

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

March 12, 2015

MINUTES OF THE MEETING

The full Board agenda, including detailed project summaries, is attached.

Members of the Authority present: Joseph McNamara, Vice Chairman; Thomas Neff representing the State Treasurer; Jeffrey Stoller representing the Department of Labor and Workforce Development; Thomas Hunt representing the Department of Banking and Insurance; Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Public Members: Charles Sarlo, Fred B. Dumont, Philip B. Alagia, Massiel Medina Ferrara, and Patrick Delle Cava, First Alternate Public Member.

Present via conference call: Public Members: Larry Downes, Harold Imperatore, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Absent: Al Koeppe, Chairman; and William J. Albanese, Sr., Second Alternate Public Member.

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

Vice Chairman McNamara 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 February 26, 2015 regular meeting minutes. A motion was made to approve the minutes by Mr. Alagia, seconded by Mr. Stoller, and was approved by the 11 voting members present.

Mr. Neff abstained because he was not present.

The next item of business was the approval of the February 26, 2015 executive session meeting minutes. A motion was made to approve the minutes by Mr. Alagia, seconded by Ms. Ferrara, and was approved by the 11 voting members present.

Mr. Neff abstained because he was not present.

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

INCENTIVE PROGRAMS

Economic Redevelopment and Growth Grant Program

ITEM: AP Development Partners, LLC

APPL.#40174

REQUEST: To approve the application of AP Development Partners, LLC for a project located in Asbury Park, Monmouth County for the issuance of tax credits. The recommendation is to give up 30% of the eligible costs, not to exceed \$9,558,300, in tax credits based on the budget submitted.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Building 101 Urban Renewal, LLC

APPL.#38965

REQUEST: To approve the application of Building 101 Urban Renewal, LLC for a project located in Trenton, Mercer County for the issuance of tax credits. The recommendation is to give up 40% of the eligible costs, not to exceed \$16,185,802, in tax credits based on the budget submitted.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Alagia **AYES:** 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

Mr. Stoller recused himself because a family member is employed by the Clarke Caton Hintz architecture firm as the designated engineer for this project, and another family member has worked on past construction projects with one of the three owners of Building 101 Urban Renewal, LLC.

Public Infrastructure Project Tax Credit Program

ITEM: Wood-Ridge Development, LLC (Parks and Recreational Space) APPL.#40549

REQUEST: To approve the application of Wood-Ridge Development, LLC (Parks and Recreational Space) for a project located in Wood-Ridge, Bergen County for the issuance of tax credits. The recommendation is to give an award, not to exceed \$5,000,000.

MOTION TO APPROVE: Ms. Kokas **SECOND:** Ms. Ferrara **AYES:** 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

Mr. Sarlo recused himself because his brother is the Mayor of Wood-Ridge Borough.

ITEM: Wood-Ridge Development, LLC (School)

APPL.#40551

REQUEST: To approve the application of Wood-Ridge Development, LLC (School) for a project located in Wood-Ridge, Bergen County for the issuance of tax credits. The recommendation is to give an award, not to exceed \$5,000,000.

MOTION TO APPROVE: Mr. Stoller **SECOND:** Ms. Ferrara **AYES:** 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

Mr. Sarlo recused himself because his brother is the Mayor of Wood-Ridge Borough.

ITEM: Wood-Ridge Development, LLC (Train Station) APPL.#40550
REQUEST: To approve the application of Wood-Ridge Development, LLC (Train Station) for a project located in Wood-Ridge, Bergen County for the issuance of tax credits. The recommendation is to give an award, not to exceed \$5,000,000.

MOTION TO APPROVE: Ms. Kokas **SECOND: Mr. Hunt** **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

Mr. Sarlo recused himself because his brother is the Mayor of Wood-Ridge Borough.

Grow New Jersey Assistance Program

ITEM: Advanced Accelerator Applications, USA, Inc. APPL.#40474
REQUEST: To approve the application of Advanced Accelerator Applications, USA, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Millburn Township, NJ. Project location of Millburn Township in Essex 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 Jobs with Salary in Excess of County Average and Targeted Industry (Life Sciences). The estimated annual award is \$120,000 for a 10-year term.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ITEM: Advanced Plasma Therapies, Inc. APPL.#40510
REQUEST: To approve the application of Advanced Plasma Therapies, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in West Windsor, NJ. Project location of West Windsor Township, Mercer 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 Jobs with Salary in Excess of County Average and Targeted Industry (Life Sciences). The estimated annual award is \$170,000 for a 10-year term.

MOTION TO APPROVE: Mr. Dumont **SECOND: Ms. Kokas** **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: iCIMS, Inc. APPL.#40407

REQUEST: To approve the finding of jobs at risk.

MOTION TO APPROVE: Mr. Stoller **SECOND: Mr. Alagia** **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

ITEM: iCIMS, Inc.

APPL.#40407

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 Old Bridge, NJ. Project location of Old Bridge Township, Middlesex 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, Large Number of New/Retained F/T Jobs, and Targeted Industry (Technology). The estimated annual award is \$1,312,446 for a 10-year term.

MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Alagia **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ITEM: MilMar Food Group II, LLC

APPL.#40392

REQUEST: To approve the application of MilMar Food Group II, LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Lakewood, NJ. Project location of Lakewood Township, Ocean 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 Deep Poverty Pocket, Capital Investment in Excess of Minimum (non-Mega), and Targeted Industry (Manufacturing). The estimated annual award is \$720,000 for a 10-year term.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Alagia **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

ITEM: Zimmer Trabecular Metal Technology, Inc.

APPL.#40511

REQUEST: To approve the application of Zimmer Trabecular Metal Technology, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Piscataway, NJ. Project location of Piscataway Township, 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 Capital Investment in Excess of Minimum (non-Mega), and Targeted Industry (Life Sciences). The estimated annual award is \$975,000 for a 10-year term.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

New Jersey Film Tax Credit Program

ITEM: New Jersey Film Tax Credit Transfer Program

REQUEST: To approve the following Film Tax Credit Projects for allocations in State FY 2015.

MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Alagia **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

PROJECT: I Do I Do The Movie, LLC (*I Do, I Do*)

MAX AMOUNT OF TAX CREDITS: \$127,400

PROJECT: Giddy Up, LLC (*A Place in Hell*)

MAX AMOUNT OF TAX CREDITS: \$35,285

BOND PROJECTS

Combination Preliminary and Bond Resolutions

ITEM: Ben Porat Yosef, Inc. APPL.#40565
LOCATION: Paramus/Bergen
PROCEEDS FOR: Acquisition of existing building/Refinancing
FINANCING: \$7,875,000 Tax-exempt Bond / \$135,000 Taxable Bond
MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Alagia **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Mr. Imperatore left the call at this time.

ITEM: Provident Group – Rowan Properties LLC APPL.#40570
LOCATION: Glassboro/Gloucester
PROCEEDS FOR: Construction of new building or addition/Purchase of equipment & machinery
FINANCING: \$144,000,000 Tax-exempt Bond / \$1,000,000 Taxable Bond
MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Kokas **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

REAL ESTATE

ITEM: Higher Education Public Private Partnership Program
Rowan University – Student Dormitory and Dining Facility
REQUEST: To approve Rowan’s University’s application to develop a 742 unit freshman dormitory on 8.38 acres on the applicant’s campus under the Higher Education Private Public Partnership Program.
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Stoller **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

Combination Preliminary and Bond Resolutions

ITEM: Puerto Rican Organization for Community Education and Economic Development APPL.#40507
LOCATION: Elizabeth/Union
PROCEEDS FOR: Refinancing
FINANCING: \$2,500,000 Tax-exempt Bond
MOTION TO APPROVE: Mr. Stoller **SECOND:** Ms. Kokas **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

LOANS/GRANTS/GUARANTEES

Local Development Financing Fund Program

PROJECT: L/N CAC, LLC APPL.#40157
LOCATION: Camden/Camden
PROCEEDS FOR: Acquisition of existing building
FINANCING: \$2,000,000 loan from the Authority under the Direct Loan Program
MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Alagia **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

Petroleum Underground Storage Tank Program

ITEM: Summary of Petroleum UST Remediation, Upgrade & Closure Fund Program projects approved by the Department of Environmental Protection.

PROJECT: Robert Firmenich APPL.#40200
LOCATION: Sussex/Sussex
PROCEEDS FOR: Upgrade, Closure, and Remediation
FINANCING: \$203,142 Petroleum UST Remediation, Upgrade and Closure Fund Grant
MOTION TO APPROVE: Ms. Kokas **SECOND:** Ms. Ferrara **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

Hazardous Discharge Site Remediation Fund Program

ITEM: Approval of Hazardous Discharge Site Remediation Fund Program projects listed below.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Stoller **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

PROJECT: Perth Amboy City (General Cable Corp. BDA) APPL.#40058
LOCATION: Perth Amboy/Middlesex
PROCEEDS FOR: Remedial Investigation
FINANCING: \$16,434

PROJECT: Borough of Roselle Park (Roselle Park DPW) APPL.#40420
LOCATION: Roselle Park/Union
PROCEEDS FOR: Remedial Investigation/Site Investigation
FINANCING: \$183,795

PROJECT: Rahway Redevelopment Agency (80 E. Milton Ave.) APPL.#39574
LOCATION: Rahway/Union
PROCEEDS FOR: Remedial Investigation
FINANCING: \$104,025

EDISON INNOVATION FUND

Technology Business Tax Certificate Transfer Program

ITEM: Technology Business Tax Certificate Transfer Program – Proposed Rule Amendments

REQUEST: Requested to approve a change in EDA policy and proposed rule amendments to clarify certain existing eligibility requirements.

MOTION TO APPROVE: Ms. Kokas **SECOND:** Ms. Ferrara **AYES:** 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

OFFICE OF RECOVERY

Stronger New Jersey Business Program Appeals

ITEM: Stronger NJ Business Grant Program Appeal – Rock Gentile; Mer-Made Photography

REQUEST: To approve the Hearing Officer’s recommendation to uphold the declination of the Stronger NJ Business Grant for Rock Gentile; Mer-Made Photography

MOTION TO APPROVE: Mr. Stoller **SECOND:** Ms. Kokas **AYES:** 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

Stronger New Jersey Business Loan Program

ITEM: S Kelly Corporation and Kelly Management Group, LLC APPL.#40541

LOCATION: Sea Bright Borough/Monmouth

PROCEEDS FOR: Working Capital

FINANCING: \$1,500,000 Stronger NJ Business Loan

MOTION TO APPROVE: Ms. Kokas **SECOND:** Ms. Ferrara **AYES:** 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

ITEM: S Kelly Corporation and Kelly Management Group, LLC APPL.#40547

LOCATION: Sea Bright Borough/Monmouth

PROCEEDS FOR: Construction

FINANCING: \$3,500,000 Stronger NJ Business Loan

MOTION TO APPROVE: Mr. Stoller **SECOND:** Ms. Ferrara **AYES:** 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Projects approved under Delegated Authority

Premier Lender Program: Atlantis O.C. Holding Limited Liability Company
(P40413)

Small Business Fund Program: RLK Realty LLC and Flame Cut Steel Inc.
(P40236)

Stronger NJ Business Loan Program: DAKK Enterprises Limited Liability Company d/b/a Joe Pop's Shore Bar & Restaurant (P39506)
Camden ERB: Broadway Housing Partners LLC (P40225 & P40226)

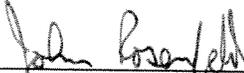
New Jersey Business Growth Fund - Modification: The King Cottage Enterprises (P40488)

PUBLIC COMMENT

Donald Moore thanked the Board for approving the Rowan University – student dormitory and dining facility project stating that it will be one of the best projects in the nation when completed.

There being no further business, on a motion by Mr. Downes, and seconded by Ms. Kokas, the meeting was adjourned at 11:20 am.

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



John Rosenfeld, Director, Bonds & Incentives
Assistant Secretary



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President/Chief Operating Officer

DATE: March 12, 2015

SUBJECT: Agenda for Board Meeting of the Authority March 12, 2015

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

Edison Innovation Fund

Office of Recovery

Board Memorandums

Real Estate

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

February 26, 2015

MINUTES OF THE MEETING

Members of the Authority present: Al Koepp, Chairman; Steve Petrecca representing the State Treasurer; Commissioner Hal Wirths of the Department of Labor and Workforce Development; Commissioner Ken Kobylowski of the Department of Banking and Insurance; Commissioner Bob Martin of the Department of Environmental Protection; Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Public Members: Joseph McNamara, Vice Chairman; Charles Sarlo, Fred B. Dumont, Philip B. Alagia, Massiel Medina Ferrara, Patrick Delle Cava, First Alternate Public Member; Harold Imperatore; Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Members via conference call: Public Member Larry Downes, and William J. Albanese, Sr., Second Alternate Public Member.

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

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

Chairman Koepp welcomed new board member Patrick Delle Cava to the Board.

Pursuant to the Internal Revenue Code of 1986, Mr. Lizura 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, Mr. Lizura 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 January 13, 2015 regular and executive session meeting minutes. A motion was made to approve the minutes by Mr. Dumont, seconded by Mr. McNamara, and was approved by the 13 voting members present.

Chairman Koepp thanked former EDA CEO Michele Brown for her leadership and dedication over the last 2 ½ years, and in addition expressed his appreciation to Gina Bencivengo, Executive Assistant to Michele Brown as CEO.

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

INCENTIVE PROGRAMS

Economic Redevelopment and Growth Grant Program

ITEM: CDIP – Paulsboro Summit, LP

APPL.#38356

REQUEST: To approve the application of Paulsboro Summit, LP for a project located in Paulsboro Borough, Gloucester County for the issuance of tax credits. The recommendation is to give up 28% of the eligible costs, not to exceed \$1,268,968, in tax credits based on the budget submitted.

MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Imperatore **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Residential Economic Redevelopment and Growth Grant Program – Modification

ITEM: Broadway Housing Partners LLC

APPL.#39374

REQUEST: To approve the request to modify the project which was approved on June 10, 2014 for the issuance of tax credits for a primary residential project in Camden.

MOTION TO APPROVE: Comm. Ken Kobylowski **SECOND:** Mr. McNamara **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

Grow New Jersey Assistance Program

ITEM: C&A Marketing, Inc.

APPL.#40414

REQUEST: To approve the finding of jobs at risk..

MOTION TO APPROVE: Ms. Kokas **SECOND:** Comm. Ken Kobylowski **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: C&A Marketing, Inc.

APPL.#40414

REQUEST: To approve the application of C&A Marketing, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Edison Township, NJ. Project location of Edison Township in 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 Large Number of New/Retained Full-Times Jobs and On Site Solar Generation of ½ of Project's Electrical Needs. The estimated annual award is \$541,746 for a 10-year term.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: First Data Corporation

APPL.#40454

REQUEST: To approve the application of First Data Corporation for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Jersey City, NJ. Project location of Jersey City, Hudson 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 Transit Oriented Development, Jobs with Salary in Excess of County Average, and Targeted Industry (Finance). The estimated annual award is \$825,000 for a 10-year term.

MOTION TO APPROVE: Ms. Kokas **SECOND:** Ms. Ferrara **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

ITEM: Stay Fresh Foods, LLC

APPL.#40442

REQUEST: To approve the application of Stay Fresh Foods, LLC 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 location in a municipality in Camden County with 2007 Revitalization Index greater than 465. The estimated annual award is \$340,000 for a 10-year term.

MOTION TO APPROVE: Mr. Downs **SECOND:** Mr. Imperatore **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

Grow New Jersey Assistance Program - Modification

ITEM: Grow New Jersey modification request for York Risk Services Group, Inc.

APPL.#40141

REQUEST: To approve the request to modify the project site previously approved by the Board on December 9, 2014. The original project site was 379 Interpace Highway, Parsippany; the new location is 1 Upper Pond Road, Parsippany.

MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. McNamara **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

Commissioner Kobylowski recused himself because York Risk Services Group, Inc. is regulated by the Department of Banking and Insurance.

Sales and Use Tax Exemption

PROJECT: Conair Corporation

APPL.#40171

LOCATION: East Windsor/Mercer

BUSINESS: Designer, Manufacturer, and Marketer

MAX PURCHASE AMOUNT: Up to \$15,756,500

ESTIMATED AWARD: \$1,102,955 Sales and Use Tax Exemption

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Alagia

AYES: 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

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

BOND PROJECTS

Combination Preliminary and Bond Resolutions

ITEM: Black United Fund Health and Human Services APPL.#40357
LOCATION: Plainfield/Union
PROCEEDS FOR: Refinancing
FINANCING: \$4,000,000 Tax-exempt Bond
MOTION TO APPROVE: Mr. Imperatore **SECOND:** Comm. Wirths **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

LOANS/GRANTS/GUARANTEES

Premier Lender Program

PROJECT: New Jersey Restaurant Group, LLC APPL.#40444
LOCATION: South Brunswick/Middlesex
PROCEEDS FOR: Purchase of equipment & machinery/ Renovation of existing building
FINANCING: \$800,000 M&T Bank term loan with a 3-Year, 50% guarantee of principal outstanding not to exceed \$400,000.
MOTION TO APPROVE: Mr. McNamara **SECOND:** Ms. Kokas **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

Main Street Assistance Program

PROJECT: Patella Construction Corporation APPL.#40389
LOCATION: Passaic/Passaic
PROCEEDS FOR: Working Capital
FINANCING: 50% line of credit guarantee not to exceed \$500,000
MOTION TO APPROVE: Mr. McNamara **SECOND:** Comm. Koblyowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

Mr. Sarlo recused himself because Patella Construction Corporation has requested that his firm represent them on the planning board.

Statewide Loan Pool Program

PROJECT: Patella Construction Corporation APPL.#40390
LOCATION: Passaic/Passaic
PROCEEDS FOR: Refinancing
FINANCING: \$1,225,000 bank loan with 40.8% (\$500,000) Authority participation
MOTION TO APPROVE: Ms. Kokas **SECOND:** Comm. Kobylowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

Mr. Sarlo recused himself because Patella Construction Corporation has requested that his firm represent them on the planning board.

