Officer] to approve tax credits if the application is for an award of up to and including \$100,000 in Angel Investor Tax Credits and meets the second and third criteria listed above for delegated authority approval.

Applications for an award above \$100,000 will continue to require [Level 3: SVP or Managing Director, and any one Director] approval. All other applications, such as investments in exchange for items other than those listed above, will continue to require Board approval. In the instance that criteria required under the Legislation is more subjective and interpretive, staff will bring such approvals to the Board for review.

A handwritten signature in black ink, appearing to be 'David Ackerman', is written above a solid horizontal line.

Prepared By: Kathleen W. Coviello
David Ackerman



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: July 14, 2016

RE: Proposed Rule Amendments – N.J.A.C. 19:31-9.1, 9.2, 9.4, 9.7 and 9.9
Urban Transit Hub Tax Credit Program

Request:

The Members are requested to approve proposed amendments to the Urban Transit Hub Tax Credit (UTHTC) Program rules, particularly to the definition for “capital investment”, based on enactment of recent statutory revisions.

Background:

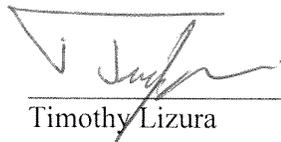
P.L. 2015, c. 252, enacted on January 19, 2016, delayed certain documentation submission deadlines under several incentive programs administered by the EDA, including the UTHTC Program.

Specifically, the law extended the deadline to submit documentation for approval of tax credits from April 26, 2017 to April 26, 2019 for: (1) commercial development applications approved after the effective date of the “New Jersey Economic Opportunity Act of 2013,” P.L. 2013, c. 161, (September 18, 2013) and no later than December 31, 2013; and (2) qualified residential development applications. Similarly, the law also extended for those two types of applications the date on which a business forfeits the credit amount for any tax period for which documentation remains uncertified; the extension is from July 18, 2017 to July 28, 2019.

The proposed amendments (see attached) revise the definition for “capital investment” at N.J.A.C. 19:31-9.2 and provisions in N.J.A.C. 19:31-9.4(d), N.J.A.C. 19:31-9.7(g)3, and N.J.A.C. 19:31-9.9(g), to incorporate the new deadlines for document submission in P.L. 2015, c. 252. In addition, the proposed amendments clarify in the “capital investment” definition that EDA will accept capital investment incurred up to the document submission deadline. Finally, the proposed amendments delete the references, at N.J.A.C. 19:31-9.1, to specific documentation submission deadlines because the purpose of this section is to provide an overview only; and delete the reference to “gross income tax liability” among the list of taxes against which liabilities may be applied pursuant to prior statutory revisions.

Recommendation:

The Members are asked to approve the proposed amendments and also are asked to authorize staff to submit the proposed amendments for promulgation in the New Jersey Register, subject to final review and approval by the Office of the Attorney General, and the Office of Administrative Law (OAL). The Authority will operate with the proposed rule amendments upon submission to OAL, with risk to the applicant if the change is not adopted as proposed.



Timothy Lizura

Attachment

Prepared by: Maureen Hassett/Jacob Genovay

D R A F T

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Proposed Amendments: N.J.A.C. 19:31-9.1, 9.2, 9.4, 9.7 and 9.9

Authority Assistance Programs

Urban Transit Hub Tax Credit Program

Authorized By: New Jersey Economic Development Authority, Melissa Orsen, Chief Executive Officer.

Authority: P.L. 2015, c. 252.

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

Proposal Number PRN 2016-____.

Submit written comments by _____, 2016 to:

Jacob Genovay, Senior Legislative and Regulatory Officer
New Jersey Economic Development Authority
PO Box 990
Trenton, NJ 08625-0990
jgenovay@njeda.com

The agency proposal follows:

Summary

The New Jersey Economic Development Authority (“EDA” or “Authority”) is proposing amendments to the rules implementing the Urban Transit Hub Tax Credit (UTHTC) Program based on enactment of recent statutory revisions pursuant to P.L. 2015, c. 252, which delayed certain documentation submission deadlines under several incentive programs administered by the EDA, including the UTHTC Program.

Specifically, the law revised UTHTC Program deadlines to extend certain dates for commercial development applications approved after the effective date of the “New Jersey Economic Opportunity Act of 2013,” P.L. 2013, c. 161, (September 18, 2013) and on or before December 31, 2013, and for all qualified residential development applications: from April 26, 2017 to April 26, 2019 to submit documentation for approval of tax credits; and from July 18, 2017 to July 28, 2019, the date after which the business forfeits any credit amount for any tax period during which the documentation of the business’s credit amount remains uncertified.

The proposed amendments at N.J.A.C. 19:31-9.1 delete the references to specific documentation submission deadlines because the purpose of this section is to provide an overview only; the deadlines are provided in relevant substantive sections. In addition, the proposed amendments delete reference to “gross income tax liability” among the list of taxes against which liabilities may be applied pursuant to prior statutory revisions.

The proposed amendments revise the definition for “capital investment” at N.J.A.C. 19:31-9.2 to incorporate the new deadlines for document submission in P.L. 2015, c. 252 and clarify that EDA will accept capital investment expenditures incurred up to the document submission deadline.

The proposed amendments at N.J.A.C. 19:31-9.4(d), N.J.A.C. 19:31-9.7(g)3, and N.J.A.C. 19:31-9.9(g) revise the deadlines to conform to the new deadlines in P.L. 2015, c. 252.

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

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

SUBCHAPTER 9. URBAN TRANSIT HUB TAX CREDIT PROGRAM

19:31-9.1 Applicability and scope

These rules are promulgated by the New Jersey Economic Development Authority (the “Authority”) to implement the Urban Transit Hub Tax Credit Act, P.L. 2007, c. 346 (the “Act”), as amended by P.L. 2009, c. 90. The Act establishes a tax credit program for capital investments and increased employment in targeted urban rail transit hubs to catalyze economic development in those transit hubs. The Act further provides that the Urban Transit Hub Tax Credit Program (the “Program”) is to be administered by the New Jersey Economic Development Authority and that the Authority consults with the Director of the Division of Taxation in the Department of the Treasury when adopting rules for the Program. The Program provides that businesses making at least \$ 50,000,000 in new capital investments in a qualified business facility in an "urban transit hub" and employing at least 250 full-time employees at that facility may be eligible for tax credits in order to catalyze economic development in those urban areas. [Businesses may apply for the tax credits by January 13, 2013, and satisfy the capital investment and employment conditions for award of the credits by January 13, 2016, subject to the rules in this subchapter.] The tax credits are equal to 100 percent of the claimant[s]’s 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, ~~or~~ insurance premiums tax [, or gross income tax liability]. Tenants in qualified business facilities may also receive tax credits[,] if they occupy space in a qualified business facility that proportionally represents at least \$ 17,500,000 of the capital investment in the facility and employ at least 250 full-time employees in that facility. [Developers may apply for a credit of up to 35 percent of their capital investment in a qualified residential project by December 21, 2012, and shall submit their documentation to support the

amount of their capital investment no later than April 26, 2017, subject to the rules in this subchapter; and the credit amount for any tax period during which the documentation of the business's credit amount remains uncertified after July 28, 2017, shall be forfeited, although credit amounts for the remainder of the years shall remain available to it.] Developers that previously applied for the 20 percent credit of their capital investment in a qualified residential project may reapply provided the project meets the statutory criteria that it is likely to be realized with the provision of tax credits at the level requested, but is not likely to be accomplished by private enterprise without the tax credits. Finally, businesses may apply for a credit for their capital investment in a qualified business facility that is part of a mixed use project and developers may apply for a credit for their capital investment in a qualified residential project that includes a mixed use project, but not for both a residential project and mixed use project separately. The tax credits are reduced to 80 percent if 200 new jobs (to the State) are not created, or forfeited if certain facility and Statewide employment levels are not maintained. The program is limited to municipalities that are eligible for urban aid, that had at least 30 percent of their real property value exempt from property taxes during 2006, and that have a specified commuter rail station, excluding any rail station located at an international airport.

19:31-9.2 Definitions

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

...

“Capital investment” in a qualified business facility and a qualified residential project means expenses incurred for the site preparation and construction, repair, renovation, improvement, equipping, or furnishing of a building, structure, facility, or improvement to real property, including associated soft costs. 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, but only to the extent that such capital investments have not received any grant financial assistance from any other State funding source including N.J.S.A. 52:27H-80 et seq. (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.) Vehicles and heavy equipment not permanently located in the building, structure, facility, or improvement shall not constitute a capital investment. Also included is remediation of the qualified business facility or qualified residential project site, but only to the extent that such remediation has not received financial assistance from any other Federal, State, or local funding source. With respect to commercial development, to be included the capital investment must be commenced after January 13, 2008, the effective date of [the Act] **P.L. 2007, c. 346**. [, and] **For applications submitted to and approved by the Authority prior to September 18, 2013, the effective date of the “New Jersey Economic Opportunity Act of 2013,” P.L. 2013, c. 161**, the applicant

shall incur expenses and submit[s] its documentation for approval of its credit amount by the eighth anniversary of [that date] **P.L. 2007, c. 346, and for commercial development applications approved on or after September 18, 2013 and on or before December 31, 2013, the applicant shall incur expenses and submit its documentation for approval of its credit amount no later than April 26, 2019.** With respect to residential development, [to be included] the capital investment must be commenced after July 28, 2009, the effective date of P.L. 2009, c. 90, **to be included** and developers shall **incur expenses and** submit their documentation to support the amount of their capital investment no later than April 26, [2017] **2019.** For purposes of this subchapter, “commenced” shall mean that the project consisting of construction of a new building shall not have progressed beyond site preparation; the project consisting of acquisition of an existing building shall not have closed title; and the project consisting of renovation or reconstruction of an existing building shall not have commenced construction.

...

19:31-9.4 Restrictions

(a)-(c) (No change.)

(d) 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[, and must be submitted within five years of January 13, 2008]. An approved business must submit its documentation for approval of its credit amount before the end of the eighth year after the effective date, and thus, before January 13, 2016 **if its application was submitted to and approved by the Authority prior to September 18, 2013, the effective date of the “New Jersey Economic Opportunity Act of 2013,” P.L. 2013, c. 161.** The credit amount allowed for a tax period ending after January 16, 2016 during which documentation of a business's credit amount remains unapproved shall be forfeited, although credit amounts for the remainder of the 10 years shall remain available to it. This eight-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. **If the Authority approved the business’s application on or after September 18, 2013 and on or before December 31, 2013, the business shall submit its documentation for approval of its credit amount no later than April 26, 2019 and the credit amount for any tax period ending after July 28, 2019 during which the documentation of the business’s credit amount remains uncertified shall be forfeited, although credit amounts for the remainder of the years of the 10-year credit period shall remain available to it.** Capital investments in a qualified residential facility must be incurred after the effective date of P.L. 2009, c. 90, which is July 28, 2009, and developers shall submit their documentation to support the amount of their capital investment no later than April 26, [2017] **2019.** Other documentation may be submitted after that date, but the credit amount for any tax period during which the documentation of the business's credit amount remains uncertified after July 28, [2017] **2019,** shall be forfeited, although credit amounts for the remainder of the years shall remain available to it. [This eight-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.]

(e) (No change.)

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

(a)-(f) (No change.)

(g) Upon completion of the capital investment and employment requirements of the program, the business shall submit a certification of a certified public accountant, which may be made pursuant to an “agreed upon procedures” letter acceptable to the Authority evidencing that the business has satisfied the conditions relating to capital investment and any employment requirements.

1.-2. (No change.)

3. For project applications for a qualified business facility approved in the fifth year that the Act is in effect **but prior to September 18, 2013**, 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 **but prior to September 18, 2013**, 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). **For project applications approved on or after September 18, 2013 and on or before December 31, 2013, the certification shall be submitted no later than April 26, 2019 and the credit amount for any tax period ending after July 28, 2019 during which the documentation of the business’s credit amount remains uncertified shall be forfeited, although credit amounts for the remainder of the years of the 10-year credit period shall remain available to it.** Residential developers shall submit their documentation to support the amount of their capital investment no later than April 26, [2017] **2019**. Other documentation may be submitted after that date, but the credit amount for any tax period during which the documentation of the business's credit amount remains uncertified after July 28, [2017] **2019**, shall be forfeited, although credit amounts for the remainder of the years shall remain available to it.

4. (No change.)

(h) (No change.)

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

(a)-(f) (No change.)

(g) **For applications submitted to and approved by the Authority prior to September 18, 2013, the [The] amount of credit for any tax period ending eight years after the effective date of P.L. 2007, c. 346 (N.J.S.A. 34:1B-207) (January 13, 2008) during which the documentation of a business' credit amount remains uncertified shall be forfeited, although credit amounts for the remainder of the years of the 10-year eligibility period shall remain available to it. For commercial development applications approved on or after September 18, 2013 and on or before December 31, 2013, the credit amount for any tax period ending after July 28, 2019**

during which the documentation of the business's credit amount remains uncertified shall be forfeited, although credit amounts for the remainder of the years of the 10-year credit period shall remain available to it. With respect to residential development, the credit amount for any tax period during which the documentation of the business's credit amount remains uncertified after July 28, 2019, shall be forfeited, although credit amounts for the remainder of the years shall remain available to it.

GROW NEW JERSEY ASSISTANCE PROGRAM

The following summary is provided for information only. Full eligibility and review criteria can be found in the program's rules.

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

Created by law in 2012, and revised through P.L. 2013, c. 161 and the "Economic Opportunity Act of 2014, Part 3," the intent of this program is to provide tax credits to eligible businesses which make, acquire or lease a capital investment equal to or greater than certain minimum capital investment amounts at a qualified business facility at which it will employ certain numbers of employees in retained and/or new full-time jobs.

Per N.J.S.A. 34:1B-242 et seq. / N.J.A.C. 19:31-18 and the program's rules, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, i.e.: Industrial, Warehousing, Logistics and R&D/Rehabilitation Projects -\$20 sq. ft.; Industrial, Warehousing, Logistics and R&D/New Construction Projects-\$60 sq. ft.; Other/Rehabilitation Projects-\$40 sq. ft.; and Other/New Construction-\$120 sq. ft.
Minimum capital investment amounts lowered to 2/3 in GSGZs and in eight southernmost counties
- Retain full-time jobs and/or create new full-time jobs in an amount equal to or greater than, the applicable minimum requirements, as follows: Tech start ups and manufacturing businesses - 10 new/25 retained FT jobs; Other targeted industries - 25 new/35 retained FT jobs; All other businesses/industries - 35 new/50 retained FT jobs.
Minimum employment numbers lowered to 3/4 in GSGZs and in eight southernmost counties
- Demonstrate that: 1) the qualified business facility is constructed to certain minimum environmental / sustainability standards; 2) the proposed capital investment and resultant retention and creation of eligible positions will yield a net positive benefit equaling at least 110% of requested tax credit allocation amount prior to taking into account the value of requested tax credit, and shall be based on benefits generated during the initial years following project completion (Mega Project or GSGZ – up to 30 years; GSGZ-Camden up to 35 years and equal to 100% of requested allocation; all other projects up to 20 years); and, 3) the award of tax credits will be a material factor in the business's decision to create or retain the minimum number of full-time jobs with evidence relating to viable alternatives to the site and ability to dispose of or carry the costs of the site, if the business moves to the alternate site.

Staff Review:

- A comprehensive net benefit analysis is conducted to ensure the project has a positive net benefit to the State of at least 110%. The economic impact model used by the EDA includes multipliers from the RIMS II data base, published by the US Department of Commerce, along with internal econometric analysis and modeling to assess economic outputs, impacts and likely jobs creation.
- For material factor, staff reviews cost benefit analyses provided by the company regarding other out-of-state sites under consideration and cost of rent, property taxes, and utility costs; and, also investigates any existing labor contracts or real estate ownership that would render a re-location out of New Jersey impractical or cost prohibitive.
- For intra-State job transfers, EDA Board shall make a separate determination to verify and confirm that the jobs are at risk of leaving the state, the date(s) at which the EDA expects that those jobs would actually leave, or with respect to projects in a GSGZ-Camden/Atlantic City, that the provision of tax credits under the program is a material factor in the businesses decision to make a capital investment and locate there, as attested to in a CEO certification.
- If the business reduces the total number of its full-time employees in the State by more than 20% from the tax period prior to approval, then the business shall forfeit its credit for that tax period and going forward until such time as its full-time employment in the State has increased to the 80% level.

Amount of award based upon:

- Base, gross and maximum amounts of tax credits for each new or retained full-time job, follows:

Project Type	Base Amount <i>Per Job/Per Year</i>	Gross Amount <i>Per Job/Per Year</i>	Maximum Amount <i>To be Applied Annually</i>
Mega Project	\$5,000	\$15,000	\$30 million
GSGZ Project	\$5,000	\$15,000	\$30 million/\$35 million-Camden/Atlantic City
UTHTC Municipality	\$5,000	\$12,000	\$10 million
Distressed Municipality	\$4,000	\$11,000	\$8 million
Priority Area	\$3,000	\$10,500	\$4 million (<i>Not more than 90% of withholdings</i>)
Other Eligible Area	\$500	\$6,000	\$2.5 million (<i>Not more than 90% of withholdings</i>)
Disaster Recovery Project	\$2,000	\$2,000	

- Bonus – The amount of tax credit shall be increased if the qualified business facility meets any of the following priority criteria or other additional or replacement criteria determined by EDA from time to time in response to evolving economic or market conditions:

Bonus Type	Bonus Amount
Deep poverty pocket or Choice Neighborhoods Transportation Plan area	\$1,500
Qualified incubator facility	\$500
Mixed-use development with sufficient moderate income housing on site to accommodate 20% of full-time employees	\$500
Transit oriented development	\$2,000
Excess capital investment in industrial site for industrial use (<i>excludes mega projects</i>)	\$3,000 maximum
Excess capital investment in industrial site for industrial use (<i>mega projects or GSGZ projects</i>)	\$5,000 maximum
Average salary in excess of county’s existing average or in excess of average for GSGZ	\$1,500 maximum
Large numbers of new and retained full-time jobs	
251 to 400	\$500
401 to 600	\$750
601 to 800	\$1,000
801 to 1,000	\$1,250
1,001+	\$1,500
Business in a targeted industry	\$500
Exceeds LEED “Silver” or completes substantial environmental remediation	\$250
Located in municipality in eight southernmost counties with a MRI Index greater than 465	\$1,000
Located within a half-mile of any new light rail station	\$1,000
Projects generating solar energy for onsite use	\$250
Vacant commercial building with over 1 million sq. ft. of lab space/1 year occupancy	\$1,000

- Final Total Tax Credit Amount – Except for in GSGZs, the final total amount of tax credit, following the determination by EDA of the gross amount of tax credits, shall be equal to 100% of the gross amount of tax credits for each new full-time job; and the lesser of 50% for each retained full-time job or the capital investment made by the applicant, per employee.
- For tax credits in excess of \$40 million, the amount available to be applied by the business annually shall be the lesser of the permitted statutory maximum amount or an amount determined by EDA necessary to complete the project, determined through staff analysis of all locations under consideration and all lease agreements, ownership documents, or substantially similar documentation for the business’s current in-State locations and potential out-of State location alternatives.
- Limits on Annual Tax Credits – The amount of tax credits available to be applied by the business annually shall not exceed: GSGZ/Camden/Atlantic City - \$35,000,000; Mega Project/GSGZ - \$30,000,000; Urban Transit Hub - \$10,000,000; Distressed Municipality - \$8,000,000; Priority Areas - \$4,000,000 (not more than 90% of withholdings); and Other Eligible Areas - \$2,500,000 (not more than 90% of withholdings).



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: July 14, 2016

SUBJECT: GROW NJ Delegation Changes

Request:

Delegate approval to staff to for the Grow NJ Program:

- 1) Add affiliates contributing jobs or capital investment to the project [Level 4: Director with staff]; and
- 2) Change the project location [Level 3: SVP or Managing Director with Director and staff] when applicants have lost their site prior to closing and can demonstrate that the location change will meet narrowly defined criteria.

Project location changes that do not meet the criteria set forth herein and all other complex changes, including those requiring legal review, those resulting in a greater than 25% change to jobs, capital investment, or square feet or, for those projects with the relevant condition, in a greater than 10% change to the jobs, total capital investment, or salaries, and those that relate to projects with awards greater than \$25 million will require board action. All delegations will be reported to the members quarterly.

Background:

Beginning in July 2003, the Members' approval has been sought to delegate signing authority to staff on certain financing and incentive transactions to create efficiencies for our customers and to provide fluidity to our business. Since 2013, the delegations have been reviewed semi-annually to insure that delegations approved by the Members continue to align with business objectives.

Over the last four years, 202 active projects have been approved under the Legacy and EOA Grow NJ laws. As the natural progression of these projects takes them from Post-Approval to Closing and finally to Post-Closing, staff has had the opportunity to evaluate common modification requests and have determined that some may be appropriate for delegation.

To provide customer service more efficiently and to meet the needs of the businesses approved for these incentives, the Members are being asked to delegate to staff the authority to approve the following modifications for Grow NJ:

1. Add qualifying affiliates to the Incentive Agreement [Level 4: Director with staff].
Qualifying affiliates include related entities that anticipate contributing capital investment dollars to the approved project or jobs to the qualified business facility. Added affiliates will meet the definition of “affiliate” per the EOA law, as demonstrated by the business through a certification by an independent certified public accountant, an opinion of counsel, or a written determination of the Director of the Division of Taxation.
2. Consent to a change to the Qualified Business Facility when an applicant has lost its site before executing an incentive agreement and before executing the new site control document [Level 3: SVP or Managing Director with Director and staff] and can meet all the following criteria:
 - a) the new project location is in the same municipality or in another municipality that is treated the same way under the Grow act and regulations, such as having the same base credit amount
 - b) the new project location is less than a 25% change (greater or smaller) in size or capital investment than the original project site
 - c) the number of jobs proposed to be created or retained remains the same as with the original approval
 - d) the modified project does not meet the criteria for a bonus that was not contained in the original approval
 - e) the total project costs at the new project location shows less than a 10% change from the costs previously submitted for the original project location, as shown on a cost-benefit analysis comparing the original project location costs and the new project location costs
 - f) the new project location does not change the following characteristics of the project:
 - i. the minimum investment per square feet of gross leasable area (for example, \$120 per square foot cannot be decreased to \$40 per square foot)
 - ii. whether or not the project is a mega project
 - iii. whether or not the project location is considered to be industrial premises or used for industrial uses

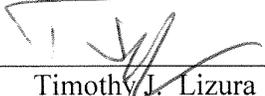
If the proposed new project location meets the above criteria, the tax credit award will be re-calculated. If the re-calculation results in a smaller award, then the incentive will be capped at that amount, but if the re-calculation results in an amount greater than the original award, the incentive will be capped at the original approval amount.

Recommendation:

Consent to following delegations for Grow NJ:

- 1) Additions of affiliates post closing [Level 4: Director with staff]
- 2) Change in location under narrowly defined guidelines above [Level 3: Managing Director with Director and staff]

As previously stated, all complex changes, those requiring legal review, resulting in changes greater than 25% (or 10% when required in the Board approval) and projects with awards greater than \$25 million will continue to require Board Action. All delegated actions will continue to be reported to Members quarterly.



Timothy J. Lizura

Prepared by: Susan Greitz and Lisa Coane

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Classic Cooking, LLC P42726

PROJECT LOCATION: 23 Mileed Way Woodbridge Township Middlesex County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Classic Cooking, LLC, is a manufacturer and distributor of home-style food products that are sold in specialty and grocery stores throughout the US, Canada, Great Britain, and Mexico. The company currently has its main office, manufacturing facility and warehouse in Jamaica, NY. The company was established in 2008 to make Ethnic Kosher Food for the traditional Sabbath. Based on those recipes and trends in the market place towards healthier vegetable-based products, the company created a Garden Lites brand of products. Garden Lites products are gluten free and vegetable-based, and have become a national brand. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

Classic Cooking, LLC has grown significantly and in order to efficiently fill its orders is looking to upgrade its manufacturing facility. The company is seeking to move its manufacturing operations from Jamaica NY to a 33,000 Sq. Ft. facility in Woodbridge Township, NJ or a 33,500 Sq. Ft. facility in Hauppauge, NY. The company can terminate its current lease by giving 9 months notice to the Landlord and plans to create 100 new full-time jobs at the new selected project facility.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Classic Cooking, LLC has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Leslie Pearl, the CEO of Classic Cooking, LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$9.3 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120
<i>Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem</i>	

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50
<i>Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem</i>	

As an Industrial - Rehabilitation Project, for a manufacturing business, in Middlesex County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$660,000	\$1,200,000
New Jobs	10	100
Retained Jobs	25	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Distressed Municipality	Base award of \$4,000 per year for projects located in a designated Distressed Municipality	Woodbridge Township is a designated Distressed Municipality
Increase(s) Criteria		
Capital Investment in Excess of Minimum (non-Mega)	An increase of \$1,000 per job for each additional amount of capital investment in an	The proposed capital investment of \$1,200,000 is 81.81% above the minimum

	industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$3,000	capital investment resulting in an increase of \$3,000 per year.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.

The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * \$7,500 = \$3,750) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$1,200,000/ 10 / (100 + 0) = \$1,200) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

Grant Calculation

BASE GRANT PER EMPLOYEE:

Distressed Municipality \$ 4,000

INCREASES PER EMPLOYEE:

Capital Investment in Excess of Minimum (non-Mega): \$3,000

Targeted Industry (Manufacturing): \$ 500

INCREASE PER EMPLOYEE:

\$ 3,500

PER EMPLOYEE LIMIT:

Distressed Municipality \$11,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:

\$ 7,500

AWARD:

New Jobs: 100 Jobs X \$7,500 X 100% = \$750,000

Retained Jobs: 0 Jobs X \$1,200 X 100% = \$ 0,000

Total: \$750,000

ANNUAL LIMITS:

Distressed Municipality \$ 8,000,000

TOTAL ANNUAL AWARD

\$750,000

PROJECT IS: (X) Expansion () Relocation
 ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$1,200,000
 EXPECTED PROJECT COMPLETION: January 1, 2017
 SIZE OF PROJECT LOCATION: 33,000 sq. ft.
 NEW BUILDING OR EXISTING LOCATION? Existing
 INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
 CONSTRUCTION: (X) Yes () No

NEW FULL-TIME JOBS: 100
 RETAINED FULL-TIME JOBS: 0
 STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2015): 0
 CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
 MEDIAN WAGES: \$ 22,360

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 16,854,620
 TOTAL AMOUNT OF AWARD: \$ 7,500,000
 NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 9,354,620

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Classic Cooking, LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: C.Fuentes

APPROVAL OFFICER: S. Novak

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Clover Health LLC P42753

PROJECT LOCATION: 30 Montgomery Street, 15th Floor Jersey City Hudson County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Clover Health LLC provides health insurance services for senior citizens in New Jersey. The company was founded in 2013 and is based in San Francisco, California with a local office in New Jersey. Clover Health is a unique health insurance plan focused on driving down costs and producing improved health outcomes. The company uses sophisticated analytics and custom software to direct its own clinical staff to proactively fill in gaps in the care of its members. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

Clover Health LLC is expanding and is in need of additional space. The company is considering leasing a 23,390 Sq. Ft. facility in Jersey City, NJ or a 25,000 Sq. Ft. facility in Sugar Land, TX. The new facility would comprise the company’s existing workforce of 102 employees in Jersey City, NJ and an expansion of 62 new customer relations personnel.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Clover Health LLC has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Vivek Garipalli, the CEO of Clover Health LLC, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$89.1 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 102 New Jersey jobs listed in the application are at risk of being located outside the State on or before September 16, 2017, the expiration date of the applicant’s current lease. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120
<i>Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem</i>	

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50
<i>Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem</i>	

As a Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other targeted industry business in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$935,600	\$2,584,000
New Jobs	25	62
Retained Jobs	35	102

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		

Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	30 Montgomery Street is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Health business.

The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$7,500 = \\$3,750$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$2,584,000 / 10 / (62 + 102) = \\$1,575$) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

<u>Grant Calculation</u>		
BASE GRANT PER EMPLOYEE:		
Urban Transit HUB Municipality		\$ 5,000
INCREASES PER EMPLOYEE:		
Transit Oriented Development:	\$ 2,000	
Targeted Industry (Health):	\$ 500	
INCREASE PER EMPLOYEE:		
		<u>\$ 2,500</u>
PER EMPLOYEE LIMIT:		
Urban Transit HUB Municipality	\$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		
		\$ 7,500
AWARD:		
New Jobs:	62 Jobs X \$7,500 X 100% =	\$465,000
Retained Jobs:	102 Jobs X \$1,575 X 100% =	<u>\$160,650</u>
	Total:	\$625,650
ANNUAL LIMITS:		
Urban Transit HUB Municipality		\$10,000,000
TOTAL ANNUAL AWARD		
		<u>\$625,650</u>

PROJECT IS: (X) Expansion () Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$2,584,000
EXPECTED PROJECT COMPLETION: October 2, 2017
SIZE OF PROJECT LOCATION: 23,390 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CONSTRUCTION: (X) Yes () No

NEW FULL-TIME JOBS: 62
RETAINED FULL-TIME JOBS: 102
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2015): 110
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: Jersey City
MEDIAN WAGES: \$ 55,000

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 95,377,498
TOTAL AMOUNT OF AWARD: \$ 6,256,500
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 89,120,998

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. The applicant will maintain the 8 existing positions it has within the State for the duration of the Grow NJ award. The number of new positions that are part of this Grow NJ award will only be counted above and beyond the first 8 positions at the proposed project site.

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before September 16, 2017; 2) approve the proposed Grow New Jersey grant to encourage Clover Health LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Peters

APPROVAL OFFICER: S. Novak

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Ernst & Young U.S. LLP P42755

PROJECT LOCATION: 121 River Street Hoboken City Hudson County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Ernst & Young U.S. LLP (“EY US”) is a Delaware limited liability partnership and a member firm of Ernst & Young Global Limited a UK company (“EY”). EY is a global leader in assurance tax, transaction and advisory services and provides services to a diverse range of industries that includes consumer products, health, government, power and utilities and finance. In addition, EY US has national specialty practices, a financial services organizational practice and a core business service group which is responsible for internal accounting, finance technology and human resources functions. EY US, formed in 1994, is headquartered at 5 Times Square, NYC and has approximately 43,000 employees. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

EY US has experienced significant headcount growth and intends to continue to add positions through organic growth and strategic acquisitions. To accommodate this growth in the number of positions currently assigned to its headquarters, EY US is seeking to lease additional space and relocate approximately 1,000 to 1,300 employees from 5 Times Square, NYC to a 168,165 sq. ft. facility in Hoboken or a 150,000 sq. ft. facility in Brooklyn, NY. If the Hoboken site is selected, Ernst and Young expects that 430 of the employees to be relocated from NYC to NJ would be eligible under the Grow NJ program, as employees must spend at least 80% of their time at the qualified business facility.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Ernst & Young U.S. LLP has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Stephen R. Howe Jr., the CEO of Ernst & Young U.S. LLP, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$87 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	(\$/Square Foot of Gross Leasable Area)
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other targeted industry business, in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$6,726,000	\$54,089,371
New Jobs	25	430
Retained Jobs	35	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Hoboken City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		
Transit Oriented Development	An increase of \$2,000 per job	121 River Street is located in a

	for a project locating in a Transit Oriented Development	Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$116,000 exceeds the Hudson County median salary by 139% resulting in an increase of \$750 per year.
Large Number of New/Retained Full-Time Jobs	An increase of \$500 per job for 251-400 new or retained jobs, \$750 per job for 401-600 new or retained jobs, \$1,000 for 601-800 new or retained jobs, \$1,250 for 801-1,000 new or retained jobs and \$1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 430 Full-Time Jobs at the project location resulting in an increase of \$750.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Finance business.
Exceeds LEEDs Silver or Substantial Env. Remed.	An increase of \$250 per job for a facility exceeding the Leadership in Energy and Environmental Design’s “Silver” rating standards or for a project that completes substantial environmental remediation	The applicant proposes achieving a LEEDs Gold rating.

The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S.	The Retained Full-Time Jobs will receive the same Grant

headquarters of an automobile manufacturer located in a priority area	Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * \$9,250 = \$4,625) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$54,089,371 / 10 / (430 + 0) = \$12,578) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

<u>Grant Calculation</u>	
BASE GRANT PER EMPLOYEE:	
Urban Transit HUB Municipality	\$ 5,000
INCREASES PER EMPLOYEE:	
Transit Oriented Development:	\$ 2,000
Jobs with Salary in Excess of County Average:	\$ 750
Large Number of New/Retained F/T Jobs:	\$ 750
Targeted Industry (Finance):	\$ 500
Exceeds LEEDs Silver or Substantial Env. Remed.:	\$ 250
INCREASE PER EMPLOYEE:	\$ <u>4,250</u>
PER EMPLOYEE LIMIT:	
Urban Transit HUB Municipality	\$12,000
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$ 9,250
AWARD:	
New Jobs:	430 Jobs X \$9,250 X 100% = \$3,977,500
Retained Jobs:	0 Jobs X \$9,250 X 50% = <u>\$ 0,000</u>
Total:	\$3,977,500
ANNUAL LIMITS:	
Urban Transit HUB Municipality	\$10,000,000
TOTAL ANNUAL AWARD	<u>\$3,977,500</u>

PROJECT IS: Expansion Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 54,089,371
EXPECTED PROJECT COMPLETION: December 1, 2017
SIZE OF PROJECT LOCATION: 168,165 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CONSTRUCTION: Yes No

NEW FULL-TIME JOBS: 430
RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF JULY 3, 2015): 1,771
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 116,000

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$126,840,691
TOTAL AMOUNT OF AWARD: \$ 39,775,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 87,065,691

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Ernst & Young U.S. LLP to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Peters

APPROVAL OFFICER: T. Wells

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As an Industrial - Rehabilitation Project for a manufacturing business in Bergen County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$1,580,000	\$2,580,750
New Jobs	10	102
Retained Jobs	25	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of \$3,000 per year for projects located in a designated Priority Area	Ridgefield Park Village is a designated Priority Area

Increase(s) Criteria		
Capital Investment in Excess of Minimum (non-Mega)	An increase of \$1,000 per job for each additional amount of capital investment in an industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$3,000	The proposed capital investment of \$2,580,750 is 63% above the minimum capital investment resulting in an increase of \$3,000 per year.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.

The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$6,500 = \\$3,250$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$2,580,750 / 10 / (102 + 0) = \\$2,530$) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

Grant Calculation**BASE GRANT PER EMPLOYEE:**

Priority Area	\$ 3,000
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INCREASES PER EMPLOYEE:

Capital Investment in Excess of Minimum (non-Mega):	\$ 3,000
Targeted Industry (Manufacturing):	\$ 500

INCREASE PER EMPLOYEE:	<u>\$ 3,500</u>
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PER EMPLOYEE LIMIT:

Priority Area	\$ 10,500
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$ 6,500
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AWARD:

New Jobs:	102 Jobs X \$6,500 X 100% =	\$663,000
Retained Jobs:	0 Jobs X \$2,530 X 100% =	<u>\$ 0</u>

Total:	\$663,000
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ANNUAL LIMITS:

Priority Area (Est. 90% Withholding Limit)	\$ 4,000,000/(\$49,572)
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TOTAL ANNUAL AWARD	<u>\$ 49,572*</u>
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* The Applicant has selected the total annual award based on the estimated 90% withholding limit rather than the statutorily calculated award.

PROJECT IS: Expansion Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 2,580,750
EXPECTED PROJECT COMPLETION: September 16, 2017
SIZE OF PROJECT LOCATION: 79,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: Yes No

NEW FULL-TIME JOBS: 102
RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2015): 0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 20,800

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 7,726,566
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS) \$ 495,720
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 7,230,846

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Flaum Appetizing Corp. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Peters

APPROVAL OFFICER: D. Poane

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: First Data Corporation P42704

PROJECT LOCATION: 101 Hudson Street, 37th Floor Jersey City Hudson County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

First Data Corporation is a global payment solutions company that provides merchant transaction processing services including credit and debit transactions, prepaid gift card processing for merchants, financial institutions and its customers, as well as fraud protection and authentication solutions, ATM networks and mobile payments systems. The company is a merchant acquirer, issuer processor and independent network services provider, enabling businesses to accept electronic payments, helping financial institutions issue credit, debit and prepaid cards, and routing secure transactions between them. Incorporated in 1989 as a spin-off of American Express, First Data operates in over 75 facilities in U.S., including corporate facilities in New York, Georgia and Colorado and 232 employees in New Jersey.

First Data Corporation was approved for a \$5,972,000 Grow New Jersey Award in August 2014 for the creation of 74 jobs in connection with the relocation of the company’s headquarters and business from New York City to 101 Hudson Street, 40th floor, Jersey City. In 2015, First Data was approved for a second Grow NJ Award of \$8,250,000 for the creation of an additional 100 jobs on the 39th floor at 101 Hudson Street, Jersey City.

MATERIAL FACTOR/NET BENEFIT:

The company is seeking to expand its security applications and marketing teams with IT professionals, cyber and physical security, compliance and marketing positions, totaling 50 new full-time employees. The company is considering locating these positions at one of its current facilities by leasing an additional 6,269 sq. ft. on the 37th floor at 101 Hudson Street, Jersey City or utilizing 6,300 sq. ft. of available space in an owned facility in Omaha, Nebraska.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of First Data Corporation has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Frank Bisignano, the CEO of First Data Corporation, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey

award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$9.7 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other targeted industry in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$250,760	\$472,105
New Jobs	25	50
Retained Jobs	35	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		

Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	101 Hudson Street is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit rail station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$125,000 exceeds the Hudson County median salary by 157% resulting in an increase of \$1,000 per year.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Finance business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * \$8,500 = \$4,250) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$472,105 / 10 / (50 + 0) = \$944) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and</p>

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 13,951,521
TOTAL AMOUNT OF AWARD:	\$ 4,250,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 9,701,521

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. The applicant will have 174 employees counting as new full-time jobs for the Grow NJ awards approved on August 12, 2014 and February 26, 2015, before any employees filling new full-time jobs at the project site will be counted for this Grow NJ award.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage First Data Corporation to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Peters

APPROVAL OFFICER: T. Wells

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Marsh & McLennan Companies, Inc. P42746

PROJECT LOCATION: 121 River Street Hoboken City Hudson County

GOVERNOR’S INITIATIVES:

(X) NJ Urban Fund () Edison Innovation Fund () Core () Clean Energy

APPLICANT BACKGROUND:

Marsh & McLennan Companies, Inc. (“Marsh & McLennan”) is a global professional services firm offering clients advice and solutions in risk, strategy and people. It is the parent company of a number of leading risk experts and specialty consultants, including: Marsh, the insurance broker, intermediary and risk advisor; Guy Carpenter, the risk and reinsurance specialist; Mercer, the provider of HR and related financial advice and services; and Oliver Wyman Group, the management, economic and brand consultancy. Marsh & McLennan has a 145 year history and now has grown to approximately 60,000 employees worldwide with annual revenue of approximately \$13 billion, providing analysis, advice and transactional capabilities to clients in more than 130 countries. It conducts business through two segments: Risk and Insurance Services and Consulting. The applicant has demonstrated the financial ability to undertake the project.

The applicant has an existing BEIP Award outstanding (P13974) in which it has received \$27,153,105 that will need to be terminated in order for this Grow Project to move forward.

MATERIAL FACTOR/NET BENEFIT:

Marsh & McLennan Companies, Inc. is currently located at 121 River St. in Hoboken, NJ as well as subsidiary and related entities in several other locations throughout New Jersey. This project will either renovate and densify the existing 138,604 sq ft facility in Hoboken, NJ or reconfigure existing space at the company's corporate HQ's in NY City of 184,000 sq ft.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Marsh & McLennan Companies, Inc. has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Dan Glaser, the CEO of Marsh & McLennan Companies, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$160.5 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 475 New Jersey jobs listed in the application are at risk of being located outside the State on or before June 29, 2018, the lease expiration date of the current location. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	(\$/Square Foot of Gross Leasable Area)
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other targeted industry business in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$5,544,160	\$22,263,194
New Jobs	25	0
Retained Jobs	35	475

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub	Hoboken City is a designated Urban Transit Hub Municipality

	Municipality	
Increase(s) Criteria		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	121 River Street is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a Port Authority Transit Corporation rail station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$125,610 exceeds the Hudson County median salary by 158.9% resulting in an increase of \$1,000 per year.
Large Number of New/Retained Full-Time Jobs	An increase of \$500 per job for 251-400 new or retained jobs, \$750 per job for 401-600 new or retained jobs, \$1,000 for 601-800 new or retained jobs, \$1,250 for 801-1,000 new or retained jobs and \$1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 475 Full-Time Jobs at the project location resulting in an increase of \$750.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Finance business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the

or substantially damaged as a result of a federally declared disaster	same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * \$9,250 = \$4,625) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$22,263,194/ 10 / (0 + 475) = \$4,686) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

<u>Grant Calculation</u>		
BASE GRANT PER EMPLOYEE:		
Urban Transit HUB Municipality		\$ 5,000
INCREASES PER EMPLOYEE:		
Transit Oriented Development:	\$ 2,000	
Jobs with Salary in Excess of County Average:	\$ 1,000	
Large Number of New/Retained F/T Jobs:	\$ 750	
Targeted Industry (Finance):	\$ 500	
INCREASE PER EMPLOYEE:		<u>\$ 4,250</u>
PER EMPLOYEE LIMIT:		
Urban Transit HUB Municipality	\$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		\$ 9,250
AWARD:		
New Jobs:	0 Jobs X \$9,250 X 100% =	\$ 0,000
Retained Jobs:	475 Jobs X \$9,250 X 50% =	<u>\$2,196,875</u>
	Total:	\$2,196,875
ANNUAL LIMITS:		
Urban Transit HUB Municipality		\$10,000,000
TOTAL ANNUAL AWARD		<u>\$2,196,875</u>

Marsh & McLennan Companies, Inc.	Grow New Jersey	Page 5
PROJECT IS: () Expansion	() Relocation	
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:		\$ 22,263,194
EXPECTED PROJECT COMPLETION:		October 1, 2017
SIZE OF PROJECT LOCATION:		138,604 sq. ft.
NEW BUILDING OR EXISTING LOCATION?		Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?		Non-Industrial
CONSTRUCTION: (X) Yes	() No	

NEW FULL-TIME JOBS:	0
RETAINED FULL-TIME JOBS:	475
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2015):	475
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
MEDIAN WAGES:	\$ 125,610

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 182,504,159
TOTAL AMOUNT OF AWARD:	\$ 21,968,750
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 160,535,409
ELIGIBILITY PERIOD:	10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. Prior to the execution of a Grow NJ Incentive agreement, the applicant, if in compliance with the BEIP at the time, will be required to terminate its existing BEIP by shortening the term of the BEIP agreement and forfeiting any remaining unpaid amounts.

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before June 29, 2018; 2) approve the proposed Grow New Jersey grant to encourage Marsh & McLennan to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: Christina Fuentes

APPROVAL OFFICER: Mark Chierici

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	(\$/Square Foot of Gross Leasable Area)
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

*Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, **Camden**, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

*Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, **Camden**, Cape May, Cumberland, Gloucester, Ocean and Salem*

As an Industrial - Rehabilitation Project for a manufacturing business in Camden County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$533,334	\$969,052
New Jobs	8	70
Retained Jobs	19	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Distressed Municipality	Base award of \$4,000 per year for projects located in a designated Distressed Municipality	Pennsauken Township is a designated Distressed Municipality
Increase(s) Criteria		
Capital Investment in Excess of Minimum (non-Mega)	An increase of \$1,000 per job for each additional amount of capital investment in an industrial premises that exceeds the minimum amount	The proposed capital investment of \$969,052 is 81% above the minimum capital investment resulting in an increase of \$3,000 per year.

	required for eligibility by 20%, with a maximum increase of \$3,000	
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.
2007 Revit. Index > 465 in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, Salem	An increase of \$1,000 per job for locating in a municipality with a 2007 Revitalization Index greater than 465	Pennsauken Township has a 2007 Revitalization Index of 481
Red. Area w/in ¼ Mile of 1 US Hwy and 2 NJ Hwys	An increase of \$1,500 per job for a project located within an area determined to be in need of redevelopment and which is located within ¼ mile of at least 1 US highway and at least 2 NJ State highways	7115 Airport Highway is an area in need of redevelopment and is located within ¼ mile of US highway 130 and both NJ State highway 70 and NJ State highway 38.

The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * \$10,000 = \$5,000) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$969,052 / 10 / (70 + 0) = \$1,384) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

Grant Calculation**BASE GRANT PER EMPLOYEE:**

Distressed Municipality	\$ 4,000
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INCREASES PER EMPLOYEE:

Capital Investment in Excess of Minimum (non-Mega):	\$ 3,000
Targeted Industry (Manufacturing):	\$ 500
2007 Revit. Index > 465 in Pennsauken:	\$ 1,000
Red. Area w/in ½ Mile of 1 US Hwy and 2 NJ Hwys:	\$ 1,500

INCREASE PER EMPLOYEE:	<u>\$ 6,000</u>
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PER EMPLOYEE LIMIT:

Distressed Municipality	\$11,000
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$ 10,000
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AWARD:

New Jobs:	70 Jobs X \$10,000 X 100% =	\$700,000
Retained Jobs:	0 Jobs X \$ 1,384 X 100% =	<u>\$ 0</u>

Total:	\$700,000
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ANNUAL LIMITS:

Distressed Municipality	\$ 8,000,000
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TOTAL ANNUAL AWARD	<u>\$700,000</u>
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PROJECT IS: Expansion Relocation

ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 969,052

EXPECTED PROJECT COMPLETION: May 1, 2017

SIZE OF PROJECT LOCATION: 40,000 sq. ft.

NEW BUILDING OR EXISTING LOCATION? Existing

INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial

CONSTRUCTION: Yes No

NEW FULL-TIME JOBS: 70

RETAINED FULL-TIME JOBS: 0

STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2015): 0

CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A

MEDIAN WAGES: \$ 38,000

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 9,117,704

TOTAL AMOUNT OF AWARD: \$ 7,000,000

NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 2,117,704

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Microcision LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: J. Kenyon

APPROVAL OFFICER: D. Poane

company’s location decision. The Authority is in receipt of an executed CEO certification by Robert E. Low, the President of New Prime, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$36.0 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial/Warehouse/Logistics/R&D – New Construction Project, for other targeted industry business in Essex County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$10,904,880	\$43,800,000
New Jobs	25	70
Retained Jobs	35	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Newark City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		
Deep Poverty Pocket or Choice Neighborhood	An increase of \$1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood	140 Raymond Boulevard is located in a Deep Poverty Pocket.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$65,000 exceeds the County median salary by 38.5 % resulting in an increase of \$250 per year.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Transportation business.

The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.

All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * \$7,250 = \$3,625) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$43,800,000 / 10 / (70 + 0) = \\$62,571$) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>
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<u>Grant Calculation</u>	
BASE GRANT PER EMPLOYEE:	
Urban Transit HUB Municipality	\$ 5,000
INCREASES PER EMPLOYEE:	
Deep Poverty Pocket or Choice Neighborhood:	\$ 1,500
Jobs with Salary in Excess of County Average:	\$ 250
Targeted Industry (Transportation)	\$ 500
INCREASE PER EMPLOYEE:	<u>\$ 2,250</u>
PER EMPLOYEE LIMIT:	
Urban Transit HUB Municipality	\$12,000
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$ 7,250
AWARD:	
New Jobs: 70 Jobs X \$7,250 X 100% =	\$ 507,500
Retained Jobs: 0 Jobs X \$3,625 X 100% =	<u>\$ 0,000</u>
Total:	\$ 507,500
ANNUAL LIMITS:	
Urban Transit HUB Municipality	\$10,000,000
TOTAL ANNUAL AWARD	<u>\$ 507,500</u>

PROJECT IS: Expansion Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 43,800,000
EXPECTED PROJECT COMPLETION: March 1, 2019
SIZE OF PROJECT LOCATION: 90,874 sq. ft.
NEW BUILDING OR EXISTING LOCATION? New
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CONSTRUCTION: Yes No

New Prime, Inc.	Grow New Jersey	Page 5
NEW FULL-TIME JOBS:		70
RETAINED FULL-TIME JOBS:		0
STATEWIDE BASE EMPLOYMENT:		0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:		N/A
MEDIAN WAGES:	\$	65,000
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$	41,106,311
TOTAL AMOUNT OF AWARD:	\$	5,075,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$	36,031,311
ELIGIBILITY PERIOD:		10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage New Prime, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: Justin Kenyon

APPROVAL OFFICER: Kevin DeSmedt

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Omnicom Group Inc. P42661

PROJECT LOCATION: Harborside Plaza II Jersey City Hudson County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Omnicom Group Inc. (“Omnicom” or “Company”) is a strategic holding company and a leading global provider of advertising, marketing and corporate communications services. Omnicom owns advertising networks such as BBDO Worldwide, DDB Worldwide and TBWA Worldwide. The Company is the world’s second largest advertising and marketing holding company as measured by revenue, employs more than 74,000 people and serves over 5,000 clients in more than 100 countries. Omnicom’s principal corporate offices are located in New York, Connecticut and Florida and its stock trades on the NYSE under the ticker OMC. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

Omnicom is currently working to achieve cost savings across its organization with focus areas on real estate, IT, procurement, accounting and other back office services. As part of this effort, it has analyzed its operations in high cost markets, including New York City based business groups and functions, to identify what could be relocated outside of these markets so as to better utilize owned and leased real estate, capture or enhance synergies between groups, and reduce labor costs.

The applicant is considering moving all 493 targeted positions from Manhattan to Jersey City. This option allows for the relocation of the positions within the New York Metro area and provides less disruption when compared to a longer distance move along with some occupancy and modest labor savings when compared with Manhattan. Omnicom has identified Harborside Plaza II in Jersey City as its preferred destination and has negotiated tentative terms of occupancy for 80,000 square feet beginning in April 2017. The alternate site(s) is a multi-location option, which would relocate the targeted positions to now vacant office space in company-owned facilities in Greenwich, CT, Irving, TX, Dayton, OH, and to a leased facility in Costa Rica.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Omnicom has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by John D. Wren, the CEO of Omnicom Group Inc., that states that the application has been reviewed and the information

submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$84.4 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other business in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$3,190,840	\$17,040,682
New Jobs	35	493
Retained Jobs	50	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality

Increase(s) Criteria		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	Harborside Plaza II is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a Port Authority Transit Corporation bus station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$79,007 exceeds the Hudson County median salary by 62.8% resulting in an increase of \$250 per year.
Large Number of New/Retained Full-Time Jobs	An increase of \$500 per job for 251-400 new or retained jobs, \$750 per job for 401-600 new or retained jobs, \$1,000 for 601-800 new or retained jobs, \$1,250 for 801-1,000 new or retained jobs and \$1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 493 Full-Time Jobs at the project location resulting in an increase of \$750.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$8,000 = \\$4,000$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$17,040,682 / 10 / (493 + 0) = \\$3,456$) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment</p>

than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:

Urban Transit HUB Municipality \$ 5,000

INCREASES PER EMPLOYEE:

Transit Oriented Development:	\$	2,000
Jobs with Salary in Excess of County Average:	\$	250
Large Number of New/Retained F/T Jobs:	\$	750

INCREASE PER EMPLOYEE:

\$ 3,000

PER EMPLOYEE LIMIT:

Urban Transit HUB Municipality \$12,000

LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:

\$ 8,000

AWARD:

New Jobs:	493 Jobs X \$8,000 X 100% =	\$3,944,000
Retained Jobs:	0 Jobs X \$3,456 X 100% =	\$ 0,000

Total: \$3,944,000

ANNUAL LIMITS:

Urban Transit HUB Municipality \$10,000,000

TOTAL ANNUAL AWARD

\$3,944,000

PROJECT IS: Expansion Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 17,040,682
EXPECTED PROJECT COMPLETION: June 30, 2017
SIZE OF PROJECT LOCATION: 79,771sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CONSTRUCTION: Yes No

NEW FULL-TIME JOBS: 493
RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2015): 161
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 79,007

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$123,831,160
TOTAL AMOUNT OF AWARD: \$ 39,440,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 84,391,160

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Omnicom Group Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: Maggie Peters

APPROVAL OFFICER: Mark Chierici

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: RVM Enterprises, Inc. P42752

PROJECT LOCATION: 525 Washington Boulevard Jersey City Hudson County

GOVERNOR’S INITIATIVES:

(X) NJ Urban Fund () Edison Innovation Fund () Core () Clean Energy

APPLICANT BACKGROUND:

RVM Enterprises, Inc., formed in 1989, is a full service eDiscovery firm founded by President and CEO Vincent Brunetti, located in Manhattan. The company provides end-to-end eDiscovery services to its clients, as well as consulting services to address client governance, internal investigations, and litigation readiness. Additional service offerings include data analytics, managed document review, forensic data collection, data processing and hosting. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

As a result of a related party real estate sale, RVM must relocate its headquarters, currently located in downtown Manhattan. The applicant is considering locating in either the Industry City development in Brooklyn, NY or Newport Tower in Jersey City, NJ. The applicant will locate the 112 jobs, currently in its Manhattan location, to the selected space. Should the applicant elect to locate its project in NJ, it would lease and renovate a 23,204 SF office facility. If the applicant elects to locate in the Brooklyn facility, it would similarly lease and renovate a 25,033 SF office facility. While the applicant anticipates the renovation cost of either facility to be substantially similar, the NJ facility would be more expensive to operate on an annual basis, due primarily to higher rent expense.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of RVM Enterprises, Inc. has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Vincent Brunetti, the CEO of RVM Enterprises, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$15.5 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As an Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other business in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$928,160	\$2,450,000
New Jobs	35	112
Retained Jobs	50	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a	525 Washington Boulevard is located in a Transit Oriented

	Transit Oriented Development	Development by virtue of being within ½ mile of the midpoint of a Port Authority Trans-Hudson Corporation rail station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$70,000 exceeds the County median salary by 44.26% resulting in an increase of \$250 per year.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$7,250 = \\$3,625$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$2,450,000 / 10 / (112 + 0) = \\$2,187$) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage RVM Enterprises, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Peters

APPROVAL OFFICER: D. Poane

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Veeco Process Equipment Inc. has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by John R. Peeler, the CEO of Veeco Process Equipment Inc. that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$41.4 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 26 New Jersey jobs listed in the application are at risk of being located outside the State on or before September 1, 2016 as this is the date upon which the alternate non-New Jersey facility will be operational. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program's rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120
<i>Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem</i>	

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50
<i>Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem</i>	

As an Industrial – Rehabilitation Project in Somerset County for a manufacturing business, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$1,600,000	\$6,823,000
New Jobs	10	49
Retained Jobs	25	26

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of \$3,000 per year for projects located in a designated Priority Area	Franklin Township is a designated Priority Area
Increase(s) Criteria		
Capital Investment in Excess of Minimum (non-Mega)	An increase of \$1,000 per job for each additional amount of capital investment in an industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$3,000	The proposed capital investment of \$6,823,000 is 326.4% above the minimum capital investment resulting in an increase of \$3,000 per year.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$101,090 exceeds the County median salary by 46.1% resulting in an increase of \$250 per year.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.

The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.

or substantially damaged as a result of a federally declared disaster	
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * \$6,750 = \$3,375) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$6,823,000 / 10 / (49+26) = \$9,097) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

<u>Grant Calculation</u>	
BASE GRANT PER EMPLOYEE:	
Priority Area	\$ 3,000
INCREASES PER EMPLOYEE:	
Capital Investment in Excess of Minimum (non-Mega):	\$ 3,000
Jobs with Salary in Excess of County Average:	\$ 250
Targeted Industry (Manufacturing):	\$ 500
INCREASE PER EMPLOYEE:	<u>\$ 3,750</u>
PER EMPLOYEE LIMIT:	
Priority Area	\$10,500
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$ 6,750
AWARD:	
New Jobs:	49 Jobs X \$6,750 X 100% = \$ 330,750
Retained Jobs:	26 Jobs X \$6,750 X 50% = <u>\$ 87,750</u>
Total:	\$418,500
ANNUAL LIMITS:	
Priority Area (Est. 90% Withholding Limit)	\$ 4,000,000/ (\$267,431)
TOTAL ANNUAL AWARD	<u>\$418,500</u>

Veeco Process Equipment Inc.	Grow New Jersey	
PROJECT IS: (X) Expansion	() Relocation	
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:		\$ 6,823,000
EXPECTED PROJECT COMPLETION:		June 30, 2019
SIZE OF PROJECT LOCATION:		80,000 sq. ft.
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?		Industrial
NEW BUILDING OR EXISTING LOCATION?		Existing
CONSTRUCTION: (X) Yes	() No	
NEW FULL-TIME JOBS:		49
RETAINED FULL-TIME JOBS:		26
STATEWIDE BASE EMPLOYMENT:		163
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:		N/A
MEDIAN WAGES:		\$ 101,090
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):		\$ 45,608,197
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)		\$ 4,185,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):		\$ 41,423,197
ELIGIBILITY PERIOD:		10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. The applicant will maintain the 24 current positions it has at the project site for the duration of the Grow NJ award. The number of new/retained positions that are subject to this Grow NJ award will only be counted above and beyond the first 24 positions employed by the applicant at the project site.