Local Development Financing Fund Program

PROJECT: Patella Construction Corporation APPL.#40391
LOCATION: Passaic/Passaic
PROCEEDS FOR: Acquisition of existing building/Renovation of existing building
FINANCING: \$5,000,000 bank loan with 30% (\$1,500,000) Authority participation
MOTION TO APPROVE: Ms. Kokas **SECOND:** Comm. Kobylowski **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

Mr. Sarlo recused himself because Patella Construction Corporation has requested that his firm represent them on the planning board.

Commissioner Martin entered the meeting at this time.

Petroleum Underground Storage Tank Program

ITEM: Summary of Petroleum UST Remediation, Upgrade & Closure Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Comm. Wirths **SECOND:** Mr. Imperatore **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

PROJECT: Thomas Mosca APPL.#39606
LOCATION: Bordentown Township/Burlington
PROCEEDS FOR: Remediation
FINANCING: \$178,181 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: Saint Ann Catholic Church APPL.#40110
LOCATION: Hoboken/Hudson
PROCEEDS FOR: Upgrade, Closure, and Remediation
FINANCING: \$486,190 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: Timothy Mimna and Shawne Mimna APPL.#39608
LOCATION: Springfield/Burlington
PROCEEDS FOR: Remediation
FINANCING: \$82,382 Petroleum UST Remediation, Upgrade and Closure Fund Grant

PROJECT: Geraldyn Mijares-Echevarri APPL.#39788
LOCATION: Jersey City/Hudson
PROCEEDS FOR: Remediation
FINANCING: \$303,668 Petroleum UST Remediation, Upgrade and Closure Fund Grant

Ms. Ferrara recused herself because Saint Ann Catholic Church is her parish.

OFFICE OF RECOVERY

Stronger New Jersey Business Loan Program

PROJECT: Yank Marine Services LLC
LOCATION: Maurice River Township/Cumberland
PROCEEDS FOR: Construction
FINANCING: \$2,072,250 loan
MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Alagia **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

APPL.#39754

PROJECT: Yank Marine Services LLC
LOCATION: Maurice River Township/Cumberland
PROCEEDS FOR: Construction
FINANCING: \$50,000 Forgivable loan
MOTION TO APPROVE: Mr. McNamara **SECOND:** Mr. Alagia **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

APPL.#40502

Stronger New Jersey Business Program Appeals

ITEM: Stronger NJ Business Grant Program Appeal – Toms River Country Club; Viking Yachting Center, Inc.; Valkyrie Squash Club LLC; and Ventnor City Community Church
REQUEST: To approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Grant for Toms River Country Club; Viking Yachting Center, Inc.; Valkyrie Squash Club LLC; and Ventnor City Community Church
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. McNamara **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

Stronger New Jersey Neighborhood and Community Revitalization Program

ITEM: Extension of project completion deadline for the Stronger NJ Neighborhood and Community Revitalization Program
REQUEST: To approve a six month extension of the completion deadline for eligible applicants under the Stronger NJ Neighborhood and Community Revitalization Program for both Streetscape Revitalization and Development and Public Improvements program from December 31, 2015 to July 1, 2016.
MOTION TO APPROVE: Ms. Ferrara **SECOND:** Comm. Kobylowski **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

BOARD MEMORANDUMS

ITEM: PNC Business Growth Fund

REQUEST: It is recommended that the "New Jersey Business Growth Fund" program be extended for one more year.

MOTION TO APPROVE: Comm. Kobylowski **SECOND:** Mr. McNamara **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

FOR INFORMATION ONLY: Projects approved under Delegated Authority

NJ Main Street Program: Cedar Barista USA LLC (P40210)

Premier Lender Program: Woodbridge Township Ambulance & Rescue Squad, Inc. (P40244)

New Jersey Business Growth Fund - Modification: Ellis Real Estate Holdings LLC (P40431)

Small Business Fund Program - Modification: T Hook Carpet and Flooring LLC (P39593)

Stronger NJ Business Loan Program: Hobby Lobby Marine (P39045)

Strong NJ Business Loan Program - Modification: Shrewsbury River, Inc. and Shrewsbury River Associates (P38636)

FOR INFORMATION ONLY: PUST and HDSRF Program Funding Status

AUTHORITY MATTERS

ITEM: Organizational Matters

REQUEST: To approve the appointment of Melissa Orsen as CEO, effective March 9, 2015.

MOTION TO APPROVE: Mr. Albanese **SECOND:** Comm. Kobylowski **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

Mr. Dumont raised the issue of the New Jersey 1st Act requirements as they relate to Ms. Orsen. Fred Cole, Senior Vice President of Operations and Ethics Liaison Officer for the EDA who oversees such matters stated that in conversations with the Department of Labor and the Attorney General's office it was confirmed that Ms. Orsen is exempt from those requirements due to her years of service.

Chairman Koeppe expressed his confidence in Melissa Orsen and her ability to take on the CEO position given her experience in leadership roles.

Commissioners Martin, Kobylowski and Wirth all expressed their high regard and respect for Ms. Orsen.

PUBLIC COMMENT

There was no public comment.

Commissioner Martin left the meeting at this time.

EXECUTIVE SESSION

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

MOTION TO APPROVE: Mr. McNamara **SECOND:** Comm. Kobylowski **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

The Board returned to Public Session.

The next item was to approve an increase to litigation budget and litigation consultant contract for the Greystone Park Psychiatric Hospital Project, and authorize staff to execute any and all documents required to effectuate this transaction, on final terms acceptable to the Attorney General's Office and the Chief Executive Officer and the President/Chief Operating Officer as discussed in Executive Session.

MOTION TO APPROVE: Mr. Sarlo **SECOND:** Comm. Kobylowski **AYES:** 13

RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

Mr. Delle Cava recused himself because he is a former employee of S.M. Electric.

The next item was to approve authorization for staff to enter into exclusive negotiations for a purchase agreement for the Technology Centre expansion site, North Brunswick, NJ.

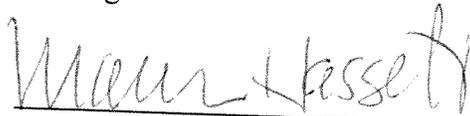
MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Kokas **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

There being no further business, on a motion by Mr. McNamara, and seconded by Ms. Kokas, the meeting was adjourned at 11:45 am.

Certification:

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



Maureen Hassett, SVP, Finance and Development
Assistant Secretary



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President and Chief Operating Officer

DATE: March 12, 2015

RE: Monthly Report to the Board

Campus Town Development Will Be Ready for Students this Fall

Construction at the Campus Town development on the College of New Jersey campus is ahead of schedule and will be ready to welcome new students this fall. Supported by the EDA through the Higher Education Institution Public-Private Partnerships Program (P3), the \$120 million mixed-used development will include housing, a bookstore, a fitness and wellness facility for students, as well as retail stores, health facilities, and restaurants for the broader community.

Housing assignments for students are expected to be announced at the end of March. The retail establishments, including a 14,000-square-foot Barnes & Noble and a 4,300-square-foot Panera Bread, will open in September and October. Additional retailers confirmed to date include a nail salon, sushi and Mexican restaurants, and a RedBerry Frozen Yogurt.

Campus Town is a public-private partnership between the College of New Jersey and PRC Group. P3 permits a state or county college to enter into a private-public partnership and allows a private entity to assume full financial and administrative responsibility for an on-campus construction project as long as the college retains ownership of the land, and the project is 100 percent privately financed. The statute requires the EDA to review and approve all completed P3 applications.

Other projects supported through P3 include “The Heights,” a 2,000-bed student housing and dining facility at Montclair State University, which helped the school meet significant residential demand; a combined heating, cooling and power project to serve the entire Montclair State University campus, providing 100 percent of all steam and approximately 75 percent of electricity to the 252-acre campus; and, the replacement of the roof on Ramapo College’s main academic building and the development of a 4.5 megawatt solar array on several campus buildings, parking lots and vacant land.

DEPARTMENT OF LABOR ANNOUNCES LAUNCH OF TRAINING PROGRAM IN CAMDEN

Last month, the New Jersey Department of Labor and Workforce Development joined with Camden City Mayor Dana Redd and other officials to announce a commitment of approximately \$500,000 for workforce development training programs specific to the Camden region. The Department's investment strengthens opportunities for businesses that have and will take advantage of the New Jersey Economic Opportunity Act.

Training funds will be made available through an open, competitive process and will assist with incumbent worker training, pre-employment training and pre-apprenticeship programs. Working in partnership with Camden County College and three local employers, the initial commitment comes via an Opportunity4Jersey grant designed to help build a pipeline of prospective employees for area businesses. The \$10,000 grant will train 20 dislocated workers in three of New Jersey's key industry sectors: manufacturing, transportation, and retail, hospitality and tourism. Participants in the program will take courses in career readiness and work ethics as well as specific vocational training for drivers, scale operators and clerks.

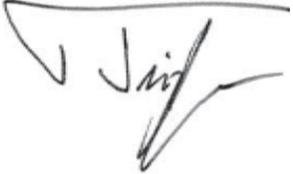
Additionally, the Department is releasing a competitive Notice of Grant Opportunity in the amount of \$150,000 to fund a pre-apprenticeship program to prepare women and minorities in the building trades.

CLOSED PROJECTS

Through the first two months of 2015, EDA provided \$80 million in assistance to 43 projects, leveraging \$130 million in public/private investment and the creation of more than 860 new jobs and over 200 construction jobs.

EVENTS

EDA representatives participated as speakers, attendees or exhibitors at 27 events in February. These included the Princeton Regional Chamber of Commerce Luncheon, the Cooper's Ferry Partnership 2015 Annual Meeting in Camden, and the Mid Atlantic Real Estate Journal 2015 Industrial Real Estate/Development Summit in Saddlebrook.



INCENTIVE PROGRAMS

**ECONOMIC REDEVELOPMENT AND GROWTH (ERG)
PROGRAM**

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

ECONOMIC REDEVELOPMENT AND GROWTH (ERG) PROGRAM

Created by law in 2012, and revised through P.L. 2013, c. 161, and the "Economic Opportunity Act of 2014, Part 3," P.L. 2014, c. 63 the intent of this program is to provide State incentive grants to a developer, or non-profit organization on behalf of a qualified developer, to capture new State incremental taxes derived from a project's development to address a financing gap, with \$600 million authorized for qualified residential projects.

Per N.J.S.A. 34:1B-207 et seq. / N.J.A.C. 19:31-4 and the program's rules, the applicant must:

- Have a redevelopment project that is located in a qualifying area and not have begun any construction at the project site prior to submitting an application, except: if the EDA determines the project would not be completed otherwise; or if the project is undertaken in phases, a developer may apply for phases which construction has not yet commenced.
- Demonstrate to the EDA that: 1) the project shall be constructed in accordance with certain minimum environmental standards; 2) except with regards to a qualified residential project, the project will yield a net positive benefit equaling no less than 110% of the grant assistance, not to exceed 20 years; and 3) the project has a financing gap.
- Meet a 20% equity requirement.

Staff Review:

- A comprehensive net benefit analysis is conducted to ensure the project has a positive net benefit to the State of no less than 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.

Amount of award based upon:

- Up to 75% of annual incremental State tax revenues or 85% in a Garden State Growth Zone (GSGZ) generated by the project over a term of up to 20 years, provided the combined amount of reimbursements do exceed 20% of total project cost, or 30% in a GSGZ.
- The maximum amount of any grant, including any increase in the amount of reimbursement, shall be up to 30% of total project cost, except for projects in a GSGZ, which may be up to 40%.
- Bonus amounts of up to 10% of total project cost are available if the project is: In distressed municipality which lacks adequate access to nutritious food and will include a supermarket, grocery store or prepared food establishment; In distressed municipality which lacks adequate access to health care/services and will include a health care and services center; Transit project; Qualified residential project with at least 10% of residential units reserved for moderate income housing; In highlands development credit receiving area or redevelopment area; Disaster recovery project; Aviation project; Tourism destination project; or Substantial rehabilitation or renovation of an existing structure(s).

Qualified Residential Projects:

The law authorizes \$600 million in incentives for qualified residential projects, excluding transitional or homeless units, that the EDA administers as tax credits as follows: 1) \$250 million for projects within 8 southernmost counties, of which: \$175 million for projects in Camden/Atlantic City; \$75 million for projects in municipalities with a 2007 MRI Index of 400 or higher; and \$250 million for projects in: Urban Transit Hubs that are commuter rail in nature, GSGZ, Disaster recovery projects, and SDA municipalities located in Hudson County that were awarded State Aid in FY 2013 through the Transitional Aid to Localities Program; 2) \$75 million for projects in distressed municipalities, deep poverty pockets, highlands development credit receiving areas or redevelopment areas; and 3) \$25 million for projects located within a qualifying ERG incentive area.



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: March 12, 2015

RE: **AP Development Partners, LLC**
Residential Economic Redevelopment and Growth Grant Program (“RES ERG”)
P #40174

Request

The Members are asked to approve the application of AP Development Partners, LLC (the “Applicant”) for a Project located in Asbury Park, Monmouth County (the “Project”), for the issuance of tax credits pursuant to the RES ERG program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 (“Act”).

The total costs of the Project are estimated to be \$33,926,580 and of this amount \$31,861,000 are eligible costs under the RES ERG program. The recommendation is to give 30% of eligible costs, not to exceed \$9,558,300.

Project Description

The Applicant proposes to build a 116-unit apartment project comprising of two six-story elevator buildings with ground floor parking. The two buildings will be one block apart on Memorial Drive in downtown Asbury Park. One building will be located at 201 Memorial Drive and will contain 40 units; 30 one-bedroom units and 10 two-bedroom units. The second building will be located at 301 Memorial Drive and will contain 58 one-bedroom units and 18 two-bedroom units. There will be 2,500 square feet of retail space and five artists’ lofts on the ground floor at 301 Memorial Drive. The building at 301 Memorial Drive will also have a 6th floor roof deck with a BBQ, ground floor café, and 2nd floor sitting area.

201 Memorial Drive is currently a vacant lot consisting of .57 acres. 301 Memorial Drive consists of multiple lots and totals 1.21 acres. One lot currently has an existing building on it which will be demolished. Currently a liquor store leases space in the building. The properties are located within a mile of the Asbury Park Central Business District and across from the New Jersey Transit Asbury Park station and transportation center. The project is surrounded by residential houses and municipal buildings.

The Applicant purchased 201 Memorial Drive from 917 Cookman Avenue, LLC for \$550,000.

The Applicant has entered an agreement for sale of assets for 301 Memorial Drive between both Memorial Drive Liquors, Inc and Anthony and Julia Bernard for a total purchase price of \$1,500,000. The allocation of the purchase price is \$850,000 for the premises, \$50,000 for equipment, and \$600,000 for the Liquor license. The Applicant has entered a second sales contract for the remaining lots located along Bangs Avenue which will be a part of the apartment building at 301 Memorial Drive with the current owner, 926 Bangs LLC, for a purchase price of \$1,950,000.

The property is located within a Smart Growth Area and an Urban Coordinating Council (UCC) Target Area. This Project will comply with Green Building standards by meeting LEED Gold certification standards. The Project will also comply with the law regarding affordability. An estimated completion date for the construction of the project complies with the RES ERG deadline of July 1, 2018.

Although applicants for the RES ERG program are not required to maintain certain employment levels, it is estimated that this Project, per the Applicant, will create approximately 30 temporary construction jobs during rehabilitation and 6 full time positions created at the project site as a result of the RES ERG subsidy.

Project Ownership

The Applicant, AP Development, LLC is a special purpose entity created for this project. AP Development Partners, LP has 51% ownership interest in the Applicant and a to be formed special purpose investor entity created through Regional Capital Group will have 49% ownership interest in the Applicant.

AP Development Partners, LP will have two members, Mario Criscione with a membership interest of 20% and Fuller Brooks with a membership interest of 80%. Both Fuller Brooks and Mario Criscione have developed retail, commercial and residential real estate since the late 1980's. Regional Capital Group is a private equity investment firm which specializes in financing real estate projects and has provided over \$500 million of financing for real estate projects. Regional Capital Group's projects are concentrated in New Jersey and Florida. Fuller Brooks has completed a variety of projects in Asbury Park including the renovation of the Steinbach Building which consists of 63 apartment units, the renovation of the Bradley Building into 12 apartment units, and the renovation of the Asbury Park Press Building into 50,000 square feet of office space.

Project Uses

The Applicant proposes the following uses for the Project:

<i>Uses</i>	<i>Total Project Costs</i>	<i>RES ERG Eligible Amount</i>
Acquisition of Land and Buildings	\$ 4,000,000	\$ 3,350,000
Construction & Site Improvements	23,893,000	23,893,000
Professional Services	383,000	383,000
Financing & Other Costs	2,735,000	2,735,000
Contingency	1,500,000	1,500,000
Development Fee	1,415,580	0
TOTAL USES	\$ 33,926,580	\$ 31,861,000

ERG eligible project costs exclude developer fee of \$1,415,580 and the costs associated with the purchase of 301 memorial drive allocated to equipment and a Liquor license which total \$650,000.

<i>Sources of Financing</i>	<i>Amount</i>
Senior Debt	\$ 22,052,277
Equity	6,785,316
EB-5 Equity	5,088,987
Total	\$ 33,926,580

The Applicant has received an LOI for construction and permanent financing of up to \$25,444,000 from Voya Investment Management Group. Even though the permanent loan can go as high as \$25,444,000 the Applicant anticipates only using \$22,052,277 to finance the project. The loan will have a 12 year term which will consist of interest only payments for 24 months and debt service based off a 30 year amortization for the remainder of the term of the loan at an interest rate of 5%. Regional Capital Group will be providing the Private Equity and EB-5 Equity through a to be created special purpose Entity.

Gap Analysis

EDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this project. Staff analyzed the pro forma and projections of the project and compared the returns with and without the ERG over 11 years (one year to build and 10 years of cash flow). For Purposes of this analysis, several adjustments were made to the Applicant's pro forma to more accurately reflect the potential returns to the Applicant. The GAP analysis assumes the project will utilize the full permanent mortgage amount of \$25,444,000 rather than the \$22,052,277 of permanent financing the Applicant has stated.

Without ERG	With ERG
Equity IRR 3.33%	Equity IRR 11.14%

As indicated in the chart above, the project would not otherwise be completed without the benefit of the ERG. **With the benefit of the ERG, the Equity IRR is 11.14% which is below the Hurdle Rate Model provided by EDA's contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 14.17% for a residential real estate project located in Asbury Park.**

Other Statutory Criteria

In order to be eligible for the program, the project must exhibit the following:

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

The Authority is in receipt of a Market Feasibility Analysis dated August 12, 2014 on the Project prepared by Valuation Research Group, LLC, a third party consultant who issued their determination of current and future market conditions. The study demonstrates the continued

market demand for the Project and supports the financial assumptions included in the Project pro forma.