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before September 1, 2016; 2) approve the proposed Grow New Jersey grant to encourage Veeco Process Equipment Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: Justin Kenyon**APPROVAL OFFICER:** Kevin DeSmedt

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Virginia Dare Extract Co., Inc. P42707

PROJECT LOCATION: 900 Federal Boulevard Carteret Borough Middlesex County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Virginia Dare Extract Co., Inc. (Virginia Dare) is a manufacturer and supplier of flavors, extracts and concentrates. Its predecessor company was founded in 1835 and incorporated as Virginia Dare in 1923. Today, with operations in Brooklyn, NY and China, it supplies manufacturers of food, beverage, dairy, bakery, sweet goods, health and wellness, pharmaceutical and oral care products globally. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

Virginia Dare currently houses its headquarters, administrative, R&D, production and distribution activities in approximately 169,000 sq. ft. of space in Brooklyn, NY. In an effort to reduce occupancy costs and facilitate potential growth in the long term, the company is considering relocating its production and distribution activities currently occupying 142,000 sq. ft. of its space in Brooklyn. Virginia Dare has identified a 206,000 sq. ft. building currently being constructed in Carteret, NJ where it would occupy 152,000 sq. ft. and make leasehold improvements and capital investment in machinery and equipment totaling approximately \$21.4 million. In the event that Virginia Dare does not relocate these activities to New Jersey it would make capital improvements to its existing facility and maintain all operations in Brooklyn through at least the expiration of the current lease in July of 2023.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Virginia Dare Extract Co., Inc. has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Howard Smith Jr., the President of Virginia Dare Extract Co., Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$52.1 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

<u>Minimum Capital Investment Requirements</u>	<u>(\$/Square Foot of Gross Leasable Area)</u>
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

<u>Minimum Full-Time Employment Requirements</u>	<u>(New / Retained Full-time Jobs)</u>
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As an Industrial – Rehabilitation Project, for a manufacturing business in Middlesex County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$3,040,000	\$21,350,000
New Jobs	10	104
Retained Jobs	25	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Distressed Municipality	Base award of \$4,000 per year for projects located in a designated Distressed Municipality	Carteret Borough is a designated Distressed Municipality
Increase(s) Criteria		
Capital Investment in Excess of Minimum (non-Mega)	An increase of \$1,000 per job for each additional amount of capital investment in an industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$3,000	The proposed capital investment of \$21,350,000 is 602.3% above the minimum capital investment resulting in an increase of \$3,000 per year.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.

The Grow New Jersey Statute and the program’s rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<p>The Retained Full-Time Jobs will receive the lesser of:</p> <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$7,500 = \\$3,750$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$21,350,000 / 10 / (104 + 0) = \\$20,528$) <p>In the event that upon completion a project has a lower actual Grant</p>

	Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.
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<u>Grant Calculation</u>		
BASE GRANT PER EMPLOYEE:		
Distressed Municipality	\$	4,000
INCREASES PER EMPLOYEE:		
Capital Investment in Excess of Minimum:	\$	3,000
Targeted Industry (Manufacturing):	\$	500
INCREASE PER EMPLOYEE:	\$	<u>3,500</u>
PER EMPLOYEE LIMIT:		
Distressed Municipality		\$11,000
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$	7,500
AWARD:		
New Jobs:	104 Jobs X \$7,500 X 100% =	\$ 780,000
Retained Jobs:	0 Jobs X \$7,500 X 50% =	<u>\$ 0,000</u>
	Total:	\$ 780,000
ANNUAL LIMITS:		
Distressed Municipality		\$ 8,000,000
TOTAL ANNUAL AWARD		<u>\$ 780,000</u>

PROJECT IS: Expansion () Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 21,350,000
EXPECTED PROJECT COMPLETION: May 31, 2018
SIZE OF PROJECT LOCATION: 152,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: Yes () No

NEW FULL-TIME JOBS: 104
RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT: 0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 50,000

Virginia Dare Extract Co., Inc.	Grow New Jersey	Page 5
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 59,906,932	
TOTAL AMOUNT OF AWARD:	\$ 7,800,000	
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 52,106,932	

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Virginia Dare Extract Co., Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: Maggie Peters

APPROVAL OFFICER: Kevin DeSmedt

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM**

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program’s rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Zurich American Insurance Company P42728

PROJECT LOCATION: Harborside Plaza 2 / 34 Exchange Place Jersey City Hudson County

GOVERNOR’S INITIATIVES:

(X) NJ Urban Fund () Edison Innovation Fund () Core () Clean Energy

APPLICANT BACKGROUND:

Zurich American Insurance Company operates as a commercial property-casualty insurance provider in the United States and Canada. It offers a wide spread of insurance coverage for businesses of all sizes, ranging from midsized businesses to global conglomerates. Its products and services include general liability, commercial auto, umbrella coverage, workers’ compensation and inland marine policies as well as industry specific offerings. The business also provides risk consulting and claims management services. The company employs approximately 8,000 employees in the U.S., of which 243 are employed in Parsippany and Marlton, New Jersey and 840 are employed in New York. The company was founded in 1912 and is based in Schaumburg, Illinois. Zurich American Insurance Company operates as a subsidiary of Zurich Insurance Group AG. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:

The current leases on the company’s existing facilities in New York City and Melville, NY expire in May 2017 and October 2016 respectively, requiring the company to evaluate alternative real estate options at a new facility for underwriting, actuaries, claims accounting and general administrative services. The company is evaluating relocating 314 employees from NYC and Melville, NY to a 64,413 sq. ft. facility in Jersey City or vacant space totaling 60,600 sq. ft. in existing Zurich facilities in Addison, TX, Schaumburg, IL, Overland Parks, KS, Atlanta, GA and Maitland, Florida.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Zurich American Insurance Company has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Michael Foley, the CEO of Zurich American Insurance Company, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$66 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	(\$/Square Foot of Gross Leasable Area)
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other targeted industry business in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$2,576,520	\$12,882,600
New Jobs	25	314
Retained Jobs	35	0

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a	Harborside Plaza 2 / 34 Exchange Place is located in a

	Transit Oriented Development	Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$120,485 exceeds the Hudson County median salary by 148% resulting in an increase of \$1,000 per year.
Large Number of New/Retained Full-Time Jobs	An increase of \$500 per job for 251-400 new or retained jobs, \$750 per job for 401-600 new or retained jobs, \$1,000 for 601-800 new or retained jobs, \$1,250 for 801-1,000 new or retained jobs and \$1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 314 Full-Time Jobs at the project location resulting in an increase of \$500.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Finance business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	The Retained Full-Time Jobs will receive the lesser of: - ½ of the Grant Calculation for New Full-Time Jobs (1/2 *

	<p>\$9,000 = \$4,500) or</p> <p>- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$12,882,600 / 10 / (314 + 0) = \$4,102)</p> <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>
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<u>Grant Calculation</u>		
BASE GRANT PER EMPLOYEE:		
Urban Transit HUB Municipality		\$ 5,000
INCREASES PER EMPLOYEE:		
Transit Oriented Development:	\$2,000	
Jobs with Salary in Excess of County Average:	\$1,000	
Large Number of New/Retained F/T Jobs:	\$ 500	
Targeted Industry (Finance):	\$ 500	
INCREASE PER EMPLOYEE:		<u>\$ 4,000</u>
PER EMPLOYEE LIMIT:		
Urban Transit HUB Municipality	\$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		\$ 9,000
AWARD:		
New Jobs:	314 Jobs X \$9,000 X 100% =	\$ 2,826,000
Retained Jobs:	0 Jobs X \$4,102 X 100% =	<u>\$0,000</u>
	Total:	\$ 2,826,000
ANNUAL LIMITS:		
Urban Transit HUB Municipality	\$10,000,000	
TOTAL ANNUAL AWARD		<u>\$ 2,826,000</u>

PROJECT IS: Expansion Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 12,882,600
EXPECTED PROJECT COMPLETION: May 1, 2017
SIZE OF PROJECT LOCATION: 64,413 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CONSTRUCTION: Yes No

NEW FULL-TIME JOBS: 314
RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2015): 243
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 120,485

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 94,510,631
TOTAL AMOUNT OF AWARD: \$ 28,260,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 66,250,631

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not entered into a lease, purchase contract, or otherwise committed to remain in New Jersey.
2. Applicant will make an eligible capital investment of no less than the Statutory minimum after board approval, but no later than 3 years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within six months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Zurich American Insurance Company to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: D. Ubinger

APPROVAL OFFICER: T. Wells



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: July 14, 2016

SUBJECT: Grow New Jersey Modification and Extension Request for
American Water Works Company, Inc.
Application P40756

MODIFICATION REQUEST

The Board approved American Water Works Company, Inc. for a \$164,187,735 Grow New Jersey Award on June 9, 2015. The company has identified an alternate site opportunity in Camden's waterfront district from the original project site at the Campbell Gateway District, also in Camden. In addition, due to a number of factors affecting the project schedule, the company is requesting an extension of its deadline to complete its project and the issuance of the accompanying tax credits from June 9, 2018 to June 9, 2019. The Board is requested to modify the previously approved award to the newly identified site and to extend the project completion date.

BACKGROUND:

Established in 1881, American Water Works Company, Inc., a Delaware corporation, is a national water and wastewater utility company. American Water, a publicly traded U.S. water and wastewater utility company has approximately 6,400 employees company-wide, providing an estimated 15 million people with drinking water, wastewater and water-related services in over 40 states and parts of Canada.

MODIFICATION:

On June 9, 2015, American Water Works Company was approved for a Grow New Jersey Award to consolidate the corporate staff resulting in the relocation of 596 full-time employees, plus the creation of 100 new employees. The options are to relocate these operations to a newly constructed 250,000 sq. ft. facility in Camden, NJ or at the Navy Yard in Philadelphia, PA.

Since the initial approval, the company identified an alternate site opportunity in Camden's waterfront district (Block 81.06, Lot 3.02, Block 80.01, Lot 5.04 and intervening Cooper Street right of way) and proposes to construct a slightly smaller facility of 233,040 sq. ft. Due diligence began in the Fall and has progressed to show that the waterfront site is a feasible location to complete the project. The project budget for the new site is \$165,689,476, with differentials expected in various line items, such as construction costs and professional fees, but the overall project budget will be on par with the previously approved budget and the amount of the Grow NJ award of \$164,187,735.

The Grow New Jersey program calls for projects to be completed and the accompanying tax credits issued within three years of the Authority's approval of the project. In extenuating circumstances, the Authority may grant two six-month extensions of the deadline, however, in no event shall the tax credit issuance date occur later than four years following the date of approval by the Authority.

Due to the re-evaluation of the project location and therefore a delay in the construction schedule, American Water Works has requested for the Authority to grant the two six-month extensions. Staff approved the first six-month extension to December 9, 2018 and requests the Members to approve the second extension to June 9, 2019.

MATERIAL FACTOR/NET BENEFIT:

The proposed project is located in Camden, NJ, a city that ranked 566 out of 566 municipalities in the 2007 New Jersey Municipal Revitalization Index. In recognition of Camden's inability to attract investment, in the New Jersey Economic Opportunity Act, the Legislature declared that Camden and the other Garden State Growth Zones presented significant challenges to development and created incentives unique to Camden and other similarly situated Garden State Growth Zones to overcome these barriers.

American Water Works Company, Inc. is planning to consolidate the corporate staff of American Water Works Service and American Water Enterprises currently located in five separate leased facilities in Mt. Laurel, Voorhees, Cherry Hill and Haddon Heights, NJ, where leases are expiring through 2020. Maintaining leases on multiple facilities is operationally and financially inefficient, whereas relocating into a newly designed and constructed consolidated headquarters will facilitate the company's continuing progress toward both financial and organizational efficiency objectives. The planned consolidation of company's headquarters and related staff operations and market-based business staff into a single new facility, will result in the relocation of 596 full-time employees, plus creation of an additional 100 new employees. The options are to relocate these operations to a newly constructed 233,040 sq. ft. facility in Camden, NJ or at the Navy Yard in Philadelphia, PA.

The management of American Water Works Company, Inc. has indicated that the grant of tax credits is a material factor in the company's decision whether or not to locate the project in Camden. The Authority is in receipt of an executed CEO certification by Susan N. Story, the CEO of American Water Works Company, Inc., which states that the Grow New Jersey award is a material factor in the company's decision to make the capital investment and locate the project in Camden. The CEO certification also states that the application has been reviewed and the information submitted and representations contained therein are accurate.

Staff reviewed the project and finds support for management's assertion that the award of tax credits is a material factor in the company's decision to locate in Camden. If American Water Works Co., Inc. chooses the Camden option, the company would establish a new corporate headquarters in Camden. The alternative location is to relocate the offices to Philadelphia, PA.

This project represents a significant positive step forward for Camden's redevelopment efforts, bringing a corporate headquarters for a major global company, as well as its training and engineering center to the city. It is estimated that the project would have a net benefit to the State of \$94.7 million over the 35 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program’s rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	(\$/Square Foot of Gross Leasable Area)
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

*Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, **Camden**, Cape May, Cumberland, Gloucester, Ocean and Salem*

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted Industries	25 / 35
All other businesses/industries	35 / 50

*Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, **Camden**, Cape May, Cumberland, Gloucester, Ocean and Salem*

As a Non-Industrial/Warehouse/Logistics/R&D – New Construction Project for an other business in Camden, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$20,000,000	\$165,689,476
New Jobs	27	100
Retained Jobs	38	596

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation. Projects located in Camden are eligible to receive per employee as a tax credit the total amount of capital investment for the project divided by the number of employees, subject to the following limits, provided that the project represents a net positive benefit to the State:

New or Retained Jobs	Capital Investment	Maximum Annual Tax Credit	Limit on Total Tax Credit
≥35	\$5,000,000	\$2,000,000	\$20,000,000
≥70	\$10,000,000	\$3,000,000	\$30,000,000
≥100	\$15,000,000	\$4,000,000	\$40,000,000
≥150	\$20,000,000	\$5,000,000	\$50,000,000
≥250	\$30,000,000	\$35,000,000	\$350,000,000

<u>GRANT CALCULATION</u>	
REVISED CAPITAL INVESTMENT:	\$165,689,476
ORIGINAL CAPITAL INVESTMENT:	\$164,187,735
JOBS BASED TAX CREDIT LIMIT:	\$350,000,000
GROSS BENEFIT TO THE STATE OVER 35 YEARS:	\$258,958,151
THE APPLICANT IS ELIGIBLE FOR A TAX CREDIT EQUAL TO THE LOWEST OF THE FOUR NUMBERS ABOVE:	\$164,187,735

Provided the company complies with all other program requirements, a reduction in the number of new or retained full-time jobs indicated in the company’s annual report below the number certified in the initial CPA certification shall proportionately reduce the amount of tax credits the company may apply against liability in the relevant tax period. Also, if the number of new and retained full-time jobs, as indicated by the company’s annual report, is reduced below the required number in the table above, the tax credits that the business may take shall be subject to the annual limit corresponding to the new and retained full-time jobs.

PROJECT IS: Expansion Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$165,689,476
EXPECTED PROJECT COMPLETION: June 9, 2019
SIZE OF PROJECT LOCATION: 233,040 sq. ft.
NEW BUILDING OR EXISTING LOCATION? New
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CONSTRUCTION: Yes No

NEW FULL-TIME JOBS: 100
RETAINED FULL-TIME JOBS: 596
STATEWIDE BASE EMPLOYMENT: 1,416
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:

Cherry Hills/Haddon Heights/Mt. Laurel/Voorhees

MEDIAN WAGES: \$ 94,347

GROSS BENEFIT TO THE STATE (OVER 35 YEARS, PRIOR TO AWARD): \$ 258,958,151
TOTAL AMOUNT OF AWARD: \$ 164,187,735
NET BENEFIT TO THE STATE (OVER 35 YEARS, NET OF AWARD): \$ 94,770,416
MAXIMUM AWARD PER NEW/RETAINED JOB: \$ 235,901

ELIGIBILITY PERIOD: 10 years

RECOMMENDATION:

Based on the above, staff recommends the Modification Request allowing (i) the Qualified Business Facility to be located at the new address and (ii) the additional six-month extension to complete the project and submit the certified public accountant certification for the issuance of the tax certificate.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Prepared by: Teresa Wells

BOND RESOLUTIONS

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM**

APPLICANT: Newark City & Two Center Street Urban Renewal, L.L.C. P38099
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 34-40 Park Place Newark City (T/UA) Essex
GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

In November 1998, The City of Newark approved a redevelopment plan and a redevelopment area pursuant to the Local Redevelopment and Housing Law (NJSA 40:12A-1) as amended and supplemented. Included in this area is the project site at 34-40 Park Place/Two Center Street in Newark that will be developed by Dranoff Properties, Inc.

Two Center Street Urban Renewal, L.L.C. (the "Applicant") formed in 2010, is a single purpose limited liability company and urban renewal entity. The Applicant is 100% owned by its sole member/manager, Two Center Street, L.L.C., which is owned by its sole/manager Carl E. Dranoff. Mr. Dranoff is the owner of Dranoff Properties, which specializes in transforming neighborhoods into unparalleled residential destinations to attract new residents and businesses.

The Project will transform an existing surface parking lot and existing building in downtown Newark into a curved 22-story glass and brick tower of approximately 430,000 sq. ft. (including parking) which includes the following components: (i) Residential component of 245 rental units consisting of a mix of studio, 1, 2, and 3 bedroom apartments with rentable building area of 204,590 sq. ft.; (ii) Retail component of 16,391 sq. ft., which will accommodate up to 5 tenants; and (iii) Parking component including 285 parking spaces. The project site, known as One Theater Square, is directly across the street from the New Jersey Performing Arts Center ("NJPAC"). The Project achieves the goals set forth in the City's Redevelopment Plan by transforming a vacant, blighted site into a mixed-use designation and will provide local jobs and increased tax revenue for the City.

In December 2015, the Applicant closed on a \$33,000,000 Urban Transit Hub Tax Credit ("UTHTC") for this project.

APPROVAL REQUEST:

At the request of the City of Newark, Authority assistance will enable the applicant to finance a portion of the development of the Two Center Street Project through Redevelopment Area Bonds ("RAB"). The bonds will be repaid from Payments-In-Lieu-Of-Taxes ("PILOT" payments) to be made by the developer under a finance agreement with the City of Newark, pursuant to the Redevelopment Area Bond Financing Law. The Applicant's RAB application was approved by the Local Finance Board on November 13, 2013.

Other sources of funds include conventional debt, proceeds of the Urban Transit Hub Tax Credits and the Applicant's equity.

The project is being presented at July 14, 2016 Board meeting to change the Bondholder from NW Capital Markets Inc. to Prudential Impact Investments Private Debt LLC and the maximum term of the bond from 20 years to 30 years.

FINANCING SUMMARY:

BOND PURCHASER: Prudential Impact Investments Private Debt LLC (or an affiliate thereof) (Direct Purchase)
AMOUNT OF BOND: \$1,500,000 (Taxable Bond)
TERMS OF BOND: up to 30 years; Fixed interest rate of 5%
ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	\$80,642,000
Marketing	\$7,650,000
Engineering & architectural fees	\$5,143,000
Contingency	\$5,045,000
Interest during construction	\$3,000,000
Furniture & Fixtures	\$3,000,000
Finance fees	\$520,000
Legal fees	\$500,000
Accounting fees	\$500,000
TOTAL COSTS	\$106,000,000

JOBS: At Application 0 Within 2 years 12 Maintained 0 Construction 300

PUBLIC HEARING: N/A

BOND COUNSEL: Pearlman and Miranda, LLC.

DEVELOPMENT OFFICER: M. Abraham

APPROVAL OFFICER: T. Wells

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM**

APPLICANT: Uncommon CP Properties I, LLC

P40716

PROJECT USER(S): Camden Prep, Inc. *

* - indicates relation to applicant

PROJECT LOCATION: Various

Camden City (T/UA)

Camden

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

APPLICANT BACKGROUND:

Uncommon CP Properties I, LLC, a wholly owned subsidiary of Uncommon Schools, Inc. ("USI"), provides real estate services and holds title to real estate projects for the benefit of the schools within the USI network. USI is a 501(c)(3) not-for-profit entity that starts and manages public charter schools, and through its subsidiaries, owns real estate that is leased to the school for use as public school facilities. USI currently manages 42 public charter schools across NJ, NY and MA. Brett Peiser is the Chief Executive Officer and Norman Atkins is the Board Chair of USI.

In the Fall of 2014, Uncommon Schools launched its first charter school in Camden, Camden Prep, Inc. Located at 1500 S. 8th Street, the school currently serves approximately 70 students in kindergarten, with plans to expand to 300 students in K-4 in the 2016 school year. Camden Prep is a renaissance school project, approved and defined under the educational initiatives of the NJ Urban Hope Act. Bob Howitt is the President of Camden Prep. USI and Camden Prep are in good standing with the NJ Dept. of Education.

Uncommon Properties and its affiliates have closed on several bond financings with the Authority for the benefit of North Star Academy Charter School of Newark, Inc., currently a network of ten public charter schools ("NSA Charter Schools"). In 2009, the Authority issued \$16.48 million of Qualified School Construction Bonds ("QSCBs") to build a new high school at 13-25 Central Ave., Newark (Appl. P29061). Proceeds of \$35,700,000 in QSCBs (Appl. P38413 & P38415) which closed in 2013, are being used to acquire NSA Valisburg Elementary & Middle School located on Hazelwood Ave. and for renovations at NSA Downtown Middle School and High School, located at 2 Washington Place, all in Newark. Proceeds of a \$41.3 million QSCB that closed in 2016 are being used to construct a new school on Washington Street in Newark (Appl. P42143).

In addition, Qualified Zone Academy Bonds were issued in the principal amounts of \$7,806,000 in 2012 (Appl. P37823), \$7,132,000 in 2013 (Appl. P38814) and \$7,145,000 in 2014 (Appl. P40207), the proceeds of which will be utilized for various renovation projects at several NSA Charter Schools in Newark.

The project will be occupied by Camden Prep, Inc., a 501(c)(3) not-for-profit entity. The Bonds are expected to be issued as Qualified School Construction Bonds pursuant to Section 54F of the Internal Revenue Code of 1986.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to acquire approximately 4 acres and several existing buildings located at 1675-1677 Haddon Avenue, 1683 Haddon Avenue, 1687-1689 Haddon Avenue and 370 W. Haddon Avenue - SL Copewood, demolish the buildings and construct a new 80,000 sq. ft. school, for up to 700 students in grades K-8.

FINANCING SUMMARY:

BOND PURCHASER: Uncommon CP Lender I, LLC (Direct Purchase)

AMOUNT OF BOND: \$47,500,000 Taxable Qualified School Construction Bond

TERMS OF BOND: The tax credit rate and the term will be determined prior to issuance of the QSCB based on the tax credit rate and term published by the U.S. Treasury. On July 6, 2016, the tax credit rate was 3.90% with a max. term of 31 years.

ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	\$24,900,000
Original Issue Discount	\$18,000,000
Engineering & architectural fees	\$3,836,000
Land	\$2,375,000
Purchase of equipment & machinery	\$600,000
Legal fees	\$500,000
Interest during construction	\$415,000
Finance fees	\$150,000
TOTAL COSTS	\$50,776,000

JOBS: At Application 12 Within 2 years 46 Maintained 0 Construction 230

PUBLIC HEARING: N/A

BOND COUNSEL: Chiesa, Shahinian & Giantomasi

DEVELOPMENT OFFICER: M. Piliere

APPROVAL OFFICER: T. Wells

AMENDED BOND RESOLUTIONS

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM**

APPLICANT: The Actors' Fund of America

P42799

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 155-175 West Hudson Avenue Englewood City (N)

Bergen

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

APPLICANT BACKGROUND:

The Actors' Fund of America is a nonprofit, national human services organization. The organization provides assistance to entertainment and performing arts professionals in theater, film, music, opera, television and dance through a broad spectrum of social, health, employment and housing programs that address their essential and critical needs. Joseph Benincasa is the President and Chief Executive Officer. The organization was established in 1882.

A previous request by the applicant for a tax-exempt bond in the amount of \$7,000,000 closed on 12/11/2007. The bond was purchased by Commerce Bank. The interest rate at closing was 4.67%.

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

REFUNDING REQUEST:

Authority assistance will enable the applicant to reduce its interest expense by refunding the outstanding balance of the 2007 bond issue. Proceeds of the bond will also pay the cost of issuance. Also for consideration is the \$20,000,000 Tax-Exempt Bond P42798 to be used for the renovation and expansion of a 25,000 sq. ft. building to be used by The Actors' Fund of America.

FINANCING SUMMARY:

BOND PURCHASER: TD Bank (Direct Purchase)

AMOUNT OF BOND: \$5,000,000 Tax-Exempt Bond. Part of a \$25,000,000 Tax-Exempt Bond with P42798.

TERMS OF BOND: 10 years; Fixed rate not to exceed 3.75%. 30-months interest only period followed by a 25 year amortization. Indicative rate as of 6/24/16 is 2.41%

ENHANCEMENT: N/A

PROJECT COSTS:

Principal amount of bond(s) to be refund	\$4,882,077
Cost of Issuance	\$118,000
TOTAL COSTS	\$5,000,077

PUBLIC HEARING: 07/14/16 (Published 06/30/16) **BOND COUNSEL:** McCarter & English, LLP
DEVELOPMENT OFFICER: M. Athwal **APPROVAL OFFICER:** S. Novak

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM**

APPLICANT: The Actors' Fund of America

P42798

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 155-175 West Hudson Avenue Englewood City (N)

Bergen

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

APPLICANT BACKGROUND:

The Actors' Fund of America is a nonprofit, national human services organization. The organization provides assistance to entertainment and performing arts professionals in theater, film, music, opera, television and dance through a broad spectrum of social, health, employment and housing programs that address their essential and critical needs. Joseph Benincasa is the President and Chief Executive Officer. The organization was established in 1882.

A previous request by the applicant for a tax-exempt bond in the amount of \$7,000,000 closed on 12/11/2007. The bond was purchased by Commerce Bank. The interest rate at closing was 4.67%.

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 finance a portion of the cost related to the renovation and expansion of a 25,000 sq. ft. building to be used by The Actors' Fund of America. Proceeds of the bond will also pay the cost of issuance. Also for consideration is the \$5,000,000 Tax-Exempt Bond P42799 to be used for the refunding of the outstanding balance of the 2007 bond issue.

FINANCING SUMMARY:

BOND PURCHASER: TD Bank (Direct Purchase)

AMOUNT OF BOND: \$20,000,000 Tax-Exempt Bond. Part of a \$25,000,000 Tax-Exempt Bond with P42799.

TERMS OF BOND: 10 years; Fixed rate not to exceed 3.75%. 30-months interest only period followed by a 25 year amortization. Indicative rate as of 6/24/16 is 2.41%

ENHANCEMENT: N/A

PROJECT COSTS:

Renovation of existing building	\$21,459,916
Purchase of equipment & machinery	\$2,999,822
Contingency	\$1,441,096
Capitalized Interest	\$1,209,360
Cost of Issuance	\$395,000
TOTAL COSTS	\$27,505,194

JOBS: At Application 250 Within 2 years 48 Maintained 0 Construction 167

PUBLIC HEARING: 07/14/16 (Published 06/30/16) **BOND COUNSEL:** McCarter & English, LLP

DEVELOPMENT OFFICER: M. Athwal **APPROVAL OFFICER:** S. Novak

LOANS/GRANTS/GUARANTEES

PREMIER LENDER PROGRAM



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President and Chief Operating Officer
DATE: July 14, 2016
SUBJECT: Respond, Inc.
\$253,480 Premier Lender Participation Loan
P24031

Request:

Approve the extension of EDA's \$253,480 (25%) participation in a Sun National Bank Premier Lender Loan for one (1) year.

Background:

Respond, Inc. ("RI") is a 501(c)(3) non-profit organization that was formed in 1967. The organization is located in Camden and provides a variety of services including operating ABBOTT daycare classrooms, youth camps, homeless shelters and adult training classes.

In October 2008, the EDA approved a \$360,000 participation in a \$1.44 million Sun National Bank loan to fund Respond's employment training center for automotive repair and culinary arts at 924 and 925 North 8th Street, Camden. Project funding was supplemented by a \$1.2 million USED A grant, and a \$1 million Camden Economic Recovery Board grant. The original loan had a term of 5 years with a 20-year amortization.

In June 2015, the Members approved a one (1) year maturity extension to allow the company time to divest non-core assets to bolster its financial condition, and reduce expenses. All payments have been made as agreed.

Presently, the Borrower and Bank are requesting another one (1) year maturity extension as RI requires additional time to sell non essential properties.

Recommendation:

Consent to a one (1) year extension on the \$253,480 participation loan to align with the agent bank's extension.

A handwritten signature in black ink, appearing to be 'TJ Lizura', is written over a horizontal line.

Prepared by: Heather M. O'Connell

NEW MARKET TAX CREDIT



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President and Chief Operating Officer
DATE: July 14, 2016
SUBJECT: Goodmill, LLC
\$22,500,000 New Market Tax Credit (NMTC) loan - P16938

Request:

Approve the restructure and extension of maturing NMTC loan for (5) years to be co-terminus with a new first mortgage from M&T Bank, subject to a \$12.5 million principal reduction at closing and payment of a \$25,000 restructuring fee.

Background:

Goodmill, LLC operates the 527,000 sq. ft. Union Lake Shopping Center (“Center”) a leading regional shopping center in Millville, NJ. Currently 35 tenants occupy the site including Target, Kohls, Shop Rite, Buffalo Wild Wings & Pier One. The developer, Goodman Properties, was founded in 1985 by Bruce Goodman, a prominent developer in Pennsylvania with over 150 commercial properties.

In 2006, the Authority provided a \$22.5 million NMTC loan to the borrower to supplement a \$57 million loan from MidFirst Bank and \$8 million in equity to fund construction and permanent financing for the project. Due to weak real estate market conditions, the Center was not able to achieve the revenue stream originally projected. While the Center is stabilized at 94% occupancy, several tenants received rent concessions and/or reduced store sizes, resulting in a lower than anticipated cash flow.

In May 2015 and in April 2016 the Members approved short term extensions of the NMTC loan maturity to allow time for the borrower to refinance the Center’s debt which matures August 1, 2016. Presently, M&T Bank has agreed to provide a mortgage loan in the amount of \$58 million subject to appraisal and LTV of 67%. Proceeds will be used to refinance the maturing \$44 million Mid-First Bank mortgage, reduce the principal balance on the Authority’s NMTC loan by \$12.5 million and provide \$1.5 million to the borrower for tenant improvements. The borrower has requested the Members’ approval to extend the remaining \$10 million balance for 5 years with interest only payments. Per the NMTC restructure guidelines approved by the Members in December 2014, the borrower will pay a fee of ¼% of the remaining loan balance (or \$25,000) and interest will be ½ of 1% below the bank rate, and not less than 3%.

Recommendation:

Approval of a 5 year maturity extension on the NMTC loan is recommended based on the significant repayment of \$12.5 million to support a retail center with over 1100 jobs in Millville, NJ.

A handwritten signature in black ink, appearing to be 'Mansi Naik', is written over a horizontal line. The signature is cursive and somewhat stylized.

Prepared by: Mansi Naik

CAMDEN ECONOMIC RECOVERY BOARD



To: Members of the Board

From: Timothy Lizura, President and Chief Operating Officer

Date: July 14, 2016

Subject: Camden Economic Recovery Board Modifications for Previously Approved Projects

Request

The Members are asked to 1) modify the recoverable infrastructure grant to Coopers Hill Housing Development, LLC (“Cooper Hill”), 2) reinstate unfunded portions of the Parkside Business & Community In Partnership (“Parkside”) grant, and 3) approve the reallocation of \$2,385,000 (5%) from the Higher Education and Regional Health Care Development Fund to the Downtown Revitalization and Recovery Fund needed to fund new infrastructure grants being presented to the Members concurrently.

The Members of the Economic Recovery Board approved the amendments and modifications on June 28, 2016, with the recommendation of NJEDA to approve the same. As such, the Members of the Authority are asked to approve the modifications and amendments.

Background

Since inception in 1995 the Camden Economic Recovery Board (“ERB”) has played a vital role in working to redevelop the various neighborhoods and promote economic growth in the City of Camden.

In 2009, the Members approved a \$3,584,260 Residential Neighborhood Improvement Fund Recoverable Grant to Coopers Hill. ERB funding is used for phases IA and IB of the low and moderate income housing development. Phase IA consisted of the construction of 25 new residential units and 5 historic rehabilitations. Currently, 20 homes in this phase have been sold and 3 are under agreement of sale. ERB funds are used to repay a portion of the construction financing from NJ Housing Finance and Mortgage Agency. Phase IB consists of the purchase and rehabilitation of the Pierre Building, which is pending finalization of the funding sources needed to complete this market-rate rental housing project.

Also in 2009, the Members approved a \$1,000,000 Residential Neighborhood Improvement Fund Grant to Parkside to subsidize the costs of 20 market-rate housing units, located in the

Parkside Neighborhood, in the City of Camden. Due to lower than expected demand, the project was scaled back to 16 units, the last of which are nearing completion. ERB funds are used to repay a portion of the construction financing from NJ Housing Finance and Mortgage Agency.

Coopers Hill and Parkside Business & Community In Partnership have requested additional modifications needed to complete their projects, as described below.

Staff has reviewed the requests for all of the projects for consistency with the Municipal Rehabilitation and Recovery Act, P.L. 2002 C. 43 and the Strategic Revitalization Plan, adopted by the Board at its June 20, 2003 meeting, and affirms that the projects meet the eligibility statutory requirements to enhance and revitalize the City of Camden.

Modifications/Extensions:

Projects	Original Approval	Undisbursed	Request	New Maturity
Coopers Hill Housing Development, LLC – P20891	\$3,854,260	\$2,744,451	Continuation of grant funding with remaining funds to be used for disbursements under Phase IA and IB.	08/01/2023 (no change)
Parkside Business & Community In Partnership – P16433	\$1,000,000	\$350,000	Approval of reversal of a portion of canceled undisbursed fund and extend grant maturity to 12/31/2016 to allow time for disbursement to be processed.	12/31/2016
Totals	\$4,854,260	\$3,094,451		

1. Coopers Hill Housing Development, LLC – P20891

Consent to allow the remaining \$2,744,451 in available funding to be used for a final disbursement to NJHFMA under Phase IA (new construction) in the amount of \$517,012, plus any administrative fees and interest due, with the remainder to be available for Phase IB (Pierre Building) subject to the 12/31/2016 deadline to evidence funding commitments, as approved by the Board in February 2016.

2. Parkside Business & Community In Partnership – P16433

Reversal of the cancellation and approval of the final disbursement of \$118,249 to NJHFMA, plus any administrative fees and interest due, and extension of the maturity date of the grant to 12/31/2016 to allow time to process the final disbursement. In May 2015, \$350,000 in undisbursed funding was previously canceled with the understanding that the project had not progressed and NJHMFA had withdrawn its funding. However, it was later clarified that only a second phase of the project (rehabilitation of the last 4 of 20 residential properties) was canceled, and that funding was still needed for the first phase of the project that was still in process. This reinstatement will fund the last disbursement of the first phase of the project, with any remaining grant amount to be canceled after this disbursement.

Reallocation:

The Members are being asked to approve a new \$3,000,000 infrastructure grant to the Parking Authority of the City of Camden for a new parking structure, and a \$4,200,000 infrastructure grant to Coopers Ferry Partnership for streetscape and infrastructure near the former Prison Site.

These new projects, if approved, would exceed available cash in the Downtown Revitalization and Recovery Fund by approximately \$3,012,000. In order to fund these projects, the Members are asked to re-allocate \$2,385,000, or 5% of the \$47,700,000 allocation from the Higher Education and Regional Health Care Development Fund where there is available cash. This reallocation will be supplemented by the return of a grant by NJEDA upon sale of its Waterfront Technology Center property. As no prior transfers have been made from the Higher Education and Regional Health Care Development Fund, the request is within the 20% reallocation limitation.

Recommendation

1. Modify the recoverable infrastructure grant to Coopers Hill Housing Development, LLC;
2. Reinstate unfunded portions of the Parkside Business & Community In Partnership grant, and extension of the maturity date to allow time to process the final disbursement; and
3. Approve the reallocation of \$2,385,000 (5%) from the Higher Education and Regional Health Care Development fund to the Downtown Revitalization and Recovery Fund needed to fund new infrastructure grants being presented to the Members concurrently.

The Members of the Economic Recovery Board approved the amendments and modifications on June 28, 2016, with the recommendation of NJEDA to approve the same. As such, the Members of the Authority are asked to approve the modifications and amendments.



Timothy Lizura
President and Chief Operating Officer

Prepared by: H. O'Connell



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: July 14, 2016

RE: Cooper's Ferry Partnership – Infrastructure Grant P#42557

Request

The Members of the Authority are asked to approve a \$4.2 million non-recoverable infrastructure grant to the Cooper's Ferry Partnership, Inc. (CFP) to fund the costs associated with the development of infrastructure, road improvements and signage. These funds will be provided from the Downtown Revitalization and Recovery Fund established through the Municipal Rehabilitation and Economic Recovery Act ("Act").

Background

On May 8, 2013 the Members approved a \$750,000 non-recoverable planning grant to the Cooper's Ferry Partnership, Inc. (CFP) to fund the costs associated with the development of preliminary engineering and final design work for parks and roads in and adjacent to the former Riverfront State Prison site located on the waterfront in North Camden. These funds were provided from the Economic Recovery Planning Fund established through the Municipal Rehabilitation and Economic Recovery Act ("Act").

On February 24, 2009, the Members approved a \$110,000 non-recoverable grant to the Camden Redevelopment Agency (CRA) to fund the North Camden Infrastructure Assessment Study (NCIAS), a comprehensive infrastructure study for the entire neighborhood of North Camden in the City of Camden. The NCIAS, which was completed in December 2009, was created to further understand the existing conditions of the public infrastructure in the neighborhood in order to support and reinforce the existing core residential neighborhood and to develop the vacant and/or underutilized land along the waterfront between the existing core neighborhood and the land earmarked for a new waterfront park.

Project Applicant

Cooper's Ferry Partnership, Inc. (CFP), originally founded in 1984 as Cooper Ferry Development Association (CFDA) is a private, non-profit corporation dedicated to strategically planning and implementing high-quality urban redevelopment projects in order to help replenish Camden's depleted tax base and to create a significant number of jobs for city residents. For over 20 years, CFDA worked to fulfill its mission by concentrating solely on the redevelopment of Camden's downtown waterfront. Serving as overall planner, promoter, and master developer, CFDA attracted and coordinated more than \$600 million of private and public investment to the Camden Waterfront. More recently, CFDA has partnered with neighborhood groups and residents throughout the city of Camden in the planning and implementation of community driven plans.

Greater Camden Partnership (GCP) was formed in 2001 to bring together leaders from the private, public and non-profit sectors to promote the revitalization of the City of Camden. Soon after its inception, the stakeholders of GCP devised the Downtown Camden Strategic Development Plan, which established the blueprint for anchor institution-led development in Camden.

In February 2011, CFDA merged with GCP to form CFP. CFP continues to establish public and private partnerships to effectuate sustainable economic revitalization and promote Camden as a place in which to live, to work, to visit and to invest.

Project Summary

On behalf of the City, Cooper's Ferry Partnership is seeking assistance for the construction of major infrastructure improvements. The infrastructure project will set the stage for future development, including mixed-use office space, retail and housing units, consistent with the City of Camden's Redevelopment Plan. The above is anticipated to be built in the downtown area and central waterfront of the City within the next five years. The project will yield long-term employment opportunities both onsite and as adjacent redevelopment occurs. Currently, 8,000 jobs are anticipated to be added in the City, both from the construction phase as well as permanent jobs that will be created by more than a dozen new companies moving to the City of Camden. There will also be additional park jobs that will be created with the new Cooper's Poynt Waterfront Park.

The funding of the ERB grant will produce critical improvements to the traffic routes in North Camden that are essential for pedestrians and vehicles for access through the neighborhood. The grant will also aide in the implementation of the plan development and spur the creation of job opportunities in the downtown and central waterfront. The roadways are in a serious state of disrepair and therefore will not be able to safely accommodate the 5,000 estimated additional vehicle trips. Additionally, the grant will enable a safe environment for pedestrians. The upgraded infrastructure will also allow for access to a new waterfront park on the former prison site that will go out to bid in 2016. This project is part of an overall plan to improve infrastructure in North Camden and downtown.

The USEDA funds are coming directly from the US Department of Commerce, Economic Development Administration and the Economic Developmental Technical Assistance Program,

based out of Philadelphia. The applicant is anticipating the funding to be finalized before the end of this summer.

The ERB funds will fulfill the matching requirement for USEDA dollars.

Construction is expected to take place in September of this year with an estimated one year completion.

Project Uses

The Applicant proposes the following uses for the Project:

<i>Uses:</i>	<i>Amount</i>
**Cooper Street Signals	\$ 3,240,480
Pearl Street Reconstruction	\$ 815,000
North Camden Infrastructure:	
**Seventh Street Streetscape	\$ 2,380,000
Elm Street Repaving	\$ 327,042
Vine Street Streetscape	\$ 999,834
Permit fees and application	\$ 37,644
Project Management	\$ 400,000
Total	\$ 8,200,000

*The above uses are anticipated to be funded from USEDA. ERB will fund the remainder of the construction costs.

<i>Sources of Financing</i>	<i>Amount</i>
ERB Grant	\$ 4,200,000
USEDA Grant	\$ 4,000,000
Total	\$ 8,200,000

Contingencies

The approval of this ERB request is contingent upon written confirmation of a \$4 million funding grant from USEDA.

Security and Repayment

Pursuant to funding guidelines for infrastructure, the requested \$4.2 million ERB grant will be unsecured and non-recoverable.

Disbursement of Funds

The disbursement of funds will be subject to the NJEDA’s receipt and satisfactory review of invoices and the contracts for service, fee schedule and reports detailing the scope of work and related time schedule.

Project Eligibility and Benefits

The Economic Recovery Planning Fund may be utilized by the ERB for costs related to the Strategic Revitalization Plan (SRP) and the Capital Improvement and Infrastructure Master Plan (CIIMP) and such other plans as required by the Act. The proposed preliminary engineering and final design work will further assess and define the status of the infrastructure in North Camden, therefore meeting the requirements and making the request eligible for grant funding from the Economic Recovery Planning Fund.

According to the SRP, the North Camden Neighborhood is a Transitional/Future Development Area. The ERB encourages and supports projects located in Transitional/Future Development Areas. The project is eligible for funding under the ERB's general criteria for project financing, #1a, c & d; priority objectives #2a, d and e and transitional/future development area objectives, #3b & c(i), (ii) and (iii). In addition, this project also meets the ERB program guidelines as it will aid in the necessary infrastructure improvements that are critical to the success of the transformative projects being developed in North Camden, in addition to the central waterfront. The funding from ERB will provide assistance in the construction to neglected roads that will be utilized as primary access routes between Admiral Wilson Blvd, 676, downtown Camden and the water park located on the former prison site. There are sufficient funds available for this \$4.2 million financing request through the Economic Recovery Planning Fund.

The project is consistent with the City's 2008 Neighborhood and Waterfront Park Plan that was originally developed with the intent of creating collaboration with Camden residents along with the City's stakeholders. The plans were a community-driven process involving over 250 North Camden residents and 50 stakeholder organization. The plan details a vision for the redevelopment of North Camden, including streetscape and infrastructure.

Recommendation

Staff has reviewed the application for consistency with the Act, the SRP, and the CIIMP. The project meets eligibility and statutory requirements and will substantially benefit the residents of Camden as well as improve the viability of the development in the City by improving roadways, traffic signaling and other methods of enhancing vehicular flow in the downtown and waterfront development area.

The Members of the ERB approved this request at its meeting on June 28, 2016. Accordingly, the Members of the Authority are asked to approve a \$4.2 million non-recoverable infrastructure grant to Coopers Ferry to fund the costs associated with the infrastructure improvements located in North Camden. These funds will be provided from the Downtown Revitalization and Recovery Fund established through the Municipal Rehabilitation and Economic Recovery Act ("Act").



Timothy Lizura

Prepared by: Jenell Johnson



TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: July 14, 2016

RE: Parking Authority of the City of Camden- Non-Recoverable Grant P41065

Request

The Members of the Authority are asked to approve a \$3 million non-recoverable grant to the Parking Authority of the City of Camden to fund the costs associated with the development of a parking garage in Camden. These funds will be provided from the Downtown Revitalization and Recovery Fund established through the Municipal Rehabilitation and Economic Recovery Act (“Act”).

Project Applicant

The Parking Authority of the City of Camden (PACC) was created in 1958 by an ordinance passed pursuant to the New Jersey Parking Authority Act of 1948. The Authority is a public body politic and corporate and a political subdivision of the State of New Jersey working in conjunction with the Mayor and members of the City Council for the continuing improvement of parking conditions within the City of Camden. The purpose of the Authority is the construction, provision and operation of off-street parking facilities, the promotion of traffic improvement, and any other legal parking related activity. Additionally, to the extent authorized by the governing body of the City, the Authority is involved in the management and operation of on-street parking meters and other related facilities and enforcement of the applicable laws, ordinances and regulations relating to the parking of vehicles. Recently, the Authority has been offering its parking services to a variety of private and public sector anchors in the City of Camden and assisting in the identification, operations, and maintenance of several facilities throughout the city, in support of its mission.

Project Summary

The Project site is located between Federal Street and Dr. Martin Luther King Boulevard in the City of Camden, Camden County. The site is approximately 3.3 acres and is currently utilized as a surface parking lot. The site is currently owned by the DRPA. The proposed project is the construction of a 1,300 space garage (381,000 square feet), 800 square feet of retail, and 28,153 square feet of office space. Cooper Health System anticipates leasing no less than 400 spaces and Rutgers University anticipates leasing no less than 800 spaces.

The project will be located in close proximity to a multi-phase, mixed-use development situated on 20 acres bordering the Delaware River that is the Camden Waterfront Redevelopment Area. The Camden Waterfront Plan as currently envisioned by the proposed developer, Liberty Property Trust, will include the construction of 207 residential units, 130 bedroom hotel, 22,000 square feet of retail space, and 1.4 million square feet of office space. Currently the Camden Waterfront attractions draw over 3 million visitors to the area.

The project site is located within the Camden Downtown Redevelopment Plan. The plan is designed to revitalize Camden's downtown area. Two of the plan's many redevelopment goals are the assistance of expanding Rutgers and Rowan University campuses and improving Camden's transit infrastructure. Also, Cooper University Hospital campus has struggled to find sufficient parking for both staff and patients, as the hospital plans to relocate an additional 350 employees from its Cherry Hill and Mount Laurel locations to Camden. Demand and utilization of the garage is evidenced by letters of intent the applicant has received from Cooper University Hospital and Rutgers University.

As per a Market Feasibility Analysis prepared by Phoenix Advisors, a third party consultant, the subject is located in an urban redevelopment area that once completed is projected to have a shortage of parking inventory. The study states there is strong demand for parking and that new businesses will need to rely on remote parking north of the Ben Franklin Bridge and south of Mickle Boulevard unless additional parking is constructed.

In addition to the ERB grant request, the Applicant was approved for \$14 million of ERG funds at EDA's June 14, 2016 board meeting.

Project Uses

The Applicant proposes the following uses for the Project:

<i>Uses:</i>	<i>Amount</i>
Construction and Site Improvements	\$ 35,227,098
Professional Services	\$ 2,100,000
Financing & Other Costs	\$ 3,222,281
Contingency	\$ 2,066,432
Total	\$ 42,615,811

<i>Sources of Financing</i>	<i>Amount</i>
Applicant Equity Contribution	\$ 8,523,162
Permanent Debt	\$ 19,815,000
ERB Grant	\$ 3,000,000
ERG Bridge loan	\$ 11,277,649
Total	\$ 42,615,811

Contingencies

The approval of this ERB request is contingent upon the Camden Parking Authority purchasing the project site from the DRPA and providing documentation of site control.

Security and Repayment

Per the guidelines for an infrastructure project, the requested \$3 million ERB grant will be unsecured and non-recoverable.

Disbursement of Funds

The disbursement of funds will be subject to the NJEDA's receipt and satisfactory review of invoices and the contracts for service, fee schedule and reports detailing the scope of work and related time schedule.

Project Eligibility and Benefits

The Downtown Revitalization and Recovery Fund may be utilized by the ERB for costs related to the Strategic Revitalization Plan (SRP) and the Capital Improvement and Infrastructure Master Plan (CIIMP) and such other plans as required by the Act. The proposed development of a parking garage assists in the redevelopment of Camden's Downtown area therefore meeting the requirements and making the request eligible for grant funding from the Downtown Revitalization and Recovery Fund.

According to the SRP, the Camden's Downtown redevelopment is a Transitional/Future Development Area. The ERB encourages and supports projects located in Transitional/Future Development Areas. The project is eligible for funding under the ERB's general criteria for project financing, #1a, c & d; priority objectives #2a, d and e and transitional/future development area objectives, #3b & c(i), (ii) and (iii). In addition, this project also meets the ERB program guidelines as it will aid in the necessary infrastructure improvements that are critical to the success of the transformative projects being developed in Downtown Camden, in addition to the central waterfront. The funding from ERB will provide needed parking to support the current and proposed development in the area. There are sufficient funds available for this \$3 million financing request through the Downtown Revitalization and Recovery Fund.

Recommendation

Staff has reviewed the application for consistency with the Act, the SRP, and the CIIMP. The project meets eligibility and statutory requirements and will substantially benefit the residents of Camden as well as improve the viability of the development in the City through a reduction in criminal activity.

The Members of the ERB approved this request at its meeting on June 28, 2016. Accordingly, the Members of the Authority are asked to approve a \$3 million grant to fund the costs associated with the development of a parking garage located in Downtown Camden. These funds will be provided from the Downtown Revitalization and Recovery Fund established through the Municipal Rehabilitation and Economic Recovery Act ("Act").



Timothy Lizura
President and Chief Operating Officer

Prepared By: Matt Boyle

**PETROLEUM UNDERGROUND STORAGE
TANK PROGRAM**



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President/Chief Operating Officer
DATE: July 14, 2016
SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

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

UST Commercial Grant:

Croitor Feed \$ 117,841

UST Residential Grants:

Sallie Schoneboom \$ 125,674

Total UST Funding – July 2016 \$ 243,515



Timothy Lizura

Prepared by: Wendy Wisniewski

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT**

APPLICANT: Croitor Feed

P41839

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 201 Schoolhouse Lane Middle Township (T) Cape May

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

APPLICANT BACKGROUND:

Between September 2011 and June 2015, Croitor Feed, an agriculture supply store, received an initial grant in the amount of \$49,505 under P36831 and supplemental grants in the amounts of \$159,872 under P37379, P39435 and P40397 to remove a regulated 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 groundwater remediation.

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

APPROVAL REQUEST:

The applicant is requesting supplemental grant funding in the amount of \$117,841 to perform the approved scope of work at the project site. The total grant funding to date for this project is \$327,218.

The NJDEP oversight fee of \$11,784 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: \$117,841

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

PROJECT COSTS:

Remediation	\$117,841
NJDEP oversight cost	\$11,784
EDA administrative cost	\$500
TOTAL COSTS	\$130,125

APPROVAL OFFICER: K. Junghans

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT**

APPLICANT: Sallie Schoneboom P42233
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 48 Warren Place Montclair Township (T/UA) Essex
GOVERNOR'S INITIATIVES: () Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

Sallie Schoneboom 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 \$125,674 to perform the approved scope of work at the project site.

The NJDEP oversight fee of \$12,567 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund
AMOUNT OF GRANT: \$125,674
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation	\$125,674
NJDEP oversight cost	\$12,567
EDA administrative cost	\$250
TOTAL COSTS	\$138,491

APPROVAL OFFICER: K. Junghans

OFFICE OF RECOVERY

ENERGY RESILIENCE BANK (ERB)



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: July 14, 2016

RE: Energy Resilience Bank – Bergen County Utilities Authority Resiliency Project Funding Recommendation

Request:

The Members are requested to: (1) deem the Bergen County Utilities Authority resiliency project preliminarily eligible for Energy Resilience Bank (ERB) funding; (2) approve moving the project forward to the next phase of the ERB program review and approval process; (3) reserve \$26,990,350 of ERB funds for the project; and, (4) authorize the execution of ERB program funding documents with Bergen County Utilities Authority consistent with the terms set forth herein, with the understanding that any material changes to project scope or budget will be brought back to the board for reconsideration.

ERB Program:

In July, 2014, the Members approved the creation of the Energy Resilience Bank, initially capitalized with \$200 million of Community Development Block Grant Disaster Recovery (“CDBGDR”) funds, to address statewide energy resilience needs. In October 2014, the Members approved the ERB Financing Program Guide and launched ERB’s Funding Round 1 for Water and Wastewater Treatment Facilities and in October 2015, the Members approved ERB’s Funding Round for Hospitals and Related Healthcare Facilities.

The intent of the ERB is to finance the installation or upgrading of commercially available and cost effective resilient energy technologies at critical facilities. ERB is focused on effective distributed energy resource (DER) technologies, including combined heat and power and fuel cells, which are designed to start up and function in “island” mode, disconnected and isolated from the grid during a power outage or other event.

Applicants must be eligible entities and must demonstrate that the critical facility was either directly or indirectly impacted by Superstorm Sandy or directly impacted by another qualifying disaster. Priority, as established through the ERB scoring system, is placed on projects which serve low and moderate income

communities. ERB projects must be permanently installed at a critical facility, must be constructed or elevated above FEMA's best available data for base flood elevations, and be operational within two years of the ERB closing.

In conformance with HUD's CDBG-DR funded infrastructure program requirements, all projects undergo a comprehensive risk analysis which incorporates a detailed technical feasibility, criticality and resiliency, and cost benefit/project economics review to determine program and funding eligibility. Each project is assessed on the technical specifications of the project including the technology used, size and scale, criticality, resiliency, environment review, applicant credit, cost and revenue estimates, and overall feasibility. Scoring criteria reflect the comprehensive risk analysis framework as shown in the attached Scoring Chart. Projects are scored on a 100 point system and must meet a minimum eligibility threshold score of 50 points to be considered eligible for ERB project financing.

ERB funding is determined and provided on a per project basis as a combination of grant/forgivable loan and amortizing loan based on the project's unmet need and ownership structure. For public and not-for-profit applicants, ERB will provide 100% of the project's unmet need as:

- 1) a grant (not to exceed \$25 million) for all eligible resilient costs, as described in the Program Guide;
- 2) a grant equal to 40% of the remaining eligible project costs; and,
- 3) an amortizing, 2% interest rate loan with a term up to 20 years, for the balance of ERB project funding.

Bergen County Utilities Authority Resiliency Project

Applicant: The Bergen County Utilities Authority (BCUA) is responsible for wastewater treatment and solid waste management services for Bergen County municipalities. The BCUA's two wastewater treatment facilities process over 83 million gallons per day of wastewater. Innovative programs developed during the past several years, including the construction of a cogeneration facility and implementation of an energy master plan, have not only reduced costs at both the treatment facilities, but have also significantly reduced the BCUA's carbon footprint through the use of biogas to create clean energy.

The BCUA operates two water pollution control facilities WPCF and collection systems at Little Ferry and at Edgewater. The Little Ferry WPCF collection system consists of approximately 90 miles of sewer interceptor lines and eight pumping stations serving all or part of 48 municipalities and 20 private customers in Bergen County, for a total wastewater service population of 536,000. The individual municipalities own and operate the sewers discharging to the BCUA interceptors. The LFWPCF is a 109 million gallon a day (MGD) public wastewater treatment facility. Robert Laux is currently the acting Executive Director of the BCUA.

Project Summary: Consistent with ERB and HUD CDBG-DR program requirements, BCUA will be implementing a resiliency project at their Little Ferry WPCF site that entails 3 components to help enable BCUA to remain operational in the event of future storms, disasters, or emergency situations. First, BCUA is going to retrofit their two existing Combined Heat and Power (CHP) Cogeneration (Cogen) units with black start and islanding capabilities. Second, BCUA will raise its substations to protect its power assets from flooding and to avoid cascading impacts to the entire Little Ferry plant that could be caused by flooding of the substations. Substation assets that can be relocated above the Proposed Mitigation Design Flood Elevation will be replaced and raised, as appropriate. Raising these assets will

require rerouting of conduit systems, replacement of feeders, distribution wiring, transformer, assets and conductors, and construction of additional structures to complete the installations. Finally, BCUA will purchase a 175,000 cubic foot biogas storage tank which will stabilize the fluctuation in biogas supply and demand, and provide BCUA with the capability to augment biogas feeding the CoGen units during power outages, to make the system more resilient.