The Project appears to be economically feasible based on the expected generation of rents, in addition to the prior experience of the Applicant in New Jersey and its surrounding areas within the last twenty years.

The project currently has an anticipated IRR of 3.33% without ERG and 11.14% with the ERG. The Applicant represents that the ERG incentive grant is needed for the viability of the project.

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

The Project is located in Asbury Park, NJ, Monmouth County, an area that has struggled economically and socially due to a declining employment base, lack of outside investment and poor schools. As of 2012, the median household income of Asbury Park was \$31,369, which is much lower than the State median household income of \$69,667. Additionally, Asbury Park is ranked # 563 in the MRI index, is a Distressed Community and is designated as an Urban Aid Municipality. The project fills the need for affordable housing in the Asbury Park, NJ.

Recommendation

Authority staff has reviewed the application for AP Development Partners, LLC and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue a commitment letter to the Applicant.

Issuance of the RES ERG tax credits are contingent upon the Applicant meeting the following conditions:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant to the Authority for the RES ERG (no later than 3/1/2016); and
2. Evidence of site control and site plan approval for the Project (no later than 3/1/2016) ; and
3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project (no later than 03/01/2016)
4. Evidence that the Project complies with N.J.A.C. 19:31-4.3(a)(3).

Tax Credits shall be issued upon:

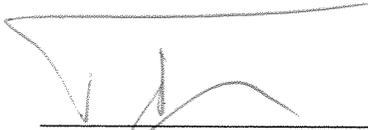
1. Completion of construction and issuance of a Certificate of Occupancy (no later than July 1, 2018); and
2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and satisfactory to the NJEDA; and

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

The New Jersey Economic Opportunity Act of 2013 provides a total of \$600 million in tax credits to be utilized towards eligible residential based projects. This allocation is further separated into five additional allocations to assist projects meeting certain geographic and/or economic criteria. This project being located in Asbury Park, Monmouth County qualifies to be funded under the allocation for projects in distressed municipalities, deep poverty pockets, highlands development credit receiving areas, or redevelopment areas. The initial total of this allocation was \$75 million. The approval of this project leaves \$55.8 million tax credits remaining.

Total Eligible Project Costs: \$31,861,000.

Eligible Tax Credits and Recommended Award: Not to exceed \$9,558,300, which equates to 30% of eligible project costs over 10 years.



Timothy Lizura

Prepared by: Matthew Boyle



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: March 12, 2015

RE: **Building 101 Urban Renewal, LLC**
Residential Economic Redevelopment and Growth Grant Program (“RES ERG”)
P #38965

Request

The Members are asked to approve the application of Building 101 Urban Renewal, LLC (“Building 101 Urban Renewal, LLC” or the “Applicant”) for a project located in Trenton, Mercer County (“the Project”) for the issuance of tax credits pursuant to the RES ERG Program of the authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c 161 (“Act”).

The total project costs are estimated to be \$42,710,276. The total qualified costs under the ERG Act are \$40,464,504. The Standard Residential ERG reimbursement is 30% of eligible cost. This project is eligible to receive a 40% reimbursement due it being located in a Garden State Growth Zone. The recommendation is to give 40% of eligible costs, not to exceed \$16,185,802.

Building 101 Urban Renewal LLC is a newly-formed New Jersey limited liability company that will acquire an obsolete and vacant Building from the Mercer County Redevelopment Authority. Building 101 Urban Renewal LLC will have five members comprising two groups: (1) the three principals of the developer, Michael Goldstein, W. David Henderson and John Hatch; and (2) two equity investors who will initially contribute capital to the Project. Upon debt service and operations being paid, the excess cash flow will be shared among the managing and investment members.

The three principals of the developer also known as HHG are a Trenton based real estate development team, all of whom reside in Trenton. HHG has prior experience with the EDA; in addition they have over twenty years experience specializing in planning, design, financing, construction management, marketing and sales. HHG has received countless awards as a result of their quality work.

They continue to focus on redevelopment, specifically in Mercer County. Projects' developed in Trenton include:

- Trenton Ferry- 26 Loft Condos and 4 single family homes
- Atlantic Historic Properties- 24 residential units located in Mill Hill National Historic District
- Trenton Social Club
- Clarke Caton Hintz-Historic Trenton Masonic Temple
- Clarke Caton Hintz Offices
- Cracker Factory- a historic building transformed into one and two bedroom lofts
- Roebling Mansion- Historic project transformed into residential housing

Project Description

The Project will be renovated on the former site of the world-renowned John A. Roebling Son's Company located on 71 Clark Street, a business that specialized in manufacturing wire rope for approximately 50 years until the factory closed in the mid 1950's. Building 101 will be designated as a residential structure with a predominantly historic architectural significance' per the Roebling Complex Redevelopment Plan; the building however, is currently vacant. The framework consists of primarily open floor area and will be demised into residential lofts as part of construction. With ceiling heights ranging from 16' to 21' and large industrial windows, the building has ideal attributes for conversion to residential duplex lofts, and the existing structure will yield approximately 151,768 of gross area with the insertion of mezzanines within the residential lofts.

The Wire Rope Lofts will consist of 138 multi-family lofts comprising 112,840 square feet in one 4 story masonry and steel frame building. The project will be comprised of 44 two bedroom lofts ranging in size from 939 sf-1391 sf. Rents will range from \$1,174-\$1,915. The one bedroom units will range in size from 772 sf to 961 sf with rents varying from \$948-\$1,203. 38 units will be deed restricted.

Amenities include: Double height living areas, LED and energy efficient lighting, high efficiency HVAC, ceramic tile bathroom, washer and dryer, stainless steel appliances, including microwaves and dishwashers, breakfast bars and solar mesh shades that will provide natural light. There will be a total of 85 parking spaces dedicated to the tenants at a monthly cost of \$75.00. The building will be secured with surveillance cameras and the tenants will enter the building with a secured electronic access system. The applicant is currently under negotiations with the Roebling Market located directly across the street from the site to possibly share their on-site security patrols.

The Applicant plans to adhere to Green Building standards by targeting a LEED level in excess of EDA's requirements: ideally platinum, but certainly gold. Clarke, Caton, Hintz Architecture Firm located in Trenton, has been selected as the designated engineer to incorporate the green building requirements. Rents do not include utilities, as they will be billed separately due to the high energy efficiency of the building.

The site is located in Trenton's Chambersburg's neighborhood, there are multiple businesses located within walking distance of the project such as: Chase Bank, Food Bazaar Supermarket, Radio Shack, dry cleaner's, nail salon, and a host of other retail shops. Tenants will have access to the NJ River line also situated within a very short walking distance of the project.

Construction is anticipated to start in May and is estimated to reach completion within a year.

Although applicants for the RES ERG program are not required to maintain certain employment levels, it is estimated that this Project, per the Applicant, will create approximately 250 temporary construction jobs during rehabilitation and 2 full time positions created at the project site as a result of the ERG subsidy.

In its March 2014 Market Study prepared by Zimmerman/Volk Associates, Inc. it has been concluded, based on a field investigation and an analysis of mobility data, there are a significant number of households that would find the proposed rental lofts a very attractive alternative in comparison to their current residence. It was also mentioned in the study that there are more than 10 million jobs within commuting distance of the proposed project. The target market has been established that 92% of these households are “millennials,” young adults between the ages of 25-34, living in predominantly one and two bedroom units. The anticipated time for complete occupancy is estimated to take 4-12 months based on the Market study and the appraisal dated March 18, 2014 prepared by Martin Appraisal Associates Inc., out of Lawrence NJ. The appraisal lists a present market value of 2.3 million dollars for the subject property.

Project Ownership

Building 101 Urban Renewal, LLC, an entity related by common ownership to the applicant (a single purpose entity) entered into an agreement of sale with Mercer County Improvement Authority on March 11, 2014 for a purchase price of \$1,528,000. Both parties are unrelated and have no common ownership/interest. Closing is scheduled to take place by June 1, 2015.

Building 101 Urban Renewal LLC will be owned by 3 individuals, three of whom own at least 1%. The managing members include: John Hatch, David Henderson and Michael Goldstein. The lessee will be owned by the Historic Tax credit Investor (US Bancorp) which will have a 99% ownership interest.

Project Uses

<i>Uses</i>	<i>Total Amount</i>	<i>ERG Eligible Amount</i>
Acquisition & Land	\$ 1,528,000	\$ 1,030,000
Improvements	\$ 32,999,824	\$ 32,252,052
Professional Services	\$ 350,500	\$ 350,500
Financing Costs	\$ 6,771,325	\$ 6,771,325
Contingency	\$ 60,627	\$ 60,627
Development Fee	\$ 1,000,000	\$
TOTAL USES	\$ 42,710,276	\$ 40,464,504

The ERG eligible amount above excludes ineligible costs related to: Developer fee (\$1million), cell phone tower (\$489,000) and indirect expenses (\$747,772).

Project Sources

The Applicant will be utilizing the following sources to complete the project:

<i>Sources</i>	<i>Amount</i>
Permanent Loan	\$ 17,437,778
ERG Tax Credit Equity	\$ 12,139,351
Renewable Energy Sources (rebate for LEED)	\$ 133,147
Equity:	
Developer and investment Equity	\$ 5,000,000
Historic Tax Credits (USbancorp)	\$ 8,000,000
TOTAL SOURCES	\$ 42,710,276

Building 101 Urban Renewal 101, LLC has received a term sheet from UC Funds, a commercial real estate lender specializing in multifamily homes, for a construction loan in the amount of \$16 million dollars for 24 months at a rate of 6.3% above the 1-month LIBOR rate, currently 0.17% (total 6.47%). The loan amount was determined by the appraised value, indicating a maximum loan to value of no more than 75%. Any shortfall in value will result in a commensurate reduction in the loan amount in order to maintain the required loan to value. Llenrock Group Investment Banking Firm will identify a NJ based lender for the purposes of the ERG incentive. The Mercer County Improvement Authority will provide a soft loan in the amount of \$1,020,000 for a term of 36 months.

HHG's capital stack includes an \$8 million investment in Historic Tax Credits by US Bancorp (18% of the total project cost). Of this investment, 25% is payable at the initial construction loan closing, prior to ground-breaking. The balance of the investment (\$6 million) is payable in several tranches as the project achieves certain milestones such as issuance of a Certificate of Occupancy, and completion of permanent financing. During construction which is before the achievement of milestones, this \$6 million balance will be monetized via a bridge loan up to \$5.265 million from The Reinvestment Fund ("TRF"). In addition to the \$5.265 million, HHG will contribute additional equity if needed to fund project cost. As the applicant meets its milestones and US Bancorp pays each tranche of its investment, the proceeds are used to reduce the principal and interest payments on TRF's loan, until it is fully repaid.

The Applicant also anticipates contributing over \$5 million dollars in equity. The total equity investment regarding this project represents a little over 30% the total project cost.

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

Gap Analysis

EDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this project. Staff analyzed the pro forma and projections of the project and compared the returns with and without the ERG over 11 years (one year to build and 10 years of cash flow).

Without ERG	With ERG
Equity IRR -1.53%	Equity IRR 11.68%

As indicated in the chart above, the project would not otherwise be completed without the benefit of the ERG. **With the benefit of the ERG, the Equity IRR is 11.68% which is moderately below the Hurdle Rate Model provided by EDA’s contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 18.08% for a residential project located in Trenton.**

Other Statutory Criteria

In order to be eligible for the program, the project must exhibit the following:

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

A review of the market study performed by Zimmerman/Volk Associates Inc. (as of March, 2014) concludes a final estimated market value of \$2,300,000. The proposed site has the opportunity to be developed into extraordinary multi-family lofts and is anticipated to feature attractive amenities targeted to younger households. Based on Zimmerman’s opinion of the subject development, residents will be drawn from the local market and the project is expected to be fully occupied by April, 2017 for the subject, but may be sooner.

The Project appears to be economically feasible based on the expected generation of rents, in addition to the prior experience of the Applicant’s portfolio in Trenton and its surrounding areas within the last twenty years.

The Project has an anticipated IRR of -1.53% without the ERG and 11.68% with the ERG. As explained previously, the Applicant represents that the ERG incentive grant is needed for the viability of the Project.

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

The Project is located in the City of Trenton, Mercer County and is located in the central part of New Jersey. For many decades, Trenton has combated a negative perception stemming from crime and safety statistics, which has caused a “cycle of disinvestment. The city has struggled economically and socially due to a declining employment base, lack of outside investment and poor schools. This development will help provide a significant economic investment and revitalization into a much needed area.

The Applicant received a PILOT from the city of Trenton in 2011 for a payment in lieu of taxes equal to an annual service charge of 10% of the actual taxes for the first fifteen years as their support to the project. The City has determined that the project will result in significant economic development and revitalization of an area in need of redevelopment by attracting additional

residents to not only live, but also work in the city, thereby transforming an area largely characterized by abandoned industrial uses/brown fields into a quality, vibrant mixed use district that will result in generating tax revenues.

Building 101 is located on direct access routes for public transit and fills the need for affordable and market rate housing in Trenton.

Recommendation

Authority staff has reviewed the application for Building 101 Urban Renewal, LLC and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue a commitment letter to the Applicant.

Issuance of the RES ERG tax credits are contingent upon the Applicant meeting the following conditions:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant to the Authority for the RES ERG; and
2. Evidence of site control and site plan approval for the Project; and
3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project.
4. Applicant must provide a firm commitment for the purposes of the ERG bridge loan no less than \$11,284,000. It must be submitted and approved 90 days from the date of March 12, 2015.
5. Evidence that the Project complies with N.J.A.C. 19:31-4.3(a)(3).

Tax Credits shall be issued upon:

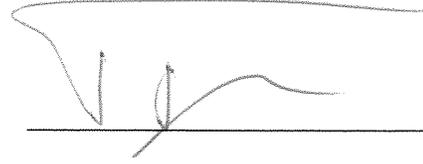
1. Completion of construction and issuance of a Certificate of Occupancy no later than July 1, 2018; and
2. Submission of a detailed list of all eligible costs, which costs shall be satisfactory to the NJEDA.

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

The New Jersey Economic Opportunity Act of 2013 provides a total of \$600 million in tax credits to be utilized towards eligible residential based projects. This allocation is further separated into five additional allocations to assist projects meeting certain geographic and/or economic criteria. This project being located in Trenton, Mercer County, qualifies to be funded under the allocation for projects located in a Garden State Growth Zone. The approval of this project leaves \$132.2 million tax credits remaining.

Total Eligible Project Costs: \$42,710,276

Recommended Grant: 40% of actual costs, not to exceed \$16,185,802 to be paid over a maximum period of 10 years.

A handwritten signature in black ink, appearing to be 'Jenell Johnson', written over a horizontal line.

Prepared by: Jenell Johnson



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: March 12, 2015

RE: Public Infrastructure Project Tax Credit Program

Description

The New Jersey Economic Opportunity Act of 2014 allocated \$25 million of tax credits for public infrastructure projects (“PIP Tax Credits”). As set forth in the New Jersey Economic Opportunity Act of 2014, N.J.S.A. 34:1B-251 (“Act”), public infrastructure includes three general types of infrastructure projects: buildings and structures, open space improvements, and public transportation facilities. Buildings and structures include schools, fire houses, police stations, recreation centers, public works garages, water and sewer treatment, and pumping facilities. Open space improvements include improvements such as athletic fields, playgrounds, and planned parks. Public transportation facilities include train stations and public parking facilities. The credit is equal to 100% of the applicant’s cost of providing infrastructure up to a cap of \$5 million. The credit can be used to offset a tax liability such as corporate business taxes and realty transfer fees.

In order to qualify for the tax credit, the public infrastructure must have a minimum fair market value of \$5 million, or in the case of open space without improvement, \$1 million. The government entity receiving the public infrastructure must adopt a resolution and file it with the authority consenting to the award of the tax credit. The ownership of the public infrastructure has been transferred to the government entity and either the construction commences after January 1, 2013, the construction is completed after January 1, 2013, the first payment of debt service occurs after January 1, 2013 or the land is deeded to the government entity after January 1, 2013. An applicant will only receive the PIP Tax Credit if it can be demonstrated that a new capital investment has been made, generally private, that relies on the completed public infrastructure in an amount of at least \$10 million within two years following the approval of the PIP tax credit by the Authority.



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: March 12, 2015

RE: **Wood-Ridge Development, LLC (School)**
Public Infrastructure Project Tax Credit Program (“PIP Tax Credit”)
(P# 40551)

Request

The Members are asked to approve the application of Wood-Ridge Development, LLC (the “Applicant”) for a PIP Tax Credit of a public infrastructure project located in Wood-ridge, Bergen County (the “Public Infrastructure Project”). The issuance of tax credits will be pursuant to the PIP Tax Credit program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2014, N.J.S.A. 34:1B-251 (“Act”).

The total costs of the Project are estimated to be \$11,586,883. The recommendation is give an award, not to exceed \$5,000,000. The Applicant is an affiliate of Somerset Development, the master developer of the site.

Project Description

The Public Infrastructure Project is the development of a new school at 1 Passaic Street, Wood-ridge Borough, Bergen County. The Project is a phase in the amended redevelopment agreement dated March 1, 2013 between the Applicant and the Borough of Wood-ridge known as the “Wesmont Station Redevelopment Agreement”. The site is the redevelopment of a 144-acre old industrial site once occupied by a Curtiss-Wright aircraft assembly plant. The site has been remediated under a Brownfield Reimbursement grant that consisted of \$15 million of environmental clean-up to remove traces of petroleum and chemical products that were once stored there and to treat contaminated groundwater.

The redevelopment plan consists of the construction of a train station and school, residential and commercial space, and recreational improvements to the site. When completed, the entire redevelopment project will be home to about 1,200 new residential units, including over 100 affordable rental units, and 125,000 square feet of commercial space. The project is being built by a number of developers, including AvalonBay Communities, the Pulte Group, and the Ingerman Group.