National Objective: – Urgent Need – Tie to the Storm - Located in Little Ferry, in Bergen County (one of the nine most impacted counties) BCUA suffered millions of dollars of direct physical damage from Superstorm Sandy as demonstrated from their FEMA project worksheets. Much of Bergen County was significantly impacted by high winds, high tides, and high tidal surges during Superstorm Sandy. During the peak of the storm, a levy constructed to hold back the tidal surges overtopped, causing major flooding at BCUA’s Little Ferry plant and other towns. Flooding at the treatment facility caused a loss to system functionality which resulted in an inefficient process for maintaining the sanitization of the water supply for one of New Jersey’s most densely populated counties. Engineers and plant management, as well as staff, have stated that flood levels just a few inches higher (or for example, the same flood event accompanied by more significant rainfall) would have resulted in extensive loss of service and catastrophic levels of damage, including to the power supply.

Project Review: Bergen County Utilities Authority resiliency project is an eligible project at a public critical facility, and which meets all ERB program eligibility requirements. The project will be developed within the requisite two year period, with earlier project milestones established for completion of specific project components throughout that period. The New Jersey Board of Public Utilities (BPU) has evaluated the project to determine it meets ERB program technical and feasibility requirements. Per the Rutgers Center for Energy, Economic, & Environmental Policy (CEEPP) comprehensive cost benefit analysis, the project and reliability benefits yield a result of approximately 2.4, when taking into account the loan costs only and economic and emissions benefits. When complete, the project will allow BCUA to start-up and isolate from the electrical grid and continue operating and providing needed wastewater treatment services to the broader community in the event of future storms, disasters, or emergency situations.

Project Scoring: The project received a project score of 70 as outlined below and exceeds the minimum score of 50 required for program eligibility.

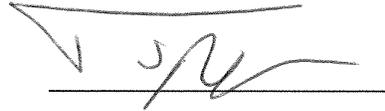
Project Funding and ERB Funds: The estimated Total Project Cost is \$26,990,350. It is estimated that \$23,798,299 are reasonable resilient related costs per ERB program guidelines. Consistent with the ERB’s Financing and Program Guide, the BCUA project will be provided with the following, subject to cost reasonableness analysis and review of final project costs:

ERB Grant:	\$25,075,119
ERB Loan Funding:	\$ 1,915,231 (2% interest rate, 20 year term)

Loan Repayment: The financing will be a general operating cost to BCUA with the projected annual loan repayment of \$116,266. This is a resiliency project and will not be creating any significant energy cost savings. BCUA will rely on its general budget appropriation process (customer rate structure) and/or bond resolution for repayment of the ERB loan. BCUA had a strong financial profile in 2014, and has an investment grade bond credit rating for Moody’s (Aa3 affirmed) and S& P (AA-), both showing a strong positive outlook.

Recommendation:

The Members are requested to: (1) deem the Bergen County Utilities Authority resiliency project preliminarily eligible for Energy Resilience Bank (ERB) funding; (2) approve moving the project forward to the next phase of the ERB program review and approval process; (3) reserve \$26,990,350 of ERB funds for the project; and, (4) authorize the execution of ERB program funding documents with Bergen County Utilities Authority consistent with the terms set forth herein, with the understanding that any material changes to project scope or budget will be brought back to the board for reconsideration.

A handwritten signature in black ink, appearing to be 'J. P.', is written over a horizontal line. The signature is stylized and includes a large, sweeping flourish on the right side.

Attached:

- Project Funding and ERB Financing and Scoring Sheet

Prepared by: Matthew Fields

BCUA Resiliency Project

July 2016

Project Funding and ERB Financing <i>(Public Applicant)</i>	
Total Project Costs:	\$ 26,990,350
Project Funding Sources:	
Resilient Costs	\$ 23,798,299
40% Grant on Remaining Costs	\$ 1,276,821
Total ERB Grant Funding:	\$ 25,075,119
ERB Loan Funding: <i>(2%, 20 year term)</i>	\$ 1,915,231

BCUA Resiliency PROJECT		July 2016
ERB Scoring Criteria	Weight in Points	PROJECT SCORE
1. Technology Efficiency/Economic Cost Effectiveness a. 20 points for a cost-benefit ratio greater than 1.25 b. 10 points for a cost-benefit ratio between 1.0 and 1.25 (including 1.25) Cost-Benefit Ratio less than 1.0 - INELIGIBLE	20	20
2. LMI Area Benefit a. 25 points if HUD LMI Area Benefit is greater than 51% b. 20 points if HUD LMI Area Benefit is between 35% - 50.99% c. 15 points if HUD LMI Area Benefit is between 20% - 34.99%	25	15
3. Most Impacted Communities a. 15 points if facility serves 3 or more municipalities listed b. 10 points if facility serves 1 or 2 municipalities listed c. 0 points if facility serves no municipalities listed	15	15
4. Readiness To Proceed a. 10 points if project completion reasonably expected within 15 months b. 5 points if project completion reasonably expected 15 - 20 months	10	0
5. Criticality <i>(using Office of Homeland Security & Preparedness State Asset database)</i> a. 20 points if facility type is listed b. 0 points if facility type is NOT listed	20	20
6. Microgrid a. 5 points if more than one free-standing facility interconnection b. 0 points if only a single free-standing facility interconnection	5	0
7. Facility Energy Efficiency a. 5 points if project meets or exceeds the general state program performance requirements of reducing energy consumption or increasing efficiency by 15%	5	0
<i>Minimum Score of 50 Needed</i>	TOTAL PROJECT SCORE:	100
		70



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: July 14, 2016

RE: Energy Resilience Bank – Cooper University Health Care CHP Project Funding Recommendation

Request:

The Members are requested to: (1) deem the Cooper University Health Care CHP project preliminarily eligible for Energy Resilience Bank (ERB) funding; (2) approve moving the project forward to the next phase of the ERB program review and approval process; (3) reserve \$28,202,205 of ERB funds for the project; and, (4) authorize the execution of ERB program funding documents with Cooper University Health Care consistent with the terms set forth herein, with the understanding that any material changes to project scope or budget will be brought back to the board for reconsideration.

ERB Program:

In July, 2014, the Members approved the creation of the Energy Resilience Bank, initially capitalized with \$200 million of Community Development Block Grant Disaster Recovery (“CDBGDR”) funds, to address statewide energy resilience needs. In October 2014, the Members approved the ERB Financing Program Guide and launched ERB’s Funding Round 1 for Water and Wastewater Treatment Facilities and in October 2015, the Members approved ERB’s Funding Round for Hospitals and Related Healthcare Facilities.

The intent of the ERB is to finance the installation or upgrading of commercially available and cost effective resilient energy technologies at critical facilities. ERB is focused on effective distributed energy resource (DER) technologies, including combined heat and power and fuel cells, which are designed to start up and function in “island” mode, disconnected and isolated from the grid during a power outage or other event.

Applicants must be eligible entities and must demonstrate that the critical facility was either directly or indirectly impacted by Superstorm Sandy or directly impacted by another qualifying

disaster. Priority, as established through the ERB scoring system, is placed on projects which serve low and moderate income communities. ERB projects must be permanently installed at a critical facility, must be constructed or elevated above FEMA's best available data for base flood elevations, and be operational within two years of the ERB closing.

In conformance with HUD's CDBG-DR funded infrastructure program requirements, all projects undergo a comprehensive risk analysis which incorporates a detailed technical feasibility, criticality and resiliency, and cost benefit/project economics review to determine program and funding eligibility. Each project is assessed on the technical specifications of the project including the technology used, size and scale, criticality, resiliency, environment review, applicant credit, cost and revenue estimates, and overall feasibility. Scoring criteria reflect the comprehensive risk analysis framework as shown in the attached Scoring Chart. Projects are scored on a 100 point system and must meet a minimum eligibility threshold score of 50 points to be considered eligible for ERB project financing.

ERB funding is determined and provided on a per project basis as a combination of grant/forgivable loan and amortizing loan based on the project's unmet need and ownership structure. For public and not-for-profit applicants, ERB will provide 100% of the project's unmet need as:

- 1) a grant (not to exceed \$25 million) for all eligible resilient costs, as described in the Program Guide;
- 2) a grant equal to 40% of the remaining eligible project costs; and,
- 3) an amortizing, 2% interest rate loan with a term up to 20 years, for the balance of ERB project funding.

Cooper University Health Care CHP Project

Applicant: Cooper University Health Care System (also known as Cooper University Hospital) is a New Jersey not-for-profit, acute care hospital located in downtown Camden ("CUH"). Since its inception in 1887, CUH has been a cornerstone of the Camden community and is the leading provider of health services to southern New Jersey, serving more than half a million patients a year. CUH has more than 700 physicians in more than 75 specialties and is now training the next generation of physicians at Cooper Medical School of Rowan University. CUH serves as the regional Level One Trauma Center for the southern seven counties of New Jersey and also serves as the Medical Coordination Center (MCC) for the region (one of only five MCCs in the State), providing expertise in emergency management, disaster medicine, emergency medical services, traumatology, emergency medicine, pediatrics, toxicology, infectious diseases, environmental safety, radiation safety, and critical care. Adrienne Kirby is currently the President and CEO of Cooper University Health Care.

Project Summary: Consistent with ERB and HUD CDBG-DR program requirements, CUH will develop a new combined heat and power ("CHP") system on their hospital campus in downtown Camden. The CHP system will be constructed above minimum base flood elevations and will include a 4.4 Megawatt recuperated combustion turbine generator that will be interconnected within the hospital campus which includes the main hospital, the MD Anderson Cancer Center, 3 Cooper Plaza, the Education and Research Building, and two adjacent parking garages. The design will provide the campus with the necessary blackstart and islanding system controls to be

able to operate independently from the grid in case of a power outage or other emergency. CUH is a designated Emergency Management Facility.

National Objective: – Urgent Need – Tie to the Storm - Located in downtown Camden/Camden County. CUH suffered direct physical damage from Superstorm Sandy as demonstrated from their Statement of Loss from their insurance carrier (Zurich). In addition, CUH suffered a substantial business interruption loss as they were required to enact emergency protective measures as a result of Superstorm Sandy. These helped to protect the health and safety of the patients, staff, and general public when the high winds caused extended power outages and required the hospital to run on emergency generator power.

Project Review: Cooper University Hospital CHP project is an eligible project at a critical facility which is to be developed within a two year period by an eligible non-profit applicant, and which meets all ERB program eligibility requirements. The New Jersey Board of Public Utilities (BPU) has evaluated the project to determine it meets ERB program technical and feasibility requirements. Per the Rutgers CEEP comprehensive cost benefit analysis, the project and reliability benefits yield a result of 1.38, when taking into account the full project costs, which factored in the economic and emission costs of the project. When complete, the project will allow CUH to start-up and isolate from the electrical grid and continue operating and providing needed community services and benefits in the event of future storms, disasters, or emergency situations. As a conditional term of closing BPU will require that the proposed street crossings and right of way issues are finalized satisfactorily.

Project Scoring: The project received a project score of 75 as outlined below and exceeds the minimum score of 50 required for program eligibility.

Project Funding and ERB Funds: The estimated Total Project Cost is \$ 30,202,205. It is estimated that \$12,350,645 are cost reasonable resilient related costs per ERB program guidelines. The resilient costs will be added to 40% of the remaining balance (\$7,140,624) to give a total ERB Grant of \$19,491,269. There is expected \$2,000,000 of funding from PSEG’s Hospital Efficiency CHP Program, a program authorized by BPU, which will be provided as a loan (0%, 10 year term). Consistent with the ERB’s Financing and Program Guide, the CUH project will be provided with the following, subject to cost reasonableness analysis and review of final project costs:

ERB Grant:	\$19,491,269	
ERB Loan Funding:	\$ 8,710,936	(2% interest rate, 20 year term)

Loan Repayment: The financing will be a general obligation to the hospital with the projected annual cost of \$528,806. The feasibility and technical review show that in addition to improved resiliency and reduced emissions, the CHP plant will also generate considerable annual cost savings. The CHP Plant is forecasted to save Cooper \$3,518,775 in reduced purchased electricity costs and \$587,074 in reduced fuel use in the existing onsite boilers, totaling \$4,105,848. The yearly Operating and Maintenance (O&M) expenses are estimated to increase approximately \$2,153,374 leaving the project with \$1,952,475 which is sufficient to repay the project loan within the loan terms. CUH has steadily improved its operating and financial profiles resulting in upgraded 2015 ratings from Moody’s (Baa2 affirmed) and S& P (BBB+) along with a positive outlook.

Recommendation:

The Members are requested to: (1) deem the Cooper University Hospital CHP project preliminarily eligible for Energy Resilience Bank (ERB) funding; (2) approve moving the project forward to the next phase of the ERB program review and approval process; (3) reserve \$28,202,205 of ERB funds for the project; and, (4) authorize the execution of ERB program funding documents with Cooper University Hospital consistent with the terms set forth herein, with the understanding that any material changes to project scope or budget will be brought back to the board for reconsideration.

A handwritten signature in black ink, appearing to be 'J. S. [unclear]', is written above a solid horizontal line.

Attached:

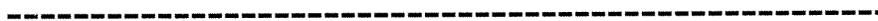
- Project Funding and ERB Financing and Scoring Sheet

Prepared by: Matthew Fields

COOPER UNIVERSITY HOSPITAL CHP

July 2016

Project Funding and ERB Financing <i>(Not for Profit Applicant)</i>	
Total Project Costs:	\$ 30,202,205
Project Funding Sources: \$ 30,202,205	
Resilient Costs	\$ 12,350,645
40% Grant on Remaining Costs	\$ 7,140,624
Total ERB Grant Funding:	\$ 19,491,269
ERB Loan Funding: <i>(2%, 20 year term)</i>	\$ 8,710,936
Other Project Funding: <i>PSEG Hospital Efficiency Program</i>	\$ 2,000,000



COOPER UNIVERSITY HOSPITAL CHP PROJECT		July 2016
ERB Scoring Criteria	Weight in Points	PROJECT SCORE
1. Technology Efficiency/Economic Cost Effectiveness a. 20 points for a cost-benefit ratio greater than 1.25 b. 10 points for a cost-benefit ratio between 1.0 and 1.25 (including 1.25) Cost-Benefit Ratio less than 1.0 - INELIGIBLE	20	20
2. LMI Area Benefit a. 25 points if HUD LMI Area Benefit is greater than 51% b. 20 points if HUD LMI Area Benefit is between 35% - 50.99% c. 15 points if HUD LMI Area Benefit is between 20% - 34.99%	25	15
3. Most Impacted Communities a. 15 points if facility serves 3 or more municipalities listed b. 10 points if facility serves 1 or 2 municipalities listed c. 0 points if facility serves no municipalities listed	15	10
4. Readiness To Proceed a. 10 points if project completion reasonably expected within 15 months b. 5 points if project completion reasonably expected 15 - 20 months	10	5
5. Criticality <i>(using Office of Homeland Security & Preparedness State Asset database)</i> a. 20 points if facility type is listed b. 0 points if facility type is NOT listed	20	20
6. Microgrid a. 5 points if more than one free-standing facility interconnection b. 0 points if only a single free-standing facility interconnection	5	0
7. Facility Energy Efficiency a. 5 points if project meets or exceeds the general state program performance requirements of reducing energy consumption or increasing efficiency by 15%	5	5
<i>Minimum Score of 50 Needed</i>	TOTAL PROJECT SCORE:	100
		75

REAL ESTATE



MEMORANDUM

TO: The Members of the Authority

FROM: Timothy Lizura
Chief Operating Officer and President

RE: Memorandum of Understanding and Budget for Predevelopment Services for Parcel F-1 (±38 acres with improvements) Currently Owned by the Fort Monmouth Economic Revitalization Authority (FMERA)

DATE: July 14, 2016

Summary

I request that the Members approve the following:

- Entering a Memorandum of Understanding (MOU) with FMERA to provide Predevelopment Services on Parcel F-1
- The budget and unrestricted EDA funds up to \$1 million for the Predevelopment Services

Background

A. Parcel F-1's Acquisition and Disposition History

FMERA, a state authority created pursuant to P.L. 2010, c.51 (N.J.S.A. 52:271-18 et seq.), is responsible for the orderly and comprehensive redevelopment of Fort Monmouth, which includes ±1,200 acres within Eatontown, Oceanport, and Tinton Falls. Parcel F-1 is located in Tinton Falls and is within an approved area in need of redevelopment. Parcel F-1 includes the following obsolete buildings:

- Building No. 2700, per US Army designation, also known as the Myer Center, a 5 story building plus a partial basement which was constructed in 1955 containing approximately 673,540 gsf of building area, related parking lots and ancillary buildings
- Building No. 2705, per US Army designation, a ±43,230 gsf office building, related parking lots and ancillary buildings
- Building No. 2706, per US Army designation, a ±6,706 gsf emergency generator building associated with the Myer Center
- Building No. 2715, per US Army designation, a ±2,030 gsf garage/storage building

- Building No. 2018, per US Army designation, a ±2,778 gsf storage building

A map showing the location of Parcel F-1 and the existing buildings is attached as Exhibit A.

FMERA entered into a contract to acquire Parcel F-1 on June 25, 2012 under an Economic Development Conveyance Agreement (EDCA) with the US Army and received the deed to all but 0.285 acres (the “Environmental Carve-out Parcel”) of Parcel F-1 on May 29, 2014. The Environmental Carve-out Parcel is being remediated by the US Army and will be conveyed to FMERA once remediation is completed.

In attempt to dispose of Parcel F-1, FMERA issued the following request for offers to purchase real property (RFOTP):

- Building 2705. In May 2013, FMERA issued and RFOTP for Buildings 2705, 2715 and 2718. FMERA received no responses to the RFOTP
- Parcel F-1. In December 2014, FMERA issued an RFOTP for the 38 acres, which included Buildings 2700 and 2705, and received no responses

Under FMERA’s enabling statute, EDA is the designated redeveloper of Fort Monmouth property. N.J.S.A. 52:27I-33. Although EDA has not previously acted as redeveloper, EDA has, on several occasions, consented to FMERA designating the purchaser of a parcel as the redeveloper for that property.

B. The Proposed Predevelopment Activities are Necessary to Make Parcel F-1 a Marketable Parcel

As noted in section A of this memo, FMERA’s efforts to sell Parcel F-1 without demolishing the buildings has been unsuccessful to date. FMERA and EDA staffs believe that, due to the uncertainty of demolition and remediation costs, the parcel will never be purchased by a private party and returned to Tinton Falls real estate tax base unless the existing buildings are remediated and marketed.

C. MOU Terms

Under the MOU, EDA will hire consultants to prepare plans, specifications and scope of work for the environmental remediation and demolition of the Parcel F-1 buildings (the “Plans”). The Plans would also include work to permit EDA to obtain innocent purchaser status under state and federal environmental laws.

To determine the cost of the remediation and demolition of the Parcel F-1 buildings, The Plans will be used to issue a request for qualifications and proposals to remediate and demolish the existing buildings on Parcel F-1. Real Estate Division staff estimates that the cost of the Plans should not exceed \$1 million.

Upon obtaining the RFQ/P responses which will include the cost for the environmental remediation and demolition of the Parcel F-1 buildings, FMERA and EDA will complete negotiations for a purchase and sale and redevelopment agreement (PSADRA) in which EDA may purchase Parcel F-1 from FMERA for one dollar (\$1.00), and attempt to recoup its investment in the Predevelopment Services, purchase price, and relate costs by pursuing one and/or a mix of the following strategies:

- Selling the Parcel F-1 in one or several transactions
- Leasing Parcel F-1 in one or several transactions
- Planning a technology or other park on the Parcel F-1
- Obtaining federal grant funds for infrastructure improvements to Parcel F-1

EDA will only acquire Parcel F-1 if the lowest environmental remediation and demolition bid is satisfactory.

As part of the MOU terms, if EDA does not purchase Parcel F-1, EDA will assign the Plans and related documents to FMERA, and FMERA will reimburse EDA for one-half (1/2) of the Predevelopment Services cost. The PSADRA will be presented to the Members for approval at a later date.

Attached as Exhibit B is the MOU, which is in substantially final form. The final document will be subject to the approval of the Authority's Chief Operating Officer and President, and the Attorney General's Office.

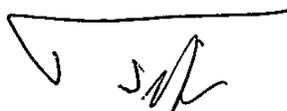
D. Proposed Funding and Budget

Real Estate staff recommends that the Members authorize unrestricted Authority funds to pay for the Predevelopment Services as follows:

BUDGET	
Parcel F-1	
Predevelopment Services Budget	
Preliminary Assessment & Title	\$80,000
Environmental Remediation, Demo. Plans, Specs. & Scope of Work	\$920,000
TOTAL BUDGET & FUNDING REQUEST	\$1,000,000

Recommendation

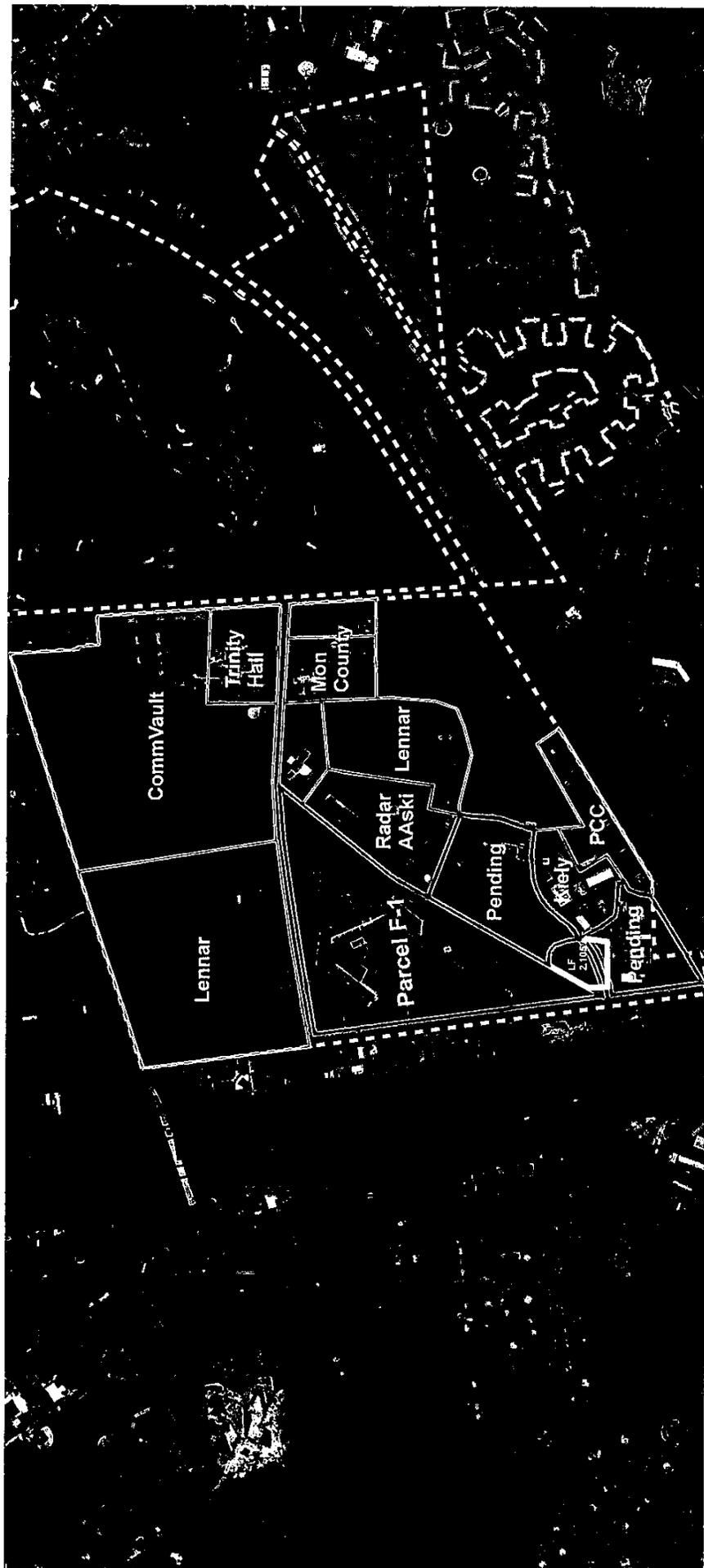
In summary, I request the Members' approval to enter into a Memorandum of Understanding with FMERA generally consistent with the form attached, and to establish a Project budget with Authority unrestricted funds in the amount of \$1 million.



 Timothy J. Lizura
 Chief Operating Officer and President

Prepared by: Juan Burgos

EXHIBIT A: Parcel F-1



**EXHIBIT B: Memorandum of Understanding Between FMERA and EDA for Parcel F-1
Predevelopment Services**

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) dated the ____ day of _____, 2016, will confirm the mutual understanding and intention between the Fort Monmouth Economic Revitalization Authority (“FMERA”) and the New Jersey Economic Development Authority (“EDA”), collectively referred to as the “Parties”, regarding planning for the possible sale and purchase, funding, remediation and demolition of the Myer Center and associated buildings at Parcel F-1 on former Fort Monmouth U.S. Army Post.

The Myer Center presents a challenge to the development of Parcel F-1 because the very large existing building, with its ancillary structures, is not suited for a reuse and the best course to redevelopment is through environmental remediation and demolition.

The FMERA Act, N.J.S.A. 52:27I-19 et seq., recognizes that EDA has significant experience and expertise in managing large scale redevelopment projects and authorizes FMERA to enter into a designated redeveloper agreement with EDA designating EDA as a designated redeveloper.

Therefore, FMERA seeks EDA’s assistance in the predevelopment phase to prepare Parcel F-1, also known as the Myer Center site, approximately 38 acres, for redevelopment. The Parties also agree to negotiate a purchase and sale agreement and designated redevelopment agreement (“PSADRA”) to address the redevelopment phase.

The Parties plan to recoup their costs related to the acquisition, professional services, investigation, environmental remediation and demolition of the buildings, site improvements, and property management and maintenance services from the sale and/or lease of Parcel F-1 in one or several transactions.

The Parties enter into this Memorandum of Understanding as an inter-department governmental agreement pursuant to N.J.S.A. 52:14-1 et seq.

1. The Site.

- a. FMERA acquired ownership of Parcel F-1 by deed dated May 29, 2014 from the US Army pursuant to a certain Economic Development Conveyance Agreement (the “EDC Agreement”) between FMERA and the US Army dated June 25, 2012.
- b. The property subject of this MOU, consisting of ±38 acres (±32 developable acres) within the former Fort Monmouth Army Post, on a portion of Tax Block 101, Lot 1 (the “Site” or “Parcel F-1”), is shown on Exhibit A which is attached to this MOU.
- c. The Site includes several buildings and improvements as follows:

- i. Building No. 2700, per US Army designation, also known as the Myer Center, a 5 story building plus a partial basement which was constructed in 1955 containing approximately 673,540 gsf of building area, related parking lots and ancillary buildings
- ii. Building No. 2705, per US Army designation, a ±43,230 gsf office building, related parking lots and ancillary buildings
- iii. Building No. 2706, per US Army designation, a ±6,706 gsf emergency generator building associated with the Myer Center
- iv. Building No. 2715, per US Army designation, a ±2,030 gsf garage/storage building
- v. Building No. 2018, per US Army designation, a ±2,778 gsf storage building

2. Predevelopment Phase.

- a. MOU Scope of Services. The Environmental Remediation and Demolition Consulting Services and the issuance of the request for qualifications and proposals and the receipt of bids for Environmental Remediation and Demolition Services are referred to collectively herein as the “MOU Scope of Services.”
- b. Right of Entry and License. This MOU constitutes a license from FMERA to EDA, its employees, officers, agents, consultants and contractors for access to all portions of the Site in order to carry out the MOU Scope of Services. Any and all consultants and contractors hired by EDA who enters upon the Site shall:
 - i. Indemnify and hold FMERA and EDA harmless from any and all claims related to or arising from said consultant or contractor entering the Site.
 - ii. Maintain adequate insurance coverage.
- c. Environmental Remediation and Demolition Consulting Services (“Consulting Services”).
 - i. EDA shall commence the selection process for the Consulting Services upon full execution of this MOU.
 - ii. Using its own procurement procedures, EDA will retain an engineering firm to prepare plans, specifications, and a scope of work (the “Plans”) for the environmental remediation and demolition of buildings on the Site, and may also include surveying services, examination of title, and non-intrusive environmental services including, but not limited to, an NJDEP-compliant

preliminary site assessment and if necessary, NJDEP-compliant remedial action work plan, and environmental services necessary for EDA to obtain “innocent purchaser” status under New Jersey law (the “Environmental Remediation and Demolition Services”).