The Applicant proposes the construction of a 64,000 square foot middle school which will cost approximately \$11,586,883. The ownership of the school will be transferred to the Borough of Wood-ridge upon completion. Staff estimates the fair market value of the school to exceed \$5 million, based on the cost of the facility. Wood-ridge has adopted a resolution and filed it with the Authority consenting to the award of the PIP Tax Credits. On January 16, 2014 Wood-Ridge Borough issued \$15,000,000 of redevelopment area bonds to finance the construction of the train station and construction of a new school. The bonds have a 15-year term with semi-annual debt service payments which commenced on September 15, 2014, thus meeting the requirement under the Act that the first payment of debt service occurs after January 1, 2013. The applicant has represented that the proceeds of the sale of the PIP Tax Credits will be used to pay debt service of the redevelopment area bonds for the years 6 through 11. The Applicant has represented that at least \$10 million of new capital investment will be developed at the site within two years of this approval.

Recommendation

Authority staff has reviewed the application for Wood-Ridge Development, LLC and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue an approval letter to the Applicant.

Issuance of the PIP Tax Credits are contingent upon the Applicant meeting the following conditions within 24 months of this approval:

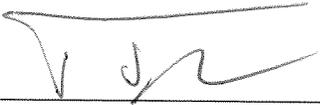
1. Evidence of completion of the Public Infrastructure Project, including a submission of a detailed list of all eligible costs, certified by a CPA and satisfactory to the NJEDA; and
2. Evidence of transfer of the Public Infrastructure Project to the Borough; and
3. Evidence of the expenditure of at least \$10 million in new capital investment at the site; and
4. Assessment of fair market value, based on audited costs of no lower than \$5,000,000.

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

Total Eligible Project Costs: \$11,586,883.

Eligible Tax Credits and Recommended Award: Not to exceed \$5,000,000.

Total Remaining Public Infrastructure Tax Credits: \$10,000,000



Timothy Lizura

Prepared by: Matthew Boyle



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: March 12, 2015

RE: **Wood-Ridge Development, LLC (Parks and Recreational Space)**
Public Infrastructure Project Tax Credit Program (“PIP Tax Credit”)
(P# 40549)

Request

The Members are asked to approve the application of Wood-Ridge Development, LLC (the “Applicant”) for a PIP Tax Credit of a public infrastructure project located in Wood-ridge, Bergen County (the “Public Infrastructure Project”). The issuance of tax credits will be pursuant to the PIP Tax Credit program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2014, N.J.S.A. 34:1B-251 (“Act”).

The total costs of the Project are estimated to be \$16,852,500. The recommendation is give an award, not to exceed \$5,000,000. The Applicant is an affiliate of Somerset Development, the master developer of the site.

Project Description

The Public Infrastructure Project is the development of a recreational facility and recreational trails located at 1 Passaic Street, Wood-ridge Borough, Bergen County. The Project is a phase in the amended redevelopment agreement dated March 1, 2013 between the Applicant and the Borough of Wood-ridge known as the “Wesmont Station Redevelopment Agreement”. The area is the redevelopment of a 144-acre old industrial site once occupied by a Curtiss-Wright aircraft assembly plant. The area has been remediated under a Brownfield Reimbursement grant that consisted of \$15 million of environmental clean-up to remove traces of petroleum and chemical products that were once stored there and to treat contaminated groundwater.

When completed, the entire redevelopment project will be home to about 1,200 new residential units, including over 100 affordable rental units, and 125,000 square feet of commercial space. The project is being built in phases by a number of developers, including AvalonBay Communities, the Pulte Group, and the Ingerman Group. The Wesmont station will be the borough’s second rail station and will be on located NJ TRANSIT Bergin Line. Woodridge’s other rail stati is located on NJ TRANSIT’s Pascack Valley Line. The ride from Wesmont Station to New York Penn Station will take about a half-hour.

The Applicant proposes approximately \$16,852,500 of recreational improvements to the site. Developer equity will be the main source of funding for these improvements. Included in the recreational improvements is a new recreational complex that will consist of 2 baseball diamonds, one football and soccer field with synthetic turf, an 8 lane running track, stadium seating for 1,000 people, a concession stand and a track and field event pit.

The ownership of the Parks and Recreational space will be transferred to the Borough of Wood-ridge upon completion. Staff estimates the fair market value of the recreational complex to exceed \$5 million, based on the cost of the improvements. Wood-ridge has adopted a resolution and filed it with the Authority consenting to the award of the PIP Tax Credits. The Applicant has stated no costs have been incurred yet for recreational improvements thus meeting the requirement under the Act that the construction commences after January 1, 2013. The Applicant has represented that at least \$10 million of new capital investment will be developed at the site within two years of this approval.

Recommendation

Authority staff has reviewed the application for Wood-Ridge Development, LLC and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue an approval letter to the Applicant.

Issuance of the PIP Tax Credits are contingent upon the Applicant meeting the following conditions within 24 months of this approval:

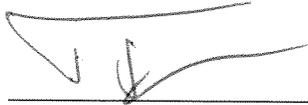
1. Evidence of completion of the Public Infrastructure Project, including a submission of a detailed list of all eligible costs, certified by a CPA and satisfactory to the NJEDA; and
2. Evidence of transfer of the Public Infrastructure Project to the Borough; and
3. Evidence of the expenditure of at least \$10 million in new capital investment at the site; and
4. Assessment of fair market value, based on audited costs of no lower than \$5,000,000.

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

Total Eligible Project Costs: \$16,852,000.

Eligible Tax Credits and Recommended Award: Not to exceed \$5,000,000.

Total Remaining Public Infrastructure Tax Credits: \$10,000,000



Timothy Lizura

Prepared by: Matthew Boyle



MEMORANDUM

To: Members of the Authority

From: Timothy Lizura
President and Chief Operating Officer

Date: March 12, 2015

RE: **Wood-Ridge Development, LLC (Train Station)**
Public Infrastructure Project Tax Credit Program (“PIP Tax Credit”)
(P# 40550)

Request

The Members are asked to approve the application of Wood-Ridge Development, LLC (the “Applicant”) for a PIP Tax Credit of a public infrastructure project located in Wood-ridge, Bergen County (the “Public Infrastructure Project”). The issuance of tax credits will be pursuant to the PIP Tax Credit Program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2014, N.J.S.A. 34:1B-251 (“Act”).

The total costs of the Project are estimated to be \$42,042,665. The recommendation is give an award, not to exceed \$5,000,000. The Applicant is an affiliate of Somerset Development, the master developer of the site.

Project Description

The Public Infrastructure Project is the development of a train station at 1 Passaic Street, Wood-ridge Borough, Bergen County. The subject is a phase in the amended redevelopment agreement dated March 1, 2013 between the applicant and the Borough of Wood-ridge known as the “Wesmont Station Redevelopment Agreement”. The site is the redevelopment of a 144-acre old industrial site once occupied by a Curtiss-Wright aircraft assembly plant. The area has been remediated under a Brownfield Reimbursement grant that consisted of \$15 million of environmental clean-up to remove traces of petroleum and chemical products that were once stored there and to treat contaminated groundwater.

The redevelopment plan consists of the construction of a train station, residential and commercial space, in addition to recreational improvements to the site. When completed, the entire redevelopment project will be home to about 1,200 new residential units, including over 100 affordable rental units, and 125,000 square feet of commercial space. The project is being built by a number of developers, including Avalon Bay Communities, the Pulte Group, and the Ingerman Group.

Included in the recreational improvements is a: new recreational complex that will consist of 2 baseball diamonds, one football and soccer field with synthetic turf, an 8 lane running track, stadium seating for 1,000 people, a concession stand and a track and field event pit.

The Applicant proposes the construction of a train station on the site. The Wesmont station will be the borough's second train station and will be located on the NJ TRANSIT Bergin Line. Wood-ridge's other Train station is the Wood-Ridge Station which is located on NJ TRANSIT's Pascack Valley Line. The ride from Wesmont Station to New York Penn Station will take about a half-hour. The total cost of the train station will be approximately \$42,042,655. Construction of the train station started in March of 2014 with completion anticipated to be in the fall of 2015. The ownership of the train station will be transferred to the Borough of Wood-ridge upon completion. Staff estimates the fair market value of the train station to exceed \$5 million, based on the cost of the facility. Wood-ridge has adopted a resolution and filed it with the Authority consenting the award of the PIP Tax Credits. On January 16, 2014 Wood-Ridge Borough issued \$15,000,000 of redevelopment area bonds to finance the construction of the train station and construction of a new school. The bonds have a 15-year term with semi-annual debt service payments which commenced on September 15, 2014, thus meeting the requirement under the Act that the first payment of debt service occurs after January 1, 2013. The applicant has represented that the proceeds of the sale of the PIP Tax Credits will be used to pay debt service of the redevelopment area bonds for the years 1 through 5. The Applicant has represented that at least \$10 million of new capital investment will be developed at the site within two years of this approval.

Recommendation

Authority staff has reviewed the application for Wood-Ridge Development, LLC and finds that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue an approval letter to the Applicant.

Issuance of the PIP Tax Credit are contingent upon the Applicant meeting the following conditions within 24 months of this approval:

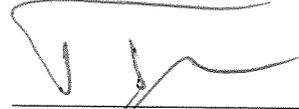
1. Evidence of completion of the Public Infrastructure Project, including a submission of a detailed list of all eligible costs, certified by a CPA and satisfactory to the NJEDA; and
2. Evidence of transfer of the Public Infrastructure Project to the Borough; and
3. Evidence of the expenditure of at least \$10 million in new capital investment at the site; and
4. Assessment of fair market value, based on audited costs of no lower than \$5,000,000.

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

Total Eligible Project Costs: \$42,042,655.

Eligible Tax Credits and Recommended Award: Not to exceed \$5,000,000.

Total Remaining Public Infrastructure Tax Credits: \$10,000,000



Timothy Lizura

Prepared by: Matthew Boyle

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

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, 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 Per Job/Per Year	Gross Amount Per Job/Per Year	Maximum Amount To be Applied Annually
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 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).

- (\$/Square Foot
of Gross Leasable Area)

Minimum Capital Investment Requirements	
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/Warehouse/Logistics/R&D - Rehabilitation Project for an 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	\$310,000	\$7,877,037
New Jobs	25	30
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
Priority Area	Base award of \$3,000 per year for projects located in a designated Priority Area	Millburn is a designated Priority Area
Increase(s) Criteria		
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 \$82,500 exceeds the Essex County median salary by 72.8% resulting in an increase of \$500 per year.
Targeted Industry	An increase of \$500 per job	The applicant is a Life

	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	Sciences business.
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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: <ul style="list-style-type: none"> - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * \$4,000 = \$2,000) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$7,877,037 / 10 / (30 + 0) = \$26,256) 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.

Grant Calculation**BASE GRANT PER EMPLOYEE:**

Priority Area	\$ 3,000
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INCREASES PER EMPLOYEE:

Jobs with Salary in Excess of County Average:	\$ 500
Targeted Industry (Life Sciences):	\$ 500

INCREASE PER EMPLOYEE:

<u>\$ 1,000</u>

PER EMPLOYEE LIMIT:

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

\$ 4,000

AWARD:

New Jobs:	30 Jobs X \$4,000 X 100% =	\$ 120,000
Retained Jobs:	0 Jobs X \$4,000 X 50% =	<u>\$ 0,000</u>

Total:	\$ 120,000
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ANNUAL LIMITS:

Priority Area (Est. 90% Withholding Limit)	\$ 4,000,000/(\$ 80,303)
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TOTAL ANNUAL AWARD

<u>\$ 120,000</u>

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 7,877,037
NEW FULL-TIME JOBS:	30
RETAINED FULL-TIME JOBS:	0

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 12,073,323
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 10,873,323
TOTAL AMOUNT OF AWARD: (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	\$ 1,200,000

ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 82,500
SIZE OF PROJECT LOCATION:	15,500 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	0
PROJECT IS: (X) Expansion () Relocation	
CONSTRUCTION: (X) Yes () No	

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 Advanced Accelerator Applications, USA, 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: Diane Ubinger

APPROVAL OFFICER: Daniel Poane

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

APPLICANT: Advanced Plasma Therapies, Inc. P40510

PROJECT LOCATION: 506 Carnegie Center Drive West Windsor Township Mercer County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Advanced Plasma Therapies, Inc. (“Advanced Plasma Therapies” or “APT”) is a start-up company that is in the process of launching a medical device/drug product that uses patented technology to manufacture the active agent at a patient's bedside. Advanced Plasma Therapies was founded in 2010 and currently has 5 employees. The product has been under development for the last three years and Advanced Plasma Therapies will complete clinical trials under FDA supervision by the end of 2015. APT expects to generate its first revenues in 2016. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

The New Jersey based employees of Advanced Plasma Therapies currently work out of a leased office in Plainsboro, NJ. The proposed project is a lease on a 10,291 square foot vacant premise, in an approximately 197,000 square foot multi-tenant office building located in West Windsor. The space requires some renovation work and a full complement of office furniture, fixtures and equipment. Alternatively, the Company is looking at the possibility of moving to a 9,283 square foot facility in Pearl River, NY. While slightly smaller than the location in West Windsor, it is capable of accommodating the current level and planned level of new employees of APT.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Advanced Plasma Therapies, 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 Nelson, the CEO of Advanced Plasma Therapies, Inc., which 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 approximately \$14.2 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:

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 a technology start-up business, in Mercer 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	\$411,640	\$750,155
New Jobs	10	40
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	West Windsor is a designated Priority Area.
Increase(s) Criteria		
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 \$119,000 exceeds the Mercer County median salary by approximately 112% resulting in an increase of \$750 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 Life Sciences 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 * \\$4,250 = \\$2,125$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$750,155 / 10 / (40 + 0) = \\$1,875$) <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:		
Jobs with Salary in Excess of County Average:	\$ 750	
Targeted Industry (Life Sciences):	\$ 500	
INCREASE PER EMPLOYEE:		
		<u>\$1,250</u>
PER EMPLOYEE LIMIT:		
Priority Area	\$10,500	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		
		\$4,250
AWARD:		
New Jobs:	40 Jobs X \$4,250 X 100% =	\$170,000
Retained Jobs:	0 Jobs X \$1,875 X 100% =	<u>\$0,000</u>
	Total:	\$170,000
ANNUAL LIMITS:		
Priority Area (Est. 90% Withholding Limit)		\$1,700,000/ (\$186,300)
TOTAL ANNUAL AWARD		
		<u>\$170,000</u>

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 750,155
NEW FULL-TIME JOBS:	40
RETAINED FULL-TIME JOBS:	0

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	\$ 15,857,882
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 14,157,882
TOTAL AMOUNT OF AWARD (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	\$ 1,700,000

ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 119,000
SIZE OF PROJECT LOCATION:	10,291 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	3

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 3 existing positions 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 3 positions at the proposed project site.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Advanced Plasma Therapies, 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: Diane Ubinger

APPROVAL OFFICER: Mark Chierici

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

APPLICANT: iCIMS, Inc.

P40407

PROJECT LOCATION: 100 Matawan Road Old Bridge Township Middlesex County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

iCIMS, Inc. is a software services company specializing in applicant-tracking software for human resource professionals. Founded in 2000, the company has experienced rapid growth specializing in clients having between 500 and 5,000 employees. It offers three product lines focused on recruiting, marketing and onboarding services to human resources managers via custom web-based applications. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

The company is currently operating close to capacity at its current location while it continues to grow rapidly. Future expansion needs must be met quickly to accommodate the increase in employment. The applicant has submitted a cost benefit analysis comparing the renovation projects of leased space totaling about 48,000 sf. in Old Bridge, NJ and Denver, CO. The New Jersey location provides for close proximity to its headquarters and major operations. The Colorado location provides for a lower cost operating structure and proximity to a highly qualified labor pool. The company notes the portability of its business operations and that there is no required business reason for them to be located in NJ.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of iCIMS, 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 Collin Day, the CEO of iCIMS, 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 \$74.1M over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 48 New Jersey jobs listed in the application are at risk of being located outside the State on or before December 31, 2015 as it would take about eight months to complete this project in Colorado. 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:
-

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 Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project for an other targeted industry 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	\$1,918,120	\$3,451,650
New Jobs	25	239
Retained Jobs	35	48

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	Old Bridge is a designated Distressed Municipality
Increase(s) Criteria		
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 \$90,000 exceeds the County median salary by 59% 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 287 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 Technology 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"> - $\frac{1}{2}$ of the Grant Calculation for New Full-Time Jobs ($\frac{1}{2} * \\$5,250 = \\$2,625$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$3,451,650 / 10 / (239 + 48) = \\$1,202$) <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:		
Distressed Municipality		\$4,000
INCREASES PER EMPLOYEE:		
Jobs with Salary in Excess of County Average:	\$ 250	
Large Number of New/Retained F/T Jobs:	\$ 500	
Targeted Industry (Technology):	\$ 500	
INCREASE PER EMPLOYEE:		<u>\$1,250</u>
PER EMPLOYEE LIMIT:		
Distressed Municipality	\$11,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		\$5,250
AWARD:		
New Jobs:	239 Jobs X \$5,250 X 100% =	\$ 1,254,750
Retained Jobs:	48 Jobs X \$1,202 X 100% =	<u>\$ 57,696</u>
	Total:	\$1,312,446
ANNUAL LIMITS:		
Distressed Municipality		\$ 8,000,000
TOTAL ANNUAL AWARD		<u>\$1,312,446</u>

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 3,451,650
NEW FULL-TIME JOBS:	239
RETAINED FULL-TIME JOBS:	48
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	\$ 87,205,989
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 74,081,529
TOTAL AMOUNT OF AWARD	\$ 13,124,460
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 90,000
SIZE OF PROJECT LOCATION:	47,953 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
STATEWIDE BASE EMPLOYMENT:	303
PROJECT IS: (X) Expansion () Relocation	
CONSTRUCTION: (X) Yes () No	

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: 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 December 31, 2015; 2) approve the proposed Grow New Jersey grant to encourage iCIMS, 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: J. Kenyon

APPROVAL OFFICER: J. Horezga

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

APPLICANT: MilMar Food Group II, LLC P40392

PROJECT LOCATION: 180 Lehigh Ave. Lakewood Township Ocean County

GOVERNOR’S INITIATIVES:

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

APPLICANT BACKGROUND:

MilMar Food Group II, LLC, (“MilMar”) is a privately owned company located in Goshen, NY. The plant and offices are situated on 60 acres of property in an Empire zone. The 60,000 square foot plant is USDA Inspected and OU certified (under kosher supervision). MilMar is a manufacturer of frozen foods, such as: hors d’oeuvres, blintzes, crepes, bulk entrees, chicken items, kosher pre-plated meals and breakfast items (e.g., omelets & French toast). Products are shipped via frozen common carrier on a daily basis from warehouses in Rockaway NJ, Chicago, IL, and Vernon, CA. The company has been in operation for over 30 years and sells nationally to broadline and independent foodservice distributors, club stores and retail supermarkets. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

MilMar Food Group II, LLC is in position to acquire Cuisine Innovations, which operates in Lakewood, NJ. If the Grow New Jersey Award is granted, the company will move its non-kosher operations to the Lakewood, NJ location and expand this part of the business in that location. If not, it will expand in Goshen, NY and continue both its kosher and non-kosher operations at that facility.