- iii. Subject to the possible partial reimbursement under Section 3.d. of this MOU, EDA shall pay 100% of the Consulting Services, including any insurance required for the Consulting Services.
- iv. EDA will use the Plans to issue a request for qualifications and proposals under its own procurement procedures and obtain bids for the Environmental Remediation and Demolition Services. The evaluation of bidders will be based on lowest responsible bids.
- v. Within 14 business days of receiving the Environmental Remediation and Demolition Services bids, EDA will provide FMERA with the estimated cost for the Environmental Remediation and Demolition Services.
- vi. EDA, through its consultants and contractors, will obtain any and all permits and approvals needed for EDA to complete the Consulting Services.

3. **FMERA’s Responsibilities.** FMERA will be responsible for the following:

- a. Amending its Phase 1 Memorandum of Agreement with the U.S. Army to allow for FMERA’s sale of Parcel F-1 to EDA for \$1.00.
- b. Providing EDA with copies of plans, drawings, reports and any other available information related to the Site, including its infrastructure and buildings.
- c. Providing EDA with a Right of Entry and License as required in Section 2.b.
- d. If EDA does not purchase the site under the terms of the PSADRA, reimbursing EDA for one-half (½) of the cost of the Consulting Services in return for EDA’s assignment of the Plans, related documents and contracts to FMERA.

4. **EDA’s Responsibilities.** EDA will be responsible for the following:

- a. Providing the Consulting Services as required in Section 2.c.
- b. Ensuring all contractors and consultants engaged to provide the Consulting Service indemnify and hold harmless FMERA and EDA and obtain insurance as required in Section 2.b.

- c. Complying with the prevailing wage requirements included in EDA's enabling statute and any other applicable prevailing wage law.
- d. Overseeing the work of its consultants and contractors to have work performed in a safe and professional manner and in accordance with any and all applicable rules, regulations, ordinances, statutes, laws and requirements of any governmental office having jurisdiction over the MOU Scope of Services.
- e. Providing up to \$1 million to pay for the Consulting Services, a portion of which FMERA may reimburse as provided in Section 3.d.
- f. Assigning the Plans, related documents and contracts under the conditions outlined in Section 3.d.

5. **Purchase and Sale and Designated Developer Agreement ("PSADRA")**. The Parties will negotiate a mutually acceptable PSADRA which will provide the terms and conditions for the purchase and sale of Parcel F-1, the demolition of the Parcel F-1 buildings, and the further redevelopment of Parcel F-1.

6. **Additional Provisions.**

- a. **Environmental Liability.** It is expressly understood that this MOU and all subsequent, associated agreements will not obligate EDA to incur any liability for any known or unknown environmental conditions that existed at or on the Site prior to the acquisition of the Site. Pursuant to the covenants contained in the Army's May 29, 2014 quitclaim deed transferring the Site to FMERA (the Army Quitclaim Deed) and the provisions of the Comprehensive Environmental Response and Liability Act of 1980 (P.L. 96-510), the Army retains responsibility for any Army caused environmental contamination (other than mold, asbestos containing materials, lead-based paint and commercially-applied pesticides and termiticides) present on the Property as of the date of the Army Quitclaim Deed.
- b. **Other Approvals.** FMERA and EDA will obtain all applicable governmental approvals, permits, and authorizations necessary to effectuate their respective responsibilities under this MOU.
- c. **Commencement and Duration.** This MOU will commence immediately upon execution by the Parties. Unless terminated earlier, this MOU shall remain in effect until the earlier of the Parties entering into a PASDRA or the second anniversary of this MOU.
- d. **Amendments.** This MOU may be amended in a writing executed by the Parties.
- e. **Termination.** Any Party shall have the right to terminate this Memorandum of Understanding upon written notice to the other party, subject to any reimbursements provided herein.

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

If to EDA:

New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, New Jersey 08625-0990
Attention: Donna Sullivan, Director, Real Estate Division

If to FMERA:

Fort Monmouth Economic Revitalization Authority
502 Brewer Avenue
P.O. Box 267
Oceanport, New Jersey 07757
Attention: Bruce Steadman, Executive Director

- g. Reasonable Diligence. Each of the Parties will act with reasonable diligence for the purpose of satisfying the conditions set forth herein. However, this MOU is not intended to create a binding agreement to begin or complete the MOU Scope of Services.
- h. Titles and Headings. Titles and headings are included for convenience only and shall not be used to interpret the MOU.

The foregoing correctly reflects the Parties' understanding and intent.

[INTENTIONALLY LEFT BLANK]

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

Attest

FORT MONMOUTH ECONOMIC
REVITALIZATION AUTHORITY

David Nuse
Deputy Director

Bruce Steadman
Executive Director

Attest

NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY

Donna Sullivan
Director, Real Estate Development Division

Timothy J. Lizura
Chief Operating Officer and President

The foregoing document has been reviewed and approved as to form.

By: _____

[insert name]
Deputy Attorney General



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

RE: Higher Education Public Private Partnership Program
New Jersey City University
West Campus Blocks 2 and 3 (Claremont Construction Group, Inc.) Amended
Application

DATE: July 14, 2016

Summary

The Members are asked to approve New Jersey City University's ("Applicant") amended application to develop a mixed use development, in two phases, that will include 330 market rate apartments, 21,250 square foot commercial space, and 243 structured parking spaces ("Project" or "Development"), on approximately ±2.6 acres on the Applicant's campus under the Higher Education Private Public Partnership Program (the "Program") established by P.L. 2009, c. 90, as amended (the "Act"). The Project's total development cost will be approximately ±\$96.83 million. The Applicant currently owns the ±2.6 acres. The amended application is required because the Project financing has changed and the Authority retains "the right to revoke approval if it determines that the project has deviated from the plan submitted." *Id.* Staff performed a substantive review of the amended application and supporting documentation in accordance with the Act and pursuant to the Authority's Higher Education Institution Public-Private Partnership Program Guidelines (the "Guidelines") and recommends approval of the Applicant's revised Project. The Authority's approval will be subject to the Applicant submitting additional items that are outlined below.

Background

A. Initial Approval

In September 2015, the Members approved the Applicant's a public-private partnership between the Applicant Claremont Construction Group, Inc. ("Private Partner" or "Project Owner"), for a mixed use development, which will be developed in two phases, that will include 330 market rate apartments, 21,250 square foot commercial space, and 243 structured parking spaces ("Project" or "Development"), with an estimated development cost of ±\$96.83 million. For further reference, a copy of the September 2015 board memo is attached as Exhibit A. This memo will outline the Development's changes that require further approval.

B. Application Timeliness

The original application was filed within the existing deadline (August 1, 2015). An application amendment may be filed after the deadline. However, the project must be completed within five years of the Authority's final approval (i.e. the date Authority staff notify the Applicant that all the conditions of the Members' approval have been satisfied). Real Estate Division Staff has reviewed the amended application and considered the application complete.

C. Private Financing and Ownership of the Land

Staff has reviewed the amended application to confirm that the private partner continues to assume full financial responsibility for the construction of the Project and that the Applicant has no financial responsibility for the Project's construction. The Applicant currently owns the ±2.6 acres that will be leased to the Private Partner controlled entity(ies) for the Project. As required by the Act, the Applicant will continue to own the land during the entire lease term.

D. Project Description, Encouraging Green Building and Project Schedule

The Project scope has not changed from the initial application, and will incorporate Green Building and/or LEED Standards. The project schedule is revised as follows: Block 3 will commence construction in August 2016 and Block 2 will commence construction in November 2017. Staff concludes that the Applicant continues to propose a feasible project plan and design, and that the Applicant has proposed a schedule that will meet the Act's five year completion deadline.

In accordance with the Guidelines, staff has reviewed the Applicant's description of the Project, its design, and project schedule. Staff concludes that the Applicant continues to propose a feasible project plan and design, and that the Applicant's schedule will meet the Act's five year completion deadline.

E. Revisions to the Partnership Documents

As part of the Project's financing, the Private Partner originally proposed Redevelopment Area Bonds (RABs) totaling ±8.5 million for public infrastructure improvements. In addition, the Project's Fixed Rent in the Lease included reimbursement for the public infrastructure that the Applicant would provide on the West Campus.

The public infrastructure improvements that the Applicant has constructed and will construct are all located outside of the Project site and include roads, sidewalks, public plazas, related landscape and utility infrastructure (e.g., domestic water, sanitary sewer, storm sewer).

The City of Jersey City ("City") and the Jersey City Redevelopment Agency would not approve multiple RABs for this Project and related Project (i.e., KKF University Enterprises, LLC mixed use development), and instead the City proposes providing the Applicant with funds from an infrastructure bond financing to pay the Applicant for past and future public infrastructure improvements to the West Campus. The City will finance ±\$16 million of public infrastructure improvements on the West Campus, which is approximately equal to the previously approved RAB financing included in this Project and KKF University Enterprises, LLC's development.

This Project will be allocated ±\$8.43 million of the City's infrastructure bond financing. The Project's Fixed Rent reduction will take into account the City's infrastructure bond financing that will be paid to the Applicant at the inception of the Lease term. The following chart summarizes the proposed changes to the Fixed Rent:

Milestone	Payment
Fixed Rent Block 2	<p>\$2,500 per apartment unit (with a minimum amount of \$2,100 per apartment unit), which shall be reduced by \$1,247.35 per apartment ("rent reduction") to account for the infrastructure bond proceeds Applicant will receive from the City. The rent reduction will not be subject to escalation during the initial lease term or extensions.</p> <p>In no event will the present value of the rent reduction be greater than the actual infrastructure bond proceeds Applicant receives from the City.</p>
Fixed Rent Block 3	<p>\$2,500 per apartment unit (with a minimum amount of \$2,100 per apartment unit), which shall be reduced by \$1,251.89 per apartment ("rent reduction") to account for the infrastructure bond proceeds Applicant will receive from the City. The rent reduction will not be subject to escalation during the initial lease term or extensions.</p>

Milestone	Payment
	In no event will the present value of the rent reduction be greater than the actual infrastructure bond proceeds Applicant receives from the City.

The initial rent reduction in the apartment Fixed Rent is summarized in the following chart:

Phase	Units	Original Rent	1st Amendment Rent	Initial Rent Reduction
Block 3	163	\$407,500	\$204,182	\$203,318
Block 2	167	\$417,500	\$208,434	\$209,066

The changes in the average annual rent and the net present value of the rent of over the lease term, using a 4% discount rate, is summarized in the following chart:

Description	Original	1st Amendment	Difference
Lease Term Average Annual Rent	\$1,381,378	\$767,858	\$613,520
Present Value of Lease Term Rent	\$25,277,233	\$19,616,950	\$5,660,283

The Project's total rental reduction includes the Development's credit due to the City's infrastructure bond proceeds and other rent credits currently due under the approved Lease.

Except for additional minor revisions to the ground lease to account for the revised Project financing and the Fixed Rent reduction, the partnership documents remain substantially the same.

F. Partner's Experience and Qualifications

The Private Partner has not proposed any changes to the development team. Staff concludes that the Project's development team, as previously proposed, has sufficient experience to own, develop, construct, operate and maintain the Development.

G. Project Financing and Feasibility

1. Uses and Sources of Funds

The Project's uses have remained the same, however, to reflect the proposed City infrastructure financing, the sources will change as follows:

Original Sources	Block 3	Block 2	Total
Perm Loan	\$36,151,730	\$39,243,154	\$75,394,884
Equity	\$7,583,537	\$8,122,430	\$15,705,967
Redevelop. Area Bond	\$4,017,039	\$4,484,087	\$8,501,126
	\$47,752,307	\$51,849,672	\$99,601,979

Revised Sources	Block 3	Block 2	Total
Perm Loan	\$36,151,730	\$39,243,154	\$75,394,884
Equity	\$11,600,576	\$12,606,517	\$24,207,093
	\$47,752,307	\$51,849,672	\$99,601,979

The amended application did not include any financial commitments. Currently, the application assumes that the initial permanent loan will have a 10 year term, with a 30 year amortization and 5.5% interest rate. The terms of the equity return to any private investor is currently undisclosed.

2. Operating Proforma

The operating expense revised the PILOTs payments as required under the Long Term Exemption Law, which requires a minimum payment of 10% of gross revenue for non-affordable housing projects for up to 15 years, and after 15 years, minimum steps every 5 years until the Project pays full taxes at the end of the PILOTs terms.

3. Market Study

The market study conclusions remain the same for the Project. Staff has reviewed the study and concludes that original study's conclusions and recommendations are still valid at this time.

4. Long-Range Maintenance Plan

The long-range maintenance plan remains the same for the Project. The plan submitted complies with industry standards for replacement reserve accounts and capital maintenance plans and the long-range maintenance guidelines prepared by the Authority's consultant and adopted by the Authority. Accordingly, staff concludes that Applicant has submitted an adequate long-range maintenance plan for the Project.

After reviewing the project's budget, operating proforma, market study, and supporting information, the Real Estate Division's staff has assessed the soundness of the financial plan and

concludes that the Project continues to be financially feasible and has a supported need. Staff additionally concludes that the Project's development cost, accounting for prevailing wage, and projected operating expenses continue to be reasonable and are within current market conditions.

H. DPMC Classification

Claremont Construction continues to have a Division of Property Management and Construction classification under general construction with a contract capacity of \$153 million and a bonding capacity of \$200 million.

I. Other Requirements of the Act

In accordance with the requirements of the Act, the Applicant has produced evidence and has certified to comply with the following requirements of the Act:

- *Prevailing Wage.* The Private Partner will pay prevailing wage as required by the Act (“Each worker employed in the construction, rehabilitation, or building maintenance services of facilities by a private entity that has entered into a public-private partnership agreement with a State or county college . . . shall be paid not less than the prevailing wage rate”)
- *Project Labor Agreement.* The Private Partner will enter into the required project labor agreements during the construction, operation, and long-range maintenance of the Project (the Applicant included a draft agreement in its submission)
- *Bond.* The Private Partner will post the required payment bond or have the bond posted on its behalf.

J. Recommendation

Staff recommends that the Board give final approval of the application subject to the following conditions being met to the satisfaction of appropriate staff for **each phase** of the Project (e.g., Chief Executive Officer, President and Chief Operating Officer, Senior Vice President of Finance and Development, or the Director of the Estate Division):

1. Providing a copy of the executed Lease and Development Agreements with attachments (excluding the plans and specifications, if applicable)
2. Submitting, in final form, the development and operating budgets in the Authority’s Excel template (substantially the same as the documents reviewed by the Authority)
3. Submitting, in final form, project labor agreements for the construction (prior to construction start) and contracts to implement the long-range maintenance plan (at the end of construction), which require not paying less than prevailing wage and to the

greatest extent possible, enhances employment opportunities for individuals residing in the county of the project's location

4. Submitting, in final and satisfactory form, posted bonds guaranteeing prompt payment of moneys due to the contractor (and/or subcontractors)
5. Submitting a final copy of the Project's financing commitments:
 - a. The City of Jersey City Council resolution authorizing the bond financing in an amount not to exceed \$16 million and authorizing the City to pay the Applicant for past and future infrastructure improvements on the West Campus
 - b. PILOT approval resolution and the executed PILOT agreement
 - c. Executed private financing commitment (construction and permanent loan)
 - d. If applicable, executed private equity financing commitment
 - e. current financial statement, no more than 3 months from the date of submission, of the Private Partner evidencing the equity financing for the Project
 - f. Final executed agreement between the Applicant and the City regarding infrastructure improvements to be constructed by the Applicant satisfactory to the Act
6. Submitting other items (i.e., any other document which may contain a material business term to the "partnership agreement" between the parties) that the Applicant must provide in order to obtain the Authority's final approval
7. Providing quarterly reports commencing upon the Authority providing a letter stating the conditions of this memo have been met for the Project phase and ending upon the receipt of an initial certificate(s) of occupancy (or equivalent) for the Project phase

The Applicant **shall not** permit the Private Partner to commence construction **on any phase** of the Project until the Authority's staff receives and reviews the requested items listed above and the Authority's staff issues correspondence stating that conditions in this memo are met.

Recommendation

In summary, I ask for the Members to authorize the Authority's staff to approve the project upon meeting the conditions outlined in this memo.



Timothy J. Lizura
President and Chief Operating Officer

Prepared by: Juan Burgos

EXHIBIT A: SEPTEMBER 10, 2015 BOARD APPROVAL

ADOPTED
SEP 10 2015

Attachment

Resolution of the New Jersey Economic Development
Authority Regarding Approval of New Jersey City University's
Higher Education Public Private Partnership Application to
Develop a Mixed Use Development – West Campus Blocks
2 and 3 (Claremont Construction Group, Inc.)

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

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

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Economic Development Authority:

1. The actions set forth in the Memorandum attached hereto, are hereby approved, subject to any conditions set forth as such in said Memorandum.
2. The Memorandum, attached hereto, is hereby incorporated and made a part of this resolution as though set forth at length herein.
3. This resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays, and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

DATED: September 10, 2015

EXHIBIT 23



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

RE: Higher Education Public Private Partnership Program
New Jersey City University
West Campus Blocks 2 and 3 (Claremont Construction Group, Inc.)

DATE: September 10, 2015

Summary

The Members are asked to approve New Jersey City University's ("Applicant") application to develop a mixed use development, in two phases, that will include 330 market rate apartments, 21,250 square foot commercial space, and 243 structured parking spaces ("Project" or "Development"), on approximately ±2.6 acres on the Applicant's campus under the Higher Education Private Public Partnership Program (the "Program") established by P.L. 2009, c. 90, as amended (the "Act"). The Project's total development cost will be approximately ±\$96.83 million. The Applicant currently owns the ±2.6 acres. Under the Act, the "Authority shall review all completed applications" and "[n]o project shall be undertaken until final approval has been granted by the [A]uthority." N.J.S.A. 18A:64-85.f(3). Staff performed a substantive review of the application and supporting documentation in accordance with the Act and pursuant to the Authority's Higher Education Institution Public-Private Partnership Program Guidelines (the "Guidelines") and recommends approval of the Applicant's Project. The Authority's approval will be subject to the Applicant submitting additional items that are outlined below.

Background

The Authority's Scope of Review

Under the Program, the Authority must review and approve an application, which, in order to be complete, must contain the following items:

1. a full narrative description of the project
2. a public-private partnership agreement between the state or county college and the private developer
3. a land lease or land agreement
4. financial information including the estimated costs and financial documentation for the project
5. a detailed project schedule (i.e. timetable) for completion of the project extending no more than five years after consideration and approval
6. DPMC classification information for the required contractors and/or subcontractors
7. evidence of arrangements for entering into project labor agreements and paying prevailing wages as required by the Act
8. evidence of arrangements for issuance of the required bonds

The financial documentation shall include a long-range maintenance plan that will "specify the expenditures that qualify as an appropriate investment in maintenance." In addition, the Authority may impose "other requirements that the [A]uthority deems appropriate or necessary."

Within the Act's deadline, the Applicant submitted a complete application for the Project with adequate exhibits and supporting documentation which included an adequate form of the Ground Leases and Project Development Agreements which serve as the partnership agreement for this Project. Real Estate Division Staff deemed the application complete.

The Act requires that any project undertaken through the Program must be financed in whole by the private entity. Staff has reviewed the project documents to confirm that the private partner assumes full financial and administrative responsibility for the construction of the Project and that the Applicant has no financial responsibility for the construction of the Project. The Act also requires that the State or institution of higher education must retain full ownership of the land upon which any project undertaken through the Program. Staff has reviewed the Project documents to confirm that the Applicant will retain full ownership of the land where the Project will be developed.

Project Description and Schedule

A. West Campus Development Plan

1. Overview

The Applicant's Facilities Master Plan outlines the university's planned expansion on the West Campus. In 1970's, the Applicant started the process to acquire ±21.3 acres, former industrial land, which is bounded by Route 440 to the North, Carbon Plan to the East, South Road to the West, and West Side Avenue to the South. In 2005, Jersey City adopted the West Campus Redevelopment plan, which incorporates the Applicant's vision:

The University intends for the West Campus to be more than a typical college campus. It will also be a place for city residents to work, shop and live. When fully developed, the project will include a significant amount of retail space, structured parking, student as well as market-rate housing, academic teaching spaces, academic offices, a performing arts center, and primary and secondary schools.

2. West Campus Environmental History

Honeywell remediated the chromium related contamination on the property, which is the subject of a consent decree and deed restrictions. Additionally, the Applicant recently remediated non-chromium contamination that was discharged on portions of the property, which is also subject to a deed restriction.

3. West Campus Site Plan

The Applicant's current West Campus Master Plan, which is attached as Exhibit A, includes:

- A performing arts center
- student dorms (currently being developed as a public private partnership between the Applicant and RISE, formerly known as Ambling University Development Group)
- 581 market rate apartments, ±50,000 SF ground floor retail, and 620 parking spaces (which includes this Project), and
- A supermarket, fitness center, ±650 structured parking spaces, a rooftop restaurant and tennis courts.

B. Blocks 2 and 3

In December 2014, The Applicant issued a Request for Qualifications to design, develop, construct, manage a mixed-use building, including apartments and commercial space, on Block 2 and 3 of the West Campus. Eight development teams responded to the RFQ.

In April 2015, the Applicant issued, to the shortlisted RFQ respondents, a Request for Proposals to design, develop, construct, manage, a mixed use residential and commercial project on Blocks

2 and 3. Two parties responded to the RFP, and a result of the process, the Applicant selected Claremont Construction Group, Inc. to finance, plan, design, construct, operate and maintain a mixed-use development on Blocks 2 and 3. In June 2015, the Applicant's Board of Trustees approved the Claremont Construction Group, Inc. as the private partner to develop the Project under the Act and authorized the appropriate officials of the Applicant to negotiate and execute documents to consummate the transaction.

Claremont Construction Group, Inc., will create 2 single purpose entities, Claremont West Campus Urban Renewal I, LLC ("Block 2 Owner") and Claremont West Campus Urban Renewal II, LLC ("Block 3 Owner") (collectively "Project Owners"), that will enter into a ground leases and development agreements with the Applicant. The Project Owners will own, finance, develop, construct, and manage the improvements.

In the spring of 2016, the Block 3 Owner will commence construction on Phase 1; in the summer of 2017, the Block 2 Owner will start construction on Phase 2. The proposed Development will include 330 market rate apartments, 21,520 SF of commercial space, and 243 structure parking spaces allocated as follows:

Phase 1: Block 3 Residential Units				Phase 2: Block 2 Residential Units			
Unit Type	Units	Avg. SF	Monthly Rent	Unit Type	Units	Avg. SF	Monthly Rent
Studio	35	647	\$1,807.25	Studio	44	675	\$1,914.23
1 BR	104	817	\$2,109.49	1 BR	86	925	\$2,376.84
2 BR	24	1,150	\$2,731.25	2 BR	31	1,200	\$2,671.50
3 BR	0		\$0.00	3 BR	6	1,300	\$3,228.06
Total	163			Total	167		
Retail Space				Retail Space			
	SSF Rent	SF	Annual Total		SSF Rent	SF	Annual Total
Tenant 1	\$28.00	10,048	\$281,344	Tenant 1	\$25.00	5,780	\$144,500
				Tenant 2	\$35.00	3,286	\$115,010
				Tenant 3	\$35.00	2,406	\$84,210
Total		10,048		Total		11,472	

Total Apartments	330
Total Retail SF	21,520
Total Square Feet	484,320

The Project will include 2 buildings with 6 stories each, allocated as follows:

- First Floor: residential entrance, commercial retail and parking
- Second Floor: structured parking
- Third through Sixth Floors: luxury residential apartments.

C. Estimated Job Creation

The Project Owners estimate that the Project will create 900 construction jobs and 100 permanent jobs (residential and commercial combined).

D. Encouraging Green Building

The Act encourages projects to adhere to the Leadership in Energy and Environmental Design (“LEED”) Green Building Rating System and/or the NJ Green Building Manual. The Project Owners have agreed to incorporate the following green building design components into the Project:

- Efficient units layouts reducing heating and cooling loads
- Development close to mass transit with less dependency on vehicular traffic
- Locally sources and/or recycled building materials
- Energy Star appliances
- Low VOC paints and finishes
- Low flow plumbing fixtures.

E. Project Schedule

The Applicant provided a schedule to complete the two phases of the Development by the end of August 2018. This end date complies with the requirement of the Act that projects be completed within 5 years of the Authority’s approval date.

In accordance with the Guidelines, staff reviewed the Applicant’s description of the Project, its design, and project schedule. Staff concludes that the Applicant has proposed a feasible project plan and design, and that the Applicant has proposed a schedule that will meet the Act’s five year completion deadline.

Summary of the Partnership Documents

The Applicant and each Project Owner will enter into a lease and development agreement for each phase of the Project. The documents are the substantially similar, except for items specific to each development phase.

The parties' roles, responsibilities and benefits in the Project are summarized below:

A. Applicant

1. *Lease Term.* The Applicant will lease the property for a 50 year term, commencing on Term Commencement Date, which the parties will select by executing a written agreement. The Applicant has provided the Project with one 25 year option term under the Lease.
2. *Initial Payment and Rent.* The Applicant will receive rent payments as follows:

Milestone	Payment
Block 3 Initial Payment at lease execution	1% of total development cost, or \$464,023.07
Block 2 Initial Payment at lease execution	1% of total development cost, or \$504,260.69
Starting on the Rent Commencement Date	\$2,500 per apartment unit (with a minimum amount of \$2,100 per apartment unit) plus \$1.75 per SF of occupied and rented commercial retail space
Upon the 5th Anniversary of receipt of the Certificate of Occupancy and Every 5th Anniversary Thereafter	Increase the prior 12 months rent by the lesser of: (a) percentage increase of the "Consumer Price Index for New York/New Jersey All Urban 1982-84=100" for the preceding 5 years; or (b) 7.5%

The average lease payment during the term is to be \$1.397 million. The present value of the lease payments, using a 4% discount rate, is currently estimated to be \$24.673 million.

If the Members pass a resolution approving the Project prior to October 1st, the Initial Payment will be refundable if the Project Owner provides notice that the Project "is unacceptable" after performing investigatory activities. If the Members pass a resolution approving the Project after October 1, 2015, the Initial Payment will be non-refundable.

3. *Utilities and Approvals.* Applicant will cooperate with the Project Owner to file utility applications and "documents necessary to obtain" utility services.
4. *Sell or Assign the Property.* Subject to the terms of the Lease and the Act's requirements, the Applicant may sell or assign the Property.

5. *Quiet Enjoyment.* The Applicant agrees that during the lease term, the Project Owner “shall lawfully and quietly hold, occupy and enjoy the Premises . . . without hinderance or molestation by or from anyone claiming by, through or under the [Applicant],” except for Permitted Exceptions.
6. *Right to Perform Project’s Owner’s Lease Covenants.* The Applicant may, after providing the required notice and the Project Owner has failed to perform, “pay any Imposition . . . take out, pay for, maintain or deliver any [required] insurance, . . . cause any lien . . . to be discharged. . . , or perform any other act” required by the Lease.
7. *Environmental Issues.* The Applicant “shall comply with all requirements related to the ongoing and larger site wide remediation of the [West Campus] and shall enforce all such obligations of responsible parties” as noted in the Development Agreement.
8. *Change Orders.* The Applicant will review and approve the Project change orders.
9. *Other Work.* The Applicant may perform “other work” on the West Campus, so long as it does not “materially interrupt, interfere with, hinder or delay” the Project.
10. *Ownership of Improvements at End of the Term.* At the end of the Lease term, Applicant is entitled to all the improvements (excluding trade fixtures and business improvements not part of the Project) free and clear of all liens.

B. Project Owner

1. *Rent and Impositions.* The Project Owner will pay the initial payment, the fixed rent, and any required impositions.
2. *Obtain Required Approvals and Utility Services.* The Project Owner must obtain all required approvals and required utility services for the Project.
3. *Design and Construction.* The Project Owner will be responsible for the design, development, construction, equipping and furnishing the Project as required by the Development Agreement and the Lease.
4. *Development Team.* The Project Owner will be responsible for the hiring, supervising and compensating the design, construction and other professionals necessary to develop the Project.