The location analysis submitted to the Authority shows an estimate that the New Jersey location would be \$6.5 million more expensive over 10 years on a net present value basis, and as a result, the management of MilMar Food Group II, 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 Martin H. Hoffman, the CEO of MilMar Food Group II, 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 \$7.7 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:

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/Warehouse/Logistics/R&D - Rehabilitation Project for a manufacturing business, in Ocean 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	\$333,667	\$700,000
New Jobs	8	80
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	Lakewood Township is a designated Distressed 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	180 Lehigh Ave. Lakewood, NJ is located in a Deep Poverty Pocket.
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 \$700,000 is 109.8% 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,	The applicant is a Manufacturing business.

	distribution or fulfillment center business	
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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 * \\$9,000 = \\$4,500$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$700,000 / 10 / (80 + 0) = \\875) <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:

Deep Poverty Pocket:	\$ 1,500	
Capital Investment in Excess of Minimum (non-Mega):	\$ 3,000	
Targeted Industry (Manufacturing):	\$ 500	

INCREASE PER EMPLOYEE:\$5,000**PER EMPLOYEE LIMIT:**

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

\$9,000

AWARD:

New Jobs:	80 Jobs X \$9,000 X 100% =	\$720,000
Retained Jobs:	0 Jobs X \$ 875 X 100% =	<u>\$ 0</u>

Total: \$720,000**ANNUAL LIMITS:**

Distressed Municipality	\$ 8,000,000
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TOTAL ANNUAL AWARD**\$720,000**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 700,000
NEW FULL-TIME JOBS:	80
RETAINED FULL-TIME JOBS:	0

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	\$ 14,930,601
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 7,730,601
TOTAL AMOUNT OF AWARD	\$ 7,200,000
ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 25,000
SIZE OF PROJECT LOCATION:	25,025 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
STATEWIDE BASE EMPLOYMENT:	50
PROJECT IS: (X) Expansion	() Relocation
CONSTRUCTION: (X) Yes	() No

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 50 existing positions 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 50 positions at the proposed project site.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage MilMar Food Group II, 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: Mathew Abraham

APPROVAL OFFICER: Mark Chierici

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

APPLICANT: Zimmer Trabecular Metal Technology, Inc. P40511

PROJECT LOCATION: 1045 Centennial Avenue Piscataway Township Middlesex County

GOVERNOR’S INITIATIVES:

NJ Urban Fund Edison Innovation Fund Core Clean Energy

APPLICANT BACKGROUND:

Zimmer Trabecular Metal Technology, Inc. is a life sciences company that develops and produces trabecular metal biomaterial used in orthopedic devices. Trabecular metal is a prosthetic joint replacement technology which closely resembles bone and is conducive to bone formation, enabling rapid and extensive tissue infiltration and strong attachment. Zimmer Trabecular Metal Technology, Inc. is a wholly-owned subsidiary of Zimmer, Inc. Zimmer Inc. is a wholly-owned subsidiary of Zimmer Holdings, Inc. It employs over 8,500 employees providing effective solutions that support orthopedic surgeons and clinicians in restoring mobility and treating arthritic and traumatic injuries. The applicant has demonstrated the financial ability to undertake the project.

Zimmer Trabecular Metal Technology, Inc. received a BEIP grant in 2004 (P16100) and 2005 (P016408). None of the BEIP jobs or the BEIP capital investment is related to the Grow NJ application for the applicant.

MATERIAL FACTOR/NET BENEFIT:

The applicant submitted an economic analysis detailing the cost differential between locating this project in Piscataway, NJ or Warsaw, IN. It would either enter into a long-term lease for approximately 81,500 sf. of industrial space in New Jersey or move to underutilized space at an owned facility in Indiana. The New Jersey option would require significant upfront renovation costs and have a higher annual payroll. The Indiana option requires significantly less upfront costs and provides for significant reduction in annual payroll costs. Since all of the jobs in this application will be newly created positions to the applicant, it notes the portability of locating this project out of State.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Zimmer Trabecular Metal Technology, 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 Chad F. Phipps, the President of Zimmer Trabecular Metal Technology, 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 \$65.8M 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:
-

(\$/Square Foot
of Gross Leasable Area)

Minimum Capital Investment Requirements

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/Warehouse/Logistics/R&D - Rehabilitation Project for an other targeted industry 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	\$1,630,000	\$25,000,000
New Jobs	25	150
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
Priority Area	Base award of \$3,000 per year for projects located in a designated Priority Area	Piscataway 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 \$25,000,000 is 1,433% 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	The applicant is a Life Sciences business.

	Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	
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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: <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 (\$25,000,000 / 10 / (150 + 0) = \$16,666) 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.

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 (Life Sciences):	\$ 500

INCREASE PER EMPLOYEE:\$3,500**PER EMPLOYEE LIMIT:**

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

\$6,500

AWARD:

New Jobs:	150 Jobs X \$6,500 X 100% =	\$975,000
Retained Jobs:	0 Jobs X \$6,500 X 50% =	<u>\$ 0</u>

Total: \$975,000**ANNUAL LIMITS:**

Priority Area (Est. 90% Withholding Limit)	\$ 4,000,000/(\$229,244)
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TOTAL ANNUAL AWARD**\$975,000**

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 25,000,000
NEW FULL-TIME JOBS:	150
RETAINED FULL-TIME JOBS:	0

GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)	\$ 75,526,700
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 65,776,700
TOTAL AMOUNT OF AWARD (CAPPED ANNUALLY AT 90% OF WITHHOLDINGS)	\$ 9,750,000

ELIGIBILITY PERIOD:	10 years
MEDIAN WAGES:	\$ 43,680
SIZE OF PROJECT LOCATION:	81,500 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial

STATEWIDE BASE EMPLOYMENT:

278

PROJECT IS: Expansion Relocation
CONSTRUCTION: Yes No

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 Zimmer Trabecular Metal Technology, 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: P. Ceppi

APPROVAL OFFICER: J. Horezga

FILM TAX CREDIT TRANSFER PROGRAM



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

DATE: March 12, 2015

SUBJECT: New Jersey Film Tax Credit Program

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

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

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

Projects are presented to the Board after being recommended by the Film Commission. The estimated tax credit amount is based on the estimated costs presented by the applicant (subject to a cumulative total of \$10,000,000 in any State Fiscal Year). The tax credits are limited to the amount approved by the Board even if actual costs are in excess of the estimate. Any applicant

with actual costs lower than the approved amount will receive a smaller tax credit based on actual costs. The applicant must submit to Taxation a CPA certification of eligible expenses. Taxation will then verify the actual eligible costs prior to issuing a tax certificate.

The following projects have been reviewed and recommended by the Film Commission.

<u>Applicant/Producer</u>	<u>Production/Film Title</u>	<u>State Fiscal Year 2015</u>
I Do I Do The Movie, LLC	I Do, I Do	\$127,400
Giddy Up, LLC	A Place in Hell	\$35,285
	Totals:	<u>\$162,685</u>

Staff recommends the approval of the projects, which are described more fully in the attached Film Tax Credit Project Summaries, subject to satisfactory review of the actual production costs by staff and Taxation. The remaining allocation to State Fiscal Year 2015 is \$2,130,022.



Timothy J. Lizura

Prepared by: Joe Horezga

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - FILM TAX CREDIT**

APPLICANT: I Do I Do The Movie, LLC

APPLICANT BACKGROUND:

I Do I Do The Movie, LLC is the production company responsible for "I Do, I Do". Grooms-to-be Blake and Daniel find themselves at the center of a media storm as their once modest wedding gets blown up by a national TV morning show that turns them into a "poster couple" for same-sex marriage.

APPROVAL REQUEST:

Authority assistance will enable the applicant to receive a 20% tax credit for Qualified Film Production Expenses incurred in New Jersey for its production titled "I Do, I Do." The principal photography began in November 2014.

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

PRINCIPAL PHOTOGRAPHY BEGAN: November 2014

DATE OF PROJECT COMPLETION: February 2015

PRINCIPAL MARKET(S) FOR WHICH PRODUCTION IS INTENDED:

Theatrical
Cable Television
Network Television

PROJECT COSTS (Initial Application Estimate):

Total Production Expenses (Less Post-Production Costs)	\$543,404
Total New Jersey Production Expenses	\$527,850
Total New Jersey Post Production Expenses	\$109,150

Percentage of Required Costs in New Jersey	117.22%
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Maximum Tax Benefit Amount	\$127,400
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Applicant's Fiscal Year End	December
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FINANCE OFFICER: Joe Horezga **COUNSEL:** DAG

APPLICATION RECEIVED DATE: 10/23/2014 (Application #73)

APPLICATION APPROVED DATE:

CURRENT OR INITIAL ALLOCATION YEAR(S): SFY2015

Prepared by: Joe Horezga

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - FILM TAX CREDIT**

APPLICANT: Giddy Up, LLC

APPLICANT BACKGROUND:

Giddy Up, LLC is the production company responsible for "A Place in Hell". This psychological thriller follows Nicole Hart and a group of film students as they shoot a horror movie for their final grade. Meanwhile, Detective John McInnes struggles to find redemption while consumed by his 5 year obsession to catch a notorious serial killer. When a winter storm blankets the countryside and the killer seeks refuge, the students quickly realize they are not alone. While facing his inner demons, McInnes could be their only hope.

APPROVAL REQUEST:

Authority assistance will enable the applicant to receive a 20% tax credit for Qualified Film Production Expenses incurred in New Jersey for its production titled "A Place in Hell." The principal photography began in January 2014.

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

PRINCIPAL PHOTOGRAPHY BEGAN: January 2014

DATE OF PROJECT COMPLETION: August 2014

PRINCIPAL MARKET(S) FOR WHICH PRODUCTION IS INTENDED:

Cable Television
Digital Streaming
DVD
VOD

PROJECT COSTS (Initial Application Estimate):

Total Production Expenses (Less Post-Production Costs)	\$168,035
Total New Jersey Production Expenses	\$140,029
Total New Jersey Post Production Expenses	\$36,400
Percentage of Required Costs in New Jersey	104.99%
Maximum Tax Benefit Amount	\$35,285
Applicant's Fiscal Year End	October

FINANCE OFFICER: Joe Horezga **COUNSEL:** DAG

APPLICATION RECEIVED DATE: 10/27/2014 (Application #74)

APPLICATION APPROVED DATE:

CURRENT OR INITIAL ALLOCATION YEAR(S): SFY2015

Prepared by: Joe Horezga

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

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

APPLICANT: Ben Porat Yosef, Inc.

P40565

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 243 Frisch Court

Paramus Borough (N)

Bergen County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Ben Porat Yosef, Inc., a 501(c)(3) not-for-profit organization established in 2001, is an Orthodox yeshiva day school including pre-kindergarten and grades kindergarten through eighth grade. The School includes over 400 students in a 72,000 sq. ft. leased facility located in Paramus. The School intends to purchase the Paramus facility and refinance existing debt. Cheryl Rosenberg is the President of the organization. The project has been reviewed and approved by the Attorney General's Office relating to the First Amendment's Establishment Clause.

The applicant is a 501(c)(3) not-for-profit entity for which the Authority may issue tax exempt bonds as permitted under Section 103 and Section 145 of the 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 purchase the project site, refinance existing debt on the project property, and pay costs of issuance. The difference between the Bond amount and total project cost will be funded with borrower equity.

FINANCING SUMMARY:

BOND PURCHASER: Sterling National Bank (Direct Purchase)

AMOUNT OF BOND: Series A

\$7,875,000 (est.) Tax-exempt Bond

Series B

\$135,000 (est.) Taxable Bond

TERMS OF BOND:

Series A

25 years; Rate of interest fixed for 15 years at the tax-exempt equivalent of the 15 year LIBOR Swap Rate plus 2.95%. The fixed rate will be reset after year 15 for the remaining 10 years at the tax-exempt equivalent of the 10 year LIBOR Swap Rate plus 2.95%. The indicative 15 year fixed rate is 3.75% as of 2/25/2015.

Series B

5 years; Rate of interest fixed for 5 years at the 5 year LIBOR Swap Rate plus 3.00%. The indicative fixed rate is 4.71% as of 2/25/2015.

ENHANCEMENT:

N/A

PROJECT COSTS:

Acquisition of existing building	\$9,800,000
Refinancing	\$465,000
Closing Costs	\$232,000
TOTAL COSTS	\$10,497,000

JOBS: At Application 100 Within 2 years 12 Maintained 0 Construction 0

PUBLIC HEARING: 03/12/15 (Published 02/24/15) **BOND COUNSEL** Wolff & Samson
DEVELOPMENT OFFICER: T. Gill **APPROVAL OFFICER:** D. Poane

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

APPLICANT: Provident Group - Rowan Properties L.L.C.

P40570

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 201 Mullica Hill Road

Glassboro Borough (T/UA) Gloucester County

GOVERNOR'S INITIATIVES:

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

APPLICANT BACKGROUND:

Provident Group - Rowan Properties L.L.C. is a single purpose entity formed to hold a leasehold interest to the property located at 201 Mullica Hill Road, Glassboro, NJ. The sole and managing member of the applicant is Provident Resources Group ("Provident"), a 501(c)(3) not-for-profit organization committed to the development, ownership and operation of state-of-the-art facilities that serve to advance education, promote healthcare and meet the needs of the elderly and poor with safe and affordable housing. Since 2004, Provident has successfully financed and developed more than \$776 million in total student housing projects, resulting in the delivery of more than 7,500 beds of student housing for the benefit of colleges and universities in nine states and the District of Columbia.

In 2010, Provident participated with the Authority in the first public private partnership development under the Higher Education Public Private Partnership Program ("P3 Program") created as part of the NJ Economic Stimulus Act of 2009 and closed on a \$234,990,000 tax-exempt bond financing to construct and manage a 2,000 bed student housing facility for the benefit of Montclair State University. Provident has also received Authority approval for the issuance of \$45 million in tax-exempt and taxable bonds for the construction of a multi-story student residence for Kean University under the P3 Program.

This Project is a public private partnership with Rowan University consisting of the construction of a multi-story student residence building on approx. 8 acres on the main campus of the University and bounded by US Route 322 to the South, Main Street to the East and Carpenter Street to the North. In turn, University Student Living, LLC, will undertake the design, development, construction and furnishing and equipping of the Project via development and management agreements with the Applicant. The proposed project will include 310,000 sq. ft. in two buildings, one four stories and the other seven stories, interconnected with bridges and designed to provide 1,400 beds of new housing. The Project will also include a proposed 550-seat two story dining facility and other student amenities, including study areas, game and laundry rooms.

The Project is also being presented by the Real Estate Division Staff at the March 12, 2015 Board meeting for approval of Rowan University's application to develop the dormitory in accordance with the P3 Program and the 2009 NJ Economic Stimulus Act.

The bonds for the Project will qualify as tax-exempt bonds under Section 103 and Section 145 of the Internal Revenue Code of 1986, as amended, and will not be subject to the State Volume Cap limitation pursuant to Section 146(g) of the Code and will be exempt from the \$20,000,000 Capital Expenditure Limitation.

APPROVAL REQUEST:

Authority assistance will enable the applicant to (i) finance the development and construction of the Project, (ii) fund a debt service reserve fund, (iii) pay capitalized interest and (iv) pay costs of issuance of the bonds, for a total tax-exempt and taxable bond issue of \$145 million.

FINANCING SUMMARY:

BOND PURCHASER: RBC Capital Markets, LLC (Senior Manager)

AMOUNT OF BOND:	Series A \$144,000,000 (est.) Tax-exempt Bond	Series B \$1,000,000 (est.) Taxable Bond
TERMS OF BOND:	Series A 35 years (max.); Serial and/or term bonds with true interest cost not to exceed 7.5% (Estimated tax-exempt interest rates range from 2% to 4% as of 2/24/15)	Series B 15 years (max.); Serial and/or term bonds with true interest cost not to exceed 7.5% (Estimated taxable interest rates range from 4% to 6% as of 2/24/15)

ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	\$98,955,000
Interest during construction	\$12,250,000
Debt service reserve fund	\$8,885,250
Engineering & architectural fees	\$5,836,000
Contingency	\$4,947,750
Purchase of equipment & machinery	\$4,250,000
Development Fee	\$4,176,000
Finance fees	\$2,250,000
Other Costs	\$1,450,000
Working capital	\$1,250,000
Legal fees	\$750,000
TOTAL COSTS	\$145,000,000

JOBS: At Application 0 Within 2 years 22 Maintained 0 Construction 378

PUBLIC HEARING: 03/12/15 (Published 02/23/15) **BOND COUNSEL** Archer & Greiner

DEVELOPMENT OFFICER: T. Gill

APPROVAL OFFICER: T. Wells

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

APPLICANT: Puerto Rican Organization for Community Education and P40507

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

PROJECT LOCATION: 1122-1130 East Grand Street Elizabeth City (T/UA) Union

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

APPLICANT BACKGROUND:

Puerto Rican Organization for Community Education and Economic Development, Inc., doing business as PROCEED, Inc., is a 501(c)(3) not-for-profit organization dedicated to the promotion of human empowerment and civic responsibility and the facilitation of quality of life opportunities for economically and socially disadvantaged families and individuals in the greater Elizabeth and Union County areas. Over its 45 year history, PROCEED has provided individuals, families and other organizations with a comprehensive network of appropriate supportive and preventive social, health, capacity building and community development services designed to improve living standards for youth and families living in vulnerable communities. These services include child abuse and neglect prevention programs, child protective service programs, youth counseling multi-service programs and outreach to at-risk youth. Teresa Soto Vega is the Executive Director.

The Applicant received Authority assistance in 2000 via tax-exempt bond financing in the amount of \$1,100,000 (Appl. P10838). Bond proceeds were used to acquire and renovate an approximately 16,000 sq. ft. building for its administrative and counseling office together with a day care center, located at 1126 Dickinson St., Elizabeth. The 2000 Bond was paid in full.

The project location is an existing 3 story, 18,431 sq. ft. building on .377 acres, which houses a preschool with three classrooms for 45 children, office space for staff and counseling rooms for the clients.

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

APPROVAL REQUEST:

Authority assistance will enable the Applicant to refinance the existing debt funded by New Market Tax Credits. The difference between the project costs and the bond amount will be funded with Applicant's equity.

FINANCING SUMMARY:

BOND PURCHASER: Wells Fargo Bank, N.A. (Direct Purchase)

AMOUNT OF BOND: \$2,500,000 Tax-exempt Bond

TERMS OF BOND: 20 years; Fixed interest rate of 2.95% (indicative as of 1/12/15) for 10 years; subject to call option and an additional direct purchase renewal period as agreed upon by the Applicant and Bank with the subsequent interest rate determined by a Market Agent appointed by the Applicant.

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	\$2,500,000
Legal fees	\$50,000

Finance fees

\$30,000

TOTAL COSTS

\$2,580,000

JOBS: At Application

76 Within 2 years

10 Maintained

0 Construction

0

PUBLIC HEARING: 03/12/15 (Published 02/25/15)

BOND COUNSEL: McManimon, Scotland & Baumar

DEVELOPMENT OFFICER: M. Athwal

APPROVAL OFFICER: T. Wells

LOANS/GRANTS/GUARANTEES

LOCAL DEVELOPMENT FINANCING FUND

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - LOCAL DEVELOPMENT FINANCING FUND PROGRAM**

APPLICANT: L/N CAC, LLC

P40157

PROJECT USER(S): L3 Communications Corporation
Cooper Medical Services, Inc.

* - indicates relation to applicant

PROJECT LOCATION: 100 and 200 Market Street Camden City (T/UA) Camden

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

APPLICANT BACKGROUND:

L/N-CAC, LLC ("L/N" or the "Applicant") is a holding company formed in September of 2014, for the purpose of acquiring two buildings known as the Camden Aerospace Center. There is a two-story manufacturing building of 226,224 square feet and a three-story administration and engineering building ("A & E") of 350,554 square feet. Both buildings have historically been occupied by L3 Communications Corporation ("L3") starting in 1997. L3 vacated 131,000 square feet of space in July and amended their lease with an expiry of December 2024.

Cooper Medical Services, Inc. ("CMS") commenced a 15 year lease on 1/1/15 for the space vacated by L3. L/N closed on the acquisition in December of 2014 financed by Susquehanna Bank which provided a \$28 million mortgage plus a \$2 million bridge loan contingent upon the NJEDA approval to repay this note.

L/N is owned 51% by two individuals with the remaining 49% held by CMS. CMS is controlled by and their results are consolidated into The Cooper Health System ("CH"). CH is a New Jersey not-for-profit organization comprised of Cooper University Hospital and Cooper University Physicians.

CH was approved by NJEDA for a Grow NJ tax credit of \$39.99 million on 12/9/14 under P 40148 pertaining to 353 jobs at risk of leaving NJ.

APPROVAL REQUEST:

The Applicant requests a ten year, \$2 million loan from the Authority under the Direct Loan Program.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$2,000,000

TERMS OF LOAN: Fixed at closing at 5 year US Treasury or 2% whichever is greater, plus 200 bp. Rate reset at end of year 5 at same index for an additional 5 years, based on 15 year amortization. EDA loan maturity 12/31/2024 to coincide with expiration of L3 lease.

PROJECT COSTS:

Acquisition of existing building	\$32,670,000
Reserves	\$800,000
Payments to Coopers Ferry	\$575,000
Finance fees	\$155,000
TOTAL COSTS	<u><u>\$34,200,000</u></u>

JOBS: At Application 400 Within 2 years 0 Maintained 0 Construction 0

DEVELOPMENT OFFICER: D. Bennis

APPROVAL OFFICER: M. Conte

**PETROLEUM UNDERGROUND STORAGE
TANK PROGRAM**



MEMORANDUM

TO: Members of the Authority
FROM: Timothy J. Lizura, President/Chief Operating Officer
DATE: March 12, 2015
SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

The following residential grant project has 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 summary:

UST Residential Grant:

Robert Firmenich

\$ 203,142

Total UST Funding – March 2015

\$ 203,142

Prepared by: Lisa Petrizzi

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

APPLICANT: Robert Firmenich

P40200

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 18 High Point Terrace

Sussex Borough (T)

Sussex

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

APPLICANT BACKGROUND:

Robert Firmenich 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 to perform extensive soil remediation and site restoration.

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

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of \$203,142 to perform the approved scope of work at the project site.

The NJDEP oversight fee of \$20,314 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: \$203,142

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade, Closure, Remediation	\$203,142
NJDEP oversight cost	\$20,314
EDA administrative cost	\$250
TOTAL COSTS	\$223,706

APPROVAL OFFICER: K. Junghans

**HAZARDOUS DISCHARGE SITE REMEDIATION FUND
PROGRAM**

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Lizura
President/Chief Operating Officer

DATE: March 12, 2015

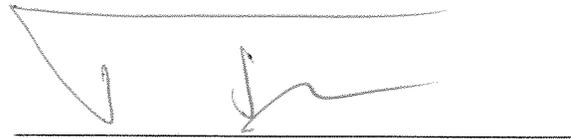
SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

The following municipal grant projects have been approved by the Department of Environmental Protection for grants to perform Preliminary Assessment, Site Investigation and Remedial Investigation activities. The scope of work is described on the attached project summaries.

HDSRF Municipal Grants:

Perth Amboy City (General Cable Corp. BDA)	\$ 16,434
Borough of Roselle Park (Roselle Park DPW)	\$ 183,795
Rahway Redevelopment Agency (80 E. Milton Ave)	\$ 104,025

Total HDSRF Funding – March 2015 **\$ 304,254**



Prepared by: Lisa Petrizzi

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT**

APPLICANT: Perth Amboy City (General Cable Corp. BDA)

P40058

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 40-50 Washington Street Perth Amboy City (T/UA) Middlesex

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

APPLICANT BACKGROUND:

Between May 1996 and March 2014, The City of Perth Amboy received an initial grant to perform Remedial Investigation (RI) at the former General Cable project site in the amount \$76,400 under P8793 and supplemental grants totaling \$600,577 under P9538, P11228, P11228s, P32390 and P38591. The project site, identified as Block 238, Lots 1-3 is a former industrial site which is located in a Brownfields Development Area (BDA) and has potential environmental areas of concern (AOCs). The City of Perth Amboy owns the project site and has satisfied proof of site control. It is the City's intent, upon completion of the environmental investigation activities, to redevelop the project site for residential and retail use.

NJDEP has approved this request for Remedial Investigation(RI) activities for the above-referenced project site and finds the project technically eligible under the HDSRF program, Category 2, Series A.

APPROVAL REQUEST:

The City of Perth Amboy is requesting additional supplemental funding in the amount of \$16,434 at the former General Cable project site. Because the aggregate supplemental funding including this request is \$617,011, it exceeds the maximum aggregate staff delegation approval of \$100,000 and therefore requires EDA's board approval. Total grant funding to date for this project is \$693,411.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$16,434

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$16,434
NJDEP oversight cost	\$500
TOTAL COSTS	\$16,934

APPROVAL OFFICER: K. Junghans

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT**

APPLICANT: Borough of Roselle Park (Roselle Park DPW)

P40420

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 180 West Webster Ave. Roselle Park Borough (N) Union

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

APPLICANT BACKGROUND:

The project site, identified as Block 506, Lot 1.01 is a former Roselle Park DPW yard which has potential environmental areas of concern (AOC). The Borough of Roselle Park owns the project site and has satisfied proof of site control. It is the Borough's intent, upon completion of the environmental investigation activities to redevelop the project site for affordable senior housing.

NJDEP has approved this request for Preliminary Assessment (PA) and Site Investigation (SI) grant funding on the above-referenced project site and finds the project technically eligible under the HDSRF program, Category 2, Series A.

APPROVAL REQUEST:

The Borough of Roselle Park is requesting grant funding to perform (PA) and (SI) in the amount of \$183,795 at the project site.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$183,795

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$173,949
Site investigation	\$9,846
EDA administrative cost	\$500
TOTAL COSTS	\$184,295

APPROVAL OFFICER: K. Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT

APPLICANT: Rahway Redevelopment Agency (80 E. Milton Ave.)

P39574

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 80 East Milton Ave

Rahway City (T/UA)

Union

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

APPLICANT BACKGROUND:

Between November 2000 and December 2003, Rahway Redevelopment Agency received grants totaling \$370,035 under P12306, P13336 and P13336s to perform Remedial Investigation (RI) at the Milton Ave. project site. The project site, identified as Block 316, Lot 3 is a former vacant lot which has potential environmental areas of concern (AOCs). It is Rahway Redevelopment Agency's intent upon completion of the environmental investigation activities, to redevelop the project site for commercial use.

NJDEP has approved this supplemental request for Remedial Investigation(RI) grant funding on the above-referenced project site and finds the project technically eligible under the HDSRF program, Category 2, Series A.

APPROVAL REQUEST:

The Rahway Redevelopment Agency is now requesting supplemental grant funding to perform additional (RI) activities required by NJDEP in the amount of \$104,025 at the East Milton Avenue project site. Because this supplemental request exceeds the staff delegation approval of \$100,000, it therefore requires EDA's board approval. Total funding to date for this project is \$474,060.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$104,025

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$104,025
EDA administrative cost	\$500
TOTAL COSTS	<hr/> \$104,525 <hr/>

APPROVAL OFFICER: K. Junghans

**TECHNOLOGY BUSINESS TAX CERTIFICATE
TRANSFER PROGRAM**



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

RE: Technology Business Tax Certificate Transfer Program
Proposed Rule Amendments

DATE: March 12, 2015

Request:

The Members are requested to approve a change in EDA policy and proposed rule amendments to clarify certain existing eligibility requirements under the New Jersey Technology Business Tax Certificate Transfer Program.

Background:

The Technology Business Tax Certificate Transfer Program, established pursuant to N.J.S.A. 34:1B-7.42(a) et seq., enables certain qualified biotechnology and technology companies to sell unused net operating losses and research and development tax credits to unrelated profitable corporations for at least 80 percent of their value, up to a maximum lifetime benefit of \$15 million.

Under the program, a business is ineligible if it "...[i]s directly or indirectly at least 50 percent owned or controlled by another corporation that has demonstrated positive net operating income in any of the two previous full years of ongoing operations, or is part of a consolidated group of affiliated corporations, as filed for federal income tax purposes, that in the aggregate has demonstrated positive net operating income in any of the two previous full years of ongoing operations."

Based on industry feedback, staff recommends a change to EDA policy by modifying the determination for ineligibility pertaining to a business which is directly or indirectly at least 50 percent owned or controlled by another corporation or is part of a consolidated group of affiliated corporations that in the aggregate has demonstrated positive net operating income, to apply only to corporations that must report net operating income in financial statements according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board.

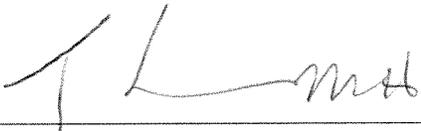
Consistent with this approach, the proposed amendments also revise provisions pertaining to materials which shall be submitted as part of a completed application by modifying the requirement for financial statements from all entities and affiliated groups of corporations that

directly or indirectly own or control 50 percent or greater of the selling business to apply only to corporations that must report net operating income in financial statements according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board.

Finally, the proposed amendments address a separate issue to clarify that the amount to be forfeited and remitted if a selling business fails to use the private financial assistance received for the surrender of tax benefits or fails to maintain a headquarters or a base of operation in the State during the five years following receipt of the private financial assistance, i.e., the “face value of the tax credit certificate received for the surrender of tax benefits,” is the amount of surrendered tax benefits, and not the sale price.

Recommendation:

The Members are asked to approve the proposed amendments and to authorize staff to submit the proposed amendments for promulgation in the April 20, 2015 edition of 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 changes are not adopted as proposed.



Timothy J. Lizura

Attachment

Prepared by: Kathleen Coviello/Jacob Genovay

DRAFT

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Authority Assistance Programs; Technology Business Tax Certificate Transfer Program

Proposed Amendments: N.J.A.C. 19:31-12.3, 12.4 and 12.8

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

Authority: N.J.S.A. 34:1B-1 et seq. and N.J.S.A. 34:1B-7.42a et seq.

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

Proposal Number: PRN 2015-_____.

Submit written comments by June 19, 2015, 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 clarify certain existing eligibility requirements under the New Jersey Technology Business Tax Certificate Transfer Program.

Under the Technology Business Tax Certificate Transfer Program, established pursuant to N.J.S.A. 34:1B-7.42(a) et seq., certain qualified biotechnology and technology companies may be eligible to sell unused net operating losses and research and development tax credits to unrelated profitable corporations for at least 80 percent of their value, up to a maximum lifetime benefit of \$15 million.

Pursuant to N.J.S.A. 34:1B-7.42a(b), no business will be eligible if it “...is directly or indirectly at least 50 percent owned or controlled by another corporation that has demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its financial statements issued according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board or is part of a consolidated

group of affiliated corporations, as filed for federal income tax purposes, that in the aggregate has demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its combined financial statements issued according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board.”

Specifically, the proposed amendment at N.J.A.C. 19:31-12.3(b)2 changes Authority policy by modifying the measure for ineligibility pertaining to a business which is directly or indirectly at least 50 percent owned or controlled by another corporation that has demonstrated net operating income or is part of a consolidated group of affiliated corporations that in the aggregate has demonstrated positive net operating income, to apply only to corporations that must report net operating income in financial statements according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board.

The proposed amendment at N.J.A.C. 19:31-12.4(c)5, which pertains to materials which shall be submitted as part of a completed application, changes Authority policy by modifying the requirement for financial statements from all entities and affiliated groups of corporations that directly or indirectly own or control 50 percent or greater of the selling business to apply only to corporations that must report net operating income in financial statements according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board.

Finally, the proposed amendment at N.J.A.C. 19:31-12.8(a) does not modify the existing requirement but only clarifies that the amount to be forfeited and remitted if a selling business fails to use the private financial assistance received for the surrender of tax benefits or fails to maintain a headquarters or a base of operation in the State during the five years following receipt of the private financial assistance, i.e., “face value of the tax credit certificate received for the surrender of tax benefits,” is the amount of surrendered tax benefits.

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

Social Impact

The Technology Business Tax Certificate Transfer Program allocates funds for biotechnology and technology companies to sell New Jersey tax losses and/or research and development tax credits to raise cash to finance their growth and operations. The proposed amendments would have a positive social impact as certain additional businesses that are more than 50 percent owned or controlled by partnerships would now be eligible to apply under the program.

Economic Impact

The proposed amendments are intended to have a positive economic impact as eligibility for the Technology Business Tax Certificate Transfer would be extended to certain additional businesses that are more than 50 percent owned or controlled by partnerships. In FY 2015, 44 companies were approved to share a total of \$54 million. Since the program was established in

1999, more than 500 businesses have been approved for awards totaling \$820 million. The average benefit amount for companies approved this year is \$1.2 million.

Federal Standards Statement

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

Jobs Impact

The proposed amendments modify eligibility under the Technology Business Tax Certificate Transfer Program to allow certain additional businesses to be eligible to apply and, therefore will result in the continued creation of an indeterminate number of new full-time, private sector jobs at emerging biotechnology and technology businesses in New Jersey.

Agriculture Industry Impact

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

Regulatory Flexibility Analysis

The proposed amendments, which modify existing eligibility and documentation requirements pertaining to ownership and affiliation of businesses making application, will increase the number of businesses that may participate in the Technology Business Tax Certificate Transfer Program. However, the proposed amendments will not impose any significant additional reporting, recordkeeping, or other compliance requirements on small business, as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., and no lesser standards are provided. In addition, the proposed amendments will not require professional services nor capital costs related to compliance.

Housing Affordability Impact Analysis

The proposed amendments will not impact affordable housing in New Jersey or evoke a change in the average costs associated with housing units, including multi-family rental housing and for sale housing in the State. The proposed amendments clarify modify terms and provisions pertaining to program eligibility under the Technology Business Tax Certificate Transfer Program.

Smart Growth Development Impact Analysis

The proposed amendments will not impact smart growth or evoke a change in the number of housing units or result in any increase or decrease in the average cost of housing or in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan. The proposed amendments modify certain terms and provisions

pertaining to program eligibility under the Technology Business Tax Certificate Transfer Program.

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

SUBCHAPTER 12. TECHNOLOGY BUSINESS TAX CERTIFICATE TRANSFER PROGRAM

19:31-12.3 Eligibility

(a) (No change.)

(b) No application shall be approved in which the business:

1. (No change.)

2. Is directly or indirectly at least 50 percent owned or controlled by another corporation that has demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its financial statements or is part of a consolidated group of affiliated corporations, as filed for Federal income tax purposes, that in aggregate has demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its combined financial statements. **For purposes of this paragraph, only corporations that must report net operating income in financial statements according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board shall be considered;** or

3. (No change.)

19:31-12.4 Application to the program

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

(c) In addition to the material specified in (b) above, a completed application shall include, but is not limited to:

1.-4. (No change.)

5. A list of all entities and affiliated groups of corporations that directly or indirectly own or control 50 percent or greater of the selling business, the number and location of all employees of such corporation(s), and the two most recent full years of financial statements for each **such corporation that must report net operating income in financial statements according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board;**

6.-13. (No change.)

(d) Applications are processed through several layers of staff review and may then be recommended for consideration and official action of the Authority's Board of Directors at its scheduled public meeting.

(e) (No change.)