5. *Project Financing.* At its sole cost and expense, the Project Owner will be responsible for the Project budget and financing the Project's development and construction.
6. *Project Schedule.* The Project Owner will be responsible for delivering the Project within the time frame of the approved project schedule.
7. *Environmental Issues.*
 - a. *No Discharge.* During the term of the Lease, the Project Owner "shall not permit . . . any Person to, use, handle, store, generate, manufacture, transport, discharge or release any Hazardous Materials" on the property.
 - b. *Compliance with Environmental Laws.* The Project Owner agrees to comply with all applicable environmental laws.
8. *Utility Service.* The Project Owner will be responsible for all utility charges at the site.
9. *Indemnification.* The Project Owner agrees to indemnify, defend and hold harmless the Applicant "arising . . . in connection" with the Project Owner's "possession, use, occupancy or management" of the Project.
10. *Bond and Insurance.* The Project Owner will obtain insurance require by the Lease and bonds required by the Development Agreement.

Partner's Experience and Qualifications

The Guidelines call for an assessment of the experience and qualifications of the development partner and its team.

A. Project Owners

Established in 1954, Claremont Properties, Inc., and Claremont Construction Group, Inc., have developed over 2,000 residential units and 1 million SF of commercials space totaling over \$.5 billion. Claremont Properties will serve as each Project Owner's developer and Claremont Construction will serve as each the Project Owner's general contractor.

The following chart provides a sample of Claremont's work:

Project	Description	Dev. Cost
Residential Apartments & Parking Structure, South Orange NJ	215 residential units	\$50,000,000
NJIT Parking Deck	982 parking spaces	\$20,000,000
Baxter Terrace, Newark, NJ	90 residential units community center	\$20,000,000
Spruce Senior, Newark, NJ	57 residential units	\$12,250,000
	TOTAL	\$102,250,000

B. Marchetto Higgins Stieve

Established in 1982, Marchetto Higgins Stieve has significant experience in urban projects, and the firm has worked on 200 mixed use developments (residential and commercial) totaling \$4 billion in development cost.¹

C. Alliance Residential Property Management

This property management firm, established in 2000, currently has a nationwide property portfolio (residential and commercial properties) of over \$9 billion, which includes 71,000 residential units.

Staff concludes that the Project's development team has sufficient experience to own, develop, construct, operate and maintain the Development.

Project Financing and Feasibility

A. Sources and Uses of Funds

The following chart summarizes the project's uses and sources:

	Phase 1 Block 3	Phase 2 Block 2	Total
Acquisition	\$198,283	\$52,500	\$250,783
Improvements	\$39,975,916	\$43,529,751	\$83,505,667
Professional Services	\$1,695,897	\$1,244,500	\$2,940,397
Financing and Other Costs	\$3,536,240	\$4,643,144	\$8,179,384
Contingency	\$144,130	\$280,496	\$424,625
Development Fee	\$2,201,841	\$2,099,282	\$4,301,123
	\$47,752,307	\$51,849,672	\$99,601,979

¹ Id. Tab 4 at p9.

	Phase 1 Block 3	Phase 2 Block 2	Total
Perm Loan	\$36,151,730	\$39,243,154	\$75,394,885
Equity	\$7,583,537	\$8,122,430	\$15,705,968
Redevelop. Area Bond	\$4,017,039	\$4,484,087	\$8,501,126
	\$47,752,307	\$51,849,672	\$99,601,979

The Application included a letter of interest, with no stated terms, from HFF; the firm will assist the Project Owners in placing debt for the Project. Currently, the Project Owners have assumed that the initial permanent loan currently will have a 10 year term, with a 30 year amortization and 5.5% interest rate.

The Redevelopment Area Bond (RAB) will be repaid by a payment in lieu of taxes (PILOT) included in the buildings operating budgets, which starts at approximately \$497,710 for Block 3 and \$550,000 for Block 2, increasing annually at ±10% percent. The development budget will capitalize the initial deposit into long-range maintenance reserve, estimated by Cohn Reznick for the Project Owners, as follows: Block 3 at ±\$1.424 million and Block 2 at ±\$1.350 million.

B. Operating Proforma

The operating proformas use low annual increases for income (2% residential, 1% all others) and expenses (1%, except for the reserve at 2% and PILOT at 10%). However, when the annual expense inflation rate is increased to 3%, the Project continues to have sufficient net cash flow to maintain a debt service coverage ratio of 1.25 even when the annual income increase assumptions are held constant.

C. Market Study

The Outeau Group prepared the Project's market study, which included the following findings:

1. *Hudson County's Percentage of Households that rent is Greater than the State Average.* The share of Hudson County households that rent is 68%, compared to 35% in the rest of New Jersey.
2. *Favorable Market Demographics.* The Project's market area has a high percentage of 1 and 2 person households (64%), households with no persons under 18 years of age (73%), households that have never married, widowed, and single head of households (66%). In addition, persons between the ages of 25 and 34 account for 23% of the market areas population. These types of households are attracted to the proposed Development.

3. *The Target Market Demographic Can Afford the Proposed Rents.* Forty-seven percent of the household within 5 miles of the Project site earn more than \$72,000 (the minimum income threshold). In addition, 52% of person between 25 and 34, and 63% of the persons between 35 and 44 have sufficient income to afford the proposed rents.
4. *Rental Units Will Continue To Be in High Demand.* The market will continue to demand rental units, requiring an additional 10,560 units by 2020.
5. *Phasing the Project will Aid in Unit Absorption.* Because the Project site is in a secondary market to accommodate a slower absorption than would be found in a project in a primary market (e.g., downtown Jersey City).
6. *Project Fosters Urban Living with Proximity and Access to Public Transportation.* The Project site is less than ½ mile from the light rail line, and Jersey City provides excellent access to various forms of public transportation (light rail, PATH, buses, and ferries) hubs Thirty-three percent of Hudson County's households do not own a vehicle.

The firm concludes that the proposed Development's unit mix and design "is well aligned to economic and demographic trends" of the target market.

D. Long-Range Maintenance Plan

The Act requires that the budget, operating proforma and financial documents submitted with an application must include a long-range maintenance plan that specifies expenditures that qualify as an appropriate investment in capital improvements and maintenance. As part of its financial documentation, the Applicant submitted a long-range maintenance plan which included standards for the calculation of funds for replacement over the useful life of the project, detail for the initial calculation of need for replacement funds (e.g., estimated items, useful life, replacement costs, quantity and total costs), estimated the total amount required, and provided a schedule for use of the reserve funds over the Project's life. The Project Owners will pay for long-range maintenance items from a capitalized reserve funded from the development budget, and operating income that also will fund the long-range maintenance reserve. Staff concludes that the Project Owner will have sufficient capital reserves to meet the Project's long-range maintenance needs during the Lease term.

The plan submitted complies with industry standards for replacement reserve accounts and capital maintenance plans and the long-range maintenance guidelines prepared by the Authority's consultant and adopted by the Authority. Accordingly, staff concludes that Applicant has submitted an adequate long-range maintenance plan for the Project.

After reviewing the project's budget, operating proforma, market study, and supporting information, the Real Estate Division's staff has assessed the soundness of the financial plan and concludes that the Project is financially feasible and that there is a need for the Development. Staff also concludes that the Project's development costs and projected operating expenses are reasonable and within current market conditions.

DPMC Classification

The Division of Property Management and Construction within Treasury has classified Claremont Construction under general construction with a contract capacity of \$153 million and a bonding capacity of \$200 million.

Other Requirements of the Act

In accordance with the requirements of the Act, the Applicant has produced evidence and has certified to comply with the following requirements of the Act:

- *Prevailing Wage.* The private partner will pay prevailing wage as required by the Act ("Each worker employed in the construction, rehabilitation, or building maintenance services of facilities by a private entity that has entered into a public-private partnership agreement with a State or county college . . . shall be paid not less than the prevailing wage rate")
- *Project Labor Agreement.* The private partner will enter into the required project labor agreements during the construction, operation, and long-range maintenance of the Project (the Applicant included a draft agreement in its submission)
- *Bond.* The private partner will post the required payment bond or have the bond posted on its behalf.

Recommendation

Staff recommends that the Board give final approval of the application subject to the following conditions being met to the satisfaction of appropriate staff for **each phase** of the Project (e.g., Chief Executive Officer, President and Chief Operating Officer, Senior Vice President of Finance and Development, or the Director of the Estate Division):

1. Providing a copy of the executed Lease and Development Agreements with attachments (excluding the plans and specifications, if applicable)
2. Submitting, in final form, the development and operating budgets in the Authority's Excel template (substantially the same as the documents reviewed by the Authority)

3. Submitting, in final form, project labor agreements for the construction and contracts to implement the long-range maintenance plan, which require not paying less than prevailing wage and to the greatest extent possible, enhances employment opportunities for individuals residing in the county of the project's location
4. Submitting, in final and satisfactory form, posted bonds guaranteeing prompt payment of moneys due to the contractor (and/or subcontractors)
5. Submitting a final copy of the Project's financing commitments:
 - a. redevelopment area bond approval resolution and final version of the bond indenture
 - b. PILOT approval resolution and the PILOT agreement
 - c. executed private financing commitment (construction and permanent loan)
 - d. if applicable, executed private equity financing commitment
 - e. current financial statement, no more than 3 months from the date of submission, of the Project Owner evidencing the equity financing for the Project
6. Submitting other items (i.e., any other document which may contain a material business term to the "partnership agreement" between the parties) that the Applicant must provide in order to obtain the Authority's final approval
7. Providing quarterly reports through the end of construction

The Applicant **shall not** permit the Project Owners to commence construction **on any phase** of the Project until the Authority's staff receives and reviews the requested items listed above and the Authority's staff issues correspondence stating that conditions in this memo are met.

Recommendation

In summary, I ask for the Members to authorize the Authority's staff to approve the project upon meeting the conditions outlined in this memo.

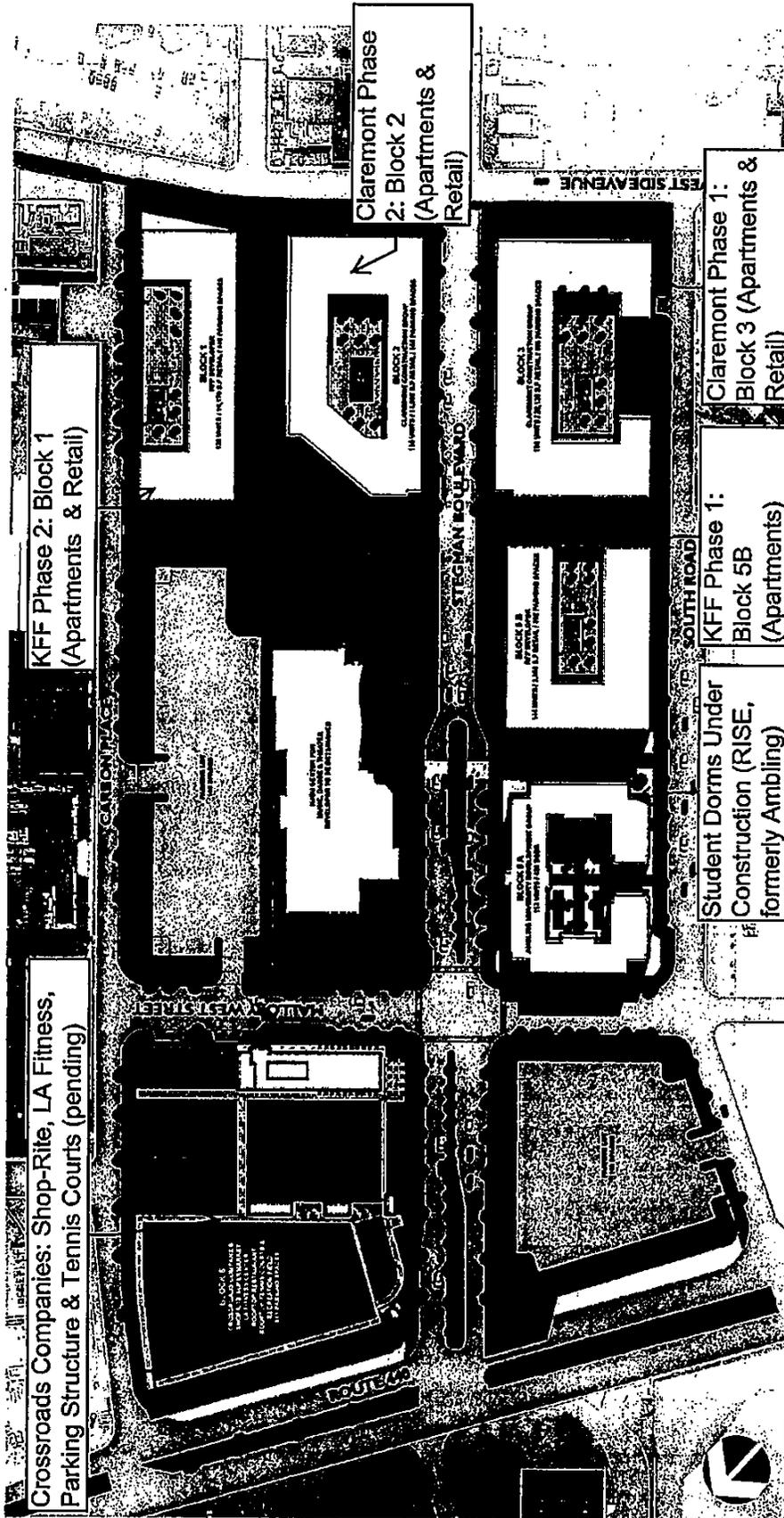


Timothy J. Lizura
President and Chief Operating Officer

Prepared by: Juan Burgos

EXHIBIT A: WEST CAMPUS SITE PLAN

*New Jersey City University
Higher Education Public Private Partnership Program
West Campus Blocks 2 and 3*



WEST CAMPUS MASTER PLAN

NEW JERSEY CITY UNIVERSITY
Location: Jersey City, New Jersey



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

RE: Higher Education Public Private Partnership Program
New Jersey City University
West Campus Blocks 1 and 5B (KKF University Enterprises, LLC)
Amended Application

DATE: July 14, 2016

Summary

The Members are asked to approve New Jersey City University's ("Applicant") amended application to develop a mixed-use development, in two phases, that will include 301 market rate apartments, 11,093 SF of commercial space, 303 parking spaces, and related residential amenities ("Project" or "Development"), on approximately ±2.25 acres on the Applicant's campus under the Higher Education Private Public Partnership Program (the "Program") established by P.L. 2009, c. 90, as amended (the "Act"). The Project's total development cost will be ±\$83.42 million. The Applicant currently owns the ±2.25 acres. The amended application is required because the Project financing has changed and the Authority retains "the right to revoke approval if it determines that the project has deviated from the plan submitted." Staff performed a substantive review of the amended application and supporting documentation in accordance with the Act and pursuant to the Authority's Higher Education Institution Public-Private Partnership Program Guidelines (the "Guidelines") and recommends approval of the Applicant's revised Project. The Authority's approval will be subject to the Applicant submitting additional items that are outlined below.

Background

A. Initial Approval

In September, 2015, the Members approved the public-private partnership between the Applicant and KKF University Enterprises, LLC ("Private Partner" or "Project Owner") for the Applicant's West Campus which will include a two phased development that will include 301 market rate apartments, 11,093 SF of commercial space, 303 parking spaces, and related residential amenities for an estimated development cost of ±\$83.42 million. For further reference, a copy of the September 2015 board memo is attached as Exhibit A. This memo will outline the Development's changes that require further approval.

B. Application Timeliness

The original application was filed within the existing deadline (August 1, 2015). An application amendment may be filed after the deadline. However, the project must be completed within five years of the Authority's final approval (i.e. the date Authority staff notify the Applicant that all the conditions of the Members' approval have been satisfied). Real Estate Division Staff has reviewed the amended application and considered the application complete.

C. Private Financing and Ownership of the Land

Staff has reviewed the amended application to confirm that the private partner continues to assume full financial responsibility for the construction of the Project and that the Applicant has no financial responsibility for the Project's construction. The Applicant currently owns the ±2.25 acres that will be leased to the Private Partner controlled entity(ies) for the Project. As required by the Act, the Applicant will continue to own the land during the lease term.

D. Project Description, Encouraging Green Building and Project Schedule

The Project scope has not changed from the initial application, and the Project will incorporate Green Building and/or LEED Standards "when practicable." The project schedule has changed as follows: Block 5b will commence construction in March 2017 and Block 1 will commence construction in July 2018. Staff concludes that the Applicant continues to propose a feasible project plan and design, and that the Applicant has proposed a schedule that will meet the Act's five year completion deadline.

In accordance with the Guidelines, staff has reviewed the Applicant's description of the Project, its design, and project schedule. Staff concludes that the Applicant continues to propose a feasible project plan and design, and that the Applicant's schedule will meet the Act's five year completion deadline.

E. Revisions to the Partnership Documents

As part of the Project's financing, the Private Partner originally proposed Redevelopment Area Bonds (RABs) totaling ±\$5.3 million for some of the public infrastructure improvements. In addition, the Project's Fixed Rent in the Lease included reimbursement for the public infrastructure that the Applicant would provide on the West Campus.

The public infrastructure improvements that the Applicant has completed and will construct are located outside of the Project sites and include roads, sidewalks, public plazas, related landscape and utility infrastructure (e.g., domestic water, sanitary sewer, storm sewer).

The City of Jersey City ("City") and the Jersey City Redevelopment Agency would not approve multiple RABs for this Project and related Project (i.e., Claremont Companies mixed use development), and instead the City proposes providing the Applicant with funds from an infrastructure bond financing to pay the Applicant for past and future public infrastructure improvements to the West Campus. The City will finance ±\$16 million of public infrastructure improvements on the West Campus, which is approximately the same amount of RAB financing included in this Project and the Claremont Companies project's previously approved developments.

The Project will be allocated ±\$7.57 million of the City's infrastructure bond financing and the revised Fixed Rent will take into account the City's infrastructure bond financing that will be paid to the Applicant at the inception of the Lease term. The following chart summarizes the proposed changes to the Fixed Rent:

Fixed Rent	Payment
<p>Block 1 Fixed Rent – commencing on the 1 year anniversary of the receipt of each temporary or permanent certificate of occupancy</p>	<p>\$2,500 per apartment unit (with a minimum amount of \$2,100 per apartment unit), which shall be reduced by \$1,261.44 per apartment ("rent reduction") to account for the infrastructure bond proceeds Applicant will receive from the City. The rent reduction will not be subject to escalation during initial lease term or extensions</p> <p>In no event will the present value of the rent reduction be greater than the actual infrastructure bond proceeds Applicant receives from the City.</p>
<p>Block 5B Fixed Rent – commencing on the 1 year anniversary of the receipt of each temporary or permanent certificate of occupancy</p>	<p>\$2,500 per apartment unit (with a minimum amount of \$2,100 per apartment unit), which shall be reduced by \$1,197.17 per apartment ("rent reduction") to account for the infrastructure bond proceeds Applicant will receive from the City. The rent reduction will not be subject to</p>

Fixed Rent	Payment
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escalation during the initial lease term or extensions.

In no event will the present value of the rent reduction be greater than the actual infrastructure bond proceeds Applicant receives from the City.

The initial reduction in the residential units Fixed Rent is summarized in the following chart:

Phase	Units	Original Rent	1st Amendment Rent	Initial Rent Reduction
Block 5B	149	\$372,500	\$184,545	\$187,955
Block 1	152	\$380,000	\$198,030	\$181,970

The following chart summarizes the Project's proposed changes in the average annual rent and net present value of the rent over the lease term, using a 4% discount rate:

Description	Original	1st Amendment	Difference
Lease Average Annual Rent	\$1,195,416	\$682,658	\$512,758
Present Value of Lease Term Rent	\$21,874,401	\$11,175,843	\$10,698,558

The Project's total rent reduction includes the credit due to the City infrastructure bond proceeds and other rent credits due under the approved Lease.

Except for additional minor revisions to the ground lease to account for the revised Project financing and the Fixed Rent reduction, the partnership documents remain substantially the same.

F. Partner's Experience and Qualifications

The Private Partner has not proposed any changes to the development team. Staff concludes that the Project's development team, as previously proposed, has sufficient experience to own, develop, construct, operate and maintain the Development.

G. Project Financing and Feasibility

1. Sources and Uses of Funds

The Project's uses have remained the same, however, to reflect the proposed City bond infrastructure financing, the sources will change as follows:

Original Sources	Block 5B	Block 1	Total
Permanent Loan	\$25,000,000	\$27,000,000	\$52,000,000
Redevelopment Area Bond	\$2,500,000	\$2,800,000	\$5,300,000
Equity	\$16,840,000	\$9,281,000	\$31,421,000
Total Sources	\$44,340,094	\$39,081,388	\$83,421,482

1st Amendment Sources	Block 5B	Block 1	Total
Permanent Loan	\$25,000,000	\$27,000,000	\$52,000,000
Equity	\$19,340,094	\$12,081,388	\$31,421,482
Total Sources	\$44,340,094	\$39,081,388	\$83,421,482

The amended application did not include any financial commitments. Currently, the Private Partner has assumed that the initial permanent loan will have a 10 year term with a 30 year amortization and an interest rate of 5.5% for each development phase. Refinancing the initial loan is assumed to be at 6.5% with a 25 year amortization.

2. Operating Proforma

The operating expense revised the PILOTs payments as required under the Long Term Tax Exempt Law (N.J.S.A. 40A:20-1 to -22), which requires a minimum payment of 10% of gross annual revenue non-affordable housing projects, and after 15 years, minimum steps every 5 years until the Project pays full taxes by the end of the PILOTs terms.

The operating proformas includes conservative annual assumptions for vacancy (12%) and operating inflation (2% except for utilities, which inflates at 3%), and income growth rates (2.5%). If the operating expense inflation rate is increased to 3%, and the remaining assumptions are held constant, the Project can still maintain a debt service coverage ratio of 1.25.

3. Market Study

The market study conclusions remain the same for the Project. Staff has reviewed the study and concludes that original study's conclusions and recommendations are still valid at this time.

4. Long-Range Maintenance Plan

The long-range maintenance plan remains the same for the Project. The plan submitted complies with industry standards for replacement reserve accounts and capital maintenance plans and the long-range maintenance guidelines prepared by the Authority's consultant and adopted by the Authority. Accordingly, staff concludes that Applicant has submitted an adequate long-range maintenance plan for the Project.

After reviewing the project's budget, operating proforma, market study, and supporting information, the Real Estate Division's staff has assessed the soundness of the financial plan and concludes that the Project continues to be financially feasible and has a supported need. Staff concludes that the Project's development cost, accounting for prevailing wage, and projected operating expenses continue to be reasonable and are within current market conditions.

H. DPMC Classification

The Private Partner has not selected a general contractor and represents that the selected contractor will comply with the required DMPC classification.

I. Other Requirements of the Act

In accordance with the requirements of the Act, the applicant previously produced evidence and has certified to comply with the following requirements of the Act:

- *Prevailing Wage.* The Project Owner will pay prevailing wage as required by the Act ("Each worker employed in the construction, rehabilitation, or building maintenance services of facilities by a private entity that has entered into a public-private partnership agreement with a State or county college . . . shall be paid not less than the prevailing wage rate").
- *Project Labor Agreement.* The Project Owner will enter into the required project labor agreements during the construction, operation, and long-range maintenance of the project (the Applicant included a draft agreement in its submission).
- *Bond.* The Project Owner will post the required payment bond or have the bond posted on its behalf.

J. Recommendation

Staff recommends that the Board approve the amended application subject to the following conditions being met to the satisfaction of appropriate staff (e.g., Chief Executive Officer, President and Chief Operating Officer, Senior Vice President of Finance and Development, or the Director of the Real Estate Division) for **each phase** of the Project:

1. Providing a copy of the executed Lease and Development Agreements with attachments (excluding the plans and specifications, if applicable)
2. Submitting, in final form, the development and operating budgets in the Authority's Excel template (substantially the same as the documents reviewed by the Authority)
3. Submitting, in final form, project labor agreements for the construction and contracts to implement the long range maintenance plan, which require not paying less than

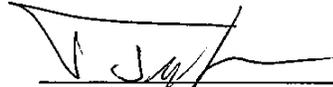
prevailing wage and to the greatest extent possible, enhances employment opportunities for individuals residing in the county of the project's location

4. Submitting the satisfactory DPMC classification for the selected contractor
5. Submitting, in final and satisfactory form, posted bonds guaranteeing prompt payment of moneys due to the contractor (and/or subcontractors)
6. Submitting a final copy of the Project's financing commitments:
 - a. The City of Jersey City Council resolution authorizing the bond financing in an amount not to exceed \$16 million and authorizing the City to pay the Applicant for past and future infrastructure improvements on the West Campus
 - b. PILOT approval resolution and the executed PILOT agreement
 - c. Executed private financing commitments (construction and permanent)
 - d. If applicable, executed private equity financing commitment
 - e. Current financial statement (not more than 3 months old from the date of submission) of the person or entity providing the Private Partner's equity financing
 - f. Final executed agreement between the Applicant and the City regarding infrastructure improvements to be constructed by the Applicant satisfactory to the Act
7. Submitting other items (i.e., any other document which may contain a material business term to the "partnership agreement" between the parties) that the Applicant must provide in order to obtain the Authority's final approval
8. Providing quarterly reports commencing upon the Authority providing a letter stating the conditions of this memo have been met for the Project phase and ending upon the receipt of an initial certificate(s) of occupancy (or equivalent) for the Project phase

The Applicant **shall not** permit the Private Partner to commence construction **on any phase** of the Project until the Authority's staff receives and reviews the requested items listed above and the Authority's staff issues correspondence stating that conditions in this memo are met.

Recommendation

In summary, I ask for the Members to authorize the Authority's staff to approve the Project upon meeting the conditions outlined in this memo.



Timothy J. Lizura
President and Chief Operating Officer

Prepared by: Juan Burgos

EXHIBIT A: SEPTEMBER 10, 2015 BOARD APPROVAL

ADOPTED
SEP 10 2015

Attachment

Resolution of the New Jersey Economic Development
Authority Regarding Approval of New Jersey City University's
Higher Education Public Private Partnership Application to
Develop a Mixed Use Development – West Campus Blocks
1 and 5B (KFF University Enterprises, LLC)

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

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

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Economic Development Authority:

1. The actions set forth in the Memorandum attached hereto, are hereby approved, subject to any conditions set forth as such in said Memorandum.
2. The Memorandum, attached hereto, is hereby incorporated and made a part of this resolution as though set forth at length herein.
3. This resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays, and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

DATED: September 10, 2015

EXHIBIT 24



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

RE: Higher Education Public Private Partnership Program
New Jersey City University
West Campus Blocks 1 and 5B (KKF University Enterprises, LLC)

DATE: September 10, 2015

Summary

The Members are asked to approve New Jersey City University's ("Applicant") application to develop a mixed-use development, in two phases, that will include 301 market rate apartments, 11,093 SF of commercial space, 303 parking spaces, and related residential amenities ("Project" or "Development"), on approximately ±2.25 acres on the Applicant's campus under the Higher Education Private Public Partnership Program (the "Program") established by P.L. 2009, c. 90, as amended (the "Act"). The Project's total development cost will be ±\$83.42 million. The Applicant currently owns the ±2.25 acres. Under the Act, the "Authority shall review all completed applications" and "[n]o project shall be undertaken until final approval has been granted by the [A]uthority." N.J.S.A. 18A:64-85.f(3). Staff performed a substantive review of the application and supporting documentation in accordance with the Act and pursuant to the Authority's Higher Education Institution Public-Private Partnership Program Guidelines (the "Guidelines") and recommends approval of the Applicant's Project. The Authority's approval will be subject to the Applicant submitting additional items that are outlined below.

Background

The Authority's Scope of Review

Under the Program, the Authority must review and approve an application, which, in order to be complete, must contain the following items:

1. a full narrative description of the project
2. a public-private partnership agreement between the state or county college and the private developer
3. a land lease or land agreement
4. financial information including the estimated costs and financial documentation for the project
5. a detailed project schedule (i.e. timetable) for completion of the project extending no more than five years after consideration and approval
6. DPMC classification information for the required contractors and/or subcontractors;
7. evidence of arrangements for entering into project labor agreements and paying prevailing wages as required by the Act
8. evidence of arrangements for issuance of the required bonds.

The financial documentation shall include a long term maintenance plan that will "specify the expenditures that qualify as an appropriate investment in maintenance." In addition, the Authority may impose "other requirements that the [A]uthority deems appropriate or necessary."