19:31-12.8 Recapture of tax benefits

(a) Unless excepted pursuant to (b) below, if a selling business fails to use the private financial assistance received for the surrender of tax benefits as required by this subchapter or fails to maintain a headquarters or a base of operation in the State during the five years following receipt of the private financial assistance, the seller shall forfeit and remit the face value of the tax credit certificate received for the surrender of tax benefits to the Department of Treasury in accordance with the provisions below. **The face value of the tax credit certificate is the amount of surrendered tax benefits.**

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

OFFICE OF RECOVERY

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STRONGER NJ BUSINESS LOAN PROGRAM PROGRAM**

APPLICANT: S Kelly Corporation and Kelly Management Group,LLC (W/C) P40541
PROJECT USER(S): S Kelly Corporation * * - indicates relation to applicant
PROJECT LOCATION: 10 East Ocean Avenue Sea Bright Borough (N) Monmouth
GOVERNOR'S INITIATIVES: () Urban () Edison (X) Core () Clean Energy

APPLICANT BACKGROUND:

S Kelly Corporation DBA the Mad Hatter is a casual N.J shore restaurant located in Sea Bright N.J. The restaurant is best known for its pizza, private parties and family dining for lunch and dinner. The company also operates an Irish pub and sports bar in the same building. The company was founded on 11/03/2005.

The Mad Hatter sustained substantial wind, flood and ocean surge damage from SuperStorm Sandy on October 29th 2012. The proceeds of this loan will be used to rebuild the Mad Hatter, a 3 story restaurant, Irish pub, sports bar and nightclub located at 10 East Ocean Ave.

APPROVAL REQUEST:

A \$1,500,000 working capital loan is requested under the Stronger NJ Business Loan Program

FINANCING SUMMARY:

LENDER: NJEDA
AMOUNT OF LOAN: \$1,500,000
TERMS OF LOAN: 30 year term. 24 months of 0% interest followed by 336 months of interest payments based on the 5 year US Treasury rate. Rate reset at each 10 year anniversary. During the first 24 months of the loan no principal payments are due. Thereafter, equal monthly payments of principal in an amount adequate to fully amortize the loan over the remaining term.

PROJECT COSTS:

Working capital	\$1,500,000
TOTAL COSTS	<u>\$1,500,000</u>

JOBS: At Application 30 Within 2 years 50 Maintained 0 Construction 0

DEVELOPMENT OFFICER: J. Lora **APPROVAL OFFICER:** S. Novak



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Tim Lizura
President and Chief Operating Officer

DATE: March 12, 2015

SUBJECT: Stronger NJ Business Grant Program Appeals – Rock Gentile; Mer-Made Photography.

Pursuant to the appeal process approved by the Board at the June 10, 2014 Board meeting, applicants to the Stronger NJ Business Grant program may challenge the EDA's decisions by submitting in writing to the EDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned to each project to provide an independent review of the appeal.

The Hearing Officer's review includes reviewing the appeal letter, the application and file, as well as speaking directly with the applicant and relevant Office of Recovery staff. The applicants have been sent the Hearing Officer's report in advance of the Board Meeting. They have been given an opportunity to reach out directly to the Hearing Officer to discuss the decision, and have been notified of the date and time of the Board Meeting.

At this meeting, the Board is being asked to consider two appeals: Rock Gentile and Mer-Made Photography. Attached to this memo you will find the Hearing Officer's recommendation, the Hearing Officer's letter to the applicant, the declination letter and the applicant's appeal. I have reviewed the attached and I concur with the recommendation that the declinations under the Stronger NJ Business Grant Program for Rock Gentile and Mer-Made Photography.



Tim Lizura

attachments



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Tim Lizura, President and Chief Operating Officer
Members of the Authority

FROM: Dina Khmelnitsky
Kara Kopach
Hearing Officers

DATE: March 12, 2015

SUBJECT: Stronger NJ Business Grant Program Appeals
Rock Gentile – 516387
Mer-Made Photography - 53817

Request:

The Members are asked to approve the Hearing Officers' recommendations to uphold the declinations of the Stronger NJ Business Grants for Rock Gentile and Mer-Made Photography.

Background:

Pursuant to the appeal process approved by the Board at the April 30, 2013 Special Board meeting, and revised at the June 10, 2014 Board Meeting, applicants to the Stronger NJ Business Grant program may challenge the EDA's decisions by submitting in writing to the EDA no later than 30 calendar days from the date of the denial, an explanation as to how the applicant has met the program criteria. A Hearing Officer is assigned by the CEO to each project to provide an independent review of the appeal. Dina Khmelnitsky and Kara Kopach have fulfilled the role of Hearing Officer to review the following appeals and have completed the review with legal guidance from the Attorney General's Office.

Each appeal has been reviewed and letters have been sent to each applicant with the Hearing Officer's recommendations. The applicant was notified in the letter that they have the opportunity to provide comments or exceptions directly to the Hearing Officer. Letters are attached to this memo.

Based on the review of the appeals submitted by the applicants and the analysis prepared by the initial review team from the EDA, the Hearing Officers recommend the following:

Business Name	Reason for Decline	Discussion
Rock Gentile	Application was not submitted before the deadline of December 31, 2013.	Applicant opened a Stronger NJ Business Grant application on January 2, 2014. Additionally, applicant was not applying on behalf of a business, but for a second home in Point Pleasant owned by him and a family member.
Mer-Made Photography	Business does not fall within annual threshold requirements.	In the year of the storm and the following year, the applicant's annual revenue fell below \$25,000.

Recommendation:

As a result of careful consideration of the above appeal in consultation with the Attorney General's Office, the recommendation of the Hearing Officers is to uphold the declination of the Stronger NJ Grant application for Rock Gentile and Mer-Made Photography.

Prepared by: Dina Khmel'nitsky

BOARD MEMORANDUMS



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura, President and COO

DATE: March 12, 2015

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

The following projects were approved under Delegated Authority in February 2015:

Premier Lender Program:

- 1) Atlantis O.C. Holding Limited Liability Company (P40413), Ocean City, Ocean County, is a real estate holding company formed in 2011 to purchase a commercial property. The operating company, Atlantic O.C. Operating Limited Liability Company, trading as Atlantis Inn Bed & Breakfast, is a bed & breakfast that contains 11 suites, a massage room, two apartments and an owner's quarters. The Company operates seven days a week during the peak summer season and on weekends only during the rest of the year. Sturdy Savings Bank approved a \$2,662,500 term loan contingent upon a \$662,500 (24.9%) Authority participation. Proceeds will be used to refinance an existing loan. Currently, the Company has fourteen employees, and plans to create four new positions over the next two years.

Small Business Fund Program:

- 1) RLK Realty LLC and Flame Cut Steel Inc. (P40236) are located in Irvington Township, Essex County. Flame Cut Steel Inc. ("FCS") was founded in 2005 as a steel fabrication business specializing in CNC flame cutting of steel plate, sheet and round bar. FCS also offers waterjet cutting and plasma cutting services. The Company was approved for a \$465,000 direct loan. Proceeds will be used to purchase a commercial property. The Company currently has two employees and plans to create six new positions within the next two years.

Stronger NJ Business Loan Program:

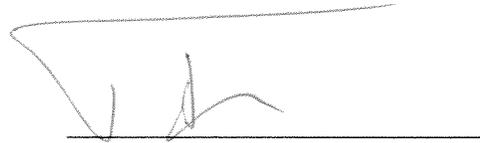
- 1) DAKK Enterprises Limited Liability Company d/b/a Joe Pop's Shore Bar & Restaurant (P39506), located in Ship Bottom Borough, Ocean County, was formed in 2007 and currently operates as a seasonal night club on Long Beach Island, NJ. The Company, which is open for business from May to the beginning of October, has food and alcohol service available and offers live entertainment six nights per week, including bands and DJs. The Company was approved for a \$465,389 working capital loan to reimburse working capital expenses incurred after Superstorm Sandy.

Camden ERB:

- 1) Broadway Housing Partners LLC (P40225 & P40226), located in Camden City, Camden County, is a newly formed entity that will purchase multiple parcels of land that encompass the entire block of 400-434 S. Broadway, Camden, NJ. All of the parcels of land and buildings are currently vacant and a blight on major commercial corridor in Camden. Allied Barton Security Services will lease 2,535 sq. feet of commercial space, and 742 sq. feet is expected to be leased to a café. The Company was approved for two \$20,000 Business Improvement Incentive Grants. The Company plans to create 26 new positions over the next two years.

New Jersey Business Growth Fund - Modification:

- 1) The Kings Cottage Enterprises (P40488), located in Cape May City, Cape May County, provides bed & breakfast accommodations for visitors in Cape May, NJ. PNC Bank approved a renewal of a \$443,397 term loan with a five-year, 25% Authority guarantee of principal outstanding, not to exceed \$110,850. Original loan proceeds were used to refinance real estate. All other terms and conditions of the original approval remain unchanged.

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

Prepared by: D. Lawyer
DL/gvr

REAL ESTATE



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
Chief Operating Officer & President

RE: Higher Education Public Private Partnership Program
Rowan University – Student Dormitory and Dining Facility

DATE: March 12, 2015

Summary

The Members are asked to approve Rowan University's ("Applicant") application to develop a ±1,415 bed freshman dormitory (the "Project" or "Development") on ±8.38 acres on the Applicant's campus under the Higher Education Private Public Partnership Program (the "Program") established by P.L. 2009, c. 90, and as amended (the "Act"). The Applicant owns the parcel that will be leased to the private partner. The Project's total development cost will be approximately \$129.7 million. In a separate application, the Project Owner is requesting the Authority to issue the tax exempt bonds for this Development. 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." Staff performed a substantive review of the Applicant's 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 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 for development and long range maintenance plan contracts of the project; and
8. Evidence 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 of August 1, 2015, the Applicant submitted a complete application for the Project with adequate exhibits and supporting documentation which included an adequate form of the Lease, Bond Indenture, Management and Development Agreements which serve as the “partnership agreement” for this Project. In accordance with the Act and the Guidelines, Real Estate Division Staff deemed the application “complete” on March 4, 2015.

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 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

In December 2013, The Applicant issued a Request for Qualifications to create a short list of potential private partners to design, develop, construct, manage, and operate dormitory on its campus. Thirteen development teams responded to the RFQ. In September 2014, The Applicant issued, to the shortlisted RFQ respondents, a Request for Proposals to design, develop, construct, manage, and operate dormitory on its campus. Three parties responded to the RFP, and a result of the process, the Applicant selected University Student Living, LLC (“USL”), part of the Michaels Organization, to finance, plan, design, construct, operate and maintain new student housing of approximately 1,400 beds. USL will enter into development and management agreements with Provident Group – Rowan Properties L.L.C. (“Project Owner”), a single purpose entity created by the non-profit Provident Resource Group, Inc. The Project Owner will: lease the land from the Applicant, have tax exempt bonds issued for the Development, own the constructed improvements, and operate the Project for the benefit of the Applicant. In December 2014, the Applicant’s Board of Trustees approved the selection of USL as the private partner to

develop student housing under the Act and authorized the appropriate officials of the Applicant to negotiate and execute documents to consummate the transaction.

The ±8.38 acres proposed for the Development are on the Applicant’s main campus and are bounded by US Route 322 to the South, Main Street to the East, and Carpenter Street to the North. The proposed Development will include 1,378 beds for freshmen, and 35 beds for Resident Assistants and Resident Directors. The units will be allocated as follows:

Apartments	Units	Avg. Unit SF	Beds	Ann. Unit Rent
Double Occupancy	672	195 SF	1,344	\$17,808
Single Occupancy	34	165 SF	34	\$9,540
Resident Assistants	33	195 SF	33	\$0
Resident Director Apts.	1	685 SF	2	\$0
Apartments	2	325 SF	2	\$0
TOTALS	742		1,415	

The Project will include two buildings of approximately 305,000 SF. The buildings, one four story and one seven story, will be interconnected with study bridges above the ground floor. The buildings will organize themselves along a gradual curve that establishes a formal campus oval at the terminus to the existing greenway that traverses the interior core campus (see Exhibit A). The two buildings also will include a ±19,000 SF dining facility core and shell, lounges, seminar rooms, recreation and laundry facilities to serve the students, staff and faculty. For nominal consideration, the Applicant will sublease the dining facility from the Project Owner. In turn, the Applicant will use its existing dining service provider to complete the dining facility and to provide and manage the Applicant’s food service program at the Project under the Applicant’s existing food service agreement with the provider. An 80 space parking lot will be restricted to the Project’s employees and the Applicant’s faculty, staff, the Resident Director, Resident Assistants, and visitors. The building will be designed to achieve at least a US Green Building Council’s LEED Silver certification, but the Project Owner will attempt to obtain a LEED Gold certification. In accordance with the Guidelines, staff reviewed the Applicant’s description of the Project and its design. Staff concludes that the Applicant has proposed a feasible project plan and design.

Summary of the Partnership Documents

The parties' role and responsibilities in the transaction are summarized below:

- **Applicant.**

1. *Lease Term and Rent.* The Applicant will lease, on a triple net basis, approximately ±8.28 acres to the Project Owner for the Development.
 - a. *Lease Term.* The Lease will terminate on the earlier of: the 37th anniversary of the Commencement Date; the date the bonds are fully repaid or the Indenture discharged; or earlier expiration under the terms of the Lease; or by operation of law. At the end of the Lease Term, or earlier expiration of the Lease, the improvements will become property of the Applicant.
 - b. *Rent.* Applicant will receive Ground Rent as follows:
 - i. *Minimum Annual Payment.* Applicant will receive a minimum annual payment of \$1.00;
 - ii. *Net Surplus Cash Flow.* Upon the annual Application Date, the Applicant shall receive "all Net Surplus Cash Flow for the immediately preceding [year], together with any unpaid and outstanding amounts" with interest as specified in the Indenture. The annual net surplus cash is currently projected to be between \$900,000 (lowest year) in Year 2 and \$18.6 million in Year 32. The average payment during the term is estimated at ±\$4.75 million, and the median payment during the term is estimated at ±\$3.94 million. Discounted to present value at 4.5% (the rate of the bonds), the net cash flow is worth ±\$59.57 million in today's dollars.
 - iii. *Other Amounts Due.* As outlined in the Indenture, Applicant shall receive as Rent:
 - a. Any amounts due from the Replacement Fund under Section 4.11(c) of the Indenture
 - b. Any amount due from the Project Fund under Section 4.19 of the Indenture; and
 - c. Any amount due under Section 8.5 of the Indenture.
 - c. *Additional Rent.* Applicant shall receive as "Additional Rent" any amount due as defined in the Lease.

2. *Applicant's Responsibilities.* The Applicant will be responsible for the following items during the Lease term:
- a. *Quiet Enjoyment.* For the duration of the Lease, Applicant agrees that the Project Owner “may peaceably and quietly enjoy and hold” and operate [the Project], subject to Permitted Encumbrances and Applicant’s rights under the Lease;
 - b. *Security Services.* “The Project shall be subject, at all times during the [Lease] Term, to the jurisdiction of the [Applicant’s] campus security force which shall have access to the Project at all times;”
 - c. *Right to Inspect.* During construction and after completion, the Applicant has the right to inspect, at reasonable times and in manner that will not interfere with the Project Owner’s operation of the Development;
 - d. *Tax Exemption.* The Applicant agrees not to take any action that would adversely affect the Project’s tax exempt financing and generally the Project’s exemption from taxes;
 - e. *Approval of the Development Agreement.* Applicant must approve the Development Agreement between the Project Owner and USL;
 - f. *Review Plan and Specifications and Change Orders.* The Applicant will review and approve the Plans and Specifications and any change orders as required;
 - g. *Approving Draw Requests During Development and Construction.* The Applicant will review and approve draws requests for the Project.
 - h. *Project Treated Similar to Applicant’s Student Housing.* Upon Project completion, Applicant will treat the dormitory facilities “as part of [the Applicant’s] student housing program on a basis that is materially the same as the [Applicant’s] treatment” of its other housing facilities, which includes:
 - i. Providing the same service as the Applicant provides other on campus dormitory facilities;
 - ii. Making the Project available as a student housing choice on the Applicant’s campus;

- iii. Acting as the Project Owners' agent and entering into Residence License Agreements with students, and collecting student housing fees from student occupants;
 - iv. Enforcing compliance with the Residence License Agreement;
 - v. Implementing policies and procedures with regard to the collection of arrears from student occupants of the Project (e.g., withhold grades, transcripts and diplomas);
- i. *Non-Compete Requirement.* Applicant "shall not enter into a contract to build or operate and so market any new Competing Facility unless the [Applicant] delivers to the [Project Owner] and to the [bond] Trustee a housing study (based on reasonable assumptions) demonstrating sufficient demand for the [Project] and the new Competing Facility."
 - j. *Parking.* The Applicant will provide parking to the Project's residence on a "non-preferential basis with other residents of the [Applicant's] students living on campus."
 - k. *Pre-existing Unknown Environmental Conditions.* The Developer's Project Contingency shall be used first to pay for any preexisting unknown environmental conditions. "Thereafter [the Developer and the Applicant] shall cooperate in seeking financing for such costs on terms acceptable to [the Applicant] in its sole discretion, or the [Applicant] may instruct the [Project] Owner to abandon the Project."
 - l. *Dining Facility Lease.* The Applicant will sublease the dining facility from the Project Owner. In turn, the Applicant will use its existing dining service provider to complete the dining facility and to provide and manage the Applicant's food service program at the Project under the Applicant's existing Food Service Agreement with the provider.

The Applicant will not be responsible for repaying the tax exempt bonds, the operating costs or other taxes or impositions that may become due because of the construction or operation of the Project.

Project Owner. Under the Lease, Development and Management Agreements, the Project Owner's responsibilities include:

1. *Rent and Additional Rents.* The Project Owner will pay Rent and Additional Rent, and any other payments required by the Lease.
2. *Bond Financing.* The Project Owner will be responsible for the tax exempt bond financing for the Development, which is currently estimated at \$129.7 million.
3. *Construction of Improvements.* The Project Owner will be responsible for the design, construction, and completion of the Project as required by the Lease and the Development Agreement between the Project Owner and USL and the Plans and Specifications approved by the Applicant.
4. *Operate the Project as Student Housing.* The Project Owner must operate the completed Project "only for residential student housing, storage, and related facilities and ancillary supporting uses" and operate the property as required under the Management Agreement entered into with USL.
5. *Dining Facility Leaseback.* The Project Owner will lease the dining facility core and shell to the Applicant for nominal consideration.