Within the Act's deadline, the Applicant submitted a complete application for the Project with adequate exhibits and supporting documentation which included an adequate form of the Ground Lease and Project Development Agreements which serve as the partnership agreement for this Project. Real Estate Division Staff deemed the application complete.

The Act requires that any project undertaken through the Program must be financed in whole by the private entity. Staff has reviewed the project documents to confirm that the private partner assumes full financial and administrative responsibility for the construction of the Project and that the Applicant has no financial responsibility for the construction of the Project. The Act also requires that the State or institution of higher education must retain full ownership of the land upon which any project undertaken through the Program. Staff has reviewed the Project documents to confirm that the Applicant will retain full ownership of the land where the Project will be developed.

Project Description and Schedule

A. West Campus Development Plan

1. Overview

The Applicant's Facilities Master Plan outlines the university's planned expansion on the West Campus. In 1970's, the Applicant started acquiring the ±21.3 acres, former industrial land, which is bounded by Route 440 to the North, Carbon Plan to the East, South Road to the West, and West Side Avenue to the South. In 2005, Jersey City adopted the West Campus Redevelopment plan, which incorporates the Applicant's vision:

The University intends for the West Campus to be more than a typical college campus. It will also be a place for city residents to work, shop and live. When fully developed, the project will include a significant amount of retail space, structured parking, student as well as market-rate housing, academic teaching spaces, academic offices, a performing arts center, and primary and secondary schools.

2. West Campus Environmental History

Honeywell remediated the chromium related contamination on the 21 acres, which is the subject of a consent decree and deed restrictions. Additionally, the Applicant recently remediated the non-chromium environmental contamination on portions of the 21 acres, which is also subject to a deed restriction.

3. West Campus Site Plan

The Applicant's current site plan for the West Campus, which is attached as Exhibit A, includes:

- A performing arts center
- A student dorm (currently being developed as a public private partnership between the Applicant and RISE, formerly Ambling University Development Group)
- 581 market rate apartments, ±50,000 SF ground floor retail, and 620 parking spaces (which includes this Project), and
- A supermarket, fitness center, ±650 structured parking spaces, a rooftop restaurant and tennis courts.

B. Blocks 1 and 5B

In May 2015, the Applicant issued a Request for Proposals to design, develop, construct, manage, and a residential and commercial project Block 1 and 5B. Thirteen firms received the RFP, however only KKF University Enterprises, LLC ("Project Owner") submitted a proposal. The Applicant selected the Project Owner to develop a mixed-use development on Blocks 1 and 5B that will include 301 apartments, 11,903 SF of commercial space, 303 parking spaces and related residential amenities. In June 2015, the Applicant's Board of Trustees approved the

Project Owner as the private partner for the Project under the Act and authorized the appropriate officials of the Applicant to negotiate and execute documents to consummate the transaction.

The Project Owner will enter into a ground leases and development agreements with the Applicant for Blocks 1 and 5B, and will own, finance, develop, construct, and manage the improvements.

The Project Owner will develop the Project in two phases as follows:

1. *Phase 1:* In the spring of 2017, the Project Owner will commence construction on Block 5B, and will complete the first phase in the winter of 2018.
2. *Phase 2:* In the spring of 2020, the Project Owner will commence construction on Block 1 in the spring of 2020, and will complete the second phase in the winter of 2021.

The proposed Development will include 301 market rate apartments, 11,903 SF of retail commercial space, 303 parking spaces, and related residential amenities allocated as follows:

Phase 1: Block 5B Residential			
Unit Type	Units	Avg. SF	Avg. Mo. Rent
Studio	0		\$0
1 BR	120	705	\$1,911
2 BR	29	828	\$2,721
3 BR	0		
Total	149		

Phase 2: Block 1 Residential			
Unit Type	Units	Avg. SF	Avg. Mo. Rent
Studio	13		\$1,544.00
1 BR	108	633	\$2,088.00
2 BR	31	912	\$2,657.00
3 BR	0		\$0
Total	152		
Phase 2: Block 1 Commercial			
Tenant	\$SF Rent	Square Feet	Annual Rent
TBD	\$36.75	11,903	\$437,435.25

Total Apartments	301
Total Commercial	11,903
Total Parking	303
Total Square Feet	262,286

The Project will include 3 five-story buildings allocated as follows:

Phase 1: Block 5B

- First Floor: residential entrance, fitness and yoga rooms, residential units, and structured parking,
- Second through Fifth Floors: residential units
- Pool in the courtyard

Phase 2: Block 1, Building 1A

- First Floor: residential entrance, commercial retail, property management office, residential units, and 12 parking garages
- Second through Fifth Floors: residential units
- 16 parking spaces along Carbon Place evenly divided between buildings 1A and 1B

Phase 2: Block 1, Building 1B

- First Floor: residential entrance, residential units, internet café, exercise room, and 12 parking garages
- Second through Fifth Floors: residential units
- A parking lot including 123 parking spaces accessible to residents in buildings 1A and B

C. Estimated Job Creation

The Project Owner estimates that the Project will create 100 construction jobs and 40 permanent jobs (residential and commercial combined).

D. Encouraging Green Building

The Act encourages projects to adhere to the Leadership in Energy and Environmental Design ("LEED") Green Building Rating System and/or the NJ Green Building Manual. The Applicant states the lease and development agreement provide, that "when practicable," the Project will "incorporate NJDCA Green Building Standards and/or LEED Standards into the Project."

E. Project Schedule

The Applicant provided a schedule to complete the two phases of the Development by the end of 2021. This end date complies with the requirement of the Act that projects must be completed within 5 years of the Authority's approval date.

In accordance with the Guidelines, staff reviewed the Applicant's description of the Project, its design, and project schedule. Staff concludes that the Applicant has proposed a feasible project plan and design, and that the Applicant has proposed a schedule that will meet the Act's five year completion deadline.

Summary of the Partnership Documents

The Applicant and the Project Owner will enter into a lease and development agreement for each phase of the Project. The documents are the substantially similar, except for items specific to each development phase.

The parties' roles, responsibilities and benefits in the Project are summarized below:

A. Applicant

1. *Lease Term.* The Applicant will lease the property for a 50 year term, commencing on Term Commencement Date, which the parties will select by executing a written agreement. The Applicant has provided the Project with one 25-year option under the Lease.
2. *Initial Payment and Rent.* The Applicant will receive rent payments as follows:

Milestone	Payment
Block 1 Initial Payment -- at lease execution	30% of 1% of total development cost, or \$117,2441.16, subject to the standard conditions in the Authority's memo approving the Applicant's dorm project (January 2015 meeting)
Block 1: Initial Payment -- 30 days after the RAB and PILOT area approved by the City of Jersey City	70% of 1% of the total project cost, or \$273,569.72
Block 5B Initial Payment -- at lease execution	30%of 1% of the total development cost or \$133,020.28, , subject to the standard conditions in the Authority's memo approving the Applicant's dorm project (January 2015 meeting)
Block 5B: Initial Payment -- 30 days after the RAB and PILOT area approved by the City of Jersey City	70% of 1% of the total project cost, or \$310,380.65

Milestone	Payment
Blocks 1 and 5B: Fixed Rent -- commencing on the 1 year anniversary of the receipt of each temporary or permanent certificate of occupancy	\$2,500 per apartment unit (with a minimum amount of \$2,100 per apartment unit) plus \$1.75 per SF of occupied and rented commercial retail space
Block 1 and 5B: Fixed Rent -- upon the second anniversary of the receipt of the each temporary or permanent certificate of occupancy, and every one year anniversary thereafter	The amount of Fixed Rent "shall be equal to the percentage change in the Consumer Price Index ("CPI") since the immediately preceding CO Anniversary Date; subject to a maximum annual increase of two percent (2%)" The CPI is the "Consumer Price Index for New York/New Jersey All Urban 1982-84=100"

The average rental payment over the term is ±\$1.209 million, and the present value of the total lease payments, using a 4% discount rate, is ±\$21.35 million.

3. *Utilities and Approvals.* Applicant will cooperate with the Project Owner to file utility applications and "documents necessary to obtain" utility services.
4. *Sell or Assign the Property.* Subject to the terms of the Lease, the Applicant may sell or assign the Property.
5. *Quiet Enjoyment.* The Applicant agrees that during the lease term, the Project Owner "shall lawfully and quietly hold, occupy and enjoy the Premises . . . without hinderance or molestation by or from anyone claiming by, through or under the [Applicant]," except for Permitted Exceptions.
6. *Right to Perform Project's Owner's Lease Covenants.* The Applicant may, after providing the required notice and the Project Owner has failed to perform, "pay any Imposition . . . take out, pay for, maintain or deliver any [required] insurance, . . . cause any lien . . . to be discharged. . . , or perform any other act" required by the Lease.
7. *Environmental Issues.* The Applicant "shall comply with all requirements related to the ongoing and larger site wide remediation of the [West Campus] and shall enforce all such obligations of responsible parties" as noted in the Development Agreement.

8. *Change Orders.* The Applicant will review and approve the Project change orders.
9. *Other Work.* The Applicant may perform "other work" on the West Campus, so long as it does not "materially interrupt, interfere with, hinder or delay" the Project.
10. *Ownership of Improvements at End of the Term.* At the end of the Lease term, Applicant is entitled to all the improvements (excluding trade fixtures and business improvements not part of the Project) free and clear of all liens.

B. Project Owner

1. *Rent and Impositions.* The Project Owner will pay the initial payment, the fixed rent, and any required impositions.
2. *Obtain Required Approvals and Utility Services.* The Project Owner must obtain all required approvals and required utility services for the Project.
3. *Design and Construction.* The Project Owner will be responsible for the design, development, construction, equipping and furnishing the Project as required by the Development Agreement and the Lease.
4. *Development Team.* The Project Owner will be responsible for the hiring, supervising and compensating the design, construction and other professionals necessary to develop the Project.
5. *Project Financing.* At its sole cost and expense, the Project Owner will be responsible for the Project budget and financing the Project's development and construction.
6. *Project Schedule.* The Project Owner will be responsible for delivering the Project within the time frame of the approved project schedule.

7. *Environmental Issues.*

- a. *No Discharge.* During the term of the Lease, the Project “shall not permit . . . any Person to, use, handle, store, generate, manufacture, transport, discharge or release any Hazardous Materials” on the property.
 - b. *Compliance with Environmental Laws.* The Project Owner agrees to comply with all applicable environmental laws.
8. *Utility Service.* The Project Owner will be responsible for all utility charges at the site.
9. *Indemnification.* The Project Owner agrees to indemnify, defend and hold harmless the Applicant “arising . . . in connection” with the Project Owner’s “possession, use, occupancy or management” of the Project.
10. *Bond and Insurance.* The Project Owner will obtain insurance require by the Lease and bonds required by the Development Agreement.

Partner’s Experience and Qualifications

The Guidelines call for an assessment of the experience and qualifications of the development partner and its team.

A. Project Owner

1. KKF University Enterprises, LLC

This is the first venture of KKF University Enterprises, LLC (KKF), which is solely owned by Kimberly J. Kaye-Fried, the daughter of Robert M. Kaye, the owner of the PRC Group of Companies. Ms. Kaye-Fried is a property management professional and works for PRC Management Company. “In transitioning real property development opportunities to his children . . . Mr. Kaye has consented to the allocation, assignment, apportionment of PRC Group personnel to . . . KKF . . . at KKF’s sole cost without financial benefit to Mr. Kaye or any PRC company.” The PRC Group will be providing development, construction, and management services to the Project.

2. PRC Group of Companies

Established by Robert M. Kaye, the PRC Group of Companies (the “PRC Group” or “Group”) has extensive experience in commercial and residential development, construction and management. In business for more than 50 years, the following chart summarizes some of PRC’s projects:

Units	Role	Units	TDC
Apartments Own & Manage	Own and Manage	1949 Units	\$101,150,000
Condos & Townhomes	Joint Venture; Manage	318 Units	\$50,005,000
Apartments Construction Only	Construction	48 Units	\$19,440,000
Office Buildings	Own and Manager	339,200 SF	\$34,270,000
Office Warehouse	Own and Manage	84000 SF	\$6,700,000
Commercial	Own and Manage	4,200 SF	\$840,000
		Total	\$212,405,000

The Group provides full real estate services; it can own, develop, construct and manage the real estate projects that the Group undertakes.

B. Feinberg & Associates

With over 20 years of architectural experience, Feinberg & Associates has provided services in planning and designing two “town centers” – Washington Town Center, Robbinsville (550 residential units over 100,000 SF of retail and office space); Livingston Towne Center, Livingston (24 condominiums, 156 space garage, 25,000 SF retail). The firm also provided architectural services on Phase 1 of the Campus Town Center.

C. General Contractor

The Project Owner has not selected a general contractor and represents that the selected contractor will comply with the Act’s requirements regarding DPMC classification, the payment of prevailing wages and entering into the required project labor agreements.

Staff concludes that the Project’s development team has sufficient experience to own, develop, construct, operate and maintain the Development.

Project Financing and Feasibility

A. Sources and Uses of Funds

The following chart summarizes the project’s uses and sources:

Uses	Phase 1: Block 5B	Phase 2: Block 1	Total
Acquisition	\$543,563	\$483,322	\$1,026,885
Improvements	\$34,939,284	\$31,104,702	\$66,043,986
Professional Services	\$2,438,786	\$1,917,189	\$4,355,975
Financing and Other Costs	\$2,976,008	\$2,703,158	\$5,679,166
Contingency	\$2,044,882	\$1,628,829	\$3,673,711
Development Fee	\$1,397,571	\$1,244,188	\$2,641,759
Total Uses	\$44,340,094	\$39,081,388	\$83,421,482

Sources	Block 5B	Block 1	Total
Permanent Loan	\$25,000,000	\$27,000,000	\$52,000,000
Redevelopment Area Bond	\$2,500,000	\$2,800,000	\$5,300,000
Equity	\$16,840,000	\$9,281,000	\$31,421,000
Total Sources	\$44,340,094	\$39,081,388	\$83,421,482

The Application did not include any financial commitments. Currently, the Project Owner has assumed that the initial permanent loan will have a 10 year term with a 30 year amortization and an interest rate of 5.5% for each development phase.

The redevelopment area bond (RAB), with a rate of 7% and a term of 30 years, will be repaid through a payment in lieu of taxes (PILOT) included in each buildings operating budget, andm h starts at ±\$358,079 for Block 1 and ±\$285,388 for Block 5B, increasing annually at ±3% percent. Currently, the Project Owner intends to purchase the redevelopment area bonds.

B. Operating Proforma

The operating proformas included conservative annual assumptions for vacancy (12%) and operating inflation (2% except for utilities, which inflates at 3%), and income growth rates (2.5%). If the operating expense inflation rate is increased to 3%, and the remaining assumptions are held constant, the Project can still maintain a debt service coverage ratio of 1.25.

C. Market Study

The Outeau Group prepared the Project’s market study, which included the following findings:

1. *Hudson County’s Percentage of Households that rent is Greater than the State Average.* The share of Hudson County households that rent is 68%, compared to 35% in the rest of New Jersey.
2. *Favorable Market Demographics.* The Project’s market area has a high percentage of 1 and 2 person households (64%), households with no persons under 18 years of age (73%), households that have never married, widowed, and single head of households (66%). In addition, persons between the ages of 25 and 34 account for 23% of the market areas population. These types of households are are attracted to the proposed Development.
3. *The Target Market Demographic Can Afford the Proposed Rents.* Fifty-four percent of the households within 5 miles of the Project site earn more than \$60,000 (the minimum income threshold). In addition, 59% of person between 25 and 34, and 69% of the persons between 35 and 44 have sufficient income to afford the proposed rents.

4. *Rental Units Will Continue To Be in High Demand.* The market will continue to demand rental units, requiring an additional 10,560 units through 2020.
5. *Project Fosters Urban Living with Proximity and Access to Public Transportation.* The Project site is less than ½ mile from the light rail line, and Jersey City provides excellent access to various forms of public transportation (light rail, PATH, buses, and ferries) hubs.

The firm concludes that the proposed Development's unit mix, design and rental rates are "well aligned to economic and demographic trends" of the target market.

D. Long-Range Maintenance Plan

The Act requires that the budget, operating proforma and financial documents submitted with an application must include a long-range maintenance plan that specifies expenditures that qualify as an appropriate investment in capital improvements and maintenance. As part of its financial documentation, the Applicant submitted a long-range maintenance plan which included standards for the calculation of funds for replacement over the useful life of the project, detail for the initial calculation of need for replacement funds (e.g., estimated items, useful life, replacement costs, quantity and total costs), estimated the total amount required, and provided a schedule for use of the reserve funds over the Project's life.

The Project Owners will pay for long-range maintenance items from an annual reserve funded through operating income and permanent loan refinancings. Staff concludes that the Project Owner will have sufficient capital reserves to meet the Project's long-range maintenance needs during the Lease term.

The plan submitted complies with industry standards for replacement reserve accounts and capital maintenance plans and the long-range maintenance guidelines prepared by the Authority's consultant and adopted by the Authority. Accordingly, staff concludes that Applicant has submitted an adequate long-range maintenance plan for the Project.

After reviewing the project's budget, operating proforma, market study, and supporting information, the Real Estate Division's staff has assessed the soundness of the financial plan and concludes that the Project is financially feasible and has a supported need. Staff concludes that the Project's development cost, accounting for prevailing wage, and projected operating expenses are reasonable and within current market conditions.

DPMC Classification

The Project Owner has not selected a general contractor and represents that the selected contractor will comply with the required DMPC classification.

Other Requirements of the Act

In accordance with the requirements of the Act, the applicant has produced evidence and has certified to comply with the following requirements of the Act:

- *Prevailing Wage.* The Project Owner will pay prevailing wage as required by the Act (“Each worker employed in the construction, rehabilitation, or building maintenance services of facilities by a private entity that has entered into a public-private partnership agreement with a State or county college . . . shall be paid not less than the prevailing wage rate”).
- *Project Labor Agreement.* The Project Owner will enter into the required project labor agreements during the construction, operation, and long-range maintenance of the project (the Applicant included a draft agreement in its submission).
- *Bond.* The Project Owner will post the required payment bond or have the bond posted on its behalf.

Recommendation

Staff recommends that the Board give final approval of the application subject to the following conditions being met to the satisfaction of appropriate staff for each phase of the Project (e.g., Chief Executive Officer, President and Chief Operating Officer, Senior Vice President of Finance and Development, or the Director of the Estate Division):

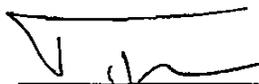
1. Providing a copy of the executed Lease and Development Agreements with attachments (excluding the plans and specifications, if applicable)
2. Submitting, in final form, the development and operating budgets in the Authority’s Excel template (substantially the same as the documents reviewed by the Authority)
3. Submitting, in final form, project labor agreements for the construction and contracts to implement the long range maintenance plan, which require not paying less than prevailing wage and to the greatest extent possible, enhances employment opportunities for individuals residing in the county of the project’s location
4. Submitting the DPMC classification for the selected contractor
5. Submitting, in final and satisfactory form, posted bonds guaranteeing prompt payment of moneys due to the contractor (and/or subcontractors)
6. Submitting a final copy of the Project’s financing commitments:

- a. redevelopment area bond approval resolution and final version of the bond indenture
 - b. PILOT approval resolution and the executed PILOT agreement
 - c. executed private financing commitments (construction and permanent)
 - d. if applicable, executed private equity financing commitment
 - e. current financial statement (not more than 3 months old from the date of submission) of the person or entity providing the Project Owner's equity financing
7. Submitting other items (i.e., any other document which may contain a material business term to the "partnership agreement" between the parties) that the Applicant must provide in order to obtain the Authority's final approval
 8. Providing quarterly reports through the end of construction

The Applicant **shall not** permit the Project Owner to commence construction **on any phase** of the Project until the Authority's staff receives and reviews the requested items listed above and the Authority's staff issues correspondence stating that conditions in this memo are met.

Recommendation

In summary, I ask for the Members to authorize the Authority's staff to approve the project upon meeting the conditions outlined in this memo.



Timothy J. Lizura
President and Chief Operating Officer

Prepared by: Juan Burgos

EXHIBIT A: WEST CAMPUS SITE PLAN

*New Jersey City University
Higher Education Public Private Partnership Program
West Campus Blocks 1 and 5B*

BOARD MEMORANDUMS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: July 14, 2016

SUBJECT: Real Estate Division Delegated Authority for Leases, CCIT Grants, and Right of Entry (ROE)/ Licenses for Second Quarter 2016
For Informational Purposes Only

The following approvals were made pursuant to Delegated Authority for Leases and ROE/ Licenses in April, May and June 2016.

LEASES / CCIT GRANTS

<u>TENANT</u>	<u>LOCATION</u>	<u>TYPE</u>	<u>TERM</u>	<u>S.F.</u>	<u>CCIT GRANT</u>
Nutrasorb	CCIT	Lease Holdover	Month to Month	125sf	N/A
Bellerophon Therapeutics	CCIT	Lease Holdover	Month to Month	1,600 sf	N/A
Shionogi	CCIT	Lease Holdover	Month to Month	800 sf	N/A
Nexomics	CCIT	Lease Holdover	Month to Month	800 sf	N/A
SunGen Pharma	CCIT	Lease Amendment	4 months	2650 sf (Additional 1,050 sf space)	N/A
Visikol	CCIT	New Lease	12 Months	800 sf	Yes- 1/3 of rent
Celvive	CCIT	Lease Extension	12 Months	125 sf	N/A
SkinAxis	CCIT	Lease Extension	12 Months	800 sf	N/A
VEESAG Inc.	CCIT	Lease Extension	One year	125 sf	N/A

RIGHT OF ENTRY/LICENSES

<u>ENTITY</u>	<u>LOCATION</u>	<u>TYPE</u>	<u>CONSIDERATION</u>
Parking Authority of the City of Camden (delegation through 2018 per March 2014 Board Resolution)	WTCC Parking Lot and West Lot	ROE	20% of net
KTR NJ IV, LLC	Tech Expansion	Seventh & Eighth Extensions to Investigation Period to Contract of Sale	\$-0-
Cooper's Ferry Partnership (delegation through 2016 per February 2012 Board Resolution)	Waterfront Lots	MOU for Landscaping; participatory with several other entities at the Waterfront (Other participants: Aquarium, Camden County, Parking Authority)	\$22,000 contributed by each entity, including EDA, toward landscaping services at the Camden Waterfront. Total contribution for landscape services is \$88,000.



 Timothy J. Lizura
 President/ Chief Operating Officer

Prepared by: Donna T. Sullivan



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: July 14, 2016

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

The following projects were approved under Delegated Authority in June 2016:

Small Business Fund Program:

- 1) 171 Coit Street LLC (P42723), located in Irvington Township, Essex County, is the real estate holding company formed to purchase the project property. The operating companies, Bestmark Woodworking Corp., Bestmark Woodworking, LLC and Bestmark National, LLC, are related entities via common principals to the Applicant. The three entities manufacture and install custom furniture and millwork for commercial and residential clients including flooring, shelves and doors located primarily in bath and kitchen rooms. The Company was approved for a \$200,000 direct loan supplemented with a \$1,000,000 Provident Bank loan and \$810,000 of borrower equity to purchase the project property and relocate their entire operation from leased space in Staten Island, NY. The Company currently has 43 employees and plans to create ten additional positions over the next two years.
- 2) EF4T, LLC (P42507), located in Lindenwold Borough, Camden County, is a real estate holding company formed to own the project property. The operating company, Tayrex Corp., is a software and consulting firm specializing in creating custom applications for companies of various industries to improve areas such as warehouse fulfillment, dispatch systems, CRM, etc. The Company was approved for an \$85,000 direct loan to purchase the subject property. Currently, the Company has two employees and plans to create two new jobs within the next two years.
- 3) East Orange Land Holding, LLC and Metro Burger, LLC (P41970), located in East Orange City, Essex County, was formed to purchase the project property. The operating company, Metro Burger, LLC, formed in 1998, erected a modular building from which they operate a Checkers franchise restaurant. The Company was approved for a \$280,000 direct loan supplemented with a \$350,000 BB&T Bank loan and \$69,000 of borrower equity to purchase the project property. Currently, the Company has four employees and plans to create three new positions within the next two years. SSBCI funds will be utilized for this project.

Stronger NJ Business Loan Program:

- 1) All Seasons Marina, LLC (P42418), located in Upper Township, Cape May County, was founded in 1952 as a full service marina, including year-round services such as 300 in-water slips, 200 inside storage racks, winter storage, boat services and repairs and a fuel dock open 24/7. The Company was approved for a \$100,000 working capital loan to reimburse working capital expenses incurred after Superstorm Sandy such as lost/damaged inventory, payroll and utilities among other eligible expenses. The Company plans to create five full time positions and retain nine full time jobs over the next two years.
- 2) Barry L Day, LLC d/b/a The Lobster Shack (P41338), located in Wildwood City, Cape May County, is a seafood restaurant that has been a family eatery in the Wildwood beach community for more than 38 years. The Lobster Shack offers a casual dining experience that includes a four course dinner menu during Easter through the Labor Day season. The Company was approved for a \$223,154 working capital loan to reimburse working capital expenses incurred after Superstorm Sandy such as inventory and utilities. The Company currently has six employees.
- 3) Parlay Studios Limited Liability Company (42709), located in Jersey City, Hudson County, was founded in 2009 as a full-service rental studio serving global clients and leading brands in fashion, retail, entertainment, publishing and the arts. The Company was approved for a \$400,000 working capital loan to reimburse working capital expenses such as inventory, payroll, insurance premiums, and utilities and damage incurred from Superstorm Sandy. Currently, the Company has three employees and plans to create four new positions within the next two years.

A handwritten signature in black ink, appearing to be 'DL', is written over a horizontal line.

Prepared by: D. Lawyer

DL/gvr



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura, President and Chief Operating Officer

DATE: July 14, 2016

SUBJECT: Technology & Life Sciences - Delegated Authority Approvals for 1st Half 2016
For Informational Purposes Only

In the 1st half of 2016, \$1,329,300 in tax credits were approved representing \$13,293,000 in private investments in 11 technology and life science companies.

The following Angel Investor Tax Credit (ATC) applications were approved under delegated authority during the first half of 2016:

Investor	Technology Company	Investment amount	Tax Credit amount
Prime Value Holding Corporation	Admera Health LLC	\$ 3,000,000	\$ 300,000
Tianlong Investments, LLC	Admera Health LLC	\$ 1,600,000	\$ 160,000
Thomas Volker	Avlino, Inc.	\$ 100,000	\$ 10,000
Ramanujam Nelavai	Avlino, Inc.	\$ 300,000	\$ 30,000
Ramana Koganti	Avlino, Inc.	\$ 100,000	\$ 10,000
Michael Steinhardt	BioAegis Therapeutics, Inc.	\$ 500,000	\$ 50,000
Todd Taylor	CircleBlack, Inc.	\$ 150,000	\$ 15,000
Kai Equity LLC	CircleBlack, Inc.	\$ 450,000	\$ 45,000
Meryl Barer	Edge Therapeutics, Inc.	\$ 670,000	\$ 67,000
Meryl Barer	Edge Therapeutics, Inc.	\$ 495,000	\$ 49,500
AltEnergy, LLC	Eos Energy Storage, LLC	\$ 2,000,000	\$ 200,000
Michael Gordon	Innovaci, Inc	\$ 214,000	\$ 21,400
Drivelocker	Inspirit Group, LLC	\$ 100,000	\$ 10,000
Turn 2 Enterprises, LLC	Inspirit Group, LLC	\$ 100,000	\$ 10,000
Niraj Kumar Pant	Inspirit Group, LLC	\$ 50,000	\$ 5,000
Puri Family LLC	Nevakar, LLC	\$ 3,000,000	\$ 300,000
Scott J. Clark	Ogg Trading LLC	\$ 100,000	\$ 10,000
David and Cynthia Ogg	Ogg Trading LLC	\$ 100,000	\$ 10,000
Nicholas Ponzio	Zipz, Inc.	\$ 50,000	\$ 5,000

James J McHugh	Zipz, Inc.	\$ 214,000	\$ 21,400
Total		\$ 13,293,000	\$ 1,329,300

The proposed amendment in ATC delegations presented at this July board meeting would have impacted 80% (57 applications requesting less than or equal to \$100K in tax credits) of applications reviewed in the first half of 2016, thereby significantly shortening the approval time.



Prepared by:
 Kathleen Coviello
 David Ackerman
 Alec Tripodi