• **University Student Living (Turnkey Developer and Property Manager).** USL will be responsible for the following:

1. *Development of the Project.* USL will enter into a Development Agreement with the Project Owner in which USL will be responsible for:
 - a. Obtaining all necessary land and environmental approvals;
 - b. Procuring the required professionals to design and managing the design services;
 - c. Preparing and updating the development schedule;
 - d. Obtaining the Project Owner and Applicant's approvals for the construction documents;
 - e. Entering into an agreement with the general contractor, supervising the general contractor, and requiring the general contractor to competitively bid the work;

- f. Implementing financial controls for the project design, development and construction;
 - g. Attending meetings as required for the Project's development;
 - h. Preparing the required notices for construction start and completion;
 - i. Supervising construction and completing the punchlist;
 - j. Constructing the Project within budget and completing construction by the Guaranteed Date;
 - k. Entering into contracts for utility and other services required for the Project;
 - l. Requiring payment and performance bonds of the necessary firms and professionals.
 - m. Maintaining insurance as required by the Development Agreement.
2. *Management of the Project.* Upon completion of the Project, the Project Owner will enter into a 5 year management agreement (renewable for 2 additional 5 year terms unless terminated by USL or the Project Owner at the end of a term) with the USL Management, in which USL Management will be responsible for the following:
- a. providing start up services for the initial move-in prior to substantial completion;
 - b. Operating the Project as a first class residence hall;
 - c. Managing, operating and maintaining the Development in conjunction with the Project Operations Committee as outlined in the Lease;
 - d. Ensuring the Project has all the required utility services;
 - e. Maintaining staffing as required by the "Responsibility Matrix";
 - f. Marketing the Project in conjunction with the Applicant;
 - g. Enforcing Residence License Agreements in conjunction with the Applicant;

- h. Maintaining and repairing the Project, preparing an annual Capital Plan and performing the approved capital improvements;
- i. Preparing annual budgets and monthly reports;
- j. Cooperating with the Applicant's staff to implement a residence life plan;
- k. Maintaining books and records.

The Private Partner's Experience and Qualifications

The Guidelines call for an assessment of the experience and qualifications of the development partner. The private partner's team consists of University Student Living, LLC (part of the Michaels Organization), Erdy McHenry, and Torcon Construction.

The Michaels Organization (TMO)

Consisting of several companies (Michaels Development Company, Interstate Realty Management, Continental Mortgage, Prestige Building Company, and University Student Living), TMO has developed 50,000 housing units in 34 states and since 2004 has overseen approximately \$2.9 billion of new construction and rehabilitation projects. Interstate Realty Management, the property management company within TMO's fold, manages approximately 43,000 multi-family units consisting of military and multi-family housing. In 2011, TMO formed University Student Living to develop student housing projects in partnership with higher education institutions. Since then, it has developed a dormitory in partnership with Rutgers University – Camden Campus and the Camden County Improvement Authority (350 bed turnkey development; no management). In November 2014, the Authority approved a partnership between Kean University and USL to develop a 384 bed dormitory that will include a 2,000 SF dining facility.

Erdy McHenry Architecture

This firm has designed approximately 2,027 student housing units with an approximate total development cost of \$401 million. In addition, it has been involved in the development of other academic buildings with a total development cost of \$117 million.

Torcon Construction

In business since 1965, this construction management/general contracting firm is based in Red Bank. Torcon's construction portfolio includes 2,340 student housing units with a \$348 million total construction cost. In addition, it has been involved in the development of other academic buildings with a total development cost of \$580 million. The Department of Property Management and Construction has approved the firm for projects up to \$.99 billion as a general contractor, design build and/or construction management firm.

In accordance with the Guidelines, staff concludes that the Project's development and management team consisting of TMO, Erdy McHenry and Torcon Construction, has sufficient experience and qualifications to own, develop, construct, operate and maintain the Development.

Project Financing and Feasibility

• *Development Uses and Sources*

The Project's development budget, construction costs and developer's compensation are within the existing market conditions (taking into account prevailing wage) to develop a project of this type. The following chart summarizes the Project's uses and sources:

TOTAL USES	% of TDC	SF Cost	
Acquisition	0.00%	\$0.00	\$0.00
Improvements	71.65%	\$299.89	\$92,965,000.00
Professional Services	3.28%	\$13.74	\$4,260,000.00
Financing and Other Costs			
EDA Bond Fee	0.23%	\$0.98	\$300,000.00
Financing Fees	0.77%	\$3.28	\$1,001,105.00
Financing: Professional Fees	0.33%	\$1.40	\$427,000.00
Interest - Const. & Debt Serv.	14.73%	\$62.68	\$19,117,852.65
Title	0.26%	\$1.10	\$334,000.00
Working Capital - Initial Occup.	0.40%	\$1.72	\$524,000.00
Insurance	0.44%	\$1.88	\$574,000.00
Permits and Fees	1.67%	\$7.12	\$2,171,370.00
Contingency	3.11%	\$13.01	\$4,034,000.00
Development Fee	3.11%	\$13.02	\$4,037,000.00
TOTAL	100.00%	\$419.83	\$129,745,327.65

TOTAL SOURCES	Est. Int. Rate	Term (yrs)	Amort. (yrs)	
Tax Exempt Bond Financing	4.5%	32.00	30	\$129,745,327.65
TOTAL				\$129,745,327.65

RBC Capital Markets, the Project's bond underwriter, currently estimates an average fixed interest rate of 4.5% over the term of the bond financing (30 year amortization, 32 year term), and assumes that that the bonds will be rated Baa3 (Moody's) and/or BBB- (Standard and Poor's). The financing will include the following conditions:

Required Annual Debt Service Coverage Ratio: 1.20 (i.e., net operating income must exceed the annual debt service payment by 120%)

Security: The bonds will be secured through a leasehold mortgage, assignment and security agreement

which will encumber the Project's Owner's interest in the improvements, equipment, inventory and cash flow from the Project.

Repair and Replacement Reserve:	\$175 per bed annually, increasing 3% annually
Construction:	A fixed price contract with appropriate payment and performance bond and liquidated damages acceptable to the rating agencies/investors.

- *Distribution of Cash Flow*

The parties have agreed to the following cash flow distribution:

Construction Completion

Upon final completion of construction, if: (1) USL completes the project on or before the Guarantee Date, and (2) the Developer's Project Contingency is not fully used ("Excess Contingency"), USL will receive, as an earned performance bonus, the lesser of: (a) \$250,000 or other amount agreed to between the parties and (b) fifty percent (50%) of the Excess Contingency. The balance of the Excess Contingency will be used for either further capital improvements agreed upon between the Project Owner and the Applicant, and/or to redeem the bonds.

Operating Cash Flow

The parties agree to distribute the Project's operating cash flow as follows:

1. Payment as "required by the Arbitrage Certificate and the Tax Regulatory Agreement";
2. Payment of monthly operating expenses paid by the Project Owner;
3. Payment of bond interest on a monthly basis into the Interest Account, a sub-account of the Debt Service Fund;
4. Payment of bond principal on a monthly basis into the Principal Account, a sub-account of the Debt Service Fund;
5. Payment monthly of the required amount into the Replacement Fund, plus any amount withdrawn from the Fund to pay debt service;
6. Transfer, annually on December 31, the amount remaining in the Receipts Fund to the Surplus Cash Flow Fund;
7. Payment to cure any shortfalls in the amounts required in 1 through 6 above;

8. Payment to the Operating Reserve Account;
In the event that payments 1 through 8 are made, and the debt service coverage ratio “is not less than” what is required in “the most recently ended Annual Period,” and no default has occurred, the following additional payments will be made:
 - a. First to USL Management for the deferred management fee;
 - b. Second, to the Applicant for accrued but unpaid Lease Payments for the recent annual period;
 - c. Third to Applicant, the balance of the net cash flow.

- *Market Analysis*

In September 2014, the Applicant engaged Brailsford & Dunlavey to prepare a student housing market study. Brailsford & Dunlavey made the following findings:

1. The Applicant currently requires freshmen and sophomores to live on campus, except for students that live with their parents/guardians within 40 miles of the campus; only one other peer, Drexel University, has a similar requirement.
2. The freshman dormitory capture rate has grown from 60% in 2009 (1,082 of 1,796 freshmen living on campus), to 68% (1,176 of 1,721 freshman living on campus) in 2013.
3. The freshman class is estimated to grow, similar to the balance of the undergraduate population, at a rate of 2.5% per year. This would increase the freshman class from 1,764 in 2014 to approximately 1,947 in 2018.
4. The on campus dormitories (approximately 3,932 beds) require an investment of approximately \$80 million.
5. The freshman retention rate, i.e., freshmen that remain in dormitories for the sophomore year, is approximately 80%.
6. Taking into account a 2.5% undergraduate enrollment growth rate, and a 80% retention of freshmen in housing for the following year, the growth and retention rates create a demand for an additional 697 beds to satisfy future underclassmen housing needs.
7. Compared to its peers, the Applicant has a disproportionate share of apartment style dormitory units available (61% of the 3,932 beds, or 2,401 beds), but the preferred housing for freshmen and sophomores is either a single or double occupancy semi-suite (i.e., bedroom, bathroom, and small living area).
8. Because of the lack of preferred freshman and sophomore housing, two bed dormitory units are being converted to triple bed units for underclassmen, and sophomores are being housed in apartment style dorms, which are typically reserved for upperclassmen (juniors

and seniors). Currently, 687 apartment type beds are being occupied by sophomores, displacing juniors and seniors. The displacement of juniors and seniors off campus is impacting the off campus student housing market in Glassboro and the surrounding communities. Under the existing conditions, without future growth, there is an existing need for 687 underclassmen beds to cure the existing on campus housing shortage.

9. An additional 1,384 beds (697 + 687) will cure the existing bed shortage and provided for future growth for underclassmen, and free up the existing apartment style dormitories for juniors and seniors.
10. For both types of units, rates should not exceed the rent for the Applicant's Townhouse dormitories, which is \$4,840 per bed per semester for Year 1. Rates may be increased annually at approximately 3% a year thereafter (conditions permitting), which will be consistent with the industry average.

- *Operating Proforma*

The operating proforma included a 5% vacancy rate for the student housing units, which is an acceptable rate based on the information included in the Brailsford & Dunlavey market study (*see supra*, Market Analysis). However, if a more conservative underwriting standard is used, i.e., if the Project's vacancy's rate is increased to 7%, the Project will not be able to achieve the required debt service coverage ratio until Year 10 (without subordinating additional operating expenses), and if it the vacancy is increased to 10%, the debt service coverage ratio would not be achieved until Year 11 (without subordinating additional operating expenses). If either of the higher vacancy scenarios actually occurs, the Applicant will receive less net cash flow from the Development (i.e., more subordinated operating expenses would need to be paid contemporaneously with or prior to the Applicant's Rent.)

- *Long-Range Maintenance Plan*

The Act requires that the estimated costs and financial documents submitted with an application must include a long-range maintenance plan that specifies expenditures that qualify as an appropriate investment in 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 replacement reserve over the life of the Project. The Project Owner will pay for long-range maintenance items from the reserve required by the Indenture and a Sustainable Capital Reserve funded from net cash flow; 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, 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. Staff concludes that the Project's development cost and projected operating expenses are reasonable and within current market conditions.

Project Schedule

The Applicant has provided a schedule to complete the Development by August 7, 2016. Staff notes that the Applicant, Developer and Project Owner have agreed upon an aggressive schedule to develop approximately 1,400 dormitory beds consisting of 310,000 SF. This end date complies with the requirement of the Act that projects be completed within 5 years of the Authority's approval date.

NJ Green Building Manual and LEED Standards

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. These standards are not mandatory, but encouraged under the Act. For this Development, the Project Owner has agreed to design and construct the Project so that it will at least achieve LEED Silver certification (while targeting LEED Gold). Staff concludes that this requirement complies with the Act's requirement.

DPMC Classification

The Division of Property Management and Construction within Treasury has classified Torcon Construction under general construction, design build, and historical restoration for approximately \$.99 billion with a bonding capacity of \$600 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:

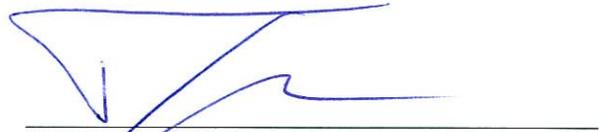
- The private partner will pay prevailing wage as required by the Act ("Each worker employed in the construction, rehabilitation, or building maintenance services of facilities by a private entity that has entered into a public-private partnership agreement with a State or county college . . . shall be paid not less than the prevailing wage rate");
- The private partner will enter into the required project labor agreements during the construction and operation of the project (the Applicant included a sample agreement in its submission);
- The private partner will post the required bond or have the bond posted on its behalf (the Applicant noted that the Act's bonding requirements will be met).

Recommendation

Staff recommends that the Board approve the application subject to the following conditions being met to the satisfaction of appropriate staff (e.g., Chief Executive Officer, Chief Operating Officer and President, or the Director for the Real Estate Division):

- Providing a copy of the executed Lease, Management and Development Agreements with attachments (excluding the plans and specifications);
- 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);
- 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;
- Submitting, in final and satisfactory form, posted bonds guaranteeing prompt payment of moneys due to the contractor (and/or subcontractors);
- Submitting a final copy of the Indenture, Loan Agreement and any related financial document financial with terms substantially similar to those provided in the Application
- 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.

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
Chief Operating Officer and President

Prepared by: Juan Burgos

Exhibit A: Dormitory Site Plan

Discipline	Revision	Date
Structural	1	11/14/13
MEP	1	11/14/13
Electrical	1	11/14/13
Plumbing	1	11/14/13
Sanitary	1	11/14/13
Fire	1	11/14/13
Architectural	1	11/14/13
Site	1	11/14/13
Other		

Rowan University Student Housing

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P: (609) 952-4622

MEP Engineer:
LandDimensions Engineering
1000 West 10th Street
Columbia, NJ 07826
P: (609) 307-7800
F: (609) 307-7857

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534 1th Street NW
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7135 Greenway Avenue
Pinebluffs, PA 15119
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**Lighting
Engineer:**
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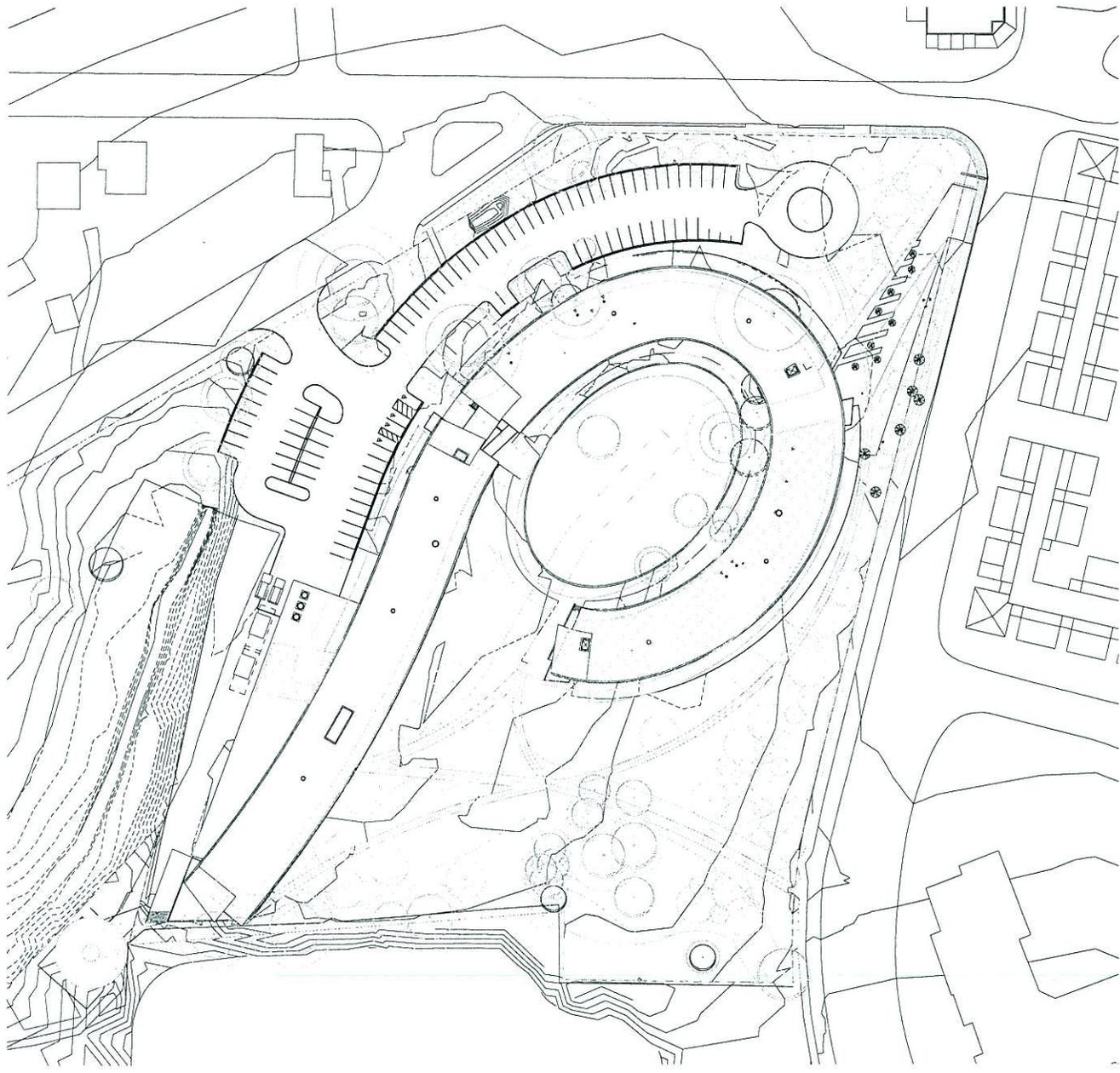
Architect:
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1515 North Channel Street
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Site Plan
Date: 11/14/13
Drawing No: 13-001
Project No: 13-001

Scale: 1/8" = 1'-0"

Sheet No: AO.02

Architectural Site Plan
Scale: 1/8" = 1'-0"



1 Architectural Site Plan
Scale: 1/8" = 1'-0"